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**BETWEEN RHETORIC AND REALITY:
THE PROGRESS OF REFORMS UNDER THE BENIGNO S.
AQUINO ADMINISTRATION**

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Abstract

President Benigno S. Aquino III, or PNoy as he is popularly referred to, came into power in July 2010 with a sizeable plurality vote. His ascendancy to the presidency was accompanied with high expectations and a renewed optimism that change was forthcoming in the Philippines. Carrying over his promise to weed out corruption and address a prolonged social woe—poverty, the PNoy administration has crafted a blueprint for reform that has five major guideposts. In the first 20 months of his administration, PNoy has undertaken a number of measures that re-interpret existing rules and has halted the drift of Philippine politics from the state of predation that characterized the previous administration.

The first 20 months shows modest gains on the part of the PNoy administration. Administrative processes have been reformed to allow for greater disclosure, more prudent management of public financial resources, and the redirection of greater resources for social spending and poverty reduction. Within this span of time, the administration has also relentlessly pursued cases of corruption and abuse of authority against former government officials. Interventions have been undertaken to make the economy much more fundamentally sound and competitive. In the area of peace, the government has shown its commitment to enter into a political settlement with two major armed groups.

Within the first 20 months of the administration, support for its programs has been generated from the legislature and a broad spectrum of sectors. However, the Executive has been entangled with the Supreme Court, the latter issuing decisions adverse to initial Executive actions. The tussle with the Supreme Court has escalated and has reached the point where the incumbent Chief Justice was subject to an impeachment trial.

In the face of all the initiatives undertaken and while the PNoy administration has brought the country to a level of stability, the prospect for institutional change remains dim as key political reforms that would secure that initiatives would lead to gradual change has been deprioritized.

1. Introduction

The election of Benigno S. Aquino III could be regarded as an important conjuncture in contemporary Philippine politics. Conscripted to the presidential race by virtue of the death of his mother, former President Corazon Cojuangco Aquino, Benigno S. “Noynoy” Aquino III came to power in a political environment that comes close to what prevailed when her mother assumed the position in 1986—a context of regained hope, of heightened optimism.

That he got a sizeable plurality of the votes for president, PNoy , short for President Noynoy, assumed the presidency with the most political capital than any other president after the 1986 political transition. In the 2010 election, PNoy was up against a resurgent former president, Joseph “Erap” Estrada and a moneyed candidate, Manuel “Manny” Villar. Despite such competition, PNoy sustained pre-election support through a reformist and populist slogan-- *Kung walang corrupt, walang mahirap* (if no one will be corrupt, no one will be poor)

During the campaign, PNoy also spoke of a “social contract” that identified 16 main steps that he committed to undertake.¹ In 2011, these 16 strategies were collapsed into five guideposts that clarify the key result areas of the PNoy administration, as follows:

1. Anti-corruption, transparent, accountable and participatory governance
2. Poverty reduction and empowerment of the poor and vulnerable
3. Rapid, inclusive and sustained economic growth
4. Just and lasting peace and the rule of law
5. Integrity of the environment and climate change mitigation

In its Medium Term Philippine Development Plan (MTPDP) 2011-2016, the PNoy administration has set “inclusive growth and poverty reduction as the higher order objective to which all MTPDP development interventions should contribute to.”²

Like all prior Philippine administrations, the current dispensation has set daunting targets that require resolute and consistent action. As in prior leadership transitions, Filipinos generally expect changes in the PNoy administration inasmuch as the country has exited from a prolonged leadership legitimacy crisis.

This paper examines the initiatives undertaken by the administration of Benigno S. Aquino III. Though the examination covers only more than a fourth of his six-year term, from July 2010 to February 2012, what the PNoy administration has done in the past 20 months will exhibit what areas in the guideposts mentioned earlier have been much more prioritized.

After reviewing what has happened on the first and part of the second quarter of PNoy’s term, we turn to a brief description of the dynamics within the Executive branch, its interaction with other branches and forces, in the second section of the paper. This section hopes to show how much support or opposition the PNoy administration has elicited with regard to its actions. The discussion in this section will highlight the strength or weakness of PNoy in mobilizing broad support to attain his administration’s goals.

The final section of the paper provides a preliminary assessment of the PNoy administration by putting all its actions in a structural context, how these actions have been affected or alter what are known to be institutional or structural constraints. Recognizing that PNoy is not the first to declare a promise to engage in cleansing government of predators or seeking a significant reduction in impoverishment, we argue in the section that PNoy should start to push more strongly for political reforms that are required to sustain beyond his term more programmatic politics.

2. Action On the Guideposts in the First 20 Months

Using the guideposts of the Medium Term Philippine Development Plan, we turn to a discussion of the steps undertaken by the PNoy administration of their first 20 months in office.

2.1 On Transparent, Accountable and Participatory Governance

As the battlecry during the campaign, the PNoy administration expectedly hit the ground running with respect to this guidepost, or more specifically, in uncovering what were believed to be cases of squander and predation under the prior administration. In his Inaugural Address, PNoy vowed that his government would not let crimes of the past go unpunished. Following the commitment to trek a *tuwid na daan* (straight path) relative to *daang baluktot* (crooked path) taken by previous administrations, PNoy swore in the first State of the Nation Address (SONA) to “stop the wasteful use of government funds and stamp out extravagance and profligacy.”

In general, the initiatives undertaken by the administration as regards promoting transparent, accountable and participatory governance could be divided into three types—pursuit of graft and corruption cases; changes in administrative systems; and, the engagement of civil society groups in governance processes.

Pursuit of corruption cases. PNoy has been most vocal with regard to going after those involved in alleged large scale cases of fraud, abuse of power and graft and corruption cases committed under the previous administration. PNoy’s first two SONAs are replete with accounts of these abuses, from the over-gratuitous compensation of officers of Government Owned and Control Corporations (GOCCs), the misuse or misallocation of funds by line agencies and GOCCs, and several cases of tax evasion. In several other

speeches, up to his last address on the 26th anniversary of the “EDSA People Power Revolution”, PNoy spoke of the need to continue to fight the wrongs of the old system.

To uncover what had transpired under the previous administration, PNoy issued Executive Order Number 1 that created the *Philippine Truth Commission of 2010*. The Commission was tasked to conduct a thorough fact finding investigation of reported cases of graft and corruption involving the previous administration. Though the Commission was constituted, with the appointment of a former Chief Justice of the Supreme Court as its Chair, it was barred to proceed with its work after the Supreme Court declared the Executive Order unconstitutional as it purportedly violates the equal protection clause of the Constitution.³

Notwithstanding the setback in the formation of the *Philippine Truth Commission*, the administration continued to pursue cases that involved former President Gloria Macagapal Arroyo and members of her administration. In the case of Arroyo, the former president has been charged of electoral sabotage and had been issued a warrant for arrest for the alleged offense in mid November 2011. The case of electoral sabotage stemmed from a report of the Department of Justice (DOJ)-Commission on Election (COMELEC) Task Force that inquired into alleged cheating in the conduct of the 2007 Senatorial elections. Working with testimonies from a witness, former Maguindanao provincial administrator Norie Unas, Arroyo was said to have ordered former Maguindanao governor Andal Ampatuan Sr. to ensure a 12-0 victory for the administration’s senatorial candidates in the 2007 elections.⁴ In her February 2012 arraignment, Arroyo pleaded not guilty to the charges. Aside from Arroyo, former COMELEC Chairman Benjamin Abalos, former governor Ampatuan, and former provincial election supervisor Lintang Bedol, were included in the charges.⁵

Aside from the electoral sabotage case, Arroyo has also been charged with several cases of plunder, three of which were preliminarily investigated by the Department of Justice,

with two having been endorsed to the Ombudsman. These three cases involved allegations that Arroyo benefitted from the sale or transaction relation to an airport in Iloilo; the use of Overseas Workers Welfare Assistance Funds; and, the use of the fertilizer fund. Of these three, the one involving plunder due to the sale and disposition of the Iloilo airport has already been dismissed by the Ombudsman.⁶

The other former Arroyo administration officials that have pending cases for plunder or the violation of the Anti Graft and Corrupt Practices law are former Philippine Amusement and Gaming Corporation chairperson Efraim Genuino, former congressman and Local Water Utilities Administrator Prospero Pichay, and former Agriculture undersecretary Jocelyn Bolante.

The pursuit of corruption cases has also resulted to two impeachments and two resignations. In 2011, former Ombudsman Merceditas Gutierrez, a close friend of Arroyo's husband and former presidential legal counsel and acting Secretary of Justice under Arroyo, was impeached by the House of Representatives in March. The other official impeached by the House in December 2011 was Chief Justice Renato Corona, an Arroyo appointee to the High Court and was also a "midnight appointee" as Chief Justice.

The impeachment case against Gutierrez was originally filed in the Lower House in September 2010, with two complaints found to be sufficient in substance and form by the House Committee on Justice. Gutierrez was being held accountable in the complaints for her failure to act on a number of alleged large corruption cases in the previous administration. While the former Ombudsman got a *status quo ante* order from the Supreme Court in September 14, 2010, an order that barred the House from proceeding further with the impeachment, the Supreme Court lifted such order in a ruling promulgated on February 15, 2011.⁷ After a long deliberation, the House Impeached Gutierrez on March 21, 2011, on the grounds of betrayal of public trust with 210 votes in the affirmative, 47 against and four abstentions.⁸ Gutierrez became the second official

impeached in Philippine history after the impeachment of former President Joseph Estrada in 2000.

The second impeachment involved the Chief Justice of the Supreme Court, Renato Corona. Unlike the impeachment of Gutierrez, Corona's impeachment was swift and took a different route. The articles of impeachment were formulated by a small group of Congressmen, led by the Chair of the Committee on Justice. After the Articles were formulated, based on complaints filed by citizens' groups, the proponents obtained the signature of other members of the Lower House, eventually collecting 188 signatures, almost double the number required to impeach any public official. Thus, on December 12, 2011, Corona was impeached by the Lower House on charges of betrayal of public trust, culpable violation of the Constitution and graft and corruption.

On the resignations, former Ombudsman Merceditas Gutierrez was the first to submit her resignation to the President. The resignation came ten days before the Senate was set to hear the impeachment case filed against her.⁹

Another resignation resulted out of the resurfaced allegations of cheating in the 2007 Senatorial elections. This time it was the turn of a senator, Juan Miguel Zubiri. With the resurfaced claims of former president Arroyo ordering that the administration senatorial slate top the polls in Maguindanao province, Zubiri decided to resign from the Senate on August 3, 2011. In his speech, Zubiri claimed that he had no hand in the cheating but decided to resign because he believed that the unfounded accusations against him has divided the nation, cast doubts on the electoral system and affected the Senate as an institution.¹⁰ Zubiri's resignation paved the way for the dismissal of his counter-protest before the Senate Electoral Tribunal and the resolution of the protest filed by Aquilino "Koko" Pimentel III. Pimentel, who was a running mate of PNoy in the opposition senatorial slate in 2007, was sworn in as Senator on August 11, 2011.

In line with PNoy's directive to weed out all manifestations of abuse of authority, that includes cases of tax evasion and smuggling, the Bureaus in charge have heightened their campaign against tax and tariff evaders.

In the case of the Bureau of Internal Revenue (BIR), a total of 89 cases of tax evasion have been filed under the Run After Tax Evaders (RATE) program, covering the period from July 2010 to early February 2012. The cases cover additional tax liabilities totaling to more than P 36 billion pesos. Mostly composed of private individuals, a number of officials who served or are associated with the prior administration were among those who were charged with tax evasion.¹¹ For its part, the Bureau of Customs filed 44 cases of smuggling from July 2010 to September 2011, under its Run After The Smugglers (RATS) program, with a total dutiable of more than PHP 52 billion.¹²

Changes in administrative practices. To operationalize transparency, notable changes have taken place at the administrative side of government. These were intended to ensure that transactions are above board, to reduce wastages/leakages, and secure the accountability of all line agencies. These initiatives have been translated further as commitments of the Philippine government in the Open Government Partnership (OGP).¹³

The first significant administrative change was the employment of a Zero-Based Budgeting (ZBB) system by the Department of Budget and Management (DBM). Though this is not the first time this was employed, as it has been used for specific fiscal years by the Marcos administration, the ZBB was adopted by the PNoy administration in the budget preparations for 2011, 2012 and 2013. Aside from ensuring that all expenditures under the current administration are aligned with its priority, the use of the ZBB allowed the administration to do away with or recast a number of prior lump sum budgets including the Priority Development Assistance Fund (PDAF), or what is more popularly referred to as the *pork barrel*. For the 2013 budget, the administration has also targeted eliminating lump sum fund completely, a move that the Budget Department believes will allow them

to do away with Special Allotment Release Orders (SARO) and thereby increase efficiencies in budget execution.¹⁴ Further, in preparing the 2013 budget, the administration has also instituted a “bottom up” approach, where line agencies involved in the Cabinet’s Human Development and Poverty Reduction cluster will engage stakeholders in 300 to 400 poorest municipalities to ensure that the funds required to undertake projects in these areas that would be implemented by national and local government units would be included in the budget to be submitted to Congress.¹⁵

A second administrative measure has been the review of existing processes in all government departments in order to curb red tape, ascertain the bases of costing or beneficiary targeting. Among government departments, the Department of Public Works and Highways (DPWH), one the agencies that have been regarded as corruption-riddled, undertook an exhaustive review of its processes, a review that delayed its spending on key public infrastructure. The review was directed at achieving a professionalization of its ranks, the streamlining of processes, and the promotion of fiscal prudence. As regards professionalization, the DPWH reported¹⁶ that it replaced and reshuffled its regional directors with the intent of reducing collusion between these directors and contractors believed to have been favored. As a result, only ten of the 16 regional directors of the DPWH were retained in December 2010 in their new regional postings. With regard to streamlining processes, the DPWH reduced bidding documents from 20 to five (5) to be submitted on the date of bidding and also announced through its website bid opportunities and requirements. In relation to fiscal prudence, the DPWH reduced by 10% the allocation for indirect cost and reported that such reduction resulted to savings on the part of the government amounting to more than P 2 billion from July 2010 to April 2011.

