



Government Defence  
Integrity Index



2020

Country Brief:

**PHILIPPINES**

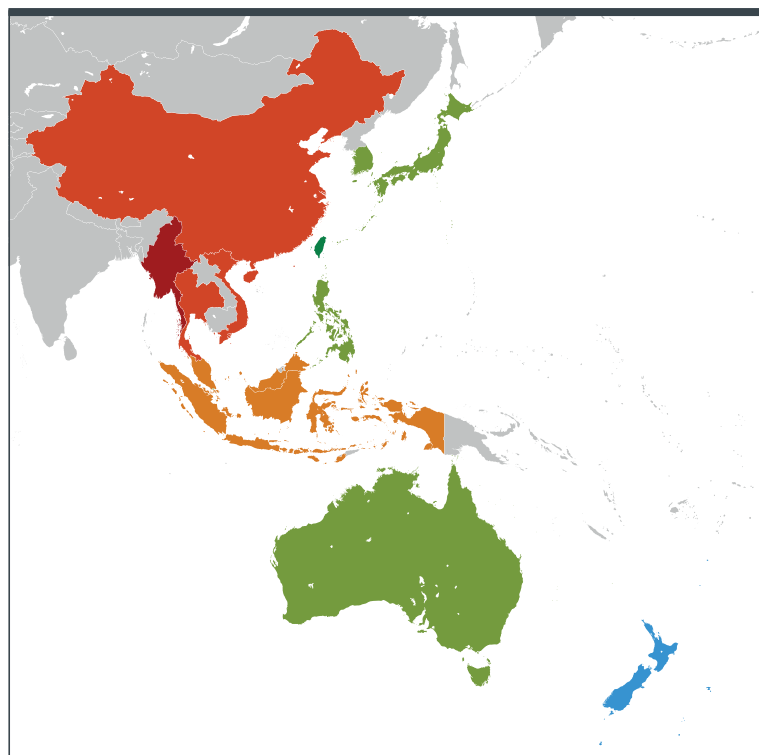


# PHILIPPINES

The Philippines faces a plethora of security challenges both from within and in its neighbourhood. Rising tensions with China in the South China Sea are just one manifestation of the uncertainty caused by power shifts and great power rivalries in the Asia-Pacific region,<sup>1</sup> along with non-conventional security threats such as climate change, natural disasters and pandemics.<sup>2</sup> The erosion of strategic trust is leading to an increased focus on territorial defence and growing displays of hard power. On the domestic front, maintaining peace in Muslim Mindanao and managing the armed insurgency by the Communist Party of the Philippines are key internal security issues that successive governments have struggled to grapple with.<sup>3</sup> Under current President Rodrigo Duterte, responses to these issues as well as to organised crime and drug trafficking have become increasingly militarised.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2006
Arms Trade Treaty	Has not ratified

This has had a catastrophic effect on the human rights situation in the Philippines, with mounting incidents of extrajudicial killings and threats against political opponents, activists, journalists and community leaders.<sup>4</sup> In fact, Duterte has overseen a notable shift in strategy, changing the Philippines' Armed Forces' (AFP) focus from addressing external threats, to one centred on counterterrorism and internal security.<sup>5</sup> Under the impetus of a significant 15-year modernisation plan, defence spending is increasing substantially and the role of the military is expanding in tandem, raising significant concerns surrounding democratic erosion and the growing political power held by the military's top generals.<sup>6</sup> Even as things stand, external oversight and control of the defence sector is limited, with both parliament and audit institutions' independence limited and a lack of resources undermining their ability to scrutinise the sector. Financial transparency is also restricted, particularly with regards to weapons procurement, while political influence is strong in personnel management. Further obstacles to anti-corruption efforts are the weakness of Access to information mechanisms the absence of protections for whistleblowers.



