



Transparent Accountable Governance:
**The 2007 SWS Business
Survey on Corruption**

*A presentation to the Cabinet,
Malacañang, Manila, August 21, 2007*

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The 2007 SWS Survey of Enterprises on Corruption

**The SWS Surveys of Enterprises on Corruption
are sponsored by The Asia Foundation (TAF)
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Over 2000-2007, SWS has done 7 Surveys of Enterprises on Corruption, within the Transparent and Accountable Governance (TAG) project, in partnership with the Makati Business Club and other business associations.

These surveys of Filipino managers -- unlike surveys underlying Transparency International's Corruption Index, which use views of expatriate managers of multinational firms -- are designed to track the Philippine corruption situation over time.



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SWS SURVEYS OF TOP/MIDDLE MANAGEMENT OF ENTERPRISES ON CORRUPTION, 2000-2007

<u>Fieldwork Dates</u>		<u>Area</u>	<u>Total Sample</u>	<u>Large</u>	<u>Small & Medium</u>	<u>Error Margin</u>
Aug14-Oct26	2000	NCR	604	204	400	± 4%
Sep4-Dec4	2001	NCR	505	200	305	± 4½%
Oct25-Feb25	2002/03	NCR	500	214	286	± 4½%
Nov13-Jan28	2003/04	NCR/C/D	701	285	416	± 4%
Jan21-Mar15	2005	5 areas	701	232	469	± 4%
Feb18-Apr27	2006	5 areas	700	231	469	± 4%
Mar4-May11	2007	5 areas	705	233	470	± 4%
		NCR	354	117	237	± 5%
		CALABA=Cavite/Laguna/Batangas	76	24	52	± 11%
		C=Metro Cebu	100	33	67	± 10%
		D=Metro Davao	100	33	67	± 10%
		CDO-I=Cagayan de Oro/Iligan City	75	24	51	± 11%



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Outline

1. The Scale of Corruption
2. Sincerity in Fighting Corruption
3. Solicitations of Bribes
4. Election Contributions
5. Use of Honest Business Practices
6. Participation in Fighting Corruption
7. A "Transparency Information Bureau"
8. The Business Weather

1. The Scale of Corruption

3/5 of managers see A LOT of corruption in the public sector -- no improvement in 7 years.

1/2 say MOST/ALMOST ALL the firms in their line of business give bribes to win govt contracts; 1/5, on bribing to win private sector contracts.

Growing discouragement: managers seeing corruption as part of how government works is now 50% in 2007, versus 40% in 2005.

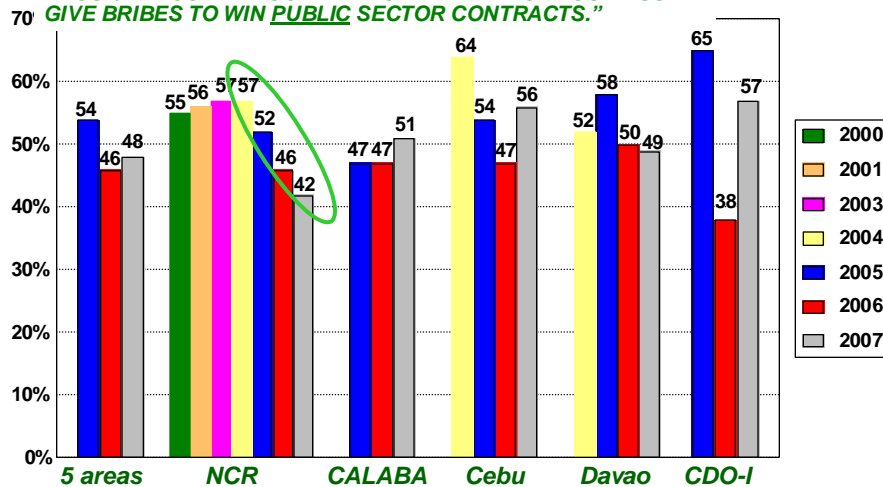


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Bribing for govt. contracts: declining in NCR, not elsewhere; 20% is the median allowance

"MOST/ALMOST ALL COMPANIES IN MY LINE OF BUSINESS GIVE BRIBES TO WIN PUBLIC SECTOR CONTRACTS."



