On Crooked Ways and Straight Paths: Assessing Anti-Corruption Governance Capacity in the Philippines

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Outline

1. Introduction: Philippines’ remarkable anticorruption performance and theories of corruption
2. Research Objective and Approach
3. Framework – Accounting for the Pervasiveness of Local Health Insurance
4. Findings
   ◦ Historical development of local health insurance in Philippines and Indonesia
5. Discussion and Conclusion
Anticorruption platform

Kung Walang Corrupt Walang Mahirap
But campaign promises did not materialize
The puzzle of past administration’s remarkable anticorruption performance...
...which is true for other measures of corruption...

NEW LOW 32% WITH PERSONAL KNOWLEDGE OF PUBLIC SECTOR CORRUPTION IN THE LAST 3 MONTHS IN THEIR LINE OF BUSINESS, 2005 – 2014/15

Q59. When was the last time you had personal knowledge of a corrupt transaction with government or company in your sector of business?

Q56. How much corruption do you think there is in the public sector? [A LOT, SOME, A LITTLE, NONE]
...and corruption control.
Research Objective and Methods

1. Objective:
   a) Determine the critical factors (capacities) that allowed for such remarkable anticorruption performance of the Aquino administration

2. Approach
   a) Qualitative, comparative and historical (process tracing)
      - Compare with the Arroyo administration
   b) Method of difference

3. Limitation
   a) Policy legacies – contamination
   b) Comparability?
   c) End-of-term assessment
Competing theories of corruption

1. Definition of corruption
   a) Misuse and abuse of public office for private gain (Nye 1967, Bardhan 1997)
   b) Privatization of public policy (Kaufmann 2005)
   c) Symptom of governance failure (Shah and Schacter 2004)
   d) Violation of the impartiality principle (Kurer 2005)

2. Reasons for why corruption occur
   a) Principal-agent theory (public choice)
      - Monopoly + Discretion – Accountability (Klitgaard 1988)
      - Incentive structure inherent to political system and bureaucratic culture (Rose-Ackerman 1999)
   b) Collective action (new institutional economics)
      - Social trap problem – you cannot trust others to be non-corruption (Rothstein 2011, Mungiu 2006)
Governance capacity as underlying mechanism

1. Capacity can be seen as an underlying mechanism of corruption control
   a) Capacity to bridge information asymmetry between agents and principals
   b) Capacity to steer actors to act collectively

2. Governance capacity as a set of systemic and organizational necessary in managing public affairs (Wu, Ramesh and Howlett 2015, Ramesh, Saguin, Howlett and Wu 2016)

3. Dimensions of capacity
   a) Analytical capacity – making and assessing strategies for corruption control
   b) Managerial capacity – coherence and complementarity between societal actors
   c) Political capacity – political legitimacy
### Critical Capacities for Corruption Control

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<tr>
<th>Dimensions</th>
<th>Systemic</th>
<th>Organizational</th>
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<tbody>
<tr>
<td>Political</td>
<td>Legitimacy of the state</td>
<td>Organizational legitimacy of anticorruption bodies</td>
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<tr>
<td>Managerial</td>
<td>Coherence of societal actors</td>
<td>Coordination of processes within anticorruption bodies</td>
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<tr>
<td>Analytical</td>
<td>National anticorruption planning</td>
<td>System to identify organizational vulnerabilities to corruption</td>
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# Summary of Findings

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<tr>
<td></td>
<td>Systemic</td>
<td>Organizational</td>
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<tr>
<td><strong>Political</strong></td>
<td>Contested legitimacy (Low)</td>
<td>Distrust in government watchdogs (Low)</td>
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<td><strong>Managerial</strong></td>
<td>Low political support from non-state actors (Low)</td>
<td>Intra and inter-agency coordination (High)</td>
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<td><strong>Analytical</strong></td>
<td>Strong multi-sectoral anticorruption planning (High)</td>
<td>Wide-scale implementation of integrity assessment tools (High)</td>
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Higher levels of public trust
Relatively high levels of political support from societal actors

1. Progressives supported the campaign and administration of Aquino
   1. Hyatt 10
   2. Did not experience coup d’état as compared (but rumours of coup were aplenty in 2005)

2. Abolition of PAGC
   1. Ombudsman took over the role of lead anticorruption agency but had limited clout
   2. Discipline Office under OES/OP was created but had little power
Strong anticorruption planning but highly ‘centralized’ corruption assessments
Discussion and Conclusion

1. Aquino’s anticorruption performance benefitted from high levels of political capacity, which created a policy space for implementation of centralized but ‘soft’ anticorruption programs that deliver results.

2. Arroyo used anticorruption programs to lend legitimacy to her claim to the presidency. Despite a sophisticated framework for anticorruption, perception on corruption remained high, indicating that public confidence is particularly important in anticorruption initiatives (Oyamada 2005, Quimpo 2012)

3. Successful anticorruption initiatives is contingent upon a smooth flow of resources. Resources flow in the one level of governance to compensate for capacity deficits in the other – political legitimacy for example can lead to better channeling of financial resources to anticorruption agencies.