## Asia-Pacific

The Asia-Pacific region is home to some of the biggest military and economic powers in the world, as well as critical financial and trade hubs, natural resources and around 60 per cent of the world's population, and the region has become a major area of geopolitical rivalry. The continuing deterioration of Sino-American relations is having widespread implications for countries in the region. Security challenges presented by an increasingly assertive China, the continuing threat posed by North Korea and the protracted insurgencies in Thailand, the Philippines, Myanmar, Indonesia and Malaysia will also remain key concerns moving forward, as will emerging security threats related to cyberwarfare and the impact of climate change. However, Asia-Pacific has huge variations in the quality of defence governance mechanisms, which will determine how well defence institutions can respond to these challenges. It is home to both New Zealand, the highest scorer in the index, and Myanmar, one of the lowest. Though challenges are extremely varied across the sample, corruption risks are particularly pronounced in relation to financial management and procurement, where defence exceptionalism remains pervasive and exempts the sector from standard reporting and publishing standards. Operations too are highly vulnerable to corruption, while personnel management and policymaking are considered significantly more robust.

<sup>1</sup> Reuters, 'Philippines Tells China to "Back off" After South China Sea Standoff', 18 November 2021.

<sup>2</sup> Aries Arugay, 'The Philippines in 2015: Security Challenges Along the Domestic-Foreign Frontier', 7th International Workshop on Asia Pacific Security, National Institute of Defense Studies, Tokyo, January 2016, p. 53.

<sup>3</sup> Jack Broome, 'An End in Sight for the Philippines' Maoist Insurgency?', *The Diplomat*, 19 February 2021.

<sup>4</sup> Human Rights Watch, 'Philippines Events of 2020', 2021.

<sup>5</sup> United States International Trade Administration, 'Philippines – Country Commercial Guide: Defense', 9 November 2021.

<sup>6</sup> Aries Arugay, 'The Generals' Gambit: The Military and Democratic Erosion in Duterte's Philippines', *Heinrich Boll Stiftung*, 18 February 2021.



# PHILIPPINES

## Overall scores

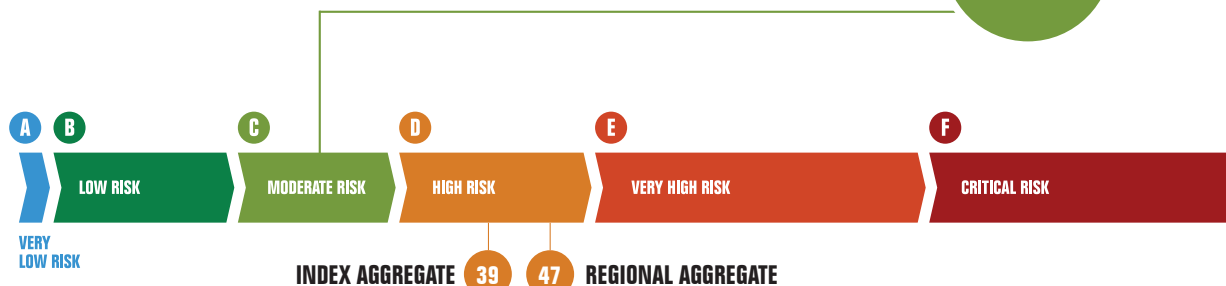
The size of the colour band corresponds to number of countries that fall into that category.

