

**TRANSPARENT ACCOUNTABLE GOVERNANCE:
ADVANCING THE AGENDA FOR GOOD GOVERNANCE AT THE NATIONAL
LEVEL AND IN MINDANAO**

USAID-funded project with The Asia Foundation
(Award No. 492-A-00-99-00020)
1 July 2004 – 31 December 2004

This semi-annual report¹ covers activities from July 2004 through December 2004 under the Transparent Accountable Governance (TAG) Project of The Asia Foundation, with a grant from the United States Agency for International Development (USAID). The total grant amount is \$10,398,000 covering the period September 22, 1999 to September 30, 2007.

The goals of the TAG Project are to build civil society and private sector constituencies for a counter-corruption reform agenda targeting economic growth and poverty reduction. USAID and The Asia Foundation are now deepening the engagement of the private sector and civil society in countering corruption, with new attention at the local level in Mindanao through a comprehensive focus on transparency and good governance.

Building on the successes of the initial national counter-corruption efforts under this project, and an improved overall political environment for counter-corruption reform, the project currently focuses on three levels: 1) national level counter-corruption advocacy; 2) extending advocacy efforts to the city level in Mindanao by promoting transparency and accountability in city governance; and, 3) broadening opportunities for peace and economic development in Mindanao through improved local governance, especially in the Autonomous Region of Muslim Mindanao (ARMM) and neighboring conflict-affected areas.

At the national level, efforts continue to focus on maintaining broad civil society and private sector engagement in counter-corruption advocacy initiatives. Notable accomplishments during this reporting period include: the launching of the Coalition Against Corruption, Competency-Based Performance Measurement System pilot-tested by the Bureau of Internal Revenue's Large Taxpayers Service, 35 BIR examiners trained on Computerized Systems Audit, Development of a Feedback Mechanism of Procurement Monitoring Reports with Office of the Ombudsman, Harmonized Philippine Bidding Documents of the Government Procurement Policy Board; and 166 trained Bids and Awards Committee (BAC) observers on call for monitoring procurement processes in government agencies. Other initiatives were designed to support legislation to promote transparency in government transactions and information, to promote procurement reforms, to monitor a second round of textbook delivery by the Department of Education, and enhance citizen education on electoral reforms. The Foundation's

¹ As instructed under the Office of Regional Procurement (ORP) No. 18 dated August 19, 2003, and ORP No. 20 dated February 2, 2004, The Asia Foundation previously submitted copies of the TAG Semi-Annual Report to the Development Experience Clearinghouse covering the periods of July - December 2002, January - June 2003, July 2003 through December 2003, and for January - June 2004.

partners during this period were the University of Asia and the Pacific, Makati Business Club, Ateneo Center for Social Policy and Public Affairs, Social Weather Stations, Transparency Accountability Network, and Institute for Electoral and Political Reform.

In Mindanao cities, efforts are underway with the twin objectives of promoting transparency and accountability in city governance and providing support activities that will enhance the economic competitiveness of cities. Initial assessment of the implementation of governance reforms in the original seven TAG cities² resulted in the identification of further technical assistance needed by the cities to continue with their reform agenda. Activities that lend support to the cities' reform agenda such as the Public Service Excellence, Ethics and Accountability Program, the 4th Transparency and Accountability in Governance Forum, and the Mindanao Governance Forum of the civil society organizations were likewise implemented during the period.

The Foundation is also implementing the Making Cities Work Program, which is focused on providing a conducive environment for business sector to thrive with special attention to business registration and licensing. Preliminary research in seven cities (Bislig, Dipolog, Malaybalay, Koronadal, Tacurong, Ozamis and Zamboanga) was recently completed to measure perceptions of micro, small and medium enterprises. The survey results will determine which three cities among the seven will qualify for additional targeted technical assistance under the program.

The new grant received from USAID, beginning September 2004 to September 2007, will allow the core activities of TAG to expand to six other cities of Mindanao, support the Philippine Cities Competitiveness Ranking Survey and provide technical assistance to cities based on the results of the Cities Competitiveness survey.

The Foundation has been working with the following local resource institutions in implementing the city-level activities for Mindanao: League of Cities of the Philippines, Ateneo de Davao University, Notre Dame Business Resource Center, Mindanao Business Council, Mindanao Coalition of Development NGO Networks and Ateneo School of Government.

In Mindanao municipalities, The Asia Foundation is implementing a variety of initiatives to address specific needs through assistance designed to improve local government operations in conflict-affected municipalities and barangays of ARMM and adjacent provinces. To date, the Foundation, through its local partners, has assisted 413 barangays and 63 municipal governments to identify, prioritize, and implement community projects and to allocate resources. It has mobilized the capacity of 31 local institutions to ensure the availability and accessibility of expertise at the local level, and enhanced the service delivery capacity of 57 Bangsamoro civil society organizations in partnership with local governments. With the new grant from USAID, the Foundation would be able to provide one hundred additional technical assistance packages to local government units.

² Cities of Cotabato, Dapitan, General Santos, Iligan, Marawi, Samal, and Surigao, which have participated in the program since July 2002.

Among The Foundation's partners for this reporting period are: League of Municipalities of the Philippines, Asian Institute of Management (AIM) Mirant Center, SIAD Initiatives in Mindanao-Convergence for Asset Reform and Regional Development, Bangsamoro Women Foundation for Peace and Development, Maguindanao Foundation for Good Governance and Development, Pakigdait, Inc., Kahapan Foundation, and Alternative Center for Organizational Reforms.

To present TAG's holistic project approach in advancing good governance in the Philippines, this report is divided in accordance with three themes, which reflect the focus of current project efforts. These are:

- increasing transparency and accountability in government transactions
- forming public-private sector partnerships and building constituencies
- enhancing the capacity of partner institutions and local government units

Increasing Transparency and Accountability in Government Transactions

Pervasive corruption in government at both the national and local levels is one of the major deterrents to new foreign investment in the Philippines. It also dampens the confidence of current investors that their businesses will be successful. To address this problem, The Asia Foundation seeks, through the Transparent Accountable Governance project, to build and sustain public pressure within the private sector and civil society for counter-corruption reforms that will significantly reduce corruption through greater transparency and accountability.