With regard to beneficiary targeting, the government held in abeyance the disbursement of subsidies for farmers, fisherfolk and agrarian reform beneficiaries until such time that a

new registry of intended beneficiaries could be created. This initiative was meant to avoid a repeat of fund disbursement anomalies in the past, such as the *Fertilizer Fund Scam* in 2004. The *Fertilizer Fund Scam* involved the misuse of close to P 3 billion pesos in 2004, just before the presidential elections, by a high ranking official of the Arroyo administration, Undersecretary Jocelyn “Jocjoc” Bolante. The Senate had investigated the *scam* and found Bolante, then Secretary of Agriculture, Luis Lorenzo, and other agriculture officials, liable for plunder and violation of the anti-corruption law.¹⁷

The administration has also adopted a full disclosure policy. From the outset, PNoy ordered all national government agencies to upload to their websites information relating to the disbursement of their budgets, notice and results of bids, the status of their projects and the periodic accomplishment reports, among others. Among the government agencies, the Department of Interior and Local Government (DILG) has taken the lead in implementing this policy when as early as August 2010, the Interior Secretary Jesse Robredo issued an order to all Local Government Units (LGUs) to comply with the policy. In its 2011 accomplishment report, the DILG revealed that 90% (1,551 of the 1,713) of Local Government Units (LGUs) have complied with the policy.¹⁸

In addition to this policy, the DILG has taken the lead in implementing a relatively more thorough performance assessment system with the conferment of a *Seal of Good Housekeeping* (SGH) on LGUs. To get the SGH, LGUs are required to fulfill the following conditions:

- a. Implement the Full Disclosure Policy
- b. Comply with the Anti-Red Tape Act
- c. Have an updated Comprehensive Local Development Plan
- d. Above benchmark performance in the Local Government Performance Management System

As of the end of 2011, 1,325 LGUs (69 provinces, 111 cities, and 1,145 municipalities) were conferred with the SGH.

Once an LGU obtains the SGH, they are eligible to apply for the *Performance Challenge Fund* (PCF). The PCF is a new program implemented by the DILG that rationalizes the national government inter-governmental transfer by setting as a condition the attainment of a SGH and encourages the LGUs to implement projects that are aligned with the priorities of the national administration, namely:

- a. Rapid and inclusive economic growth as evidenced by the attainment of Millennium Development Goals (e.g. construction of school buildings, health centers) and through the promotion of local economic development (e.g., local roads and bridges, post harvest facilities); and,
- b. adaptation to climate change and the development of preparedness for disasters (e.g. flood control, reforestation, solid waste management).

Under the PCF, PHP 1, 3 and 7 million, respectively, are additionally allocated by the national government to the local government unit. The LGU draws the same counterpart amount from its Local Development Fund which constitutes 20% of their Internal Revenue Allotment. In 2010, 30 LGUs were recipients of the PCF grant, while the number has expanded to cover 351 LGUs in 2011.

The administration has also employed information and communication technologies to facilitate the dissemination of information on government activities. Examples of new websites that provide such information are the *Electronic Transparency and Accountability Initiative for Lump-sum Funds (e-Tails) Project*¹⁹ and the *Pera ng Bayan*²⁰. The *e-Tails* provides information on the disbursement of PDAF funds. The *Pera ng Bayan*, an initiative of the Department of Finance, not only aims to provide information on developments related to the government's revenue collection, but at the same time serve as a feedback mechanism for the citizens to provide information relevant to graft, improper action, as well as exemplary performance of civil servants. In the medium-term, the government plans to consolidate all government information in one portal, the Official Gazette of the Philippines.²¹

The same technology was utilized to improve on the procurement processes through a pre-existing portal, the Philippine Government Electronic Procurement System (PhilGEPS). Any vendor of goods and services is required to register through the PhilGEPS. Plans have been firmed up to include in PhilGEPS an e-bidding system which will show bids and the result of bidding for government projects.

Finally, the administration has also sought the passage of a number of statutes that are aligned with the objective of transparent and accountable governance, as follows:

- Government Owned and Controlled Corporations Act (GOCC Act)
- Amending the Anti-Money Laundering Act
- Witness Protection Program
- Whistleblowers Act

Of these four that have been included in the Legislative-Executive Development Advisory Council (LEDAC) Common legislative agenda, the first, the GOCC Act has been passed into law (Republic Act 10149). The GOCC Act was certified as urgent by PNoy as the government uncovered a number of anomalies in the disbursements and extra-ordinarily high compensation of officers of GOCCs.

The last three bills are all pending congressional approval as of February 1, 2012.²² The Anti-money laundering Act amendment was pending in the Senate plenary after having been passed by the Lower House. The last two urgent bills certified by the President are both pending on Second Reading in both chambers of Congress.

Aside from these bills, the Executive has transmitted to the Lower House of Congress its version of the Freedom of Information Bill in early February 2012.

Engaging civil society. Following through its commitment to mobilize the participation of organized groups, the administration has incorporated into its Good Governance and Anti-

Corruption Action Plan the involvement of civil society organizations (CSOs). The engagement of CSOs vary, as follows:

- a. Participation in the formulation of budgets of national government agencies (NGAs) and government owned and controlled corporations (GOCCs). In 2011, the DBM invited CSOs to participate in consultations convened by six (6) NGAs and three (3) GOCCs for the 2012 budget. In 2012, the number of NGAs and GOCCs tasked to invite CSOs for consultations was doubled.²³
- b. Involvement in participatory audit for public infrastructure projects in collaboration with the Commission on Audit, the Department of Public Works and Highway, the Department of Agriculture and the DBM.
- c. Involvement in the Local Government Watch Program that involves the conduct of a citizens' satisfaction survey, the development of *electronic watch* websites for LGUs, the training of CSO representatives for involvement in Local Special Bodies and the establishment of a CSO Participation Fund to support CSO initiatives in engaging local government units.

To facilitate CSO engagement in the budget consultation/formulation process, some CSOs have entered into Budget Partnership Agreements (BPAs). These CSOs include:

- a. Caucus of Development NGO Networks (CODE-NGO) with the Department of Agriculture
- b. Philippine Partnership for the Development of Human Resources in Rural Areas (PHILDHARRA) with the Department of Agrarian Reform
- c. Transparency and Accountability Network (TAN) with the Department of Public Works and Highways
- d. Partnership of Philippine Support Service Agencies (PHILSSA) with the National Food Authority
- e. Research, Education and Institutional Development Foundation (REID) with the Department of Public Works and Highways²⁴

Other government departments have also engaged CSOs in the implementation of many programs, primarily in social accountability mechanisms where these CSOs are consulted in the process of project formulation or are tapped to monitor the progress of project implementation.

As a whole, the government has given much attention in securing the accountability of prior public officials or laying the ground work to promote transparent and participatory governance. As PNoy himself stressed, curbing corruption constitutes the bedrock on which the efficient allocation of resources and the promotion of inclusive growth would be built upon.²⁵ As of late February 2012, the strategies to combat corruption and promote governance were weaved together in a ***Good Governance and Anti-Corruption Plan*** that contains 34 initiatives that the government has or will undertake until the end of its term in 2016.

Despite the significant time and effort that the government has taken to combat corruption and promote transparency and participatory governance, the Philippines' rating and ranking in the global Corruption Perception Index has only slightly improved. Across 182 countries covered by *Transparency International's* CPI of 2011, the Philippines garnered a score of 2.6 (ranked 129), slightly higher than the 2.4 (ranked 134) posted in the CPI of 2010 but still within the same band (2.0 to 2.9) in the CPI rating scale.

2.2 Poverty Reduction and Empowerment of the Poor and Vulnerable

The government has completed its National Anti-Poverty Program (NAPP, 2010-2012).²⁶ Under the program, the National Anti-Poverty Commission (NAPC) was tasked to be primary agency that will secure the convergence of several anti-poverty measures that include efforts of the national government agencies and local government units and elicit the participation of civil society and private sector groups. In general, the NAPP focuses on the following thrusts:

- Targeting the poorest of the poor through various interventions that include securing access to basic social services (basic education, health and family planning services; risk mitigation and expanding social protection);
- Strengthening the pro-poor response of economic growth through the creation of productive employment opportunities; increase agricultural productivity; and , facilitating economic diversification in rural areas;

- Focus on poorest areas, with specific attention given to around half (600) of the municipalities in the country that are distant from economic hubs;
- Strengthening targeting and monitoring mechanisms for poverty reduction

Three distinct approaches are identified in the NAPP, namely: direct service delivery (through increases in social spending to improve public education and health programs); direct subsidies (such as the 4Ps); and community driven development programs. We turn to discuss the government's accomplishment in implementing these approaches.

Higher social spending for direct social service delivery. The government has continued to prioritize human development as indicated by the significant share of social services spending relative to other budget sectors in 2010 and 2011. Table 1 shows a significant spike in the allocation for social services in 2011 relative to the 2010 budget, as well as the sector's share of the total government budget. In an early assessment of the 2012 budget, Manansan notes that the social spending of the current administration as a percentage of the GDP, 3.9% and 4.2% in 2011 and 2012, respectively, markedly higher than the average of 3.4% posted under the prior Arroyo administration.²⁷

Table 1. Sectoral Distribution of Public Expenditures, 2010-2012(In Thousand Pesos)

PARTICULARS	2010		2011			2012		
	Amount	% of Total Budget	Amount	% of Total Budget	Year on Year Inc (%)	Amount	% of Total Budget	Year on Year Inc (%)
Economic services	504,823,447.00	31%	599,297,290.00	31%	19%	660,478,202.00	32%	10%
Social services	399,276,061.00	24%	529,024,556.00	27%	32%	556,169,605.00	27%	5%
Defense	91,420,320.00	6%	102,079,259.00	5%	12%	113,624,630.00	5%	11%
General public services	333,232,587.00	20%	348,625,049.00	18%	5%	402,283,916.00	19%	15%
Interest Payments	294,244,000.00	18%	357,090,000.00	18%	21%	333,107,000.00	16%	-7%
Financial services	12,409,946.00	1%	16,030,455.00	1%	29%	7,352,908.00	0%	-54%
TOTAL	1,635,406,361.00		1,952,146,609.00		19%	2,073,016,261.00		6%

Source: Department of Budget and Management²⁸

Breaking down social services, three government departments experienced sizeable increases in their 2012 budget. The budget of the Department of Education increased from P 207.3 billion in 2011 to P 238.8 billion, or a more than 15% increase. The increased budget is meant to support the DepEd's initiatives to reduce shortages in classrooms, instructional materials and water and sanitation facilities, among others. The increased funding also supported DepEd's initiative to enroll the spill-over population of public schools, numbering around a million, to private schools under the Government Assistance to Students and Teachers in Private Education (GASTPE). Finally, more than P 2 billion pesos of the DepEd budget was allotted to fund the kindergarten program which was recently made mandatory by a statute.

The Department of Health (DOH) budget also increased, by 34%, from P 33.2 billion in 2011 to P 44.4 billion in 2012. The increase is brought about by the tripling of the budget allotted for universal health care coverage of poor families under the National Health Insurance Program. From a budget of P 3.5 billion in 2011, the government allotted P 12 billion in 2012 to pay for the premium subsidies of 5.2 million indigent households.

Meanwhile, the budget of the Department of Health (DoH) increased by 34 percent to P44.4 billion from this year's P33.2 billion. To support Universal Health Care, this budget provides P12 billion—much higher than P3.5 billion in 2011—for National Health Insurance Program premium subsidies of 5.2 million indigent households.

The largest increase in the 2012 budget was recorded by the Department of Social Welfare and Development, a 42.57% increase from a P 34.3 billion budget in 2011 to P 48.9 billion in 2012. The increase is accounted for by the funds allotted for an expansion of the conditional cash transfer program.

