



PoP 2010

Poolitikang Pinoy 2010

Volume 1 • Issue 4 • November 2009

Editor's Note

GMA is Definitely an Issue in 2010 and Beyond

The past has a hold of the future. Especially in politics, this statement is true.

Pres. Gloria Macapagal-Arroyo has been branded as the most unpopular president in the history of the Philippine Republic. Survey after survey, the outgoing administration's trust and confidence rating plummeted further and further down, hitting rock bottom in the last Social Weather Station (SWS) survey where more than half of the population said they do not trust or they are very dissatisfied with the performance of the current President.

Elected by a minority (more or less 30% of the voting public in 2004) in an election marred by allegations of fraud and violence perpetuated systematically by government instrumentalities and officials themselves, no paranormal ability was necessary then to predict that this administration would be very unpopular. But more than the controversy over the result of the 2004 elections, what made this administration most unpopular are the scandals that hounded it for the past five years - scandals involving corruption, violation of laws, abuse and misuse of power that betray the public trust - which supposedly explain the people's indignation and lost of faith.

Yet, amidst these controversies, as claimed at least by this administration, there is a silver lining. According to the President herself, she is "laser-focused" on keeping the economic fundamentals of the country sound and intact. Responding to her low approval rating, she claims that she did not become president to be popular but to do the right things. She says she sets aside politics because what's important to her is to meet the economic targets that will benefit the poor. The government reported that the country has weathered the Global Financial Crisis with hardly any serious scratch because of this government's success in keeping a healthy economy.

This Special Issue of Poolitikang Pinoy 2010 (PoP 2010) takes a look at the outgoing administration on a premise that this administration, the issues hounding it and its performance in key aspects of government, including the economy, will be key variables in the 2010 elections, and henceforth, in the next administration. The scandals involving the Arroyo administration, for instance, have put to question the capacity of accountability institutions to check and balance the exercise of power of the presidency and its family, as well as the vulnerabilities of institutions to abuse and be used to protect vested political interests of those in power. Meanwhile, the fruits or backlash of this administration's so-claimed stellar economic performance will have an impact on the governance of the next administration in terms of its economic strategy, its allocation of resources (whether to continue or not existing programs and policies), the servicing of debts and the setting of macro-economic targets.

The first article presents the chronology of events involving four of the biggest scandals that hit the Arroyo administration: the "Hello, Garci" Scandal, the Fertilizer Scam, the ZTE-NBN Scandal and the Road Project Collusion Controversy. This article intends to raise the issues surrounding these scandals by historically accounting what transpired and who were involved.

The second article reviews what have been achieved or missed in the economic targets set by Pres. Arroyo, as stated in the Medium Term Philippine Development Plan of 2004-2010. Let the figures speak for themselves on the administration's performance vis-à-vis its economic targets.

The GMA Scandals

Issues that rocked the Arroyo administration that the next president will be expected to resolve

Beginning in 2004, the 2nd term of President Gloria Macapagal-Arroyo has been mired by scandals and controversial issues that led to mass discontent and disapproval, resulting to strong opposition against her administration.

The following is a timeline of four of the most infamous scandals involving the Arroyo administration. These issues will most likely be raised and tackled during the campaign in 2010, and the presidential candidates will be expected to clarify their position on these issues. How they will respond to these issues will not only give the public an idea how they will make the outgoing president accountable but also hint at how they view the power of Presidency and how it should be exercised.