## PHILIPPINES SCORE

**MODERATE  
RISK**

**C**

**55**



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

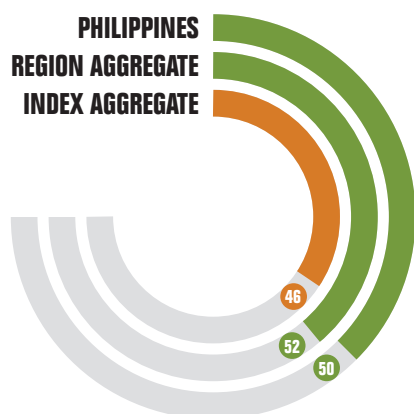
D > 33-49 HIGH

E > 17-32 VERY HIGH

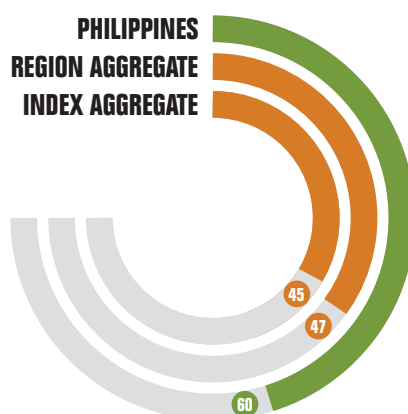
F > 0-16 CRITICAL

## Risk Comparison

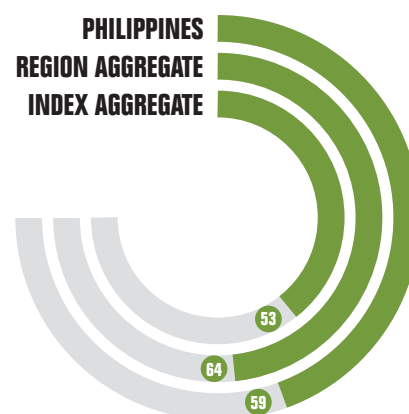
### POLITICAL



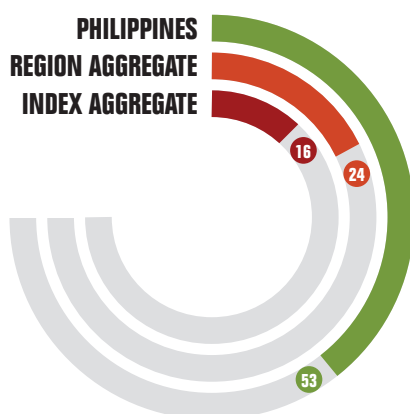
### FINANCIAL



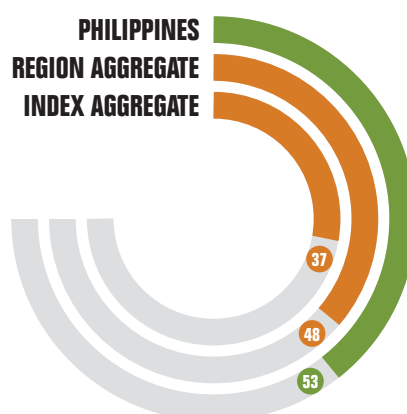
### PERSONNEL



### OPERATIONAL



### PROCUREMENT





# PHILIPPINES

## Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	74/100
Military expenditure as share of government spending (SIPRI, 2020)	4%
Committee members with defence expertise (%)	Exact data is not publicly available.
# of meetings/year	Exact data is not publicly available.
Last review of defence policy/strategy	2018 (National Defence Strategy)

The election of President Duterte in 2016 has led to an incremental reduction in liberal-democratic features under a regime that exhibits authoritarian characteristics.<sup>7</sup> As a result, de facto separation of powers has been undermined and the system of checks and balances on the executive has various problems. The House of Representatives is highly supportive of the President and is dominated by powerful political clans with an interest in maintaining the status quo.<sup>8</sup> The Senate on the other hand is generally more critical of the President but Duterte has arrested senators who have been critical of his policies and attempted to hold him accountable for abuses of power.<sup>9</sup> The concentration of powers in the hands of the executive is also evident with regards to the defence sector. Despite formal powers to review and scrutinise defence policy, budgets and acquisitions,<sup>10</sup> in practice, the legislature's oversight functions are circumscribed.<sup>11</sup> The legislature's policymaking role is also curtailed by the executive's dominance of the agenda and legislative attempts to raise issues and put forward proposals are frequently delayed.<sup>12</sup> Defence committees in both houses of congress are nominally empowered to exercise oversight of defence, however they lack the resources and expertise to do so. For instance, under the 18th Congress, the Committee on National Defence in the House of Representatives had 65 members but only five staff to provide research and administrative support.<sup>13</sup> The committee is also dominated by Duterte's party which holds 89% of seats, thereby blunting the committee's ability to act as an independent oversight body.<sup>14</sup> Financial scrutiny is also ensured by the Commission on Audit (COA) which performs compliance, financial and value-for-money audits of funds utilised by defence institutions. Nevertheless, the COA Chair and Commissioners are appointed by the President with consent of the Commission on Appointments, made up of members of Congress. This gives the executive a degree of control over the COA, which has also been the subject of repeated attacks from the President and undermined its authority.<sup>15</sup>

## Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Exact data is not publicly available. (2) # subject to backlog: Exact data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Exact data is not publicly available
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	1 (2018); 1 (2019); 1 (2020)
Open Budget Index (IBP, 2019)	76/100
World Press Freedom Index (RSF, 2021)	138th out of 180

Despite some positive recent initiatives, government transparency remains limited in the Philippines.<sup>16</sup> The passing of the first ever freedom of information directive in 2016 was a significant step, albeit one with many limitations.<sup>17</sup> In the defence sector, defence exceptionalism and high levels of secrecy have generally precluded transparency, although some financial details are made available. The defence budget for instance is available online and provides details on expenditure, disaggregated by functions, including personnel, R&D, training and construction.<sup>18</sup> However, some areas of the budget, such as intelligence spending, are not subject to publication and the budget does not contain explanations for non-experts, reducing full budget scrutiny and accessibility.<sup>19</sup> Similarly, while details of actual expenditure throughout the budget year are published by the Department of Budget and Management in disaggregated form, they lack explanations and variances between the published budget and actual spend are not justified at all.<sup>20</sup> With regards to defence income, there is only limited and selective publication of sources of income other than from central government allocation. The Department of Defence's Internal Audit Unit does not scrutinise revenue streams from non-centralised funding, significantly limiting oversight of this income.<sup>21</sup> In some cases, proceeds from the asset disposal process under the Bases Conversion and Development Authority (BCDA) flow straight into the AFP's modernisation programme in a largely non-transparent manner.<sup>22</sup> Finally, with regards to access to information, the aforementioned freedom of information directive under Executive Order No. 2 in 2016 mandates full public disclosure of information held by government bodies in the executive branch.<sup>23</sup> However, in practice, the DND routinely denies most requests for information and overclassification is a persistent issue. In many cases, requests take a month to be answered.<sup>24</sup> Meanwhile, the Office of the Ombudsman has issued a new guideline that limits public access to officials' Statement of Assets, Liabilities and Net Worth (SALNs).<sup>25</sup>

<sup>7</sup> Bertelsmann Stiftung, *BTI 2020 Country Report: Philippines*, Gutersloh, Bertelsmann Stiftung, 2020, p. 3.

<sup>8</sup> Bertelsmann Stiftung, *Philippines*, p. 13.

<sup>9</sup> Carmela Fonbuena, 'Philippines: Rodrigo Duterte Orders Arrest of Another Key Critic', *The Guardian*, 5 September 2018.

<sup>10</sup> Republic of the Philippines, *Philippines Constitution*, 1987.

<sup>11</sup> Vicente T. David et al., 'Implementing the Philippine defense reform program through the defense system of management', *Institute for Defense Analysis*, October 2017.

<sup>12</sup> JC Gotinga, 'At budget hearing, Lorenzana dares Makabayan bloc to condemn CPP-NPA', *Rappler*, 27 August 2019.

<sup>13</sup> Congress of the Philippines, 'House of Representatives 18th Congress'.

<sup>14</sup> Congress of the Philippines, 'National Defence and Security Committee'.

<sup>15</sup> Al-Jazeera, 'Philippines: Duterte wants state auditors "kidnapped, tortured"', 8 January 2019.

<sup>16</sup> Freedom House, 'The Philippines' C3, 2021.

<sup>17</sup> Republic of the Philippines, 'Executive Order No. 2', 2016.

<sup>18</sup> Department of Budget and Management, 'General Appropriations Act', 2020; Office of Budget and Management, '2020 People's Proposed Budget'.

<sup>19</sup> Department of Budget and Management, 'General Appropriations Act', 2020.

<sup>20</sup> Department of Budget and Management, 'National Expenditure 2020', 2021.