Social spending may be higher in the last two years but the question remains as to whether the funds allocated are sufficient. Manasan points out that a number of

budgetary allotments fall short of what is required to meet Millennium Development Goal Targets. Specifically, she identifies the PHP 68.3 billion budgetary deficiency to close the input gap to achieve the MDG goal on basic education and that the reduced allocation for vaccine preventable disease control, deemed as a major component of the country's health program, may prevent that country from meeting the MDG target on reduced infant and child mortality.²⁹

Manasan's view is supported by recent data that shows considerable shortages or deficiencies in basic education inputs. Table 2 shows the shortages in educational inputs based on 2011 accomplishments.

Table 2 Department of Education, Accomplishment versus Targets 2011

ITEM	A SHORTAGE	B TARGET	C ACCOMPLISHMENTS Completed (Ongoing)	C/A % of Shortage	C/B % of Targets
New Classrooms	66,800	10,605	6,665 (2,807)	14%	63%
Teachers	99,628 ³⁰	21,675	19,806	20%	91%
School seats	2,573,212	1,461,963	1,301,506 (160,457)	51%	89%

Source: Department of Education, Report of Accomplishments as of December 31 2011

The shortages indicated above have all affected the quality of learning and instruction in the country's public schools. There are many schools that are overloaded with students to the extent that these schools implemented multiple shifts in class sessions. In SY 2010-2011, the classroom-student ratio stood at 1:63; 1:39 and 1:53 for kindergarten, elementary and high school, respectively. For the years, the ideal ratio was placed at 1:25; 1:45; and 1:45, respectively. The teacher to student ratio for kindergarten stood at 1:422 in SY 2010-2011 when the ideal ratio is 1:50.

With the implementation of the K-12, the expanded basic education program that makes kindergarten compulsory and extends basic education from ten to twelve years, the sourcing of funds required to support the program has been raised as a concern.

Expanded direct subsidy, the conditional cash transfer program. Among expenditure items, the government's allocation for the conditional cash transfer program, known as the *Pantawid Pamilyang Pilipino Program (4Ps)*, continued to show hefty increases. From a budget of PHP 10 billion in 2010, the administration allotted PHP 21.2 and P 39.5 billion for the 4Ps implementation in 2011 and 2012. Described as the centerpiece of the administration's Anti-Poverty program, the 4Ps program aims to alleviate the immediate needs of the poor and break intergenerational poverty.³¹ Under the 4Ps, the government provides the following benefits to targeted households:

- P6,000 a year or P500 per month per household for health and nutrition expenses; and
- P3000 for one school year or 10 months or P300 /month per child for educational expenses. A maximum of three children per household is allowed.

The beneficiaries were identified by a proxy means test working with data from the National Household Targeting System for Poverty Reduction (NHTS-PR). The NHTS is a database that contains the profile of about 10.8 million households as of April 2011.³² Of the total number of households in the NHTS-PR, about 5.2 million households have been identified as poor. To continue as beneficiaries of the program, for a maximum period of five years, the household must fulfill the appropriate set of conditions established for health and/or education beneficiaries.

As of February 2012, the 4Ps Program has enrolled more than 3 million households (See Table 3).

Table 3 4Ps Household Coverage, 2008 to February 2012.

Set/Year Started	Target Households *	Number of Enrolled Households	Percentage (Target vs. Actual)
1 (Started in 2008)	336,208	343,264	102.10%
2 (Started in 2009)	288,200	286,746	99.50%
3 (Started in 2010)	411,023	414,697	100.89%
4 (Started in 2011)	1,303,810	1,296,272	99.42%
5 (Started in 2012)	766,000**	689,695	90.04%
Total	3,105,241	3,030,674	97.60%

Source: Department of Social Welfare and Development, 4Ps Accomplishment Report February 2012.

*based on the approved 2010 Work Financial Plan**funded target for Set 5 as of 07 December 2011

The DSWD has also reported considerable compliance of the 4Ps beneficiaries to set conditions as shown in Table 4.

Table 4. Compliance Rate of 4Ps Beneficiaries for November and December 2011

Conditionality	Number of Monitored*	Compliant Beneficiaries		% Compliance (Compliant over Monitored)	
		November	December	November	December
EDUCATION				96.69%	
Attendance in Day Care Center/Pre-School for Children 3-5 years old	594,444	570,500	572,675	95.97%	96.33%
Attendance in Primary & Secondary for Children 6-14 years old	2,987,696	2,889,620	2,910,494	97.05%	97.42%
HEALTH				97.56%	
Check-up/immunization for Pregnant and Children 0-5 years old	1,627,890	1,292,109	1,294,430	96.61%	96.78%
Health (deworming) for Children 6-14 years old in Elementary Level**	500,521	492,675		98.43%	
FAMILY DEVELOPMENT SESSION				96.84%	
Attendance to FDS by Parents	2,118,682	2,047,448	2,055,930	96.64%	97.04%

* The monitored household members are the same for the months of November and December. **Deworming is conducted twice every year for each child ages 6-14 enrolled in elementary school. Source: Department of Social Welfare and Development 4Ps Accomplishment Report

With the intent to cover all those classified as poor under the NHTS-PR, the funding for the 4Ps comes from a foreign loan and government budgetary allotments. The Asian Development Bank (ADB) covers 45.2% (US\$400 million) while government takes care of 54.8% (US\$ 484.2 million) of the funding for the program from 2011 to 2014.³³

Initial evaluations of the 4Ps indicate positive results. Manasan³⁴ (2011) notes improvement in school attendance while Velarde and Fernandez (2011) , through simple analytics, reveal that given the annual improvement of income of beneficiary households, a 6.2, 5.3 and 4.3 percentage points positive change was registered in poverty rates, income gap and the severity of poverty, respectively. Beyond these initial assessments, it is still too early to assert that the 4Ps program would achieve the positive institutional externality observed in countries³⁵ that have implemented earlier conditional cash transfer program, the strengthening a results culture within the public sector.

2.3 Rapid, Inclusive and Sustained Economic Growth

The MTPDP stipulates that the government would achieve inclusive growth through a number of measures, three of which (e.g., higher standards of governance, human development/social investment, and direct poverty relief) have already been discussed above. In addition to these three, the government hopes to generate massive investments in infrastructure, employment generation, as well as maintain a sound macro-economic environment, or in broader terms, an environment conducive to business. We turn to the measures taken by the administration with respect to these last three.

Infrastructure development. Aside from increasing the budget for public sector infrastructure, from PHP 228 billion in 2010, PHP 233 billion in 2011 to PHP 270 billion in 2012³⁶, thereby correcting a decline in public investment recorded from 2009 to 2010, the government has also launched the Private-Public Partnership (PPP) program as a means of

generating investment to augment the government's funds for infrastructure development. Launched just a few months after the administration came into power in 2010, the PPP program aims to generate private sector investments for key infrastructure projects of the national and local government units, working with and building from the experience of prior Build-Operate-Transfer (BOT) schemes and their variants that are supported by Republic Act 7718 or the Build-Operate-Transfer Law . Under these previous agreements, the Philippines has 37 existing valid and binding contracts at the end of 2011. The total costs of these projects total to over US\$ 16 billion. In addition to these, there were 26 other projects/contracts entered into by prior governments that were turned over to the pertinent Government Owned Controlled Corporations or local government units. These 26 contracts/projects amount to a total of US\$ 2.4 billion.

Confident that relatively higher trust in the new government would entice private sector investments, the government prepared for bidding a number of projects. By the end of 2011, the PPP Center reported 10 projects for 2012 roll out, nine of which are solicited and one unsolicited. Of these projects, one has been awarded, the Daang Hari-SLEX Link Road, a 4 kilometer 4 lane toll road that connects the circumferential road known as Daang Hari to the South Luzon Expressway. The project was awarded to a consortium of local property developer, Ayala Corporation and a partner Spanish Firm, Getinsa.³⁷ For 2012, the PPP Center has identified 17 projects for bidding and eventual roll out.³⁸ In addition to these, the PPP was reported to have 43 other projects in the pipeline as of the end of February 2012.³⁹ Though the awarding of other PPP projects has been delayed, Secretary of Finance Cesar Purisima argued that the administration has done better than prior administrations as its first project was awarded in a span of 18 months.⁴⁰

Employment generation. The government's initiatives related to generating higher employment do not differ from prior interventions. Many of the interventions designed to stimulate growth, from higher public spending, investment promotion, and human

capital formation, have basically been carried over from the previous administrations, save for fine-tuning these programs to secure the integrity of processes and better targeting. A notable change in strategy is the more programmatic approach in relation to community based employment. Under this program (Community Based Employment Program or CBEP), led by the Department of Labor and Employment (DoLE), jobs related to major infrastructure and development programs are created for lower income groups. In 2011, DoLE reports that CBEP generated around 1.1 million jobs and the department expects at most 1.8 million jobs generated under the program by 2012.

Data from the National Statistics Office show some improvements in year on year (October 2011 vis-à-vis October 201) in participation and unemployment rates and a slight increase in under-employment for the same period.

Table 5 Rates of Annual Labor Force Participation, Employment, Unemployment and Underemployment, 2010-2011 (in Thousands, Rates in %)		
INDICATOR	2010	2011
Household Population => 15 years old	60,717	61,882
Labor force participation rate (%)	64.1	64.6
Employed	36,035	37,191
Employment rate (%)	92.7	93
Unemployment rate (%)	7.3	7.0
Underemployment rate (%)	18.8	19.3

General business environment. The measures taken to improve the overall business or economic environment could be clustered into three, namely: enforcing good governance, already tackled in the earlier section on transparent, accountable and participatory governance; ensuring fiscal sustainability; and improving competitiveness. The Plans and programs of the government on these clusters are defined in the MTPDP and were outlined by the Secretary of Finance in a presentation before the Philippine Development Forum in 2011 and could be summarized as follows:

- a. Stringent tax enforcement
- b. Sustainable deficit/health public finances
- c. Prudent debt management
- d. Predictable, reliable and efficient business environment

In relation to the results of stringent tax enforcement, the Bureau of Internal Revenue (BIR) collection for 2011 was more than 12% higher than its 2010 collection. The BIR also showed a slight improvement in its tax effort from 9.1% in 2010 to 9.5% in 2011.⁴¹

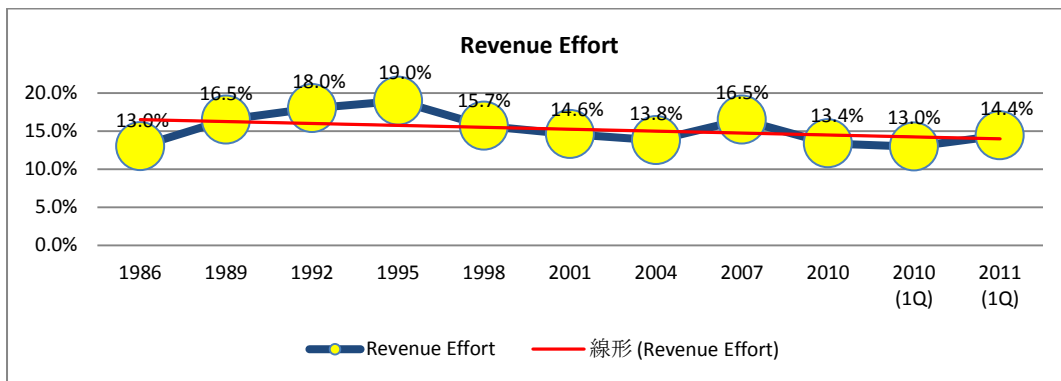
Despite this year on year increase in the amount of taxes collected and a notable decline in the shortfall for years 2010 and 2011, the Bureau of Internal Revenue (BIR) still failed to meet the target collection for both years. .

Year	Collection	Goal	Collection versus Goal (Excess/Deficit)		Collection Relative to Previous Year	
			Amount	%	Amount	%
2004	468,176.58	476,306	(8,1229.42)	(1.71)	42,166.10	9.90
2005	542,696.67	546,899	(4,202.33)	(0.77)	74,520.09	15.92
2006	652,732.83	675,353	(22,620.17)	(3.35)	110,036.16	20.28
2007	713,595.69	765,859	(52,263.31)	(6.82)	60,862.87	9.32
2008	778,580.80	844,950	(66,369.20)	(7.85)	64,985.10	9.11
2009	750,287.68	798,455	(48,167.32)	(6.03)	(28,293.12)	(3.63)
2010	822,623.90	860,441.	(37,817.10)	(4.40)	72,336.22	9.64
2011*	924,147.40	940,000.00	(15,852.60)	(1.69)	101,523.51	12.34

Source: Bureau of Internal Revenue, *Tentative as of February 24, 2012.