2004 ELECTORAL FRAUD/"Hello, Garci" SCANDAL 2005

- JUNE: To preempt an alleged opposition plot, then Press Secretary Ignacio Bunye presented two CDs, which contain recordings of supposed conversations between Pres. Arroyo and COMELEC Commissioner Virgilio Garcillano in an alleged attempt to rig the May 2004 elections. Pres. Arroyo denied cheating in the polls. Then COMELEC Chair Benjamin Abalos said Garcillano technically lost his position after Pres. Arroyo failed to renew his ad interim appointment, which expired on June 10. Abalos even said there is nothing wrong with a candidate asking a COMELEC official to safeguard his/her votes. On national television, Pres. Arroyo admitted to talking to an election official without naming the official. She explained she was only anxious to protect her votes because of the slow canvassing process. She asked for forgiveness, adding what she did was a 'lapse in judgment' but indicated she will not resign.
- JULY: Garcillano surfaced and denied rigging the elections in favor of GMA. Garcillano issued an affidavit clearing her of poll fraud and identified certain lawmakers who allegedly got in touch with him regarding poll fraud. Ten Cabinet members, later known as the "Hyatt 10", resigned from their posts and asked Pres. Arroyo to do the same. Then House Speaker Jose De Venecia led a meeting of politicians and they agreed to oppose coups, rebellions, insurrections, subversions or any form of violence used to 'solve' or 'neutralize' political problems. This statement was signed by many administration leaders, opposition leaders, as well as non-affiliated parties. Representative Allan Peter Cayetano released another recording of an alleged wiretapped conversation between Pres. Arroyo and Commissioner Garcillano. The opposition filed another impeachment case against Pres. Arroyo, with revisions on the previous impeachment charges.
- AUGUST: The House of Representatives conducted impeachment proceedings. Eventually, after some deadlock, the regular session

of Congress was suspended, preventing a witness, a former cabinet official, from testifying on an alleged conspiracy among administration leaders. Impeachment supporters protested, but a vote to adjourn the session was made by administration allies and impeachment supporters walked out.

- **SEPTEMBER:** Congress formed a pro-impeachment bloc, consisting mostly of young minority and young majority leaders, who are out to prove their case. Pro-impeachment leaders were able to present significant evidence on the alleged electoral fraud. Rep. Monico Fuentabella, former speaker and member of the House majority, resigned from one of his committee posts and signed the amended impeachment complaint. However, administration leaders still comprise a strong majority prevent the impeachment trial.
- **NOVEMBER:** All House chairpersons who voted in favor of the impeachment complaint were removed from their posts and replaced by other majority representatives. Some opposition figures suspected this move was made as a precaution; rumor has it that Garcillano would reappear and again testify.
- **DECEMBER:** Garcillano testified during a House inquiry but refused to answer questions regarding the wiretapped recordings pending the Supreme Court's decision on a petition that he filed before the SC. He admitted, however, to talking to GMA during the canvassing but claimed the President did not request him to protect her votes. Garcillano confirmed it was his voice on tape but insisted that the recording was spliced.

2006

- **MARCH:** Senator Panfilo Lacson and House Reps Alan Peter Cayetano, Teofisto Guingona III and Joel Villanueva lodge charges of perjury, falsification of public documents and violation of the Passport Act against Garcillano before the Quezon City prosecutor's office.
- **NOVEMBER:** The Department of Justice dismissed the perjury and falsification charges.

FERTILIZER SCAM

2003

- Marlene Esperat, then an employee of the Department of Agriculture's resident ombudsman in Central Mindanao, filed a graft complaint against Agriculture Secretary Arthur Yap, then Undersecretary Jocelyn Bolante and several others in connection with alleged irregularities in a PhP 432 million fertilizer deal. Esperat said the fertilizers bought were overpriced and were procured through a negotiated contract instead of a public bidding.

2004

- **MARCH:** Sen. Panfilo Lacson then also a presidential candidate, accused Pres. Arroyo of 'virtual vote-buying' by authorizing the release of PhP 728 million to selected local government officials to buy farm inputs like fertilizer and pesticide for their constituents as part of the Ginintuang Masaganang Ani project.
- **JUNE-AUGUST:** After the elections, former Solicitor General Frank Chavez filed a plunder case against Pres. Arroyo, backing Lacson's accusation, due to her alleged funneling of the PhP 728 million fertilizer funds to GMA's campaign kitty. Chavez named Bolante as one of those who signed the papers for the release and disposition of the funds.
- **SEPTEMBER:** Bolante resigned from his post in the Department of Agriculture

2005

- **OCTOBER:** The Senate Committee on Agriculture chaired by then Sen. Ramon Magsaysay Jr. opened an inquiry into the fertilizer fund controversy. Bolante did not show up during the first hearing and flew to Los Angeles hours before the second hearing on October 26.
- **DECEMBER:** The Senate cited Bolante for contempt and ordered his arrest.

2006

- **MARCH:** The Senate Blue Ribbon and Agriculture Committees released a report recommending the filing of criminal and administrative charges against Bolante and other DA officials. The report also said Pres. Arroyo should be held accountable for the mismanagement of the fertilizer fund.

