



UPDATES

1 June 2009

ISSUE FOCUS: THE FIGHT AGAINST CORRUPTION (2)

Philippine-US Partnership in Fighting Corruption: Indicators from the Millennium Challenge Account-Philippine Threshold Program

Table with 3 columns: Indicator, Target (2006), Actual (March 2009). Rows include OMB Conviction Rates, OMB Cases Successfully Mediated, RIPS Cases Filed, Suspended by OMB thru RIPS, RATE cases filed with DOJ, RATS cases filed with DOJ, and RATS cases filed with CTA.

OMB : Ombudsman
RIPS : Revenue Integrity Protection Service or 'Lifestyle Checks'
RATE : Run After the Tax Evaders
RATS : Run After the Smugglers
DOJ : Department of Justice
CTA : Court of Tax Appeals

OMBUDSMAN BREAKS CONVICTION RATE RECORD, INTENSIFIES INVESTIGATIONS, INITIATIVES

The Office of the Ombudsman (OMB), a constitutional body created to fight graft and corruption, acted upon 12,000 cases and achieved a conviction rate of 73.42%, the highest since the inception of the OMB in 1987.

"This, together with the accountability and transparency reforms instituted in government agencies that aid in uncovering corruption, have led to an increase in the Ombudsman's conviction rate from 16 percent in 2001 to 73.42 percent in 2008, in cases filed before the Sandiganbayan, a special anti-graft court," Philippine Ambassador to the United States Willy C. Gaa said.

The OMB has also intensified its fact-finding investigations and initiatives:

Lifestyle Checks (LSC) - From January 2008 to March 2009, 64 LSC investigations were completed by the Field Investigation Office (FIO) and they are working on 546 complaints.

Environmental Ombudsman - The Task Force for Environmental Concerns is monitoring and promoting environmental law compliance by national and local officials.

High-Profile Fact-Finding Investigations - World Bank-funded NRIMP-I Project. In March 2009, 17 officials of the Department of Public Works and Highways (DPWH) involved in the

anomalous bidding for the National Roads Improvement and Management Program (NRIMP) projects funded by the World Bank were charged. Charged were a former Department Secretary, two (2) Undersecretaries, four (4) Assistant Secretaries and other members of the Bids and Awards Committee (BAC).

Agencies OK anti-corruption covenant - Philippine government agencies led by the Ombudsman adopted an anti-corruption covenant pursuant to a United Nations commitment. In a meeting held in Manila on 27 May 2009, Ombudsman Gutierrez said the multisectoral road map complies with the UN Convention Against Corruption (UNCAC) of which the Philippines is a party. She said that while much has been achieved in fighting corruption "much more is needed . . . we have to sustain the momentum."

The Euro Generals Case. In October 2008, former Philippine National Police (PNP) Comptroller Director Eliseo dela Paz was found with thousands of Euros in his bag. He was part of the Philippine contingent to the International Police Conference (IPC) in Moscow.

The case has been investigated and the Investigation Report has been submitted for review and approval.

Task Force Abono (Fertilizer). Task Force Abono was created to conduct an investigation on the alleged Php728 million fertilizer fund scam allegedly involving public officials, supposedly for acquisition of farm inputs and implements in line with the Ginintuang Masaganang Ani (Golden Harvest) Program. To date, Task Force Abono has already filed criminal and administrative complaints against one (1) governor, three (3) congressmen, 13 officials and employees of the Department of Agriculture (DA) and five (5) private persons.

RP FIGHT AGAINST CORRUPTION INTENSE AND HOLISTIC - BERTELSMANN STIFTUNG

"It is very heartwarming to see how intense and holistic are the approaches taken by the Philippines in the fight against corruption," disclosed recently by a program manager of Bertelsmann Stiftung (www.bertelsmann-stiftung.org), a leading think tank and an "agent for social change" based in Gütersloh, Germany.

Bertelsmann publishes its Transformation Index (BTI) which measures the state of democratic and economic transformations in 125 countries and evaluates their transformation management according to a universal standard. The 2008

BTI on Asia and Oceania shows that the Philippines' transformation management index (includes a section on corruption under 'Resource Efficiency') is evaluated as "management with moderate success."

BTI findings are the result of an extensive process that begins with more than 200 country experts who assess the state of democracy, economic change and management in each country according to 17 criteria comprising 52 questions.

The BTI assessment on the Philippines complements the 2008 report released by Global Integrity which noted that "the

Philippines has some impressive world-class anti-corruption safeguards...improvements in the transparency surrounding government procurement remain promising, and civil society groups continue to play an important role in the debate around governance reforms."

Ambassador Willy C. Gaa welcomed these positive developments, stating that "an important part of our solution is to engage international partners to help us assess our progress, constructively criticize our work, and understand and appreciate our commitment and determination to succeed."