Bureau of Internal Revenue

From April to August 2004, technical assistance was provided to improve the capability of the Bureau of Internal Revenue (BIR) to manage, track and evaluate the performance of its staff. By piloting a competency-based performance evaluation system in the Large Taxpayer's Service (LTS), the project measured on a regular basis the results and impact of LTS programs and services on collections, taxpayer level of compliance and satisfaction, and allowed its officials and employees to participate in developing performance standards in the system. In August, the LTS completed the installation of its Performance Measurement System (PMS). Key result areas and a balanced set of performance measures and standards were anchored on the Strategy Map and aligned across units. Top and middle management evaluated their respective offices against these standards and based on the self assessments, identified ways of addressing their developmental areas for the next six months. Office evaluation was formally set to take place every six months to consistently "jump start" office improvements. The performance indicators elicited in the PMS were used to monitor the performance of frontline employees. Section and division chiefs monitor and evaluate progress on the development plans on a weekly basis while division chiefs monitor and evaluate the division level performance on a monthly basis. This technical assistance was credited with helping the LTS meet its 2004 fiscal targets while other units of the BIR were failing to do so.

Concurrent with the ongoing technical assistance on Performance Measurement System, BIR Commissioner Guillermo Parayno signed a Memorandum of Agreement on August 27, 2004 with the Center for Research and Communication of the University of Asia and the Pacific through its Huwag Taxsil project to conduct a short training program for BIR auditors and examiners, mainly from the Large Taxpayer Service. The Computerized Systems Audit Training aimed to provide greater understanding of the general concepts and intricacies behind a computerized systems audit. Two sections of thirty-five participants each were formed to participate in nine sessions held every Saturday at the BIR Statistical Training Center in Quezon City. As of December 2004, thirty-five participants have already been trained.

On August 5, 2003, House Bill 5546 or National Revenue Administration (NARA) Bill was approved by the Appropriations Committee with some crucial and counterproductive amendments - granting full absorption of BIR employees into the NARA and removing the exemption of the NARA from the Salary Standardization Law (SSL). The NARA Bill sought to institute a performance-based corporate-like, transparent and accountable tax administration. The Senate version of the bill was filed (SB2436) on January 15, 2004 and was referred to the committees on Ways and Means, Civil Service and Government Reorganization; and Finance. Despite the concerted efforts of the La Salle Institute of Governance and various civil society organizations to disseminate information and mobilize support for the NARA Bill, intense preparations for and various issues arising from the May 2004 elections increasingly pushed the Bill to the back burner in spite of being certified by the Chief Executive as a priority legislation.

In the case study on *House Bill 5465: Creation of the National Authority for Revenue Administration* commissioned in June 2004 by the Transparency and Accountability Network (TAN), Mr. Joel Mangahas observed that the advocacy for NARA bill lacked an overall strategy for introducing and managing change. He recommended that “*sufficient attention must be given to effective communication among all those affected by or with a contribution to make to the reform process. Since stakeholders can contribute to the identification of the issues and the development and execution of reform program, they need to be fully informed as to how the reform will affect them, the different participants in the reform process and their respective roles and responsibilities, how the change interventions will be implemented, and what their options and new roles after the reform measures had been put in place. The communication lines must be transparent and efficient.*” He also mentioned that “*effective advocacy highlights the need for a communication plan which sets out a scheme to implement communication strategies to achieve agreed goals and objectives with maximum efficiency and effectiveness.*” TAN is currently incorporating the results of the study into a cohesive, focused, and effective strategy focused on passage of the law in the current Congress.

Textbook Monitoring with the Department of Education

Strengthened partnership between the Department of Education (DepEd) and civil society organizations in the Textbook Count 2 resulted in a shorter and more transparent

textbook procurement process. Unlike in previous years when the procurement process for textbooks took 24 months, under the Textbook Count Project, procurement and delivery of 37 million textbooks were accomplished in 12 months. Civil society volunteers monitored deliveries in 3,420 districts (57% of the total number of school districts) and 1,480 secondary schools (37% of the total number of public secondary schools in the Philippines). In April 2004, the second round of textbook monitoring was launched and corrective measures suggested by civil society organizations from the textbook monitoring activity in 2003 have been adapted such as adjustments in the delivery period, drafting of a more user-friendly one-pager on delivery, receipt and textbook inspection and code of conduct for civil society monitors; and enhanced information dissemination on the new procurement process. Moreover, the number of participating organizations more than doubled (from eight in 2003 to 17 in 2004), including many with nationwide networks such as the Education Network, Alliance of Concerned Teachers, Alliance of Volunteer Educators, National Movement for Free Elections, Boy Scouts of the Philippines and Girl Scouts of Philippines.

Procurement Reforms

With the passage of the Government Procurement Reform Act (RA 9184), the Government has stepped up its fight against graft and corruption in public procurement. The inclusion of a Civil Society Organization and a professional association representative as an observer in the Bids and Awards Committee (BAC) has facilitated transparency, proper accession to the guidelines, and the provision of the necessary check and balance in government procurements. These, however, are inadequately being implemented because of the absence of a feedback handling mechanism for monitoring reports and complaints submitted by BAC observers.

Procurement Watch, Inc. in partnership with the Office of the Ombudsman is currently developing a feedback handling mechanism for procurement monitoring reports submitted by BAC observers. On November 18-19, 2004, 25 Resident Ombudsmen participated in the “*Awareness Building Sessions and Focused Group Discussions on the Operational Guidelines on the BAC Observer Feedback Handling Mechanism*” at the Sulu Hotel in Quezon City. The feedback handling mechanism is expected to address gaps in dealing with procurement monitoring reports submitted by BAC observers.

To complement this initiative, since September 2004, the Transparency and Accountability Network in coordination with the Office of the Ombudsman has trained a total of 166 civil society and government representatives as Bids and Awards Committee (BAC) observers. Through a memorandum issued by the Chairman of the Commission of Audit, Guillermo Carague, resident auditors of the University of the Philippines, Armed Forces of the Philippines, Department of Health and the Land Transportation Office also attended the procurement trainings as they are expected to sit in BAC as observers of the above agencies. Trained observers are expected to be deployed to monitor procurement practices in their own agencies upon finalization and approval by the Office of the Ombudsman and the Government Procurement Policy Board (GPPB) of

the Mechanism for Accreditation, Deployment and Monitoring being drafted by TAN in partnership with the La Salle Institute of Governance.