<sup>21</sup> Department of Budget and Management, 'Revised Philippine Government Internal Audit Manual', 2020.

<sup>22</sup> Department of Budget and Management, 'Manual on Disposal of Government Property', 2 May 2018.

<sup>23</sup> Republic of the Philippines, 'Executive Order No. 2', 2016.

<sup>24</sup> Department of National Defence, 'DND 2019 FOI Registry and Summary Reports'.

<sup>25</sup> Office of the Ombudsman, 'Memorandum Circular No. 1, s, 2020, Amended Guidelines on Public Access to SALNs', 10 September 2020.





# PHILIPPINES

## Personnel Ethics Framework

Whistleblowing legislation	None
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: Data is not publicly available.
	Civilian: Data is not publicly available.
Financial disclosure system	# submitted: Data is not publicly available.
	# of violations: Data is not publicly available.

Anti-corruption standards in the AFP's personnel management systems are relatively robust, although the continued reports of human rights violations and extrajudicial killings by the defence and security forces underscore severe weaknesses in military ethics and systematic abuses of power.<sup>26</sup> Nevertheless, military and civilian personnel are subject to codes of conduct, including the AFP's Code of Ethics and Republic Act 6713 which provides a code of conduct for all public officials, including military personnel.<sup>27</sup> While the codes are relatively comprehensive, their enforcement has been questionable. In some cases, military personnel involved in corruption and human rights violations have benefitted from a high degree of impunity. Although some personnel have been prosecuted for corruption, others have been promoted while being investigated on graft charges.<sup>28</sup> Political influence in military corruption cases at higher levels has been notable, including in the Office of the Ombudsman which is noted to frequently align itself with the wishes of the executive and has helped protect senior military figures from corruption charges.<sup>29</sup> This influence is also key in the promotion process at senior levels, which have to be confirmed by a Commission on Appointments (CA) that is dominated by the ruling party's allies.<sup>30</sup> This ensures that the process is heavily politicised and undermines the meritocratic aspect of the system.<sup>31</sup> A further weakness relates to whistleblowing. The Philippines does not have legislation guaranteeing rights and protections for whistleblowers. While both the House and Senate have proposed bills to this end they are still pending at the time of writing.<sup>32</sup> As such, whistleblowing remains dangerous and there is little trust among personnel that adequate protection would be provided if they made a report. In the past, whistleblowers have been persecuted in the military and had libel cases bought against them by senior personnel.<sup>33</sup>

## Operations

Total armed forces personnel (World Bank, 2018)	153,350
Troops deployed on operations #	Unknown number in the Philippines, 6 in Pakistan (UNMOGIP), 2 in CAR (MINUSCA), 2 in South Sudan (UNMISS)

The AFP is actively engaged in counter-insurgency and counter-narcotics operations throughout the Philippines, as well as contributing troops to UN Peace Operations and to other internal security functions. Yet, in spite of these extensive deployments, the Philippines' corruption safeguards for military operations are generally weak. For instance, the Philippines still does not have a military doctrine addressing corruption as a strategic issue for military operations. There is also no evidence that the Philippines deploys personnel for corruption monitoring purposes during operations, or that the AFP has a specific M&E policy for corruption risk. However, under the Armed Forces Transformation Roadmap (AFPTR), the AFP has established a Risk Management Framework (PARM) that provides guidance to commanders and personnel on managing risks during disaster response and peacekeeping operations, including corruption which has been identified as a key risk.<sup>34</sup> As such, corruption issues are increasingly included in the forward planning for military operations, although there remain questions marks over how this is applied, in the face of reports of military-issued guns and ammunition being found in rebel hands.<sup>35</sup> It should also be noted that personnel receive relatively regular anti-corruption training and this extends to pre-deployment programmes where commanders are required to complete certain ethics-related courses.

<sup>26</sup> Amnesty International, 'Philippines 2020', 2021.

<sup>27</sup> Republic of the Philippines, 'An Act Establishing a Code of Conduct and Ethical Standards for Public Officials and Employees Republic Act No. 6713', 20 February 1989.