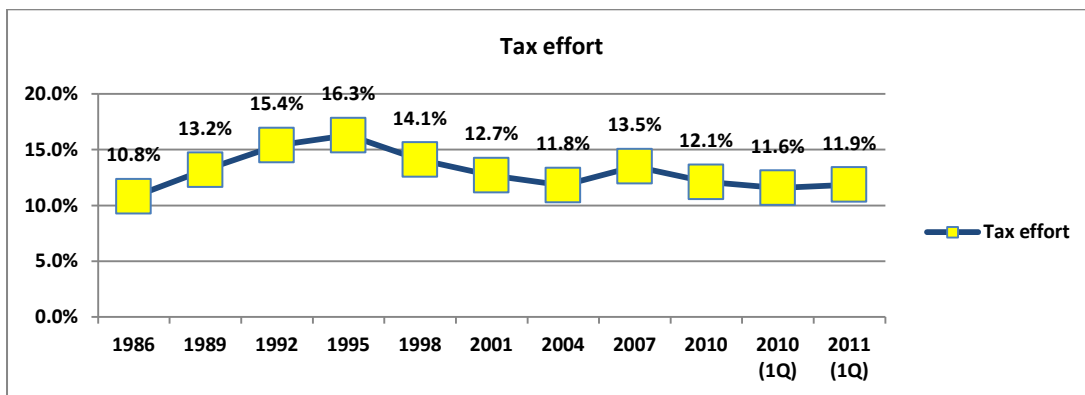
In the case of the Bureau of Customs, the agency generated more than PHP 265 billion in 2011, from PHP 255 billion in the previous year. Though the administration has sustained efforts at improving tax collection through various means, revenue collection remains a concern for the administration as shown by the lack of improvement in overall revenue and tax effort. (See Figure 1 Government Revenue Effort and Figure 2 Government Tax Effort)

Figure 1. Total Revenue Effort, 1986 to First Quarter 2011



Source: Department of Finance (% for 1998 onwards used revised GDP by NSCB)

Figure 2. Total Tax Effort, 1986 to First Quarter 2011



Source: Department of Finance (% for 1998 onwards used revised GDP by NSCB)

As regards the deficit, the government was able to reduce its deficit to 2 percent of the 2011 GDP, lower than its 3.2% target. This is also lower than the 3.5% figure posted in 2010. The total expenditures of government in 2011 was at PHP 1.557 trillion while total revenues amounted to PHP 1.359 trillion.

With regard to external debt, the country's external debt stood at around US\$ 62.4 billion as of the 3rd quarter of 2011, representing 28.4% of GDP, lower than the figure posted in 2010 when external debt was 30.1% of GDP.⁴²

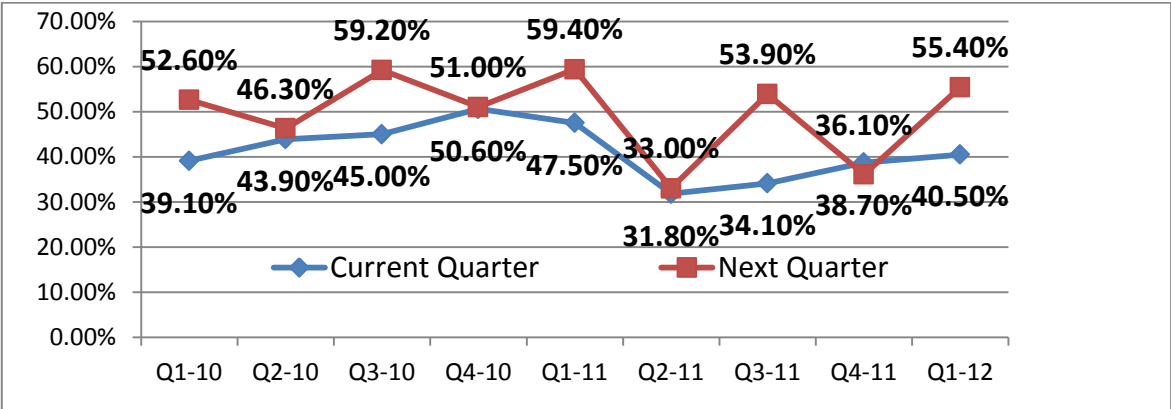
After an impressive growth of real Gross Domestic Product (GDP) of 7.6% in 2010, the highest recorded since the Marcos administration, growth slackened in 2011 as real GDP grew by an average of 3.7%. This is much lower than the target growth of 4.5 to 5.5% by the Development Budget and Coordination Committee and just about half of the 7% annual GDP growth projected in the MTPDP. The economic slowdown in 2011 was attributed to negative external developments (e.g., European economic woes, weak recovery of the US) that led to a contraction of the export sector as well as the damage to agricultural production caused by devastating typhoons.⁴³ A study, however, points out that the most important factor that caused a deceleration in economic growth was government underspending, as Navarro and Yap point out that:

“the other major factor was government underspending. If the PHP 165 billion estimate of underspending is converted to constant prices and directly added to GDP, the growth rate in 2011 would have been 5.2 percent instead of 3.7 percent... The difference of 1.5 percentage points, i.e., 5.2 minus 3.7, is obtained based on planned expenditures in 2011 as compared to actual expenditures. To summarize, the difference between a potential GDP growth of 5.5 to 6 percent in 2011 and the actual growth rate of 3.7 percent can be attributed to the following factors: Lower than anticipated global output growth leading to lower demand for Philippine exports: -0.2 percent; higher than anticipated food and fuel prices: -0.6 percent; [and], Government underspending: -1.5 percent. ***This analysis points to policy failure on the part of the Philippine government. In the wake of the unfavorable global economic environment and slowdown in private investment, government spending had to be sustained and not slashed drastically.***”⁴⁴ [highlighting mine]

As 2012 entered, local businesses appear to be bullish, as indicated by the Business Expectation Survey of the Bangko Sentral ng Pilipinas (BSP). As Figure 3 shows, the

confidence index for the current quarter continues to move up and such confidence was said to be based on the perception of respondents of an increase in government spending, sound macroeconomic fundamentals and political stability; and possible further credit upgrades for the Philippines, among others.⁴⁵

Figure 3. Business Confidence Index, Current and Next Quarter, 2010-1st Quarter 2012



Source: Bangko Sentral ng Pilipinas

While government and local businesses are optimistic about the prospects for the economy in 2012, the fact remains that the country still has to generate greater foreign investments, and with regard to the latter, compete with other economies in and beyond the region. This picture, specifically of increasing foreign investment, is not too rosy. Net foreign direct investment from January to November 2011 was at US\$ 782 million, more than 38% less than the US\$ 1.272 billion recorded for the same period in the previous year (2010).⁴⁶ The flow of foreign direct investments to the Philippines also pales in comparison to the net FDI flows shown in other Southeast Asian nations.

Table 7 Net Foreign Direct Investments Flow, ASEAN Four (in US\$ Million) 2011—1st to 3rd Quarter

Period	Philippines	Malaysia	Indonesia	Thailand
First Quarter	441	3634	4789	121
Second Quarter	293	3365	6061	1246
Third Quarter	-63	1712	3741	2377

Source: Bangko Sentral ng Pilipinas, Selection Economic Indicators Asian Countries

To sustain economic growth, the government must be able to address concerns about legal risks to allow its programs, specifically the Public-Private Partnerships (PPP) to solicit foreign and local investments.⁴⁷ As it is, notwithstanding the much bruited about improvements in the country's credit ratings, the Philippines' rank in the International Finance Corporation's (IFC) Ease of Doing Business⁴⁸ has not improved. In the 2012 report, the Philippines went down two places, from 134 in the 2011 report to 136 in the latest report. Compared to other Southeast Asian countries, the Philippines has less than desirable rankings in most of the areas assessed, with the country's ranking declining in six out of ten areas assessed. In the same report, the Philippines rank 20th out of 24 economies in East Asia and Pacific, landing in the top ten only with respect to its 8th rank on the area of trading across borders.

In addition to the IFC report, the country's competitiveness slightly declined based on the World Competitiveness report, from 39th out of 58 countries surveyed in 2010 to 41st out of 59 countries covered in the 2011 report.⁴⁹ Among the 13⁵⁰ economies covered in Asia Pacific, the Philippines ranked last.

Table 8 Ease of Doing Business, Comparative Ranking, Select Southeast Asian Economies, 2011-2012

Area of assessment	Philippines		Indonesia		Malaysia		Thailand		Vietnam	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Overall Business Environment	134	136	126	129	23	18	16	17	90	98
Starting business	155	158	156	155	111	50	97	78	100	103
Dealing with construction permits	98	102	71	71	111	113	14	14	70	67
Getting electricity	57	54	158	161	60	59	8	9	135	135
Registering property	109	117	96	99	59	59	18	28	43	47
Getting credit	116	126	116	126	1	1	64	67	21	24
Protecting investors	131	133	44	46	4	4	12	13	172	166
Paying taxes	127	136	134	131	39	41	94	100	126	151
Trading across borders	54	51	38	39	28	29	19	17	59	68
Enforcing contracts	114	112	154	156	60	31	24	24	31	30
Resolving insolvency	161	163	149	146	57	47	47	51	130	142
Source: International Finance Corporation http://www.doingbusiness.org										

2.4 Just and Lasting Peace and The Rule of Law

In her reflections on the peace process, the Head of the Office of the Presidential Adviser on the Peace Process (OPAPP) Teresita “Ging” Quintos-Deles recounted how the peace processes were in such a bad place when PNoy assumed the position in 2010. Deles, who was also Presidential Adviser on the Peace Process under former president Arroyo, from 2011 until she resigned in 2005 in the wake of an election cheating scandal implicating Arroyo, recalled that that the administration had to pick up from:

“ a seven year impasse in the negotiations with the CPP/NPA/NDF [*Communist Party of the Philippines/New People’s Army/National Democratic Front*] ...with the MILF [*Moro Islamic Liberation Front*], the outbreak of hostilities in 2008 after the MOA

AD (*Memorandum of Agreement on Ancestral Domain*) fiasco, which left nearly 700,000 person displaced and provoking soaring levels of distrust; and...signed agreements still not fully delivered and brought to proper closure—the Final Peace Agreement with the MNLF [*Moro National Liberation Front*], and the respective ceasefire agreements with the CPLA [Cordillera People’s Liberation Army] in 1986, and with the RPMP-RPA-ABB [Rebolusyonyong Partido ng Manggagawa ng Pilipinas-Revolutionary Proletarian Army-Alex Boncayao Brigade] in 2000.⁵¹

In sum, Deles said the government was to face six groups, two to formulate a formal political settlement, and four others to secure the full implementation of prior agreements.

After constituting separate peace panels for the talks with the CPP/NPA/NDF and the MILF, the formal negotiations with these groups resumed in February 2011. In both meetings, the panels representing the Government of the Philippines (GPH) and their counterparts from each of the two groups agreed to facilitate a settlement of the two long standing conflict, each spanning more than four decades.

In the case of the GPH-CPP/NPA/NDF, the February 2011 meeting had the two panels issuing a Joint Statement where they indicated agreement to an 18-month time frame to complete the discussions on the substantive items that will constitute a comprehensive agreement to be signed by June 2012.⁵² There were three substantive items that would constitute the final agreement, namely: social and economic reforms; political and constitutional reforms; and on the end of hostilities and disposition of forces. In addition to setting the time table, the February 2011 peace talks led to the reconvening of the Joint Monitoring Committee for the implementation of the Comprehensive Agreement on Respect for Human Rights and International Humanitarian Law (CARHRIHL) and the release of consultants of the CPP/NPA/NDF under the terms of the Joint Agreement on Safety and Immunity Guarantees (JASIG).

Since the February 2011 meeting, however, the two panels have not met again given the issues raised by the CPP/NPA/NDF on the GPH’s violation of the JASIG, or more specifically

the delay in the release from imprisonment of its consultants. The CPP/NPA/NDF insisted that JASIG is a key agreement that the GPH must comply with.⁵³ on the release of their consultants as a pre-requisite to the resumption of talks. For its part, the GPH Panel had called on the CPP/NPA/NDF to comply with the terms of the Oslo Agreement of 2011 which stipulates that the release of CPP/NPA/NDF consultants requires a verification process that the latter has not fulfilled.⁵⁴ The GPH described the CPP/NPA/NDF's attitude as cavalier. In response, the CPP/NPA/NDF asserted that it "is becoming too apparent that the GPH is not at all interested in pursuing peace negotiations with the NDF and is only interested in keeping up the appearance of "peace negotiations" without actually respecting past agreements or working to forge new agreements to address the roots of the raging civil war in the Philippines."⁵⁵

While the peace talks with the CPP/NPA/NDF was in a new impasse that stretched over a year as of February 2012, the talks between the GPH and the MILF continued. That the talks persisted despite major challenges indicate the commitment of both parties to move on and thresh out the substantive issues and prevent an escalation of armed conflict.

Between 2008 to January 2011, data from the OPAPP reveals a decline in the number of armed encounters between government troops and the MILF. There were 218 encounters in 2008, 115 encounters in 2009, 10 episodes of armed conflict in 2010, and no recorded encounter from January to early March 2011. The decline is attributed to the effective operation of the International Monitoring Team (IMT) that has as its members representatives of the governments of Malaysia, Japan, Libya, Indonesia, Brunei, Norway and Europe. The IMT monitors the ceasefire, civilian protection component, rehabilitation and development, and socio-economic agreements between the government and the MILF.⁵⁶ The decline in armed clashes was also attributed to the operation of the Ceasefire Committee on Cessation of Hostilities composed of representatives from the GPH and MILF and which had been continually operating since it was established in 2003.