To ensure harmony between the Procurement Manual and the Standard Bidding Documents (SBD) applicable to locally-funded procurement, the Foundation provided technical assistance to the Government Procurement Policy Board-Technical Service Office (GPPB-TSO). The assistance was provided from June through July 2004 to study and propose changes in bidding documents for locally funded projects to ensure consistency in requirements and documents. The technical assistance resulted in the issuance of a Government Procurement Policy Board (GPPB) Resolution 10-2004 dated December 8, 2004, approving the Philippines Bidding Documents (formerly Standard Bidding Documents) for locally-funded projects. The documents are now posted at the GPPB website (<http://www.procurement-service.org/gppb/issuances.htm>).

Efforts to assist government officials and civil society representatives to act as Bids and Awards Committee observers are also ongoing at the local level. Since May 2004, the Foundation through the Evelio B. Javier Foundation has been conducting trainings on local procurement. The training is focused on providing local government units with a public procurement reform framework as stipulated in the Government Procurement Reform Act (otherwise known as RA 9184) and its implementing rules and regulations (IRR), particularly on the bidding and awarding procedures. The knowledge acquired from the training will enable the members and observers (from participating local governments) to undertake reforms on local procurement in their respective units.

Each training session is a three-day activity implemented throughout the country in collaboration with the League of Cities of the Philippines and the League of Municipalities of the Philippines. As of December 31, 2004, the number of local governments and officials trained on local procurement are:

	Number of Local Government Units	Number of LGU Officials	Number of Civil Society Representatives
Luzon	55	307	48
Visayas	46	240	36
Mindanao	7	43	101
TOTAL	107	590	185

Procedural Reforms in Mindanao Cities

The new grant received from USAID beginning September 2004 to September 2007, will allow the core activities of the TAG Project to expand to six additional cities in Mindanao. On December 14, 2004, the League of Cities of the Philippines hosted a meeting with the original seven TAG cities to discuss the follow-through steps and to provide other Mindanao cities with an orientation on the TAG project and discuss the mechanics of enrollment to the project. In addition to the original seven TAG cities, the follow-through meeting was also attended by the following cities: Butuan, Digos, Tagum, Kidapawan, Gingoog, Pagadian, Panabo, Oroquieta, Ozamis, and Zamboanga. To date,

six cities, namely: Butuan, Dipolog, Panabo, Oroquieta, Ozamis, and Zamboanga have signified interest by sending their letters of intent and city council resolutions.

Public Service Excellence, Ethics and Accountability Program

The second phase of implementation of the Public Service Excellence, Ethics and Accountability Program (PSEEAP) for selected TAG cities in Mindanao (Cotabato, Iligan, General Santos, Island Garden City of Samal and Surigao) began in August 2004. For the second phase of implementation, a modified module integrating the Service Excellence and Service Ethics and Accountability modules is being followed to provide a broader program for local governments. The PSEEAP aims to establish within the city government the values of public service excellence, ethics and accountability, improve the customer service levels, and involve the employees and department heads in the development of the program. Workshops were held to evaluate and assess the previous program for the first batch of participants. The city departments that were not included in the first phase of the program are included. The departments included in the workshops in each city are as follows:

City	First Phase	Second Phase
Cotabato City	<ul style="list-style-type: none"> • City Mayors Admin Office • Market and Slaughterhouse • City Assessors Office • General Service Office • City Treasury Office 	<ul style="list-style-type: none"> • City Social Welfare • City Health Office • City Mayor's Office • City Civil Registry • City Planning Office
Iligan City	<ul style="list-style-type: none"> • Iligan City Waterworks System • Economic Enterprise Development Office • City General Services Office • City Engineer's Office • City Accountant's Office • City Treasurer's Office • City Health Office • Gregorio T. Lluch Memorial Hospital 	<ul style="list-style-type: none"> • City Human Resource Management Office • City Mayor's Office • City Assessor's Office • City Social Welfare and Development Office • City Agriculturist's Office • City Civil Registrar's Office • City Budget Office
General Santos City	<ul style="list-style-type: none"> • City Treasurer's Office • City General Services Office • Permits and Licenses Division • City Accounting Office • City Engineer's Office 	<ul style="list-style-type: none"> • City Health Office • City Hospital (Hospital Nursing Services, Hospital Admin, City Health Field Operations, City Health Admin)
Island Garden City of Samal	<ul style="list-style-type: none"> • City Mayor's Office • City Administrator's Office • City Budget Office • City Treasurer's Office • City Accounting Office • City Engineer's Office • City General Services Office 	<ul style="list-style-type: none"> • City Planning and Development Office • City Health Office • City Assessor's Office • Sangguniang Panlungsod • City Social Welfare and Development Office • City Agriculture Office • Human Resource Management Office • City Veterinary Office

Surigao City	<ul style="list-style-type: none"> • City Treasurer's Office • City Health Office • City Social Welfare and Development Office • City Agriculture Office • City Engineer's Office • City General Services Office • City Assessor's Office 	<ul style="list-style-type: none"> • City Veterinary Office • City Accounting Office • City Budget Office • Sangguniang Panlungsod • City Civil Registrars Office • City Population Office • City Planning Development Office • City Mayor's Office
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The second phase of the implementation of the program in Marawi City has not started yet pending discussion with the city mayor on what departments will be included for the second phase. In the case of Dapitan, which has a newly-elected mayor, project activities are on hold pending the League of Cities' discussions with the new mayor to ascertain if he would like to continue the previous administration's TAG initiatives.

Based on the successes of the PSEEAP activities at the city level and as a result of the evaluation made by an independent evaluation team commissioned by USAID in early 2004, the Foundation will start the implementation of PSEEAP activities in the municipalities beginning February 2005. To prepare for the possible influx of technical assistance requests for PSEEAP, a training of trainers on the Public Service Excellence, Ethics, and Accountability Program was conducted on November 29 – December 5, 2004 at Marcian Garden Hotel, Zamboanga City in collaboration with the Ateneo de Davao University – Center for Local Governance. The six-day training was designed to provide the participants with the knowledge and skills of conducting municipal workshops on PSEEAP using participatory methods. A total of 27 trainers from 10 organizations were trained from academic institutions and civil society groups in Mindanao. The newly-trained individuals and organizations are expected to serve as the Foundation's local partners in providing technical assistance on PSEEAP to local governments.

