

Book Launch of “Political and Social Foundations for Reform: Anti-Corruption Strategies for the Philippines” (AIM)

Thursday, November 18, 2010

A. INTRODUCTION & FRAMING “KUNG WALANG CORRUPT...”

1. To all of you who are gathered here today, friends and partners in reform and in nation-building, good afternoon.
2. Forty-two percent of Filipino voters took ownership of the campaign to uplift the nation through good governance. It was not Noynoy Aquino’s campaign alone, but the people’s.
 - a. The 2010 elections clearly showed that the Filipino people have become very much aware of the fact that corruption, patronage and self-serving leadership are the major reasons why government has failed to emancipate the people from poverty and bring prosperity to the nation.
3. To us who were part of the Aquino Presidential Campaign, and now to us who belong to the Aquino government, “***kung walang corrupt, walang mahirap***” is not a mere slogan. It is a **social covenant** that then-candidate Noynoy Aquino made with the Filipino people: that the nation will be lifted from poverty through honest governance, and that he will be the first and most determined fighter against corruption.
4. We believe that the resounding mandate gained by President Aquino—first during the May polls, and more recently as indicated in the recent trust ratings—is in support not only for a compelling governance platform, but also for a vision of renewed hope and prosperity for our country.

5. And there is tremendous risk for this government: for if we fail in achieving the stern expectations we have set for ourselves, it will be hard for the country to start again.

B. SUSTAINING POLITICAL SUPPORT TO THE GOVERNANCE AGENDA

1. In this book we are launching today—*“Political and Social Foundations for Reform: Anti-Corruption Strategies for the Philippines”*—**Professor Michael Johnston stresses the need for sustained political support for reform, from top and bottom:**
 - a. Prof. Johnston warns against assuming that citizens will automatically and actively back reform, noting the risk of collective-action problems.
 - b. I believe that these possible collective-action problems are deeply rooted in the socio-political context that we are in. In the “Oligarch-and-Clan” syndrome that we have, this risk of collective-action problems are much more exacerbated.
 - c. One of the sad legacies of the past administration is the further entertainment of the system of political patronage.
2. Let me share some of the insights I have gathered in my new assignment as Budget and Management Secretary:
 - a. Our work in the DBM does not only deal with the administrative or technical, but more important the political. It is in the exercise of power that decides who gets what, by when, where and how. And of course, why.

- b. There is a constant struggle, considering the limited resources of government vis-a-vis the vast needs, wants and desires in society.
 - c. You will see this struggle as between institutions, the most obvious of which is that between the Executive and Congress in the legislation of the budget. To those of you who know better, you will say that the struggle between institutions are just some sort of “proxy war” between interests competing for the national wealth.
3. As we have all seen through the years, when a few control the wealth and power of the country, then there’s a bigger section of our society that is deprived, not only of wealth but also of hope.
4. In the process of planning, legislating and disbursing the national budget in this context, the government is faced by these choices:
- a. The default is to accede to the interests of the status quo, to play the game of **patronage**, to surrender to the will of the privileged—largely these Oligarchs and Clans—who will fight it out violently anyways to keep the status quo intact.
 - b. A subset of this is to be “incrementalist,” to put a little bit of our funds everywhere, in an attempt to appease everybody.
 - c. Meanwhile, if we want to manage our fiscal state, if we want to be able to address the urgent needs of the poor, if we want an economy that provides equal opportunities, this means structuring the budget within a framework of empowerments, particularly to address the sectors historically ignored or exploited by the budget process.

5. In effect, we have come to an awareness that in all areas of governance—even those that are seemingly devoid of politics such as fiscal management—politics permeates. And with this, if we are to ensure that our anti-corruption and reform efforts will succeed, then we have to make sure good politics takes its place.

C. GOOD POLITICS: GIVING THE PEOPLE A STAKE IN GOVERNANCE

1. I believe good politics rests not in the leadership alone: for it entails giving the people a stake in governance—to open up space for their participation and involvement—to the point of allowing themselves to take ownership of the government.
2. Prof. Johnston is proposing for us a strategy on how to ensure people have a stake in governance, with them providing sustained political support to the government's reform agenda. Allow me to build on this discussion on strategies against corruption.
3. He stresses on the need to **link reform to the provision of social services to address the people's pressing needs**. Corruption control has to be framed in terms of providing for the people's own interests: that there are **dividends from good governance**.
 - a. I believe that this government has framed this message quite clearly: *kung walang corrupt, walang mahirap*. I also believe that this message will not change. We won by carrying this message, and I believe it is most apt to carry this to the end of President Aquino's term.
 - b. Relative to crafting the national budget for 2011, **President Aquino instructed us in DBM to make each and every government peso count in empowering the poor, by 1)**

minimizing or even taking out all opportunities for patronage and corruption; and 2) ensuring that concrete, direct and relevant efforts to uplift the poor are amply funded in the national budget.