The GPH-MILF peace talks also got a boost when PNoy met with MILF Chair Al Haj Murad Ibrahim at a hotel close to the Narita, Japan airport last August 4, 2011. The meeting was reported to have been sought by PNoy himself. Details of the one on one meeting were not revealed but statements from the GPH and MILF described the meeting as historic, cordial, frank, and intimate.⁵⁷

In the negotiations with the MILF, the government, learning from the controversies that erupted after the draft Memorandum of Agreement on Ancestral Domain (MOA-AD) was revealed in 2008, had proposed to the MILF what they referred to as a “3 for 1” proposal or the “three components for one solution to the Bangsamoro problem.” Veering away from the contentious issue of creating a “sub-state,” the “3 For 1” proposal commits government to promote economic development in Mindanao, secure a transition towards a peaceful settlement and the strengthening of the Autonomous Region of Muslim Mindanao, and finally, acknowledges the distinct Bangsamoro identity borne out by their own struggle.⁵⁸ The MILF has rejected the “3 for 1” proposal of the GPH. Nonetheless, the GPH has insisted on the proposal that has been reiterated in the last talks held in February 2012 between the two parties. Related to promoting economic development in the Bangsamoro area, the government has allotted in 2011 around PHP 8.5 billion for the ARMM Transition and Investment Support Plan.⁵⁹

The biggest challenge to the GPH-MILF talks occurred in October 2011 when an encounter between units of the military and MILF leaders occurred in Al Barka, Basilan. With 19 soldiers killed and many families displaced, the government was pressured to cease the peace negotiations and declare an all out war against the MILF. Instead of unsheathing the “sword of war,” however, PNoy stood his ground and instead vowed to pursue “all out justice.”⁶⁰

Outside the negotiating table, the government has also implemented the *Payapa at Masaganang Pamayanan* (PAMANA) program. The program provides assistance to

barangays that are conflict affected, meaning these were areas where clashes have taken place or have been designated as resettlement sites. The PAMANA program targets 497 out of the countries more than 1,600 municipalities with the support to these communities coming in the form of shelter projects, infrastructural improvement, funding for livelihood and employment generation, and tenure improvement. As of the end of 2011, PAMANA had been implemented in 70 sites, with total fund release of more than PHP 170 million.⁶¹

With respect to the rule of law, the country continues to be rated poorly in this area by the Heritage Foundation. In its 2012 Index of Economic Freedom, while the Philippines score moved up slightly, by .9% to a 57.1% score in 2011, the country's rule of law, 30% for property rights and 24% with regard to freedom from corruption leading the Foundation to state that:

“Despite some progress, government anti-corruption efforts have been too inconsistent to eradicate bribery and graft effectively. There are lingering institutional challenges that will require deeper commitment to reform. Despite some progress, corruption continues to undermine prospects for long-term economic development. The inefficient judiciary, which remains susceptible to political interference, does not provide effective protection for property rights or strong and transparent enforcement of the law.”⁶²

2.5 Integrity of The Environment and Climate Change Mitigation

The Philippines has continually been battered by disasters, both natural and those associated with the abuse of the environment. In 2011 alone, based on a report of the National Disaster Risk Reduction and Management Council (NDRRMC), the destructive cyclones that hit the Philippines resulted to damages that totaled to over PHP 25 billion.⁶³ In an assessment of the effects of two damaging typhoons in 2009, the World Bank reports that total damages and losses of these typhoons amount to an even higher figure, PHP 200 billion or around 2.7% of GDP in 2009.⁶⁴

To reduce the damages brought forth by disasters, the government has carried out changes in the a number of agencies, specifically in the bureau that forecasts weather disturbances, the Philippine Atmospheric, Geophysical and Astronomical Services Administration (Pagasa) as well as the National Disaster Coordinating Council (NDCC). With regard to Pagasa, the agency was the first to draw the ire of PNoy early in his term when it was criticized to have failed in forecasting the strength of a tropical cyclone. As a result of this incident, PNoy summarily replaced the then acting Chief.⁶⁵ As regards the NDCC, the Council was re-organized to make its broader mandate of disaster response and risk reduction more pronounced. Aside from changes in these agencies, the National Climate Change Action Plan for 2011 to 2028 has been released by the Climate Change Commission. Like the other sectoral plans, the Climate Change Plans call for a convergence of national government initiatives and the localization of climate change interventions through Ecotowns, with a pilot program launched in 2011 in Siargao, Surigao del Norte.

3. Interaction with Other Forces

3.1 Intra-Executive Relations.

A day before he assumed the presidency, PNoy announced most of the members of his cabinet. Of the 21 line departments of government, PNoy appointed secretaries for all except one agency, the Department of Interior and Local Government, a post that he held concurrently until July 9, 2010 when former Naga City Mayor Jesse Robredo was appointed in an acting capacity.

Leading the appointees was a long time friend and once chief of staff of PNoy's legislative office, Paquito "Jojo" Ochoa, as Executive Secretary. Ochoa was reported to be part of the ad-hoc committee that vetted nominees or recommendations for various cabinet positions. Also reported to be in this committee were Cesar Purisima, Alberto Lim, Julia Abad, Voltaire Gazmin and Kim Henares.⁶⁶ Purisima, who served as Finance Secretary under former president Arroyo, was also eventually re-appointed as chief of the Finance department. Lim, who was serving then as Executive Director of the Makati Business Club was assigned the tourism portfolio. Julia Abad, who served as Chief of Staff of then Senator Noynoy Aquino, was appointed to head the Presidential Management Staff. Gazmin, who once headed the Presidential Security Group of former President Cory Aquino, was designated as Secretary of National Defense. Henares, who served as a Deputy Commissioner of the Bureau of Internal Revenue during the Arroyo administration, was appointed as Commissioner of Internal Revenue, a non cabinet position. PNoy also confirmed that his running mate, Manuel "Mar" Roxas, also played a key role in the vetting process, saying that at least three of his cabinet members were recommended by Roxas.⁶⁷

Of the 33 appointees to the original cabinet of PNoy, nine had no prior experience in government, in any branch at the local or national level. Fifteen of these appointees were known to have played a role in the election campaign. Three of the appointees,

Florencio “Butch” Abad, Jesse Robredo, and Proceso Alcala, were members of PNoy’s political party, the Liberal Party. Two career officials, Rosalinda Baldoz and Ramon Paje were also appointed for the Labor and Environment portfolio, respectively.

While there were initial reports that the cabinet was divided, between two factions that correspond to two groups during the electoral campaign, the *Balay* and *Samar* groups⁶⁸, these factions, intrinsic in any government, have appeared to have been effectively managed. Though there have been changes in the original cabinet, with the replacement for the Foreign Affairs Secretary Alberto Romulo and the resignation and replacement of former Secretary of Transportation and Communication, Jose “Ping” de Jesus and Tourism Secretary Alberto Lim, PNoy has not been beset by the same internal wrangling within his “official family” that his late mother had to deal with early on in her presidency.

The more important development with respect to intra-Executive relations is the division of the cabinet into clusters and the relatively less frequent convening of full cabinet meetings.

As regards the first, though previous administrations have divided the Cabinet into clusters, the difference under PNoy is that the clusters meet much more frequently than the whole Cabinet. Formalized through Executive Order (EO) No. 43, issued in May 2011, the Cabinet was divided into five clusters which were to serve as the “venue and mechanism for coordination, harmonization, complementation and synergy among the Department and other governmental instrumentalities” and were established in consonance with the principles of “efficiency, effectiveness and focus.” Though the EO clarifies that all government departments shall orient their programs, projects and activities towards the attainment of the five key results areas under the “Social Contract,” the distribution of the departments into clusters show the extent of compartmentalization of the work under the PNoy administration. (See Table 9)

Table 9 Cabinet Clusters under PNoy Administration (based on EO 43, 2011)			
Cluster	Chair	Members	Secretariat
Good Governance	President	Budget and Management; Finance; Interior and Local Government; Justice; Trade and Industry; Presidential Legislative Liaison Office; Chief Presidential Legal Counsel	Budget and Management
Human development	Social Welfare and Development	Housing and Urban Development; Agrarian Reform; Agriculture; Environment and Natural Resources; Education; Higher Education; Health; Labor and Employment; Budget and Management; National Economic Development Authority; Interior and Local Government; National Anti Poverty Commission	National Anti Poverty Commission
Economic development	Finance	National Economic Development Authority; Budget and Management; Public works and highways; Transportation and communications; Energy; Science and Technology; Tourism; Agriculture; Interior and Local Government	National Economic Development Authority
Security, justice and peace	Executive Secretary	Interior and Local Government; Foreign Affairs; National Defense; Justice; National Security Adviser; Presidential Adviser on the Peace Process	National Security Council
Climate change	Environment and Natural Resources	Housing and Urban Development; Science and Technology; Local Government; Public works and highways; Social Welfare and Development; Agrarian Reform; Agriculture; Energy; National Defense; Metropolitan Manila Development Authority	Climate Change Commission

Unlike previous administrations⁶⁹ that also created clusters, PNoy has somehow left to the clusters the task of formulating, implementing and monitoring key programs rather than

to deliberate on major concerns during cabinet meetings. Based on information obtained from the Cabinet Secretariat, PNoy has called for a total of 11 cabinet meetings from July 1, 2010 to December 19, 2011. These meetings were held on the following dates:

2010	2011	
01 July 2010	18 January 2011	25 July 2011
20 July 2010	28 March 2011	12 August 2011
21 July 2010	29 June 2011	19 December 2011
05 August 2010	18 July 2011	

The frequency of cabinet meetings in PNoy’s administration is pretty much unlike the weekly cabinet meetings called for by the late president Cory Aquino during her first few years in office⁷⁰ or the 99 cabinet meetings called for by former President Arroyo from 2001 to 2003.⁷¹ While it can be assumed that PNoy, as recounted by members of his cabinet, does call for individual or group meetings with relevant cabinet members, and although records of accomplishment submitted to the Office of the President evince a system of monitoring of attainment relative to MTPDP targets are in place, the combination of a “divided” cabinet and infrequent cabinet meetings may bring about policy or program incoherence, a weakness that has been noted in prior administrations.⁷²

To a significant extent, the operations of the Cabinet indicate a distinct management style on the part of PNoy, one that entrusts his *alter egos* to deliberate and frame policies and programs in his absence, confident that the clusters would align their acts to the general guideposts of his administration. However, what would undoubtedly be missed out in the less than frequent Cabinet meetings would be deliberations among the members of the Executive to address intrinsic policy differences among clusters or to identify which among the numerous goals should be prioritized.

3.2 Executive-Legislative Relations

PNoy generally enjoys legislative support with a sizeable majority (253 out of 284 members) in the Lower House allied to the administration and the majority (20 out of 23) in the Upper House also supportive of the president. Unlike previous administrations, though, PNoy obtained majority support by coalescing with parties and key individuals in both chambers. His own party, the Liberal Party, only has 72 and 4 members in the Lower and Upper House, respectively.

Though the proportion of Lower House members who shifted to other political parties in the 15th (2010) Congress was higher than in the previous Congress, one would note that only half of the Representatives moved to the dominant party, which in the present government is the Liberal Party. (See Table 10). It should be noted, however, that in the Philippines parties are mere labels and do not necessarily constitute voting blocs.

Table 10 Party Switching in the Lower House, Philippine Congress ⁷³								
	1987	1992	1995	1998	2001	2004	2007	2010
Total Number of District Reps	200 (100%)	201 (100%)	203 (100%)	208 (100%)	211 (100%)	211 (100%)	219 (100%)	229 (100%)
District Reps who shifted parties	154 (77.0%)	100 (49.8%)	39 (19.2%)	92 (44.2%)	20 (9.5%)	77 (36.5%)	17 (7.8%)	55 (24.0%)
District Reps who did not shift parties	46 (23.0%)	101 (50.2%)	164 (80.8%)	116 (55.8%)	191 (90.5%)	134 (63.5%)	202 (92.2%)	174 (76.0%)
District Reps who shifted to dominant party	150 (75.0%)	88 (43.8%)	14 (6.9%)	86 (41.3%)	5 (2.4%)	38 (18.0%)	7 (3.2%)	28 (12.2%)

Source: Commission on Elections (COMELEC); House of Representatives, various years

In the Senate (Upper House), PNoy's own party, for the first time since the 13th congress, is consolidated in the majority, also in coalition with all the parties represented in the Senate.

Congressional support is indicated by the quick passage of two successive budgets (2011 and 2012) and the passage of 9 out of 36 (25%) certified measures by Congress in a span of 20 months. These measures were certified as urgent by PNoy in meetings of the Legislative-Executive Development Advisory Council (LEDAC).