Organization	Area
Agro-Industrial Developers, Links, Initiators Foundation for Enhancement (AID-LIFE)	<i>Pagadian City</i>
Al-Mujadillah Development Foundation	<i>Marawi City</i>
Balay Mindanao Foundation, Inc. (BMFI)	<i>Cagayan de Oro City</i>
Coalition for the Development of Sibuguey (CODE-Sibuguey)	<i>Ipil, Zamboanga Sibugay</i>
Maguindanao Foundation for Good Governance and Development (MFGGD)	<i>Datu Odin Sinsuat, Maguindanao</i>
Mindanao Kalibugan Tribe Foundation, Inc. (MKTFI)	<i>Poblacion Salug, Zamboanga del Norte</i>
People Empowerment and Development Foundation (PED)	<i>Pagadian City</i>
Southern Philippines Research and Extension Foundation (SOPREX)	<i>Iligan City</i>
University of Southern Mindanao –Institute of Development Economics and Management (USM-IDEM)	<i>Kabacan, Cotabato</i>
Western Mindanao State University - Center for Local Governance (WMSU)	<i>Zamboanga City</i>

eGovernance Initiatives

Since 2003, with a grant from USAID, the Foundation has been implementing a series of round table discussions and fora to advance e-governance initiatives in the country. They provide a valuable venue for exchange of information between local government units who are planning to or getting started on eGovernance initiatives as well as those with efforts that are already underway. For this reporting period two e-governance workshops have been conducted for Luzon and Mindanao local government units, in coordination with the Union of Local Authorities of the Philippines (ULAP) to provide local governments the knowledge and information on how to get started, manage and sustain e-governance activities. The fora also provided a venue for sharing best practices on eGovernance among the participating local government units. Participants to these fora are local mayors and governors, information and communication technology champions, and other local officials. Eleven local governments from Luzon and eight from Mindanao attended the eGovernance Orientation Workshop held on October 14-15, 2004 and on November 17-18, 2004, respectively. Luzon local governments who attended the workshop are: Bataan, Cagayan, Laguna, Pinamalayan, Catanduanes, Plaridel, Angono, Muntinlupa City, Balanga City, Antipolo and Pasay. The cities of Davao, Panabo, Koronadal, Butuan and Iligan and the municipalities of Jasaan, Malalag and Davao del Norte attended the Mindanao workshop.

Making Cities Work

The Making Cities Work Initiative aims to foster local economic growth and job creation in Mindanao by working with city governments to improve business processes and procedures related to business registration and licensing (with special attention to micro, small and medium enterprises), and also with the private sector to advocate for policies that provide better support services to businesses. The improvements will ultimately contribute to lower business costs and increased revenue for the city government.

From July to October 2004, a series of meetings and consultations with the business sector and government officials in Mindanao were held to discuss the selection criteria for potential cities to be included in the project. During the reporting period, through a grant to Ateneo de Davao University Center for Local Governance, the project also completed perception surveys on the experiences of small and medium enterprises in securing permits and clearances to operate their business legally in seven cities in Mindanao, namely: Koronadal, Tacurong, Bislig, Malaybalay, Ozamis, Dipolog and Zamboanga. Respondents to the survey were drawn from both registered and unregistered businesses. A series of subsequent focused group discussions validated and supplemented the field research.

Based on the findings of the survey, through a grant to the Ateneo School of Government, the project will now select three cities to undergo targeted technical assistance such as closely examining the problems in licensing and registration of business establishments, designing appropriate responses, and implementing relevant technical assistance.

Local Governance Performance Benchmarks

In partnership with the Financial Executives Institute of the Philippines (FINEX), a seminar series, entitled, “LGU Performance Benchmarks: Bridges to Good Local Governance,” was organized in three key locations: Cebu (for Visayas local governments) on September 3, 2004; Davao City (for Mindanao local governments) on September 10, 2004; and Clark, Pampanga (for Luzon local governments) on September 17, 2004.

The workshops aimed to promote among local governments the importance of setting performance benchmarks for service delivery and fiscal management to strengthen local governance. The Asia Foundation’s collaboration with FINEX in this seminar encourages best practices in good governance among local government officials to contribute towards achieving national economic stability and improved peace and order in the countryside. Information dissemination on local governance benchmarks will be helpful in promoting among newly-elected and appointed local officials the need for periodic evaluation to provide a basis for decision-making to improve service delivery and to maximize utilization of financial resources. A total of 35 local governments in Luzon, 12 local governments in the Visayas and 23 local governments in Mindanao have attended the workshop.

Public-Private Partnership and Constituency Building

To complement our work on increasing transparency and accountability in government transactions, The Asia Foundation is deepening the engagement of the private sector and civil society organizations in advocacy efforts at the national level and in promoting transparency and accountability at the local level. Through the TAG Project, the Foundation has relied on a variety of strategic approaches in its counter-corruption initiatives to identify reformers in government interested in collaborating with the Transparency and Accountability Network and the private sector. Among these reformers are the Presidential Commission on Effective Governance, the Presidential Anti-Graft Commission, and the Office of the Ombudsman. The Foundation is coordinating city-level initiatives, through the City Transparency and Accountability Network and the City Coalition for Transparent Accountable Governance, with ongoing work being undertaken by the League of Cities of the Philippines.

Surveys

Enterprise Survey

On its fifth round, the Annual Enterprise Survey on Counter Corruption has expanded to include Cavite, Laguna, Batangas; and Northern Mindanao (Iligan and Cagayan de Oro City). A total of 700 businesses will be surveyed by the Social Weather Stations, of which two-thirds are composed of small and medium enterprises and the remaining one-third on large corporations. From October to December 2004, a series of five focused group discussions with stakeholders were conducted. Fieldwork will commence on

February 2005. The results of the 5th Enterprise Survey are expected to be out by late April or early May 2005.