2009

- **FEBRUARY:** Pres. Arroyo was cleared from involvement in the scandal but was accused of not having a direct reaction towards the fertilizer scandal. Sen. Richard Gordon stated that GMA should still be held liable for the scandal, since Bolante was her appointee.

ZTE-NBN SCANDAL

2007

- **APRIL:** The ZTE-NBN Contract was reported stolen after its formal signing in China.
- **MAY-SEPTEMBER:** The government refused to show copies of the contract to the public. Opposition congressmen raised suspicions of corruption.
- **SEPTEMBER:** Sen. Aquilino Pimentel called for a Senate investigation, resulting to three committees holding hearings regarding the issue: the Accountability of Public Officers & Investigations Committee headed by Sen. Alan Peter Cayetano, the National Defense and Security Committee headed by Sen. Rodolfo Biazon, and the Trade and Commerce Committee headed by Sen. Mar Roxas.

- **OCTOBER:** Joey de Venecia (son of former House Speaker Jose de Venecia) testified on the alleged overpricing of the ZTE-NBN project by USD\$197 million, and accused COMELEC Commissioner Benjamin Abalos as its facilitator and First Gentleman Mike Arroyo as backer. Abalos and Arroyo would have received \$130 million and \$70 million from the deal, respectively.

- **OCTOBER:** National Economic and Development Agency (NEDA) Secretary Romulo Neri testified that Abalos attempted to bribe him with \$4.8 million in exchange for his approval of the deal. He claimed to have told Pres. Arroyo about the deal. He was later removed from his position in NEDA.

- **NOVEMBER-JANUARY 2008:** Abalos resigned from COMELEC. Pres. Arroyo announced the deal's cancellation and ordered for its investigation.

2008

- **FEBRUARY:** Jun Lozada, head of a government-owned corporation and NEDA's technical consultant for the ZTE-NBN broadband deal, testified that Abalos assured ZTE-NBN officials of the Philippine government's approval of the deal, bringing along the First Gentleman to back him up. This testimony and Lozada's questionable detainment upon his arrival at the NAIA started several anti-Arroyo protests, among which were Congress' allegations of corruption in government and the business

sector's disapproval of the President's decision to turn to China for investment. Several officials called for her resignation such as Sen. Panfilo Lacson and Senate President Manny Villar; Sen. Alan Peter Cayetano called for her to take a leave of absence, while Vice President Noli de Castro said that she, along with the others involved in the scandal, should be charged.

- JULY: The Supreme Court dismissed petitions to investigate the dealings due to the cancellation of the deal.

ROAD PROJECT COLLUSION

2009

- JANUARY: The World Bank issued a press release announcing the debarment of 7 contractors and an individual for "engaging in collusive practices under a major Bank-financed roads project in the Philippines". The project pertains to Phase 1 of the USD\$33M National Roads Improvement and Management Program (NRIMP-1). The debarment prevents the contractors from bidding on future World Bank projects. The debarred firms were:
 - E.C. de Luna Construction Corp. (permanent debarment)
 - China Roads and Bridges Corp. (8 years of debarment)
 - China State Construction Corp. (6 years of debarment)
 - China Wu Yi Co. Ltd. (6 years of debarment)
 - China Geo-Engineering Corp. (5 years of debarment)
 - Cavite Ideal International Construction, Inc. (4 years of debarment)
 - C.M. Pancho Construction, Inc. (4 years of debarment)
- JANUARY 20: The Department of Public Works and Highways (DPWH) issued a statement saying that it began a 15-day internal investigation on January 15, through its Management Committee (MANCOM) under Usec. Romeo Momo and Dir. Carlos Mutuc. During that time, the 7 contractors will be prevented from participating in "any bidding for locally funded or foreign-assisted projects".
- JANUARY 21: 1st hearing of the House Committee on Public Works and Highways. Congressmen criticized DPWH Sec. Hermogenes Ebdane for "immediately slapping a suspension order on the banned companies without studying the basis of the sanctions".
- JANUARY 27: 1st hearing of the Senate Committee on Economic Affairs. Sen. Panfilo Lacson alleged that E.C. de Luna Construction Corp. is a dummy for First Gentleman Mike Arroyo. Sen. Miriam Santiago calls for the impeachment of Ombudsman Merceditas Gutierrez and the removal of Finance Sec. Margarito Teves and Sec. Ebdane.
- JANUARY 29: 2nd House Committee hearing. The Committee concluded that it found no evidence of collusion. According to Rep. Roger Mercado, House Committee on Public Works and Highways Chair: "There is no sufficient proof of collusion. Even the World Bank report states that collusion is 'more likely than not'".
- JANUARY 30: The DPWH concludes its internal probe and its suspension against the 7 firms, saying that it found no evidence of collusion.