FIGHTING GRAFT AND CORRUPTION: MAY 2009

- ➔ **Suspension of Admiral, 9 others Affirmed** - The Court of Appeals (CA) has affirmed the order of the Ombudsman placing under a six-month preventive suspension without pay Rear Adm. Constancio Jardiniano and nine other Navy officers and men pending their investigation for alleged misuse of education and training funds. They are facing charges for abuse of authority, grave misconduct and dishonesty for their alleged mishandling of the funds of the Naval Education and Training Command (NETC).
- ➔ **Prosecutor Charged with Graft** - Rizal provincial prosecutor Alexander Antonio has been charged for asking some P20,000 and a rooster from Romeo Gasalao in exchange for clearing Gasalao's wife from criminal charges lodged against her. Antonio was arrested during a sting operation after taking a rooster and marked money amounting to P10,000.
- ➔ **Customs Official Summoned for Unexplained Wealth** - The Ombudsman summoned an intelligence officer of the Bureau of Customs accused of amassing over P17 million in unexplained wealth. Eric Albano, operations chief of the Customs Intelligence and Investigation Service, was directed by the anti-graft body to submit an affidavit answering the criminal and administrative cases filed against him by the Revenue Integrity Protection Service of the Department of Finance. Albano, 56, faces charges of violating anti-graft law, perjury, dishonesty, falsification of public documents and violation of the Code of Ethical Standards for Public Officials and Employees.
- ➔ **Auditor Stops Overpriced Purchase by Congress** - Rosario "Bea" Obsequio Riel, director of the Internal Audit Department (IAD) of the House of Representatives blocked the purchase of overpriced and substandard fire extinguishers and is set to file graft charges against former Congressman Artemio Adasa Jr., now House Deputy Secretary General for Operations. Adasa

- was the chairman of the chamber's Bids and Awards Committee (BAC) at the time the contract was awarded to First Defense Enterprises (FDE) owned by Leonor Dulay. The fire extinguishers were overpriced by 150%.
- ➔ **Contract for Over-Priced Meals Cancelled** - A 2008 contract to buy \$9-million worth of noodles for a food aid program designed to keep poor children in school has been cancelled for overpricing and poor quality. "I am canceling the procurement because we cannot sacrifice the nutrition needs of our malnourished students and compromise the objectives of the school feeding program," Secretary Jesli Lapus of the Department of Education said.
- ➔ **Prosecutors Oppose Dismissal Motion** - Prosecutors are fighting a motion to dismiss a corruption case against a former official of the Department of Finance in connection with the questionable issuance of P73.76 million worth of tax credit certificates to Filstar Textile Industrial Corporation between 1995 and 1997. The Assistant Special Prosecutor described as baseless the claim of Uldarico Andutan Jr., former deputy director of the Department of Finance-One-Stop Shop Inter-Agency Tax Credit and Duty Drawback Center, that he was denied due process during preliminary investigation. Andutan's co-accused include Finance Undersecretary Antonio Belicena.
- ➔ **Collection Clerk Charged** - The Ombudsman filed charges against an employee of Manila's Veterinary Inspection Board (VIB) for allegedly embezzling over P170,000. Charged with graft and malversation of public funds at the Manila Regional Trial Court was Vilma Ibay, revenue collection clerk of VIB, which operates the Vitas slaughterhouse in Tondo. The case stemmed from a complaint filed by the city treasurer, who claimed that the respondent had failed to remit collections totaling P172,569.75 from November 8, 2000 to June 4, 2001. ☺

As citizens constantly minded by this pernicious evil, it is our responsibility to the country to help wage war against corruption and transform our country for the better.

Merceditas Gutierrez
Ombudsman
Philippine Summit on
the UN Convention
Against Corruption
27 May 2009

Let me also address head-on the issue of corruption. It is an issue we take seriously. We are freeing ourselves of the shackles of corruption evidenced by our growing economy -- which is increasingly free of corruption and inefficiency. Our budget invests more and more to clean up the culture of corruption.

President Arroyo



Ambassador Willy C. Gaa
FROM THE CORNER OF
BATAAN AND MASSACHUSETTS

ant but a testament to the Philippine Government's resolve to fight corruption.

Recent reports released by third party auditors on control of corruption (COC) such as Global Integrity, Bertelsmann Stiftung and the Political and Economic Risk Consultancy (PERC) reflect the achievements of the Philippine Government not only in focusing on punitive and preventive measures but also, and more importantly, in promoting

as outlined in its FY 2010-2012 Country Assistance Strategy (CAS) for the Philippines, has identified key results areas (KRAs) and outcomes under the cross-cutting theme of Good Governance.

The Philippine Government recognizes that corruption is a serious problem and that it is a difficult challenge. With all these positive developments, however, the Philippines is on its way to achieving significant governance dividends for the Filipino people.

We are making many inroads in our fight against corruption. We are more aggressive in investigating high level cases.

We have gone after generals, admirals, members of congress, high-ranking and not so high-ranking government officials.

We will spare no one in our quest to end corruption.

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Under the cross-cutting theme of Good Governance, many development partners of the Philippines are involved in implementing aggressive anti-corruption programs in the country - the World Bank, the Asian Development Bank (ADB) and the Governments of Australia, Canada, Germany, Japan, Korea, and the USA (Millennium Challenge Corporation and USAID).

The World Bank, in particular,

In late April 2009, Mr. Tony Kwok of Hong Kong, the Philippine Government's Consultant on anti-corruption, announced that "the RP Government has one of the best anti-corruption programs in the world. More than 150 government agencies now have anti-corruption programs in place."

Now this is not just any press release from an official consult-