The LEDAC was created in 1992 by former President Fidel V. Ramos. A statute, Republic Act 7640 states that LEDAC shall serve as a consultative and advisory body to the President, as the head of the national economic and planning agency, for further consultations and advice on certain programs and policies essential to the realization of the goals of the national economy. Composed of 20 members, with the President as Chair, four members from each chamber of Congress led by the Speaker/Senate President, seven members of the cabinet, the Vice President, and a representative each from the local governments, youth and the private sector, the law stipulates that LEDAC shall meet at least once every quarter. Under former President Ramos, the LEDAC meant as frequently as weekly. Under former President Arroyo, for the year 2002, the LEDAC agreed to meet monthly. On the part of PNoy, he committed to convene the LEDAC immediately after assuming the presidency. This was not to be the case. So far, PNoy has convened two LEDAC meetings, in March and August 2011. Despite the limited number of meetings called for, however, PNoy has secured the passage of the following laws.

- Congressional Concurrent to Amnesty Proclamation No. 75
- Joint Resolution Number 2, Authorizing a budgetary augmentation for NAPOCOR
- Government Owned and Controlled Corporations Act of 2011 (RA 10149)
- Lifeline Rate Extension (RA 10150)
- Synchronized ARMM Elections (RA 10153)

- Kindergarten Education Act (RA 10157)

Congressional support is also indicated by the quick confirmation of most of the members of the cabinet. Of the original appointees, 20 cabinet secretaries, submitted for confirmation by the Commission on Appointments, 16 have been confirmed and four have been bypassed. The by-passed appointees include Social Welfare Secretary Corazon “Dinky” Soliman, Environment Secretary Ramon Paje, Justice Secretary Leila de Lima, and Interior and Local Government Secretary Jesse Robredo.

PNoy seems to have successfully maintained congressional support by continually practicing what has been referred to as compromise exchange (Kawanaka, 2010).⁷⁴ A case in point is the manner by which the issue of the *pork barrel* was resolved during the deliberations of the 2011 budget by means of retaining the level of allocation for each member of the House (maximum of PHP 70 million) and the Senate (maximum of PHP 200 million) but working with a menu of items that the Congressperson could select from. The menu comprised of “soft” programs and projects and “hard” projects.

Under the “soft” programs and projects are the PDAF and the Financial Subsidy to Local Government Units (FSLGUs). For the PDAF, the Congresspersons could specify disbursements for projects that include scholarship programs, medical assistance to indigent patients, livelihood support programs, the purchase of IT equipment, rural electrification, water supply, peace and order. For the FSLGU, the Congressman will identify programs and projects of the priority sectors of legislative districts in the LGUs and the funds shall be released directly a specific local government unit as financial subsidy. Of their total allocation, members of the Lower House could use PHP 30 million and Senators could allot up to PHP 100 million for a combination of “soft projects and programs.

For the hard projects, a Lower House member could use up to PHP 40 million while a Senator can identify infrastructure projects totaling to no more than P 100 million from fund earmarked under the Department of Public Works and Highways (DPWD) Regular Congressional Allocation Lump Sum Funds. These projects include the construction, repair, improvement and rehabilitation of any of the following: roads and bridges; flood control; water supply/system; school buildings; hospitals and health facilities; public markets; multi-purpose buildings, and multi-purpose pavements.

In coming out with this scheme, the administration secures that all PDAF funded projects are administered correctly with the disbursements fully disclosed. On the other hand, members of Congress got the assurance that they could, in the process of passing the budget, ensure the maximum amount they could receive through the PDAF.

Yet another measure of support from Congress, specifically from the Lower House, is the swift action taken by the chamber with respect to the impeachment cases filed against the former Ombudsman Gutierrez and incumbent Chief Justice Corona. PNoy was endowed with the same “tyranny of numbers” shown by prior Congresses when the majority summarily rallied to impeach (in the case of former President Estrada) or prevent the impeachment (in the several attempts to impeach former President Arroyo⁷⁵ and other impeachable officials allied with her) of an impeachable official.

Though it has been easy for PNoy to obtain support on a number of measures, the plight of one bill certified as urgent by the President suggests the difficulties of mustering support on matters that hit on parochial concerns and the interest of big business--the “sin tax” bill. House Bill 5727, was certified as urgent by PNoy in the Second LEDAC meeting held in August 2011. The proposed bill seeks to apply a unitary rate of tax on tobacco and alcohol products from the existing four-tier tax system. In revising the existing system, the prospective law was expected to generate government an additional

P 60 billion in revenues in 2012 and also reduce consumption of tobacco and alcohol, “sin” products that eventually increase the government’s public health expenditures.

However, the proposed bill was reported to have been “diluted” at the committee level⁷⁶. The “dilution” came by way of a meeting of a National Internal Revenue (NIR) subcommittee of the Committee on Ways and Means held in late January 2012. The subcommittee recommended to the Ways and Means Committee a substitute bill that retains the four-tier system and merely imposes higher tax rates (at 8%) on tobacco for future years. In a subsequent meeting of the Ways and Means Committee, members of the NIR Subcommittee tried to confine the discussion to their report that would have altogether dismissed the original bill proposed a unitary system. Ironically, the proponents of the substitute bills are members of the majority in the House, with two belonging to the President’s own party. Almost at the same time, a party allied with the majority, the Nationalist People’s Coalition, with over 30 members in the Lower House, declared their opposition to the original proposal. Fearing that the proposed measure to apply a unitary system and higher tax on tobacco and alcohol products may once more be defeated, proponents of the measure have called on PNoy to exercise his political will. However, with mid-term elections due in a little more than a year’s time, the extent of compliance of the majority to a directive from the President⁷⁷ would expectedly be lower, especially on an unpopular measure of imposing higher taxes even on such things as “sin products.”

We must also consider that congressional support on proposed reform measures are innately proscribed by the very conservative nature of Congress, an institution that continues to be dominated by political clans with particularistic interests. For the 15th Congress, a study shows that 70% of the District-elected representatives come from political clans or dynasties.⁷⁸ The same study notes that areas that are dominated by the

political dynasties have lower standards of living and higher levels of deprivation as indicated by several poverty measures.

Owing to the dominance of these political dynasties of the Lower House, we can expect that these agents would not be prone to support measures that would seek resource redistribution nor improving arrangements to ensure inclusive representation or the accountability of elected public officials.

Table 11 Per Capita Income, Poverty Incidence, Gap and Severity for Dynastic and Non-dynastic Districts⁷⁹ (Income in PHP, rates in %)				
	Per capita income	Poverty incidence	Poverty Gap	Poverty Severity
Dynastic	23,275.43	24.15	6.18	2.31
Non Dynastic	26,872.38	18.95	4.93	1.86
Mean Difference	-3,965.95	5.2	1.25	0.45
Source: Mendoza, et. al. 2011				

3.3 Executive-Judicial Relations

Of all government branches, the judiciary has posted the greatest difficulty to PNoy so much so that the strained relations between the Executive and the Judiciary has tested the extent of adherence of public officials to two principles of democratic government— separation of powers (and the system of checks and balances) and horizontal accountability.

The tussle between PNoy, in particular, and the Executive, in general, with the Supreme Court, started even before PNoy assumed the presidency. In the course of the campaign, then candidate Aquino had already questioned the resolve on the part of former President Arroyo to appoint a new Chief Justice in lieu of then retiring Chief Justice Reynato Puno. Puno was set to retire on May 17, 2010, a week after the May 10, 2010 elections and from

the perspective of Aquino, as well as other political leaders, was well within the constitutionally proscribed period of appointment. However, the petitions filed to prevent former President Arroyo in appointing a new Chief Justice were dismissed by the Supreme Court in a decision it issued in March 17, 2010 and this paved the way for the Judicial and Bar Council to continue its meetings and submit a list of nominees for the Chief Justice position that was to be vacated by Puno.

As soon as it was clear that he had won, then president-elect Aquino vowed not to take his oath before Chief Justice Corona. He even considered having his oath of office administered by a *barangay* (village) official from his home town. Eventually, it was an Associate Justice of the Supreme Court that administered his oath of office. By this act alone, and repeated in several statements in the first 20 months, it was clear that PNoy would continue to question the legitimacy of Corona's tenure as Chief Justice.

A series of adverse decisions against earlier Executive Orders of PNoy escalated the tussle between the Executive and the Supreme Court. The adverse decisions came by way of the High Court's decision on Executive Order (EO) No. 1 and Executive Order No. 2. As regards EO 1, as discussed earlier, the Supreme Court declared the order that constituted the *Philippine Truth Commission* as unconstitutional. With reference to EO 2, the Supreme Court issued as *status quo ante* order that allowed one midnight appointee to remain in her position citing peculiar circumstances that would not apply to all the other appointees whose appointments were revoked, withdrawn or recalled by the questioned Executive Order.

Other cases that were decided by the Supreme Court that were deemed by the Executive as derailing its reform efforts include the *status quo ante* order on the impeachment of former Ombudsman Merceditas Gutierrez and the Temporary Restraining Order issued by the Supreme Court on the Law Synchronizing the elections in the Autonomous Region of

Muslim Mindanao to the 2013 Midterm Elections. However, in both cases, the Supreme Court lifted the *status quo ante* and temporary restraining orders.

But these last two favorable decisions of the Court did not conciliate the differences between the Executive and the Judiciary. In November 2011, conflict between the two branches escalated again with the issuance of the Supreme Court of a Temporary Restraining Order on a Watch List Order (WRO) issued by the Department of Justice (DOJ) against former president Arroyo and her husband. In the absence of PNoy, who was then in an APEC meeting, DOJ Secretary Leila de Lima, insisted on the enforcement of the WLO despite the announcement of the Supreme Court's decision and prevented former president Arroyo and her husband from leaving the country on the very same night (November 15, 2011) when the SC TRO was issued. Four days later, the issue of whether to continually restrain the travel of the ailing former president was resolved when the government filed a case of electoral sabotage against Arroyo. The electoral sabotage case against Arroyo was filed by the Commission on Elections (COMELEC) based on the findings of a Joint Task Force of the COMELEC and the DOJ. The Joint Task Force was created sometime in July 2011 in order to investigate alleged wholesale cheating in the 2004 and 2007 elections. The constitutionality of this Task Force has since been raised before the Supreme Court.

Visibly exasperated from the debacles faced in the Supreme Court, PNoy issued his most vitriolic tirade of the Court in his remarks before the First National Criminal Justice Summit of December 5, 2012. In his remarks, PNoy recounted that from the onset, the Supreme Court's decision have posted as obstacles to his administration's pursuit of past wrongdoings. At one point, he characterized the Chief Justice, who was also present in the summit as a "public servant who thinks he does not owe his countrymen...but a patron who had snuck him into position." After which, PNoy asked, "can we reasonably expect him to look after the interests of our people?" PNoy's remarks in the Criminal Justice

Summit was a clear sign that the scuffle between the Executive and the Judiciary was about to reach its zenith. And so it did with the impeachment by the Lower House of Corona on December 12, 2012.

Corona was impeached by the House on the grounds of betrayal of public trust, the culpable violation of the Constitution; and, graft and corruption. Eight articles of the impeachment complaint, signed by 188 members of the House, were immediately transmitted to the Senate.⁸⁰ As already mentioned, the impeachment was passed by the House in haste. Two members of the majority coalition who complained about the manner by which the Corona impeachment was passed eventually gave up or lost their committee chairpersonships. Though the Executive claimed that the action of the House was taken on the chamber's own volition, it is clear that PNoy had influenced his allies in the Lower Chamber to take the course of action.

Though the impeachment of Corona puts into practice a key principle in democratic governance, horizontal accountability, the trial has also brought to differing views on yet another contentious but equally important principle of separation of powers, or more particularly the exercise of privilege by members of each branch of government. With respect to horizontal accountability, it is hoped that the impeachment trial would be completed and as of the time of writing this paper, the possibility of such occurring was high. As the prosecution already rested its case, after 26 trial days, the defense was expected to present its own evidences, with the Senate Impeachment Court expected to render a decision, hopefully before Congress adjourns on the 23rd of March 2012. The mere completion of the impeachment trial would already be a historic event in a nation where such has not happened. For all the flaws of the impeachment case, where the prosecution suddenly decided to drop five of the eight articles of the impeachment, the best test of the efficacy of impeachment as a process of securing accountability would be its completion.

As regards the second principle, the separation of powers (and the system of checks and balances that it results to), the impeachment has also led the Court to affirm the principle of “privilege” that it upheld in a controversial decision⁸¹ at the height of a scandal during the prior administration. The Supreme Court decision upheld this principle of privilege, particularly judicial privilege, in a resolution it adopted on February 14, 2012. The resolution was in response to the request of the Prosecution in the impeachment trial to have justices of the court to appear as witnesses in the trial and for documents from the Court to be released to the Prosecution.⁸²

Regardless of the outcome of the Corona impeachment, PNoy would still have to contend with a High Court whose majority are appointees of former President Arroyo. Of the fifteen members of the Court, only three are PNoy appointees, the rest appointed by former president Arroyo. Only one member would retire before the end of the term of PNoy, Associate Justice Roberto Abad. If the impeachment complaint against another Associate Justice, Mariano del Castillo, progresses, then this may open up yet another vacancy.⁸³ If Chief Justice Corona is convicted of any of the charges filed against him, PNoy gets to appoint a new Chief Justice. All told, within the duration of PNoy’s term, he would still have appointed a minority of the sitting High Court Justices.