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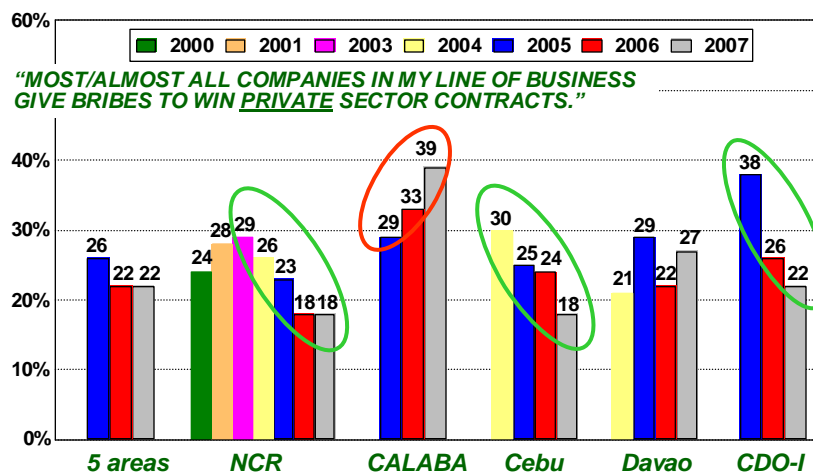
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Bribing for private contracts: declining in some areas; 10% is the median allowance

"MOST/ALMOST ALL COMPANIES IN MY LINE OF BUSINESS GIVE BRIBES TO WIN PRIVATE SECTOR CONTRACTS."



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2. Sincerity in Fighting Corruption

Of 29 government agencies rated in 2007, 12 are positive (+) and 17 are negative (-).

In 2007, 8 are Moderate, Good or Very Good, 9 are Mediocre (very small + or -), and 12 are Poor, Bad or Very Bad.

Most ratings fell significantly from 2005 to 2006.

In 2007 compared to 2006, the ratings are either Better or Not As Bad (except PCGG got Worse), but few were restored to 2005.

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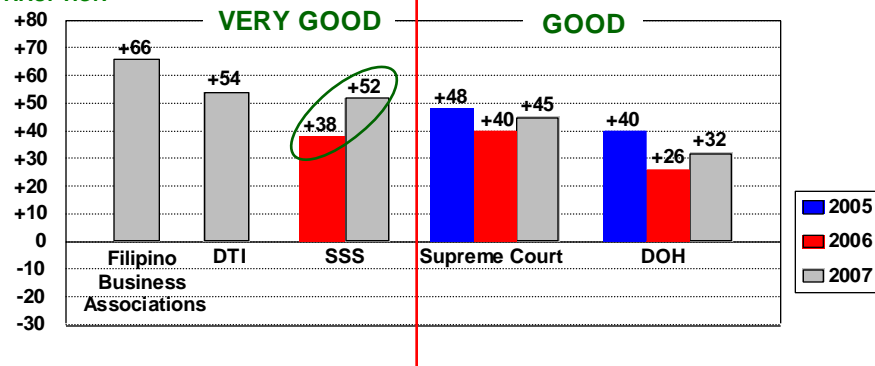
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Very Good (>+50) and Good (+31 to +50): Filipino Business Associations, DTI, SSS, Supreme Court, DOH

NET SINCERITY IN FIGHTING
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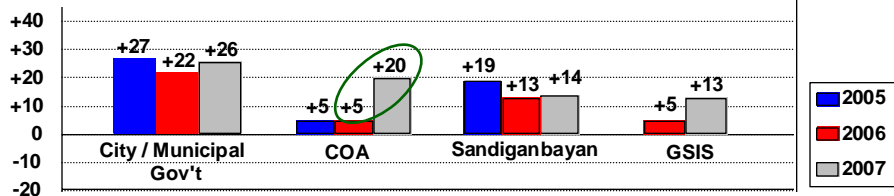