Editorial Board

Dr. Antonio G.M. La Viña
Joy Aceron
Mary Grace Santos

This special issue of PoP 2010 is published in partnership with The Assembly, the Political Science Organization of the Ateneo de Manila University.



Politikang Pinoy 2010 (PoP 2010) is a monthly election fact sheet published by the Ateneo School of Government (ASoG), through its Political Democracy and Reforms (PODER) program, with support from Friedrich-Ebert-Stiftung (FES).

For comments and suggestions email political_democracy@yahoo.com.

GMA Economic Targets: Hit or Miss?

(This article looks into the portion of President Arroyo's Medium Term Philippine Development Plan (MTPDP) that deals with the economy, both at the macro and micro levels, review the goals she set and see how far the country has done so far as we near the end of her administration, and at the same time, the deadline for the MTPDP goals.)

In 2004, Pres. Gloria Macapagal-Arroyo boldly laid out her plan for the country in a simple 11-letter acronym: BEAT THE ODDS. With 2010 fast approaching, let's take a look back and find out whether or not Pres. Arroyo did beat the odds. In doing so, we hope to give the upcoming president a take-off point on the condition of the Philippine economy.

Agribusiness

"Decrease rural poverty and increase competitiveness of the economy"

Goals:

- Cost effectively develop at least 2 million hectares of new land for agribusiness in order to contribute 2 million out of the 10 million jobs targeted as a legacy by 2010.

Status:

- The number of employed persons in agriculture increased from 10,420 in 2004 to 10,775 in 2007 – or almost constant.

- Rehabilitation/repair of existing national irrigation system.

Status:

- Irrigated areas served by the National Irrigation Administration has remained almost constant since 2004 - 486,238 hectares (ha) to 490,435 ha during the wet season and 480,227 ha to 479,723 ha during the dry season.
- According to 2007 data, almost 1.7 million ha of land still lack irrigation, just about 24,000 ha less than the 2004 figure.

- Raise factor productivity to approach the regional average within six years.

Status:

- The yield per hectare of *palay*, though slightly higher [3.80 metric ton (MT)/ha in 2007 from 3.51 MT/ha in 2004] is still far below the 2010 target of 4.55 MT/ha.
- The yield per hectare of corn, though slightly higher (2.54 MT/ha in 2007 from 2.14 MT/ha in 2004) is still far below the 2010 target of 3.87 MT/ha.

- Promote off- and non-farm enterprises, including agri-processing in agribusiness lands to increase and stabilize rural income.

Status:

- Aquaculture production has been on an increasing trend since 2004 (1.72 million MT in 2004 to 2.14 million MT in 2007).
- Inland municipal fisheries production is slowly improving (142,019 MT in 2004 to 168,277 MT in 2007).

Finance

"Increase Savings/Gross Domestic Product (GDP) to 30% by 2010 through the development of the financial market and increase investment ratio to 28% of GDP"

Goals:

- Target for Savings to GDP ratio is 30% by 2010.

Status:

- The Gross Value Added (GVA) growth rate in finance markets stood at 12.3% in 2007, after a slowdown to 11.4% in 2006 from 13.6% in 2005.
- Savings to GDP ratio has remained almost constant at the 18% - 19% level, far below the target rate.

- Ensure stable macroeconomic environment to reduce long-term risk by managing inflation.

Status:

- By 2007, the average annual inflation rate stood at 2.8% from 6.2% in 2006. Due to the Global Financial Crisis, however, current estimates at inflation rate for 2008 stand at 9.3%.

c) 28% Investment to GDP ratio by 2010.

Status:

- Investment to GDP ratio increased in 2007 (15.3%); however, it is still far below the 2010 target.

Side-notes:

- GDP growth rate in the past three years averaged 5.7%.
- GDP per capita stood at USD\$ 3,300 in 2008.
- 53.7% of GDP came from services, 31.6% from industry and only 14.7% from agriculture.
- Budget deficit for 2008 stood at PhP 66.7 billion, since 2001, the target to balance budget has not been achieved.