However, PNoy may simply be angling for a more supportive Chief Justice. If Corona gets convicted, PNoy has the constitutional authority to appoint a new Chief Justice of his choice. Based on his three appointments to the Supreme Court, PNoy has shown the predilection to appoint a nominee who did not obtain the most number of votes in the Judicial and Bar Council (JBC) tally. The JBC is the constitutional body tasked to screen nominees to positions in the judiciary. Under the 1987 Constitution, the JBC is composed of seven (7) members, chaired by the SC Chief Justice, with the Secretary of Justice and a member of Congress as *ex officio* members. The four other members of the JBC: namely, a representative of the Integrated Bar of the Philippines, a retired justice of the Supreme

Court, a member of the academe, and a private sector representative, are appointed by the President and subject to confirmation by the Commission on Appointments. However, in the current JBC, there are eight (8) members, the additional member being a representative of Congress.

In the appointment of the last three Associate Justices of the Supreme Court, PNoy skipped all the top vote getters from the JBC. The following table shows the final voting tally of the JBC. Highlighted is the subsequent appointee of PNoy to the Supreme Court.

Table 12 Tally Sheet of the Judicial and Bar Council to Fill up Supreme Court Vacancies (name of nominee, votes received)

vice C. Corona –July 28, 2010	vice A. Nachura and C. Carpio-Morales
Dimaampao, Japar (6)	Reyes, Jose (7)
Pangalanan, Raul, (5)	Robles, Rodolfo (7)
`	De Leon, Magdangal (6)
Abdulwahid, Hakim (4)	Reyes, Bienvenido (6)
Sarmiento, Rene (4)	Bernabe, Estela Perlas (5)
Sereno, Maria Lourdes Aranal (4)	Dimaampao, Japar (5)

Source: Judicial and Bar Council

3.4 Other Groups

Given his significant electoral mandate, virtually all groups rallied around PNoy when he assumed the position. In the run up to the election, a cross spectrum of groups had come out to support then candidate Aquino.

Noteworthy was the support from the influential *Iglesia ni Cristo* (INC), an indigenous Christian denomination that is known to vote relatively as a bloc and counts as many as 1.5 million voters. The INC announced its support for Aquino and his running mate Mar Roxas. In reaction to the support extended by the INC, then candidate Aquino quipped that the endorsement was without any strings attached.

Last February 28, 2012, the INC held a “grand evangelical mission” that drew over 600,000 participants. Though the gathering was declared by the INC as purely religious, reports proliferated that the event was a way for the INC leadership to show displeasure towards the president they endorsed, taking offense from the sacking of an INC member as Director of the National Bureau of Investigation and the alleged pressure exerted by the Executive on yet another member who serves as the Chief Defense Attorney of impeached Chief Justice Corona.⁸⁴ Though these allegations remain unproven and while PNoy may not be pressured by the INC, the conservative and closely-knit religious group could still very well exert much more influence on national and local politicians allied with the administration who are preparing for the 2013 elections, wanting to draw the endorsement of the INC to increase their chances for re-election.

Except for the INC, other significant organized religious groups did not proclaim support for any specific contender. The Catholic church, which counts more than 8 out of 10 Filipinos as members, has traditionally shun away from proclaiming support for any candidate. However a charismatic group affiliated with the Catholic church, the El Shaddai, that claims a following of a couple of millions had previously backed presidential contenders, Ramos in 1992, Estrada in 1998, and Arroyo in 2004. In 2010, *El Shaddai*, however, decided to steer clear of any endorsement.

While the Catholic church shuns away from partisan endorsements, the hierarchy remains vocal on issues that it believes contravenes Catholic doctrine. One such issue is reproductive health. When PNoy Any administration in the Philippines will have to contend with religious groups. In the case of PNoy, the Catholic church has exerted its influence on a segment of its faithful as it campaigned against the passage of the Responsible Parenting law, often referred to as the Reproductive Health (RH) bill. In relation to this bill, PNoy’s support for the measure has become tepid and the bill remains

subject to further interpellation in both houses of Congress. To a certain extent, the Catholic church public information drive against the RH bill has netted it some gains as indicated by a decline in the level of a lower level of support for the contentious. It should be noted, however, that the sizeable majority remain supportive of the measure.

Table 13 Public Opinion on the Reproductive Health Bill, Pulse Asia Inc. Surveys, October 2008; October 2010 and May 2011.

ON REPRODUCTIVE HEALTH BILL
October 2008 to May 2011 / Philippines
(In Percent)

page 3 of 3

Base: Aware of the reproductive health bill									
Do you agree or disagree with this bill?		RP	LOCATION				CLASS		
			NCR	BAL LUZ	VIS	MIN	ABC	D	E
AGREE	May 2011	60	67	60	59	58	59	62	57
	October 2010	73	77	69	78	74	78	70	78
	October 2008	71	80	75	60	70	82	71	69
Strongly agree	May 2011	25	26	23	26	25	22	26	22
	October 2010	25	24	17	32	37	29	24	26
	October 2008	26	35	28	20	18	28	25	27
Agree	May 2011	36	41	37	33	32	36	36	35
	October 2010	48	54	52	46	37	49	46	52
	October 2008	46	45	47	40	51	54	46	42
UNDECIDED	May 2011	20	20	20	18	19	27	18	21
	October 2010	20	16	28	15	11	14	23	16
	October 2008	22	15	21	26	25	11	23	24
DISAGREE	May 2011	20	13	19	23	23	14	20	22
	October 2010	7	6	3	6	15	8	7	6
	October 2008	7	5	4	14	6	8	7	7
Disagree	May 2011	15	10	16	16	17	11	15	19
	October 2010	7	5	3	6	15	7	7	6
	October 2008	5	4	3	9	5	7	4	5
Strongly disagree	May 2011	5	3	3	7	6	3	5	3
	October 2010	1	1	0	1	1	1	2	1
	October 2008	2	1	1	5	0	1	0	1

Q. Kayo po ba ay sumasang-ayon o hindi sumasang-ayon sa panukalang batas o bill na ito?

Source: Pulse Asia Incorporated *Ulat ng Bayan* Surveys

Notwithstanding the Church's lobby against the bill, prior pre-election surveys also indicate that Catholic voters would continue to vote for the candidate of their choice regardless of their or their preferred candidate's stand on the RH issue. This simply suggests that the Catholic church, though with the largest following, do not necessarily have as much political influence as members of its hierarchy would imagine they wield. In the face of this, it is quite surprising that the support of PNoy for the RH or Responsible Parenthood bill has become tepid.

Business associations and firms exert much more influence on public policy than most other social or political institutions in the Philippines. The larger business associations, such as the Philippine Chamber of Commerce and Industry (PCCI), Employers Confederation of the Philippines (ECOP), as well as the Foreign Chambers of Commerce, have articulated their positions on various issues, from proposed labor legislation to administrative tax reforms, as well as on identifying key development sectors. In the case of ECOP, the group has opposed proposals for considerable increases in minimum wages⁸⁵ as well as changes in the Labor Code with respect to its security of tenure conditions.⁸⁶ These business organizations interact with government through their participation in various councils established by the government, such as the National Competitiveness Council⁸⁷, their involvement in the various technical working groups that led to the formulation of the Medium Term Philippine Development Plan, as well other working committees established by government to operationalize existing laws or define new policies related to economic development. The private sector is also represented in the Legislative-Executive Development Advisory Council. PNoy appointed Ramon del Rosario, former Finance Minister and Chair of the more politically active Makati Business Club (MBC), as the private sector representative to LEDAC.

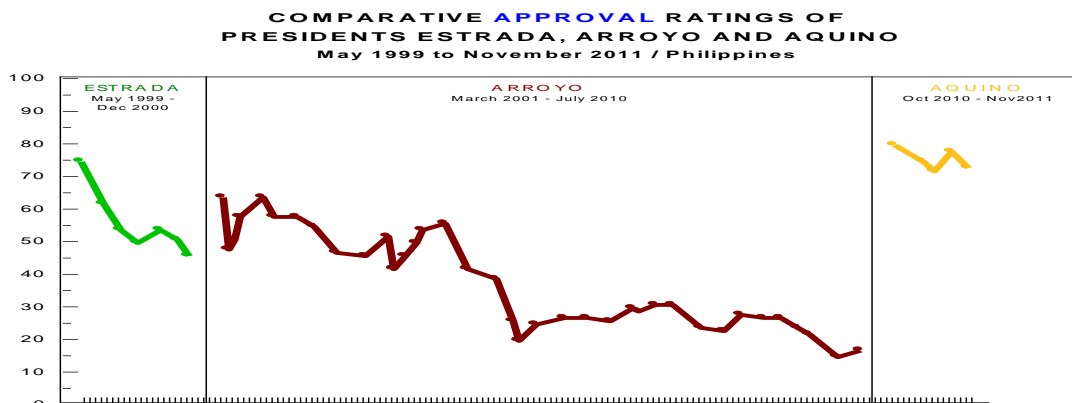
In the case of the Joint Foreign Chambers of the Philippines (JFC), the group has mobilized its members to produce a menu of recommendations to propel the Philippines to “move *twice as fast* to compete successfully and catch up with fast-growing Asian economies.”⁸⁸ The menu is contained in a document labeled *Arangkada Philippines* that was transmitted to PNoy in December 2010. Since then, the JFC has actively tracked the progress of the government on the reform measures, including 41 proposed laws, that it highlighted in its proposal and has also articulated its position on urgent concerns that include the hotly debated issue on large scale mining in the Philippines.

Generally, business associations have remained supportive of PNoy and his administration. The extent of involvement and confidence of these associations are evidenced by their continuous participation in policy deliberation, through Congress, in Executive department meetings, conferences, as well as through formal correspondences. Admittedly, among the sectors that have tried to exert influence on public policy, business groups, better organized and endowed, exercise more influence on public policy makers, especially for a government that endeavors to generate more investments to meet its rapid and inclusive growth target.

In the case of civil society groups, a robust but quite diverse network of organizations, PNoy has courted the involvement of large networks in initiatives designed to create more transparent governance, as well as in monitoring the delivery of direct services, such as CSO involvement in the 4Ps. While there have been occasional protests from more militant groups that generally lament the inaction of the government on redistributive reform, the scale and frequency of such protests has not reached a level that reduces the amount of “political capital” of PNoy or his administration.

High trust and approval. PNoy’s approval and trust ratings remained basically unchanged across the first quarter of his term. Compared to his last two predecessors, PNoy records considerably higher performance ratings, with at least 7 out of 10 Filipinos expressing approval of his performance .

Figure 4



Source: Pulse Asia Inc.

Relative to other national officials and personalities, PNoy also continues to enjoy the trust of a significant majority of Filipinos.

Table 14

COMPARATIVE TRUST RATINGS OF SELECTED PUBLIC FIGURES
October 2010 to November 2011 / Philippines
(In Percent)

Selected Public Figures	Big Trust					Change*	Undecided					Change*	Small/No Trust					Change*
	Oct 10	Mar 11	May 11	Aug 11	Nov 11	Nov11 - Aug11	Oct 10	Mar 11	May 11	Aug 11	Nov 11	Nov11 - Aug11	Oct 10	Mar 11	May 11	Aug 11	Nov 11	Nov11 - Aug11
	(A)	(B)	(C)	(D)	(E)	(E - D)	(F)	(G)	(H)	(I)	(J)	(J - I)	(K)	(L)	(M)	(N)	(O)	(O - N)
President Benigno S. Aquino III	80	75	71	75	74	- 1	17	20	22	19	17	- 2	2	6	7	5	9	+ 4
Vice-President Jejomar C. Binay	78	81	81	86	83	- 3	19	15	16	11	13	+ 2	3	3	4	3	3	0
Senate President Juan Ponce Enrile	56	56	49	59	59	0	35	30	39	31	30	- 1	8	13	10	10	10	0
House Speaker Feliciano R. Belmonte, Jr.	39	43	33	41	41	0	45	39	42	43	40	- 3	15	18	18	15	19	+ 4
Supreme Court Chief Justice Renato C. Corona	29	28	23	31	29	- 2	50	44	43	45	43	- 2	20	27	25	21	27	+ 6
Former President Gloria Macapagal-Arroyo	16	12	12	10	11	+ 1	24	21	26	14	17	+ 3	59	67	61	75	72	- 3
DOJ Secretary Leila M. De Lima	53	54	47	62	63	+ 1	37	33	37	29	25	- 4	9	13	11	8	12	+ 4
Presidential Spokesman Edwin Lacierda	33	36	25	37	39	+ 2	48	42	44	44	44	0	17	22	21	17	17	0
Executive Secretary Paquito N. Ochoa, Jr.	---	33	23	33	35	+ 2	---	45	45	45	44	- 1	---	21	23	20	20	0
Senator Francis Escudero	---	---	75	80	76	- 4	---	---	20	17	18	+ 1	---	---	4	4	5	+ 1
Senator Loren Legarda	---	65	62	72	69	- 3	---	23	27	19	22	+ 3	---	12	11	9	9	0
Former Senator Juan Miguel F. Zubiri	---	---	42	48	41	- 7	---	---	39	33	39	+ 6	---	---	18	19	20	+ 1
Lone Dist. San Juan Rep. Joseph Victor G. Estrada	---	---	---	---	50	---	---	---	---	---	33	---	---	---	---	---	16	---
1st Dist. Cagayan Rep. Juan Ponce Enrile, Jr.	---	---	---	---	44	---	---	---	---	---	40	---	---	---	---	---	15	---
Lone Dist. Aurora Rep. Juan Edgardo M. Angara	---	---	---	47	36	- 11	---	---	---	41	45	+ 4	---	---	---	12	18	+ 6
4th Dist. Quezon Rep. Lorenzo R. Tañada III	---	---	17	25	23	- 2	---	---	52	46	45	- 1	---	---	25	29	31	+ 2
AFP Chief of Staff Lt. General Eduardo Oban, Jr.	---	---	---	---	42	---	---	---	---	---	41	---	---	---	---	---	16	---
Valenzuela City Mayor Sherwin T. Gatchalian	---	---	---	---	26	---	---	---	---	---	47	---	---	---	---	---	25	---

* Change = Figures of November 2011 minus Figures of August 2011.