<sup>28</sup> Lian Buan, 'PCG officers suspended over funds misuse promoted by Duterte', *Rappler*, 23 May 2018.

<sup>29</sup> Lian Buan, 'Duterte appoints Samuel Martires as Ombudsman', *Rappler*, 9 August 2018.

<sup>30</sup> Dencio Acop, 'The Expanded Nontraditional Role of the AFP: A Reassessment', *Prism* 3, No. 2, pp. 99-114.

<sup>31</sup> Republic of the Philippines, 'Presidential Decree No. 807 of 1975', Office of the President, 6 October 1975.

<sup>32</sup> Richard Gordon, 'Senate Bill No. 84, Whistleblower Protection Act of 2019', Senate of the Philippines 18th Congress, 1 July 2019; Mark Villar, 'House Bill No. 1939, Whistleblower Protection Act of 2016', House of Representatives 17th Congress, 26 July 2016.

<sup>33</sup> ABS-CBN, 'Chopper scam whistleblower cries harassment', 11 April 2016.

<sup>34</sup> Armed Forces of the Philippines, 'AFP Transformation Roadmap', Army Governance and Strategy Management Office, 'Philippine Army: Risk Management Handbook', 2021.

<sup>35</sup> Rambo Talabong, 'Guns, bullets seized from reel suppliers traced to military', *Rappler*, 17 December 2018.



# PHILIPPINES

## Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	3,495
Open competition in defence procurement (%)	40%
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	South Korea, Indonesia, United States, Israel, United Kingdom

Since 2012, the Philippines has been undertaking a 15-year modernisation program that will continue through to 2027 under the auspices of the Revised Armed Forces Modernisation (RAFM) Act, which underpins the Revised Armed Forces of the Philippines Modernisation Program (RAFPMP).<sup>36</sup> In 2021, the RAFPMP allocated USD657 million for military procurement, an increase over previous years, signalling the government's focus on acquisitions as part of the "second horizon" of the programme.<sup>37</sup> While the RAFM Act formalises the defence procurement cycle process, there remains very little transparency surrounding certain elements of the process, including contracting. For instance, the COA found that less than 40% of defence procurement was conducted through open competition, and a review of procurement under the RAFPMP found that no public bidding was conducted for 19 out of 25 projects.<sup>38</sup> In other words, non-competitive procedures have been used for the vast majority of

procurement under the programme with very little justification, increasing the risk of corruption and undermining the transparency of contracts. In 2017, President Duterte also signed Executive order 34, which made it easier for the government to use alternative procurement methods instead of open tendering.<sup>39</sup> With regards to procurement oversight, the Congressional Oversight Committee on Defence Acquisitions has not been created in the current 18th Congress,<sup>40</sup> a significant gap in the oversight architecture for defence. Overall, oversight bodies are limited in their enforcement abilities. The COA, for example, can summon parties and question officials,<sup>41</sup> but rarely does so in practice and has never cancelled a procurement project. Similarly, a parliamentary probe into potential corruption in the frigate procurement programme did not lead to any prosecutions or sanctions.<sup>42</sup>

<sup>36</sup> Republic of the Philippines, *Act Providing for the Modernisation of the Armed Forces of the Philippines and for Other Purposes*, Republic Act No. 7898, 2012.

<sup>37</sup> Jon Grevatt, 'Philippines Releases Funding for "Second Horizon" Procurements', *Janes*, 11 May 2021.

<sup>38</sup> Rappler, 'COA questions P24 billion worth of military procurement', 10 November 2015.

<sup>39</sup> Pia Ranada, 'Duterte EO simplifies process for alternative procurement', *Rappler*, 19 July 2017.

<sup>40</sup> Senate of the Philippines, 'Congressional Oversight/Ad Hoc Committees', 23 September 2020.

<sup>41</sup> Ben Rosario, 'AFP assures COA that it will run after erring contractors', *Manila Bulletin*, 2 September 2020.

<sup>42</sup> Carmela Fonbuena, '5 nagging questions after the Senate frigates probe', *Rappler*, 22 February 2018.