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**Moderate (+11 to +30): City Gov't,
COA, Sandiganbayan, GSIS**

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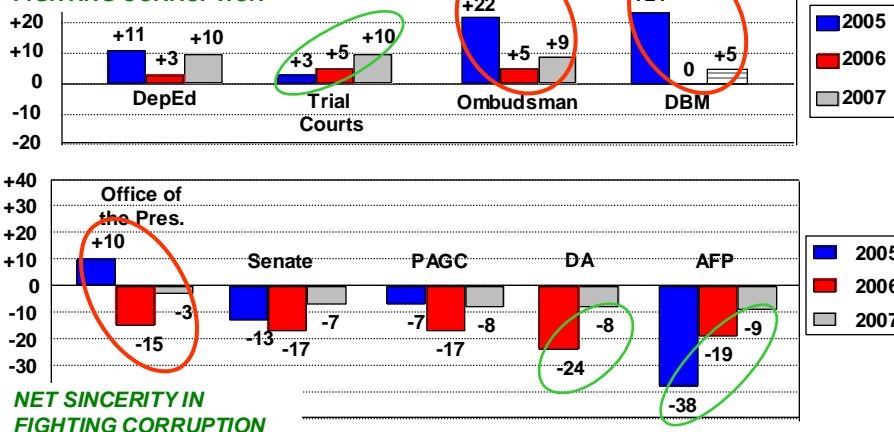
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**Mediocre (-10 to +10): DepEd, Trial Courts, Ombudsman,
DBM, Office of the President, Senate, PAGC, DA and AFP**

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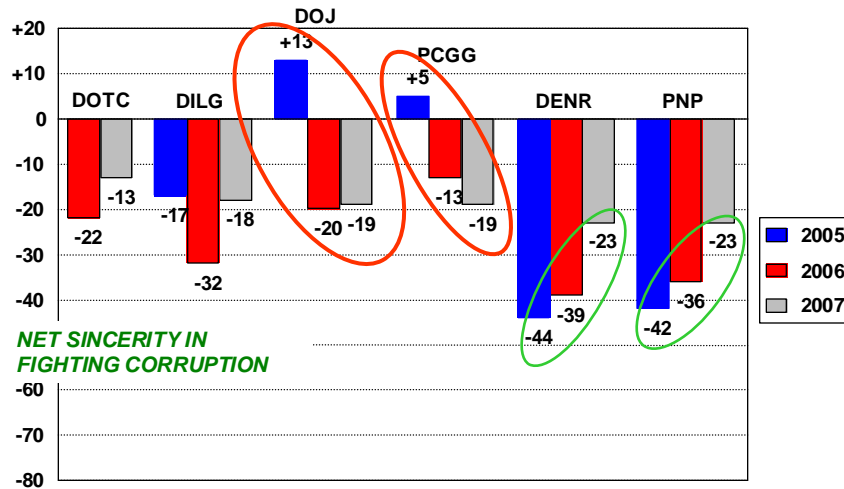
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Poor (-11 to -30): DOTC, DILG, DOJ, PCGG, DENR and PNP