Labor

"Promote full, decent and productive employment for every Filipino worker"

Goals:

a) Ensure 24 hours, 7 days a week action on labor cases that can ripen into strikes or closures (conciliation and mediation).

Status:

- By 2007, strike prevention rates were at 98%, above the 94% target for 2010.

b) Improve labor dispute resolution.

Status:

- The disposition rate for preventive mediation stood at 94%, an increase from the 2006 rate of 93%, although still below the 96% target.
- Disposition rate for notices of strikes/lockouts, however, have been on a decreasing trend since 2004. By 2007, the rate stood at 88%, far below the 96% target.
- Actual strike disposition rates reached 100% by 2007, surpassing the 96% target.

c) Increase the number of labor education seminars to 4,200.

Status:

- Number of labor education seminars conducted have decreased since 2005 and stood at only 1,950 by 2007, far below the 2010 target.

d) 10% increase in certification rate, number of ratings/ maritime officers certificate issued.

Status:

- The number of maritime certificates issued stood at 13,660 in 2007, above the 13,417 target for 2010.

Side-notes:

- Unemployment Rate for 2008: 7.4%
- Underemployment Rate (as of April 2009): 18.9%

Poverty

"Respond to the basic needs of the poor through the expansion of microfinance initiatives, more livelihood and entrepreneurship opportunities for the poor"

Goals:

a) Bring poverty incidence from 34% to 17% by 2010.

Status:

- Poverty incidence has remained almost constant since 2004. The latest estimate places 32.9% of the Philippine population under the poverty line – far from the 17% target by 2010.
- Poverty incidence among families stood at 26.6% in 2006, also far from the 17% target.

b) Triple loans to self-employed and small borrowers.

Status:

- The number of new jobs generated by microfinance borrowers has reached the 2,000,000 2004-2010 target.
- Cumulative targeted borrowers reached 1.3 million in 2007.

c) 4.2 million new microfinance borrowers by 2010.

Status:

- Number of borrowers in 2007 stood at 570,120 - a general increase from the past years, although still very far from the 4.2 million target.
- The number of women borrowers stood at 542,510 – also a general increase, but also far from the 3.87 million target.

d) 4.2 million active microfinance borrowers

Status:

- Steady increase since 2004 has brought the number of borrowers to 3.59 million in 2007 and 5.5 million in 2008.
- Total loan amount increased since 2004 and has reached PhP 25.95 billion in 2007, on track to meet the PhP 43.5 billion target for 2010.
- The total amount loaned for start-up projects has increased to 35.69 billion in 2008 from 13.30 billion in 2007.

e) 204,525 families served under SEA-Kaunlaran Program. SEA-K is a capability-building program which aims to enhance the socio-economic skills of poor families through the organization of community-based organizations for entrepreneurial development.

Status:

- As of 2007, 29,481 families have been served – an increase of almost 100% from 2006, although far below 2010 target.

f) 8,181 SEA-K associations organized by 2010.

Status:

- From 1,962 organizations in 2006, only 432 remained active in 2007, which is far below the 2010 target.

g) Fully implement and institutionalize the KALAH-CIDSS in 4,530 barangays, 182 municipalities and 42 provinces.

KALAH-CIDSS is the Philippines' flagship poverty-alleviation project implemented by the DSWD through the financial support of the World Bank. It stands for Kapit-bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services.

Status:

- KALAH-CIDSS now being implemented in 4,229 barangays, 184 municipalities and 42 provinces.

h) 11,500 persons with disabilities (PWDs) served by 2010.

Status:

- Reclassification brought down PWDs served to 4,775 in 2007, far below the 11,500 target.

Side-note:

- Lowest 10% of the population shares only 2.4% percent of total income and consumption. The highest 10% share 31.2% of income and consumption.

General Profile

Based on the summary of updates on the MTPDPs, two things are clear: 1) although financially strong statistics could be observed, no viable economic improvement has occurred – irrigation systems, agricultural yields, poverty incidence and unemployment have remained relatively constant; and 2) not included in the list are various infrastructure developments that should have helped translate GDP growth into viable micro-economic development. Also not included above is power reform, which was spearheaded in 2001 but still remains largely unfulfilled until today.

Note: All data are from the 2008 StatDev compilation of the Philippine National Statistical Coordination Board (NSCB) [data as of July 26, 2008] and from the CIA World Factbook 2009.