c. You have already probably heard about the **zero-based budgeting approach** that we employed in the 2011 Reform Budget. This allowed us to reduce or even eliminate funding for programs and projects that have been ineffective, fraught with leakages or susceptible to partisan intrusion.

i. On lump-sum budgeting, since Prof. Johnston suggested ending this, we are in fact moving in that direction. If not to eliminate altogether (such as Kilos Asenso and Kalayaan Barangay), we reformed the way these are disbursed (such as irrigation and FMR lump-sums, where releases are contingent on master plans).

d. Because of this, we have been able to invest significantly in key social services – the highest allocation at 35%, such as education, healthcare and social protection, among others, and show **this government’s unabashed bias for the poor and vulnerable.**

i. Let me note, in particular, the conditional cash transfer program, funding which we have more than doubled to P21 billion, in order to **directly reach** around 2.3 million household-beneficiaries by the end of 2011.

1. This expanded CCT program has gained both accolades and criticisms. I believe such criticisms

—to paraphrase what Professor Benjamin Diokno said in his column last month—stems from how this program is also an attempt to **take away the clout of influence peddlers—including these Oligarchs and Clans—in the allocation of the national wealth.**

ii. But let me disabuse impressions that CCT is the “end-all, be-all” solution to poverty by the Aquino government. A complete package of social services is funded amply in the national budget:

1. We increased the budget of the Department of Education by P32.3 billion, the largest it has had in over a decade, so that we may significantly address lingering gaps in basic education: the construction of over 18,000 classrooms and hiring of over 10,000 teachers, among others.
2. On health, we have invested heavily in the Health Facilities Enhancement Program, increasing funding by more than twice to P7.1 billion for rural health facilities, particularly maternal health facilities. We also expanded the immunization program through an increase in funding by almost 300% to P2.5 billion, to benefit 2.5 million children and almost one million senior citizens.
3. **Again, these are efforts to provide direct, immediate and substantial support to the poor,**

and in effect, cutting away their dependence on then traditional patronage.

4. I also agree with Prof. Johnston's proposition that the government will need to **demonstrate that improvements are taking place.** And I believe one effective way to do this is to ensure **the dividends of good governance are delivered, and outweigh the benefits received by tolerating corruption.**

a. Prof. Johnston talks about publishing indicators and benchmarks of government performance as a trust-building exercise. With this I stress the need to counter the existing culture of official secrecy. The Aquino government is firmly committed to transparency and accountability.

b. Again relative to budgeting, it is the first time that we are integrating special provisions to promote transparency and accountability in the Reform Budget of 2011. In particular, these provisions require all departments and agencies to post their approved budgets and the details of fund releases and program implementation in their websites. (option to mention TAILS / website on lump-sum fund releases in 2009)

5. Particularly on the National Budget, we in DBM are now **actively engaging Civil Society as a key strategic approach to building trust** and ensuring broad political ownership to reform work. The direction we are taking is to involve the citizenry through CSOs throughout the budget process: from participating in the preparation of the budget, to playing a key role in exacting budget accountability. This afternoon, I signed into a new project, the Open Budget Initiative, led by a broad network of CSO, and some

legislator, like Senator TG Guingona. One project is to focus their oversight and advocacy efforts at certain key departments – DSWD, DPWH, DA and DepEd; and monitor their activities from budget preparation to budget execution and oversight.

D. EXTRO:

1. Let me thank Professor Johnston, the Center for Strategic and International Studies, the Asian Institute of Management and The Asia Foundation for undertaking this noble initiative to provide important inputs to the Aquino administration.
2. With the victory of President Aquino in the last May elections, we as a country have been given the opportunity to start anew. Not only are we ensured that there is commitment to reform from the top, we also have a significant base to build on and consolidate to ensure broad political support to the reform agenda. **With this comes the urgency of sustaining this support and building trust.**
3. *Kailangan nating bigyan ang mamamayan ng puwang sa kanilang gobyerno. Kung hindi, patuloy na wala silang pakialam.*

O mas masahol pa: patuloy ang pagbebenta ng boto, ang paghihintay sa susunod na pagkakataong maka-balato; o miski ang patuloy na pangigingibang-bayan nila sapagkat ang pag-asa ay nasa ibang bansa.

- a. *At hindi natin sila masisisi dahil hindi talaga natin nailagay sa ayos ang sistema nang sa gayon, ang nakararami ay may sapat na pagkain, may disenteng hanapbuhay, at nakapamumuhay nang mapayapa't matiwasay.*

4. Let us not botch this opportunity to lay the groundwork for empowering politics to take its place in our society. In other words, ***kung walang corrupt, walang mahirap***. We have been dreaming for this day to come.
5. Thank you and good afternoon!