Source: Pulse Asia Inc.

Based on these levels of approval and trust, PNoy has indeed maintained the political capital he started off with. For how long he could sustain such ratings would depend largely on how his administration performs in responding to what Filipinos perceive to be as most urgent national issues. Of the issues shown in Table 15, the most urgent (Top Five) from the perspective of Filipinos, based on the November 2011 survey, were: controlling inflation (56%); improving/increasing the pay of workers (47%); fighting graft and corruption (37%); creation of more jobs (34%); and, reducing poverty (32%)

Table 15

**COMPARATIVE PERFORMANCE RATINGS OF THE NATIONAL
ADMINISTRATION ON SELECTED NATIONAL ISSUES**
October 2010 to November 2011 / Philippines

Selected National Issues	Approval				Change*	Undecided				Change*	Disapproval				Change*
	Oct 10 (A)	Mar 11 (B)	May 11 (C)	Nov 11 (D)	Nov11 - May11 (D - C)	Oct 10 (E)	Mar 11 (F)	May 11 (G)	Nov 11 (H)	Nov11 - May11 (H - G)	Oct 10 (I)	Mar 11 (J)	May 11 (K)	Nov 11 (L)	Nov11 - May11 (L - K)
Fighting graft and corruption in government	57	56	56	56	0	30	29	30	24	- 6	13	15	14	20	+ 6
Fighting criminality	62	54	60	53	- 7	28	30	29	30	+ 1	10	17	11	17	+ 6
Enforcing the law to all, whether influential or ordinary people	58	49	57	53	- 4	33	35	34	30	- 4	9	15	9	18	+ 9
Increasing peace in the country	56	53	57	50	- 7	32	31	33	34	+ 1	12	16	10	16	+ 6
Stopping the destruction and abuse of our environment	51	48	50	49	- 1	37	36	36	32	- 4	13	16	14	19	+ 5
Creation of more jobs	59	48	53	48	- 5	30	33	34	31	- 3	11	19	13	21	+ 8
Strengthening the people's trust in the government and its officials	---	---	49	44	- 5	---	---	42	39	- 3	---	---	9	18	+ 9
Improving/Increasing the pay of workers	56	48	51	43	- 8	31	29	32	32	0	14	22	17	25	+ 8
Controlling fast population growth	53	42	48	42	- 6	34	37	38	33	- 5	13	20	14	25	+11
Controlling inflation	45	37	39	32	- 7	34	31	32	31	- 1	21	32	29	37	+ 8
Reducing the poverty of many Filipinos	47	41	40	32	- 8	35	33	39	32	- 7	18	26	21	36	+15

*Change = Figures of November 2011 minus Figures of May 2011.

Source: Pulse Asia Inc.

It is clear from the table that the Filipinos appreciation of the administration's performance on four of the top issues has declined significantly on a survey to survey (November 2011 from the May 2011 survey). It is only on the second issue of fighting graft and corruption that the administration has netted the same level of approval, albeit the marginal increase of disapproval from the May 2011 to the November 2011 survey.

4. On the Prospects for Institutional Change

From the recount of actions taken by the PNoy administration across the first 20 months of its term, it is clear that initiatives to cleanse government of predatory practices associated with the previous administration and the reduction of inter-generational poverty have been prioritized. This is not to say that the government has not proceeded in implementing programs in relation to the other dimensions of its development plan. What is unmistakable is that the drive to secure the accountability of previous officials and the expansion of the conditional cash transfer program have been most pronounced.

As regards the first, the anti-corruption drive has had PNoy himself in his most flappable form, spending as much time recounting prior abuses in his first two SONAs and up to the writing of this paper, repeatedly caricaturing the anti-corruption campaign in a moralistic tone, as a fight between good versus evil. As regards the second, the expansion of the conditional cash transfer constitutes the flagship of the government's poverty reduction thrust as its funding and coverage has tripled from the level of implementation in 2010.

The question which we wish to address in this section is whether the unrelenting pursuit of prior predators and their alleged protectors, as well as the social safety net that has been cast wider to avoid a slippage to even more impoverishment, would suffice to attain the level of development envisioned by the administration? A consequent question is, ***will the promise of rapid and inclusive growth be met or will it be rendered as nothing more than an appealing rhetoric?***

In answering this question, we proceed from a recognition that PNoy operates in a context that his predecessors who vowed equally lofty goals found themselves in-- a "natural state."⁸⁹ By all measures, the Philippines remains a "limited access order" state, with the institutions able to control the escalation of violence but unable to propel society towards genuine development. Nye argues that in this natural state lies the central paradox of political

economy where the groups that are capable of enforcing rules of cooperation and contracting are also powerful enough to abuse the rules.⁹⁰ While PNoy has vowed to restore decency and integrity in governance, this promise is no different from what his predecessor confronted in 2001, when former president Arroyo “faced the difficult task of normalizing political and economic conditions after the excesses and inadequacies of the previous Estrada administration.”⁹¹ That Arroyo did not just fail but is alleged to have committed even more appalling abuses testifies to the reality that promises of reform would remain just that—undelivered promises. Though one could attribute the abuses of the prior administration to the character of Arroyo and her cohorts, a better explanation is to depart from putting the blame on the failure of the agent alone to include an important factor--**the constraints from prevailing political institutions that breed abuse and has continually excluded much of the population from substantive participation.** We believe that unless PNoy pushes for a change in political institutions, all the initiatives that his administration has undertaken will go to naught.

Taking institutions as the “rules of the game”⁹², we subscribe to the view that the nature of formal institutions in the Philippines deter rather than support substantive reform efforts. By reform efforts, we follow the typology discussed by de Dios and Hutchcroft where reforms are categorized into four dimensions namely:

- a. economic, chiefly the liberalization of the economy as evidenced by policies that promote deregulation, competition;
- b. institutional, or those that focus on improving government effectiveness and may include attempts to improve the quality of the bureaucracy, revamping tax and judicial systems, among others;
- c. redistributive, those that transfer claims, access, right, credit, food and income, toward poorer people, to and reduce their liability, duties and barriers; and,
- d. political, relates to efforts to reform democratic structures in order to encourage greater participation of and responsiveness to social forces that have long been marginalized.⁹³

With regard to institutional constraints, we proceed from a perspective that there is always a strong possibility that powerful political and economic forces opposed to rule (institutional)

change will exercise their veto on substantive reforms, even on occasions when the dominant change agent has a high discretion to interpret existing rules.⁹⁴ The extent by which powerful societal forces in the Philippines have “vetoed” prior reforms is well established in a number of prior reform measures, from the agrarian reform law (in 1987) or the existing “sin tax” law. While PNoy has obtained congressional support for earlier measures, such as the swift passage of two successive budgets, the new GOCC Act, as well as the deferment of the elections in ARMM, these have by far been less contentious concerns.

So far, PNoy has steered clear of certifying any measure that constitutes a “change in the rules of the game” perhaps to avoid any clash with veto players. While his own party had once been a proponent of changing the Constitution, specifically to improve the system of representation and set in place much more effective means of securing political accountability, PNoy has deprioritized such, even on the issue of confining the amendments to what businessmen refer to as restrictive economic provisions. Neither has PNoy pushed for any change in statutes that are known to be deficient, such as the Local Government Code. A study points out that reforms in this law looks unlikely for several reasons that include the discord among key political actors, national legislators and local politicians and that given this discord and the possibility that this is a fight that the Executive may not win makes it improbable for the amendment to find its way into the president’s legislative agenda.⁹⁵

PNoy has also not gone out to speak more forcefully about redistributive reform. In this area, even the administration’s performance vis-à-vis the agrarian reform program has been wanting.⁹⁶ Most telling of the compromising stance of PNoy is the manner by which he has preserved particularistic spending via the Priority Development Assistance Fund (or the pork barrel). Though there indeed is a menu provided for that allows members of Congress to identify specific projects, the retention of the PDAF signals PNoy’s unwillingness to challenge an instrument for patronage between national and local politicians, and between leaders and citizens.

To a significant extent, the measures implemented or pushed for by PNoy have worked within the confines of institutions that remain dominated by well-entrenched elites. With regard to economic reform, two economists have found the solutions in the MTPDP comprehensive but too broad, and failing to focus on what they argue are first order reforms, those that open up markets and increase competition, versus second order reforms, actions that focus on regulating distortions such as going after and punishing rent-seekers.⁹⁷ As regards, political reform, only one legislative measure has been pushed by PNoy, and even belatedly—the *Freedom of Information* bill.

The fate of the *Freedom of Information* bill will reflect the power of PNoy to institutionalize the anti-corruption campaign and unbound himself from institutional constraints. In the form proposed by the Executive, a version already adopted by the original proponents of the Bill in the Lower House, the prospective FOI Act contain provisions that simplifies and expedites access to information and broaden the list of documents that are for mandatory disclosure, including the controversial Statement of Assets, Liabilities and Net Worth (SALN). The proposed measure also includes penalties for individuals or offices that deny the access to or disclosure of information. Unfortunately, the bill would have to be legislated by a House that has heretofore not shown the commitment to transparency, as evidenced by the denial of its officials of a request from an independent media group to access the SALNs of all House members. In the first meeting of the House Committee, a few representatives have already voiced their “apprehension” that the information disclosed through the prospective Act may be misused by media.⁹⁸ As this same reservation is expected to be reiterated by other members of the lower chamber, PNoy would have to exert his influence to get the majority coalition to pass the measure to avoid the fate that the FOI bill confronted in the 14th Congress, unpassed given the sudden invocation of a quorum in the FOI resistant Lower House.

While it is too early to say whether PNoy would shun away from pushing for political reforms later in his term, the window of opportunity to induce such reform may just close soon, as midterm elections draw near and PNoy's own political capital may dissipate in a pre-election campaign that has always been coupled with sustained criticisms of government from contending political players, and also if the economic slowdown results to a deterioration of the people's sense of their own well-being. Clearly, the first 20 months of his term show that he has concentrated on running after crooks and provide millions of *salvaida*⁹⁹ for Filipinos who are at risk of sinking deeper into poverty. Though there is nothing wrong with this crusade, these are not enough to liberate the country from the "natural state" earlier mentioned.

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⁷⁸ Ronald Mendoza, Edsel Beja, David Yap and Victor Venida, *An empirical analysis of political dynasties in the 15th Philippines Congress*. 2011. Web. <http://ssrn.com/abstract=1969605>. Accessed February 7, 2012.

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About the Author

Ronald E. D. Holmes has been with the faculty of political science of De La Salle University since 1985. He has served as Chair of the Department of Political Science from 1990 to 1995 and was Associate Dean of the College of Liberal Arts from 1996 to 1998. He has also been assigned to head (as Executive Vice President) two other Lasallian institutions in the Philippines, De La Salle Santiago Zobel School (1999-2000 and 2004-2008) and De La Salle College of Saint Benilde (2000-2004).

Outside of De La Salle University, he is concurrently President and Managing Fellow (from 2008) of the social research firm, Pulse Asia Inc. The firm conducts regular (quarterly) public opinion surveys that produce performance ratings of the national government.

Holmes has served as president for three terms of the Philippine Political Science Association, the professional organization of scholars of the discipline of political science. He has also served as Chairperson of the Philippine Social Science Council, for two terms. Aside from these two organizations, Holmes has also worked for the growth of the discipline and the social sciences as Chair of the Technical Committee on Political Science of the Commission on Higher Education. Most recently, he was appointed to Chair the Technical Panel on the Social Sciences and Communication, a panel that he has been a member of since 2004.

Holmes obtained his undergraduate degree in History-Political Science from De La Salle University and his Master of Arts in Political Science from the University of the Philippines. His most recent publication was a chapter in the book, *Chasing the Wind: Assessing Philippine Democracy*, published in 2012 by the United Nations Development Programme-Philippines.