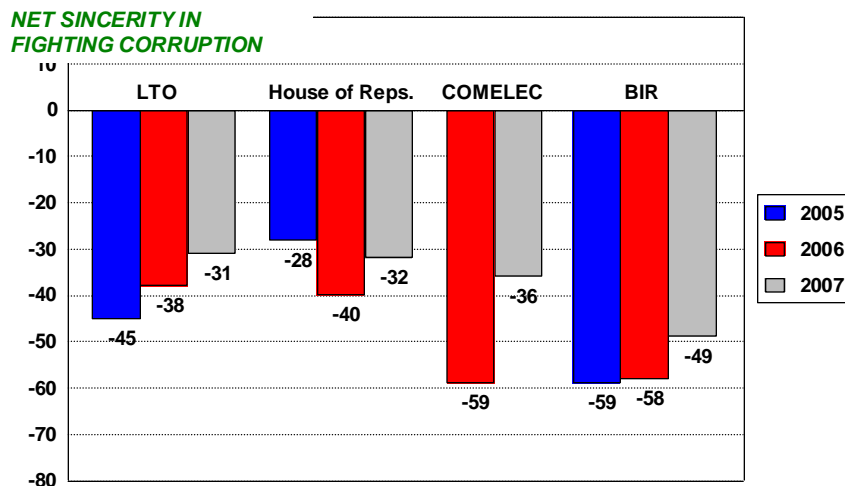
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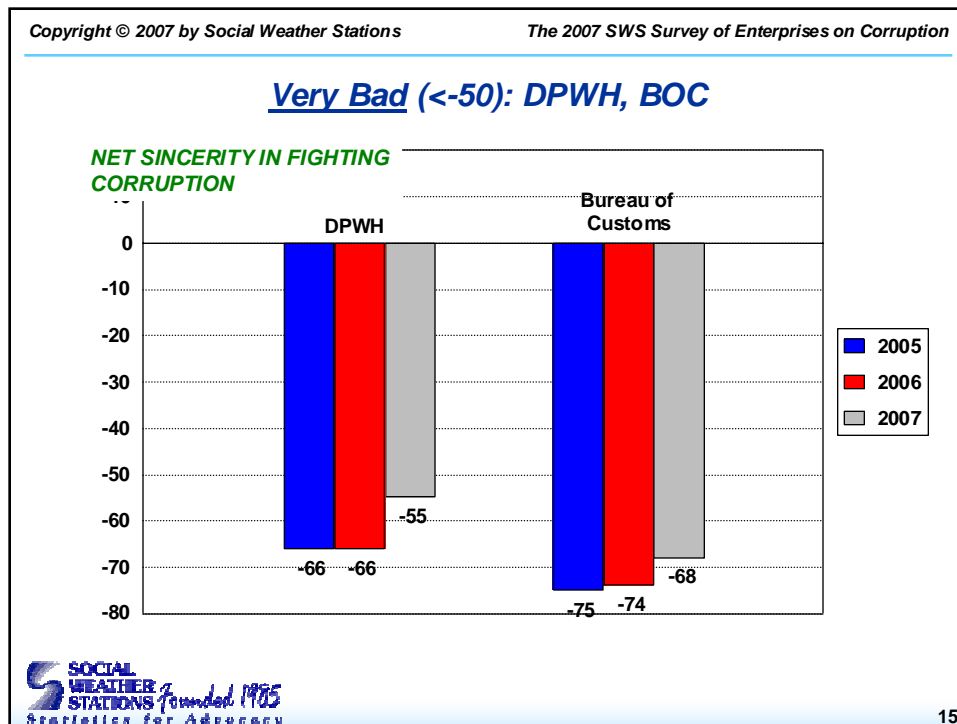
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Bad (-31 to -50): LTO, House of Reps, COMELEC and BIR



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3. Solicitations of Bribes

For 3 surveys now, 3 of 5 managers were asked for a bribe the year before, on at least one of 7 index transactions.

For every index transaction, more said they were asked for a bribe in the 2007 survey than in both the 2006 and 2005 surveys.

Only 7% reported to authorities that they had been asked for a bribe; top reason = “Nothing will be done.”