Citizen Education in Election Reforms

Anatomya ng Korupsyon

From July to December 2004, the Transparency and Accountability Network, with the Foundation for Communication Initiatives and the Cultural Center of the Philippines, finalized the communication and dissemination plan for the video version of the stage play *Anatomya ng Korupsyon* for submission and approval of USAID. The play dramatized the roots and consequences of corruption, as well as the cost of taking a personal stand in an effort not to be eaten up by the system. The video version of the play is part of the Transparency and Accountability Network's advocacy for a corruption-intolerant society. Aside from the video version of the play, the compact disks will contain the radio documentary, social messages related to the play and selected songs on elections. Five hundred compact disks are expected to be produced and distributed to TAN member organizations, academe, and civil society partners.

Second National Electoral Reform Summit

On September 1-3, 2004, the Foundation, through a grant to the Institute for Political and Electoral Reform organized the Second National Electoral Reform Summit. Nearly 100 participants and authoritative resource persons from Luzon, Visayas and Mindanao have attended the Summit to approve the unified agenda which was crafted and agreed on in the first Summit held in August 2002. The Summit was convened by the permanent body of the earlier 2002 National Electoral Reform Summit consisted of the Commission on Election, Senate Committee on Constitutional Amendments, Revision of Laws and Electoral Reforms, the House of Representatives Committee on Suffrage and Electoral Reforms, and the Commission on Electoral Reform. The Summit assessed the conduct of the recent 2004 general elections, reviewed the implementation of the legislative and action agenda of the first electoral reform summit held in 2002, and agreed on a new electoral reform agenda for the 13th Congress and for the next five to six years.

Asian Conference on Democracy and Electoral Reforms

On November 12-14, the Institute for Political and Electoral Reform organized the Asian Conference on Democracy and Electoral Reforms at the Hyatt Hotel in Manila. Thirty-three key representatives of the electoral management bodies of the 11 Asian countries and 40 corresponding delegates from the Philippine academe and civil society attended the Conference sponsored by the TAG Project. The conference served as the venue to propagate best practices in the conduct of an election, design an electoral system and advocacy for electoral reforms. The conference also drew up an Asian mechanism for continuing dialogue and cooperation on the agenda of electoral reforms.

Coalition Against Corruption

On September 21, 2004, the Makati Business Club through a grant from the Foundation held the Citizens Against Corruption (CAC) Conference in Makati City. One hundred eighty six guests attended the conference. The event generated pledges and donations amounting to P3.0 million (\$53,286)³ and ballooned to P5.825 million (\$ 327,365)⁴ as of December 31, 2004 from large organizations and companies such as the Makati Business Club, Ayala Corporation and Phinma Group of Companies. The amount serves as the seed fund for CAC. Once the mechanism for disbursing funds is operational, focus will be given to the following projects: Textbook Count, Internal Revenue Allotment (IRA) Watch, BAC Observers Training, Medicine Monitoring, Pork Barrel Monitoring and COMELEC Cases. The Catholic Media Network has also pledged P5 million (\$ 888,810) worth of airtime to the CAC.

National Paralegal Training on Anti-Corruption

A National Paralegal Training was held in Cebu City on November 3-7 to provide law students from Visayas and Mindanao with the necessary knowledge and capability to initiate anti-corruption activities in their localities, review current laws and jurisprudence on anti-corruption which may lead to amendments, and establish an anti-corruption library in their colleges and university. Thirty-two sophomore students participated in the five-day training.

Civil Society Constituency Building

As part of the civil society constituency building for TAG, the Mindanao Coalition of Development NGO Networks (MINCODE) held the Civil Society Consultative Workshop in Davao City on August 24, 2004 for the original seven TAG cities. The workshop aimed to consolidate the civil society's advocacy agenda in each of the TAG cities in the light of the continuing work for Mindanao cities. The targeted priority activities to support the advocacy efforts are as follows:

City	Targeted Activities for Next 1 Year
Cotabato	<ul style="list-style-type: none"> • TAG billboards • Forum on TAG for barangay officials • Quarterly TAG forum for civil society groups
Dapitan	<ul style="list-style-type: none"> • Seminar on fiscal administration and CPU (corruption prevention unit) accreditation • Organizing barangay TAG teams • Networking activities and meetings
General Santos	<ul style="list-style-type: none"> • GAWAD-TAN Awards: Promoting Best TAG Practices • Focused group discussions on citizen's handbook • Training on Feedback Mechanism
Iligan	<ul style="list-style-type: none"> • Barangay Forum • Scorecard implementation

³ Exchange rate for September 21, 2004: \$1=Php56.30

⁴ Exchange rate for December 31, 2004: \$1=Php56.20

Island Garden City of Samal	<ul style="list-style-type: none"> • Seminar on fiscal administration and CPU (corruption prevention unit) accreditation • Manual on securing business permits/licenses • Scorecard implementation
Marawi	<ul style="list-style-type: none"> • Focused group discussion on scorecard system • Focused group discussion on citizen's handbook • Development of advocacy materials
Surigao	<ul style="list-style-type: none"> • Scorecard implementation • Focused group discussion on citizen's handbook • Quarterly meetings with city TAN, civil society groups and the local chief executive

MINCODE also organized the Mindanao Governance Forum on October 21, 2004 in Opol, Misamis Oriental to provide a venue for local governments, business sector and civil society to discuss possible initiatives in response to President Arroyo's governance agenda. The strategies to be employed were outlined while target results for each area of reform were identified. The one-day activity was attended by ninety participants representing the local government, business sector, and the City Transparency and Accountability Networks.

City Coalitions for Transparent Accountable Governance (the Private Sector)

The call for a unified approach to encourage greater transparency and accountability in government was reinforced as more than 200 local government officials, businessmen, and civil society advocates gathered for the 3rd Transparent and Accountable Governance Forum, with the theme "One Vision, One Culture, and One Goal," held on July 7, 2004 in Davao City. The Asia Foundation, in partnership with the Mindanao Business Council, spearheaded the forum further strengthen the on-going partnership among the local government, business sector and the civil society organizations in the seven cities and promote partnership and its advantages to other cities in Mindanao. Keynote speaker Dr. Jesus Estanislao, Executive Director of the Institute of Corporate Directors and former Secretary of the Department of Finance during the Aquino administration, talked about building a strong and active relationship between the private and government sectors as the main tool in fighting corruption. Fr. Albert Alejo, SJ, team leader of Ehem! Anti-Corruption Movement, also spoke about the corrupt and corruptible way of life among Filipinos to illustrate that corruption does not only originate from those in power. General Santos City Mayor Pedro B. Acharon, who received the award for Benchmark CCTAG, proudly cited one of the advantages of being part of the coalition, which is the trust and beneficial relationship developed among the members of the civil society, private and local government sector in his city. The animated discussions during the forum revealed that there is a consensus in the need to promote transparency and accountability in government.