Version 1.0, October 2021

GDI data collection for **Philippines** was conducted December 2019 to February 2021. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



# PHILIPPINES 2020 GDI Scorecard

		Grade	Score
<b>Political Risk</b>		<b>D</b>	<b>50</b>
Q1	Legislative Scrutiny	C	58
Q2	Defence Committee	C	58
Q3	Defence Policy Debate	D	44
Q4	CSO Engagement	C	58
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	C	50
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	D	33
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	75
Q11	Acquisition Planning	B	67
Q12	Budget Transparency & Detail	A	100
Q13	Budget Scrutiny	C	50
Q14	Budget Availability	C	50
Q15	Defence Income	D	42
Q16	Internal Audit	F	0
Q17	External Audit	C	56
Q18	Natural Resources	D	45
Q19	Organised Crime Links	F	0
Q20	Organised Crime Policing	B	67
Q21	Intelligence Services Oversight	E	25
Q22	Intelligence Services Recruitment	D	33
Q23	Export Controls (ATT)	C	50
Q76	Lobbying	E	25
<b>Financial Risk</b>		<b>C</b>	<b>60</b>
Q24	Asset Disposal Controls	C	50
Q25	Asset Disposal Scrutiny	A	83
Q26	Secret Spending	A	100
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	D	38
Q29	Off-budget Spending	B	67
Q30	Access to Information	D	38
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	B	75
Q33	Unauthorised Private Enterprise	C	50
Q77	Defence Spending	D	38
<b>Personnel Risk</b>		<b>C</b>	<b>59</b>
Q34	Public Commitment to Integrity	A	83
Q35	Disciplinary Measures for Personnel	B	75
Q36	Whistleblowing	F	8
Q37	High-risk Positions	F	0
Q38	Numbers of Personnel	D	42
Q39	Pay Rates and Allowances	C	50
Q40	Payment System	A	83
Q41	Objective Appointments	E	25
Q42	Objective Promotions	C	50
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	B	67
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	B	69

## OVERALL COUNTRY SCORE

**MODERATE RISK**

**C**

**55**

### RISK GRADE

**A • 83-100 VERY LOW**

**B • 67-82 LOW**

**C • 50-66 MODERATE**

**D • 33-49 HIGH**

**E • 17-32 VERY HIGH**

**F • 0-16 CRITICAL**



<b>Personnel Risk</b>		<b>C</b>	<b>59</b>
Q47	Civilian Code of Conduct	B	75
Q48	Anticorruption Training	A	100
Q49	Corruption Prosecutions	C	58
Q50	Facilitation Payments	C	63

<b>Operational Risk</b>		<b>C</b>	<b>53</b>
Q51	Military Doctrine	F	0
Q52	Operational Training	A	100
Q53	Forward Planning	B	75
Q54	Corruption Monitoring in Operations	F	13
Q55	Controls in Contracting	B	75
Q56	Private Military Contractors	NS	

<b>Procurement Risk</b>		<b>C</b>	<b>53</b>
Q57	Procurement Legislation	C	63
Q58	Procurement Cycle	C	58
Q59	Procurement Oversight Mechanisms	B	67
Q60	Potential Purchases Disclosed	C	63
Q61	Actual Purchases Disclosed	C	63
Q62	Business Compliance Standards	D	38
Q63	Procurement Requirements	B	75
Q64	Competition in Procurement	D	38
Q65	Tender Board Controls	C	50
Q66	Anti-Collusion Controls	B	75
Q67	Contract Award / Delivery	B	75
Q68	Complaint Mechanisms	A	88
Q69	Supplier Sanctions	C	50
Q70	Offset Contracts	E	25
Q71	Offset Contract Monitoring	D	33
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	C	63
Q74	Financing Packages	E	25
Q75	Political Pressure in Acquisitions	NS	

### KEY

**NEI** Not enough information to score indicator

**NS** Indicator is not scored for any country

**NA** Not applicable



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& Development Office



Ministry of Foreign Affairs of the  
Netherlands