TAG Project Consultative Meetings

The League of Cities of the Philippines hosted the TAG project orientation to Mindanao cities on December 14, 2004 in Manila. Additional funding from USAID will allow TAG to expand to six other cities in Mindanao. Cities that attended the project briefing

include: Butuan, Digos, Tagum, Kidapawan, Gingoog, Pagadian, Panabo, Oroquita, Ozamis, and Zamboanga. The project briefing includes a discussion on the criteria for selection of the new cities and the requirements for submission of interested cities.

In collaboration with the League of Municipalities of the Philippines, consultative workshops were held from September to October 2004 in the provinces of Sultan Kudarat, Zamboanga del Norte, Zamboanga del Sur, and Zamboanga Sibugay. The meetings provided the venue to present the TAG project to the municipalities and the available technical assistance. Participants to the workshops are mayors, planning officers and civil society and private sector representatives. The number of municipalities that attended the workshop in each province is broken down as follows:

Province	Number of Local Governments	Number of Participants
Sultan Kudarat	10	21
Zamboanga Norte	23	37
Zamboanga Sibugay	15	28
Zamboanga Sur	24	47
TOTAL	72	133

As a result of the consultations, seventy municipal governments and three provincial governments have submitted letters of intent to avail of technical assistance from the TAG Project.

Province	Letters of Intent Received from Municipal Governments	Letters of Intent Received from Provincial Government
Basilan	6	
Lanao del Norte	11	
Maguindanao	13	
Sultan Kudarat	8	
Sulu	1	1
Tawi-Tawi	1	1
Zamboanga Norte	9	
Zamboanga Sibugay	14	1
Zamboanga Sur	7	
TOTAL	70	3

Enhancing the Capacity of Partners

The Asia Foundation's third theme focuses on enhancing the capacities of partners, both in the government and the private sector. By and large, this theme is centered on project activities in Mindanao, with the primary objectives of accelerating the development of improved practices in local governance; increasing the interaction between civil society, local government, and the private sector; and ensuring the sustainability of governance efforts towards peace and development. Through the development of local expertise, and by partnering with local resource institutions, the Foundation ensures the sustainability of good governance practices and the ability of municipalities to access technical assistance.

As of December 31, 2004, the Foundation through its local partners has provided 92 technical assistance packages to 68 municipalities in the ARMM and two municipalities in Lanao del Norte since 2002.

Resource Mobilization and Management

One of the basic challenges to good governance is the ability of local government units to mobilize and manage local resources to effectively deliver quality and sufficient services. With the decreasing assistance from the national government in the form of the internal revenue allotment, local governments are beginning to explore other possible sources of revenue to finance and augment the citizens' needs for basic services.

In order to address the perennial problem of so much to deliver with so few resources, The Asia Foundation assists local government units to develop and use their existing resource base as a potential source of revenues.

Feasibility Studies and Fund Sourcing

In Maguindanao, the municipality of Upi is planning to submit the feasibility study on coffee nursery and plantation development to other donor organizations. The study was completed in collaboration with the Metro Kutawato Development Alliance (MKDA) under the project, entitled "Action of the Community towards Innovative and Viable Enterprises." The Coffee Industry would boost the economic activities even at the barangay level once project is fully implemented.

Since June 2002, sixteen municipalities in Lanao del Sur and eight municipalities in Maguindanao have been provided with the technical assistance on Feasibility Studies.

Municipality	Priority Project
LANAO DEL SUR	
Calanogas	Potable Water System
Marogong	Potable Water System
Masiu	Lake Tilok Integrated Fisheries Development Project
Sultan Gumander	Rural Health Center Project (Municipal Hospital)
Malabang	Seaport and Modern Fishing Technology
Balabagan	Cattle Production (Breeding and Fattening)
Kapai	Potable Water System
Tagaloan II	Farm Tractor Services
Balindong	Water System
Madalum	Municipal Hospital
Ganassi	Water System and Fish Landing/Wet Market
Wao	Integrated Bus Terminal
Marantao	Corn Production
Piagapo	Potable Water System
Bumbaran	Construction of Farm-to-Market Roads
Bacolod-Kalawi	Municipal Hospital
MAGUINDANA0	
Upi	Coffee Nursery and Plantation Development
Cotabato City	King Crab Hatchery and Fattening

Datu Odin Sinsuat	Grains (Rice and Corn)
Parang	Seaweed
Talitay	Livestock
Talayan	Livestock
Kabuntalan	Inland Fisheries
Datu Piang	Agroforestry

Development Planning

With limited financial resources, local governments must exercise prudence in making sure that available resources are well managed and that development programs and projects respond to the needs of citizens. To achieve this, The Asia Foundation, through its local resource partners, provides technical assistance to local governments on planning and budgeting using methodologies that promote community participation. From June 2002 through December 31, 2004, the Foundation through its local partners has provided technical assistance on development planning to 53 municipalities and 413 barangays in Mindanao. The barangay and municipal development plans have been duly turned over to the respective local government units.

List of Municipalities with Technical Assistance on Barangay Development Planning

Province	Municipality	Number of Barangays	
BASILAN	Isabela	10	
	Tipo-Tipo	10	
	Tuburan	10	
	Maluso	10	
	Lamitan	10	
	Sumisip	42	
	Lantawan	10	
	LANAO DEL SUR	Molundo	10
		Tamparan	13
		Ditsaan Raman	10
Buadi-Puso Buntong		10	
Saguiran		10	
Maguing		10	
Pualas		10	
Madalum		10	
Lumbatan		10	
LANAO DEL NORTE		Kauswagan	4
	Bacolod	1	
MAGUINDANAO	Ampatuan	14	
	Datu Montawal	11	
	Datu Paglas	11	
	Paglat	4	
	S.K. Pendatun	10	
	Talitay	13	
	Mamasapano	10	
	Datu Piang	10	
	Barira	11	
	Matanog	1	
	Buldon	1	
	Upi	10	

	Parang	12
	Datu Odin Sinsuat	10
	Sultan sa Barongis	10
	Kabuntalan	8
	Pagalungan	10
TAWI-TAWI	Bongao	27
	Simunul	15
	Tandubas	15
TOTAL	38	413

List of Municipalities with Technical Assistance on Comprehensive Municipal Development Planning as of December 31, 2004

Province	Municipality
LANAO DEL SUR	Balabagan
	Balindong
	Calanogas
	Ganassi
	Kapai
	Madalum
	Malabang
	Marogong
	Masiu
	Sultan Gumander
	Tagaloan II
MAGUINDANAO	Ampatuan
	Datu Montawal
	Datu Paglas
	Paglat
	S.K. Pendatun
	Talitay
	Mamasapano
	Datu Piang
	Upi
	Parang
	Datu Odin Sinsuat
	Sultan sa Barongis
	Pagalungan
TAWI-TAWI	Sitangkai
	Panglima Sugala
	Mapun
	Bongao
	Sapa Sapa
	South Ubian
TOTAL	30

The Foundation's assistance on development planning relies on a variety of approaches:

- Comprehensive Municipal Development Plan and Investment Promotions Framework Plan, using the Sustainable Integrated Area Development Approach (CMDP-IPF through SIAD);

- Three-day Barangay Participatory Planning and Budgeting Approach, a model developed under the USAID-funded Governance and Local Democracy (GOLD) project;
- Peace-Focused Barangay Planning and Budgeting Workshops (a combination of a three-day barangay planning training developed under the GOLD project and the Socio Economic Conflict Assessment module); and,
- Barangay Development Planning through Participatory Rapid Appraisal (BDP-PRA), which is being popularized by the Barangay-Bayan Consortium.

A Training of Trainers for Barangay Development Planning – Participatory Rapid Appraisal (BDP-PRA) was held in Isabela City, Basilan on October 3-9, 2004 through a grant to SIAD Initiatives in Mindanao – Convergence for Asset Reform and Regional Development (SIM-CARRD). The activity is a five-day training program for municipal technical working groups, composed of representatives of local government and non-government or people's organizations, who will undertake the barangay-level BDP-PRAs in the municipalities of Lantawan for 15 barangays and in Sumisip for 42 barangays all in Basilan and to be supported by the municipal governments. Fifty-six participants have been trained by SIM-CARRD under this activity.

The Project Exit Conference and Launching of the Facilitators Manual on the Peace-Focused Barangay Development Planning and Budgeting Workshop was hosted by Pakigdait, Inc. on December 10, 2004 in Iligan City. The draft manual was pilot-tested in five barangays in Lanao del Norte, namely: Esperanza (in Bacolod municipality) and Poblacion, Kawit Oriental, Tugar and Inuduran (in Kauswagan municipality). The manual will serve as a guide to barangay officials and planners in preparing barangay development plans in conflict affected areas.

The Bangsamoro Women Foundation for Peace and Development, Inc. has provided technical assistance to five municipalities in Maguindanao to conduct municipal development planning consolidation workshops. These five municipalities are: Ampatuan, Datu Montawal, Paglat, Datu Paglas, and S.K. Pendatun. The workshops have been completed and the plans were presented to the municipal governments during an exit conference held in September 2004. In addition to the counterpart contribution, the municipal governments provided for the additional costs (up to P5,000 or \$90⁵ per municipality) of displaying the municipal plans on billboards for public viewing.

To deliver the technical assistance to municipal and barangay governments, the Foundation partner with the Bangsamoro Women Foundation for Peace and Development, the Maguindanao Foundation for Good Governance and Development, the Institute for Strategic Initiatives, the Pakigdait, Inc., the Kahapan Foundation, the Alternative Center for Organizational Reforms, and the SIAD Initiatives in Mindanao – Convergence for Asset Reform and Regional Development.

⁵ Exchange rate as of December 31, 2004: \$1=P56.20

To ensure the harmony of different approaches being used in development planning, the Foundation has developed its own development planning module for barangay and municipal levels which is based on the lessons and experiences of the Foundation's TAG Project implementation and the numerous barangay and municipal workshops conducted using various methodologies and processes and on the new devolved functions to barangays.

Local partners of the project who have been conducting development planning exercises and other potential partners, especially in Zamboanga peninsula and Sultan Kudarat areas, were introduced to this module on November 17-19, 2004 in Davao City through a walk through activity. Thirty-four representatives from 13 current and prospective partners attended the walk-through session. These local institutions are as follows:

Organization	Area
Alternative Center for Organizational Reforms and Development (ACORD)	Zamboanga City
Agro-Industrial Developers, Links, Initiators Foundation for Enhancement (AID-LIFE)	Pagadian City
Bangsamoro Women Foundation for Peace and Development (BMWFPD)	Cotabato City
Coalition for the Development of Sibuguey (CODE-Sibuguey)	Ipil, Zamboanga Sibugay
Kahapan Foundation, Inc.	Zamboanga City
Maguindanao Foundation for Good Governance and Development (MFGGD)	Datu Odin Sinsuat, Maguindanao
Mindanao Kalibugan Tribe Foundation, Inc. (MKTFI)	Poblacion Salug, Zamboanga del Norte
Pakigdait, Inc.	Iligan City
Rural Development Institute – Sultan Kudarat	Tacurong City
Social Advocacy on Neodetic Governance for Social Ascendancy (SANGSA)	Zamboanga City
Sumpay-Mindanao	Iligan City
Western Mindanao State University - Center for Local Governance (WMSU)	Zamboanga City
Zamboanga A.E. Colleges Foundation –Research and Extension Services (ZAEC)	Zamboanga City

Human Resource Development Planning

The Foundation through a grant to the Bangsamoro Women Foundation for Peace and Development (BMWFPD) provided technical assistance to the municipality of Datu Paglas in Maguindanao on human resource development (HRD). From July to August 2004, a series of workshops took place for the HRD core team, composed of the municipal officials that will become HRD specialists, HRD advocates and change agents. The workshops has enabled the team to craft and refine the HRD vision, goals and objectives and set policies, strategies, and action plans which adhere to standards of the Civil Service Commission, Philippine Local Government Code and municipal council resolutions. On September 6, 2004, the final draft of the HRD Plan was presented to the

members of the Sangguniang Bayan (Municipal Council) and was adopted as the Human Resource Development Plan for 2004-2007 for the municipality of Datu Paglas.

Assessing Gender Integration in Local Governance

The Research on Gender Mainstreaming at the Province of Lanao Del Sur and Municipality of Balindong has been finalized by the Development through Active Women Networking (DAWN) Foundation. The research was focused on four key areas: local planning process, budgeting process, gender and development mainstreaming and decision-making and administration in the formulation of Gender and Development Plan. The research shows that, although gender mainstreaming initiatives are well articulated in the draft Executive and Legislative Agenda (ELA) of the two local government units, the implementation of the local initiatives for gender responsive programs and activities remain an area of concern. The research also showed that public participation in governance is still the weakest aspect of gender mainstreaming pillars of Province of Lanao del Sur and Municipality of Balindong. In the focused group discussions that have been organized by DAWN to validate the initial research findings, participants show the interest for meaningful participation in the planning process, especially in the formulation of programs and projects. The copies of research findings will also be made available to the relevant local governments concerned and the public.

Local Monitoring Teams for the Cessation of Hostilities with the MILF

The Local Monitoring Team (LMT) Handbook was completed and published in November 2004 after revisions were made in accordance to suggestions of the representatives of the Moro Islamic Liberation Front (MILF). The LMT Handbook contains a background on the role of the local monitoring teams, their mandate, powers, and functions. It also includes methods for fact-finding and inquiry conducted for the purpose of gathering facts, identifying, collecting, preserving, and evaluating information with the end view of determining the persons or agencies responsible for incidents related to violations of the Ceasefire Agreement between the Government of the Republic of the Philippines and the MILF, which was adopted in 1997. Copies of the handbook will be distributed among members of the local monitoring teams in the conflict-affected provinces in Mindanao.

Bridging Societal Divides

The Foundation, through a grant to the Asian Institute of Management-Mirant Center, held a workshop entitled, “Bridging Sulu Divides: Leading Collaborative Action for Peace” on August 5-8, 2004 in Davao City for the Municipal Mayors and provincial officials of Sulu. The workshop aimed to share the Bridging Leadership approach in engaging stakeholders and addressing societal divides to generate solutions and collaborative action in addressing problems. As a result, the “Covenant for Collaborative Action for Sustainable Peace and Prosperity” was signed by the Sulu local chief executives, signifying their commitment to address the major divides.

On October 13, 2004, a consultation meeting with municipal mayors from the province of Sulu was held to discuss possible areas for cooperation with The Asia Foundation in terms of providing technical assistance. The mayors were oriented on the TAG Project and the requirements for availing of technical assistance. The meeting also served as a follow-up to the Bridging Sulu Divides workshop held in August 2004 in Davao City. Fifteen municipal mayors as well as Provincial Governor Ben Loong were able to attend the meeting held at the Provincial Office Conference Room in Jolo, Sulu.

Muslim League of Cities, Municipalities and Communities of the Philippines

The 2nd General Assembly of the League of Muslim Municipalities, Cities and Communities of the Philippines was held at Waterfront Insular Hotel, Davao City on December 7-8, 2004. The assembly provided a venue to present and discuss the ratification of the Constitution and By-Laws of the League. Resolutions adopting the Constitution and By-Laws and a program of action were formulated on the second day of the assembly. A total of 136 participants, representing their respective provinces and municipalities from Lanao del Norte, Lanao del Sur, Maguindanao, Sulu, Tawi-Tawi, Basilan, Zamboanga del Norte and Palawan, attended the event.

Orientation Courses for Elected Local Government Officials

The Foundation gave a grant to the Local Government Academy to conduct a series of seminars on “Jumpstarting Local Development: Managing the First Steps” for newly-elected officials and series of seminars on “Looking Forward to Better Governance: A Continuing Competency Course” for re-elected local officials of ARMM, Zamboanga peninsula, Lanao Norte and Sultan Kudarat municipalities. The “Jumpstarting Local Development: Managing the First Steps” seminar was meant to orient the officials on Philippine local governance and development, innovative approaches in managing local governments, financing local government operations, local government performance measurement and local agenda setting. The “Looking Forward to Better Governance: A Continuing Competency Course” seminar focuses on revisiting the strategic directions and roles of the local governments, assessment of their current situations, looking at new ways of doing things with local requirements, and prioritization of key actions.

As of December 31, 2004, a total of 493 local officials coming from 106 municipalities have attended the seminars.

Province	Number of Municipalities	Number of Officials
Lanao Sur	10	40
Lanao Norte	18	70
Maguindanao	22	93
Sultan Kudarat	13	106
Sulu	7	35
Basilan	3	11
Zamboanga Sur	14	56
Zamboanga Sibugay	13	51
Zamboanga Norte	6	31
TOTAL	106	493

The trainings were made possible through the help of the League of Municipalities of the Philippines and the regional offices of the Department of Interior and Local Government.

Books for Mindanao

In partnership with Mindanao Land Foundation, 1,000 books were distributed to 16 barangays situated in conflict-affected areas of Cotabato Province. The turnover ceremony held on November 18, 2004 in Kidapawan City was attended by 16 barangay chairmen, 25 barangay councilors and 9 principals from the elementary schools.

In November 14, 2004, a book turnover ceremony was held in Jolo, Sulu. It was attended by US Ambassador Francis Ricciardone, Australian Ambassador Ruth Pearce, ARMM Regional Governor Parouk Hussin, Sulu Provincial Governor Benjamin Loong, and Director Efren Balajadia of The Asia Foundation. During the ceremonial turnover, 54 books were distributed to 18 local chief executives in the municipalities in Sulu. A total of 1,380 more books were donated to schools in the province.

As of December 31, 2004, The Asia Foundation, through its Books for Mindanao Program, has donated approximately 12,525 children's books to 167 day-care centers in Cotabato City and Zamboanga City, and more than 30, 000 college and secondary school books to 420 various institutions across Mindanao.