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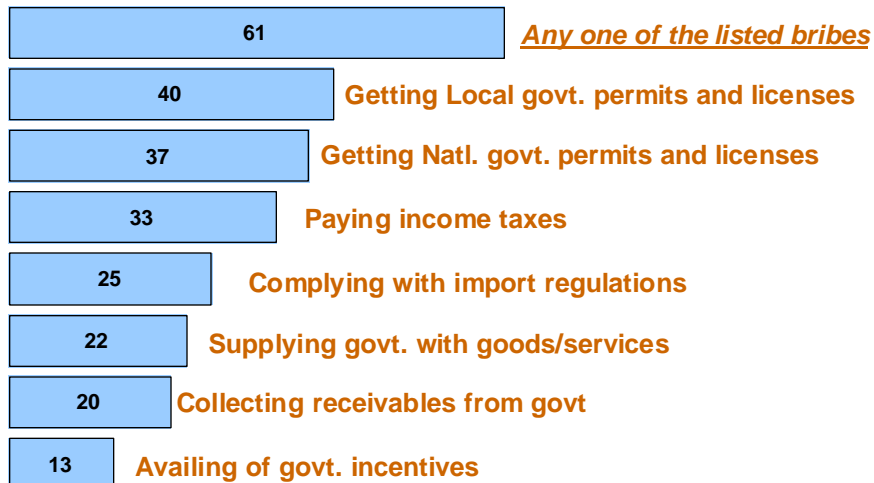
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2007: Enterprises asked last year by anyone in govt. for a bribe on the following transactions:



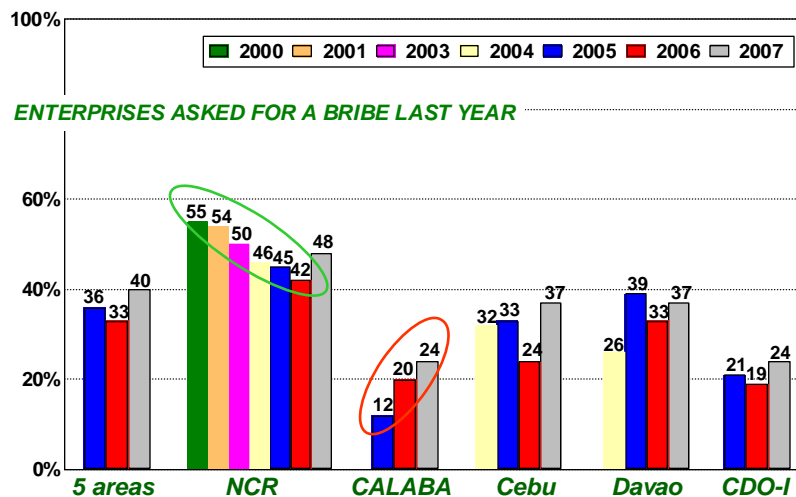
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Bribes asked for Local gov't permits/licenses:



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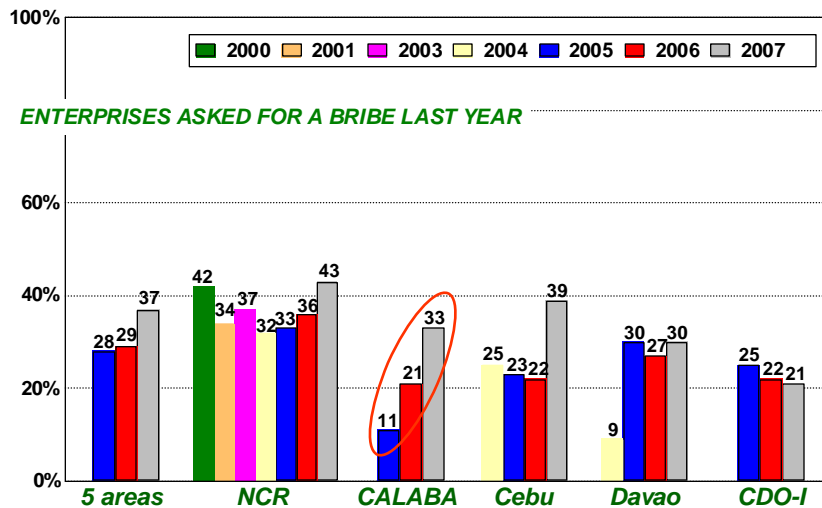
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Bribes asked for National gov't permits/licenses:



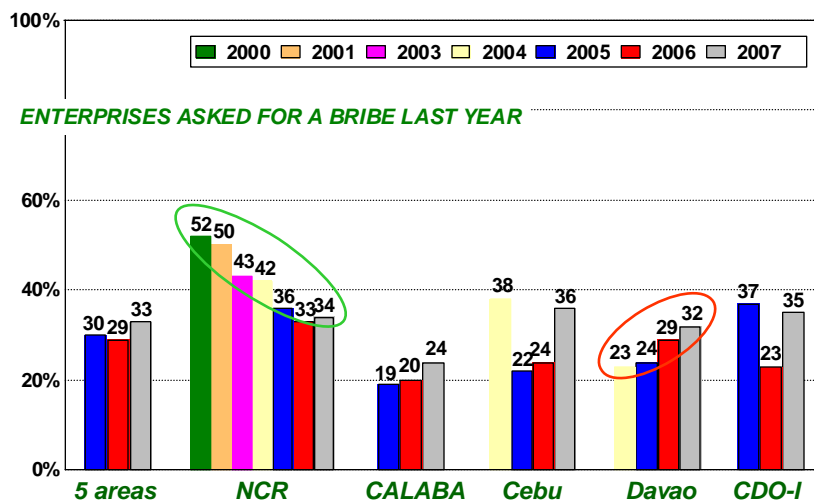
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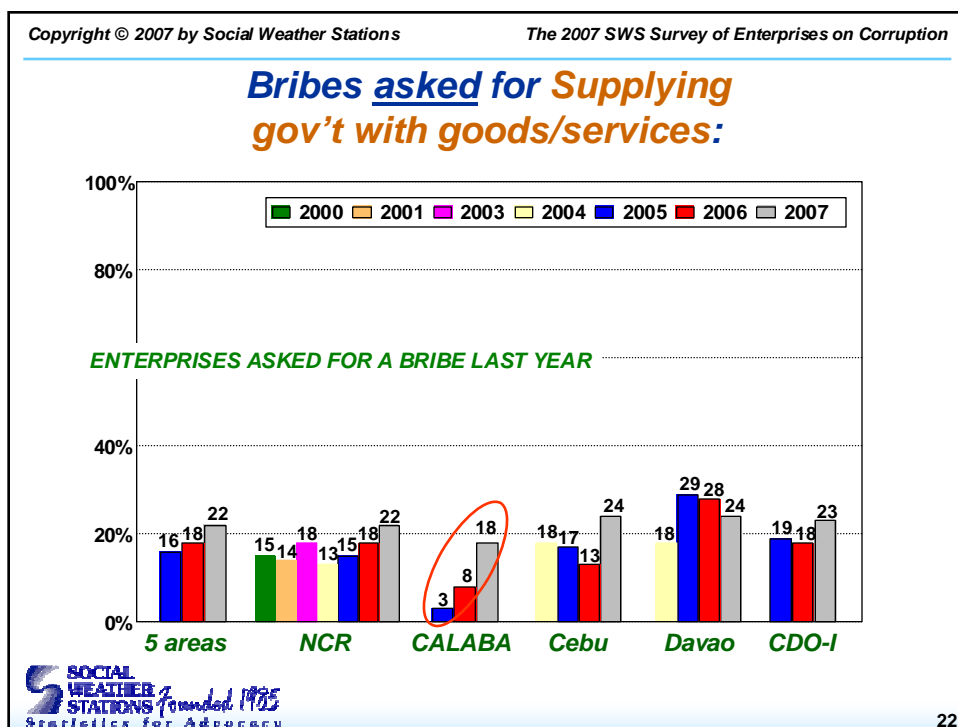
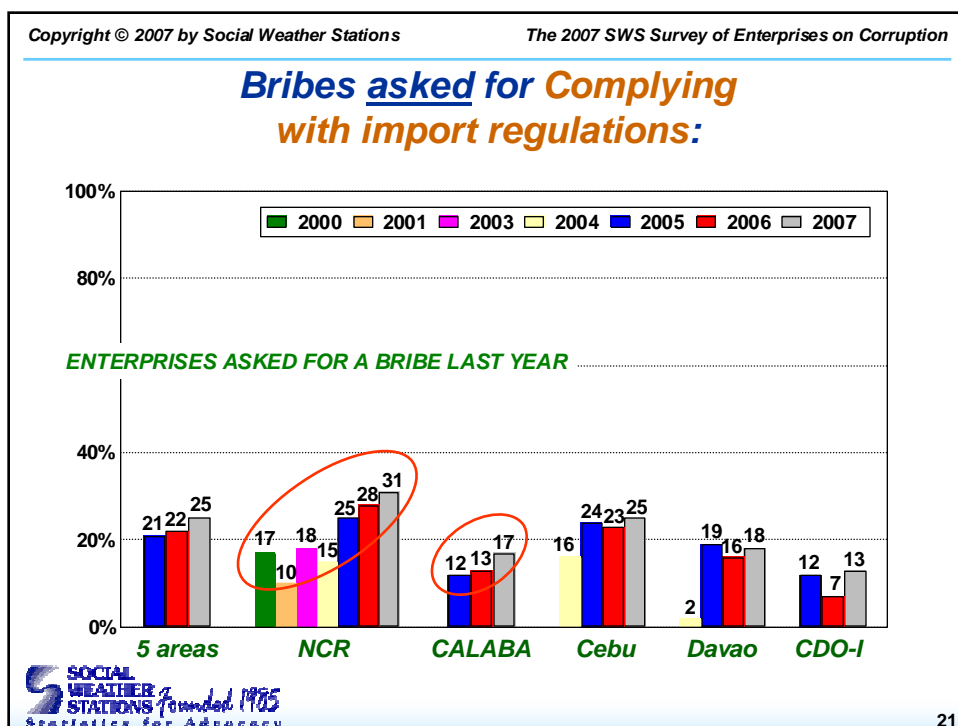
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Bribes asked for Paying income taxes:



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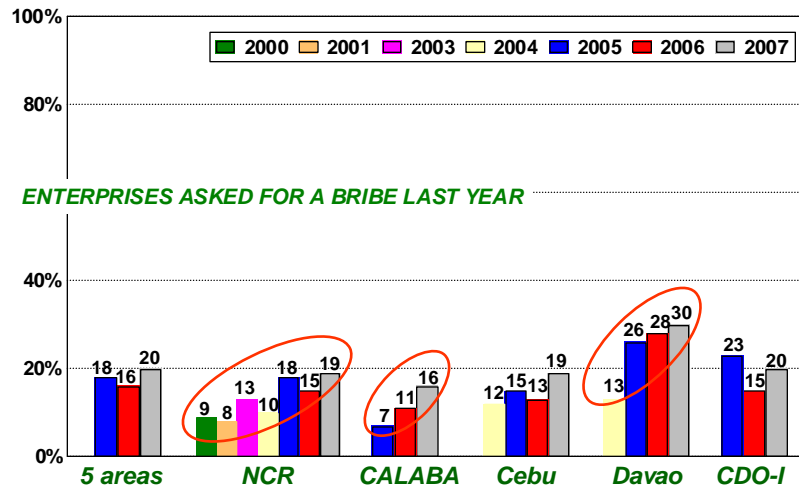




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Bribes asked for Collecting receivables from govt:



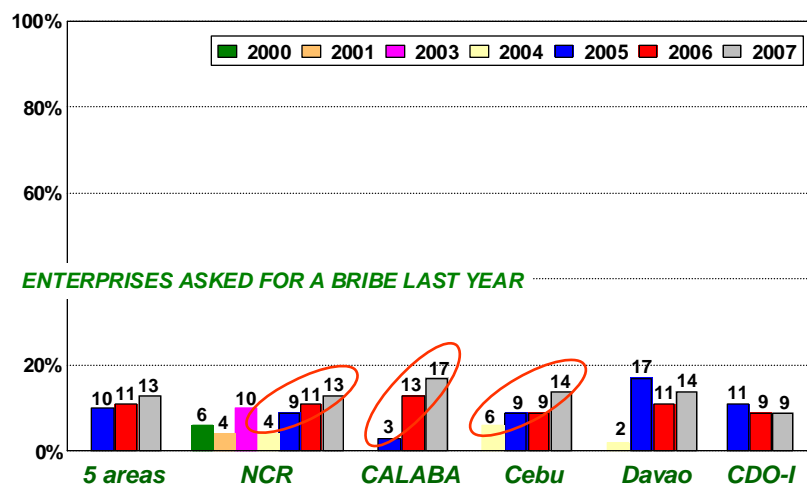
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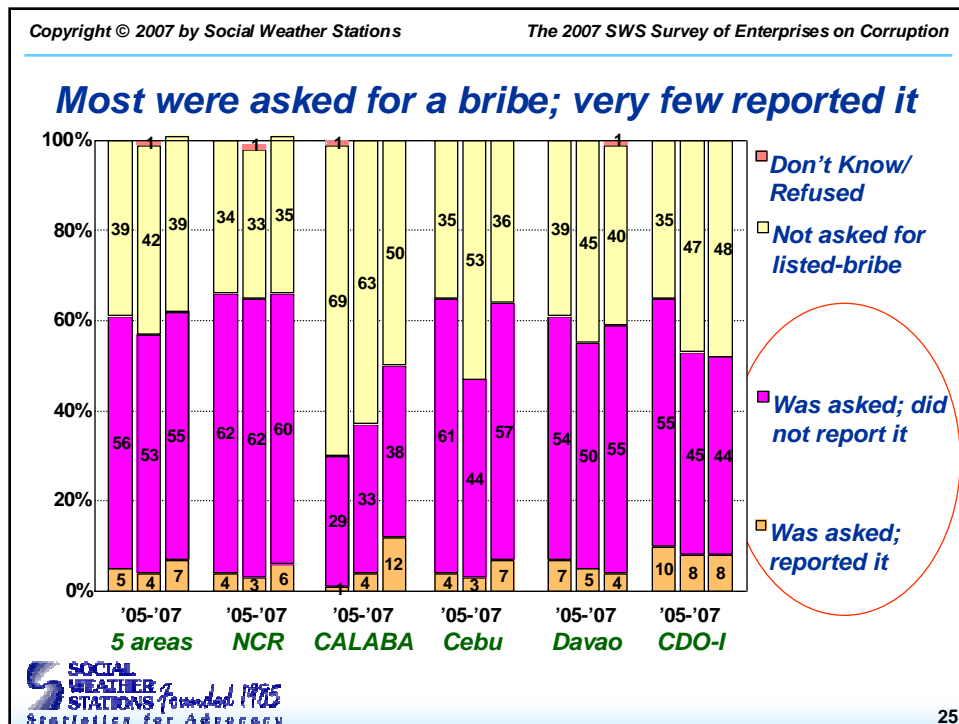
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Bribes asked for Availing of govt incentives:



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Top reason for not reporting: FUTILITY

Base: Those who did not report bribery

	2005	2006	2007
Nothing Will be Done	60%	69%	69%
Afraid of Reprisal	43	54	49
Standard Practice	43	52	48
Too Small to Bother About	38	44	47
Will Spend Much	32	44	45
Can't Prove It	46	50	45
Don't Know Whom to Report	28	34	35
Don't Want to Betray	17	29	27
It's Embarrassing	12	19	18
Others	9	6	3

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4. Election Contributions

Almost 1/4 (23%) said (interviewed March 4-May 11) that a typical company in their sector would make a donation to the 2007 (current) election campaign.

<i>Ave. estimated donation:</i>	<i>P245,000</i>
<i>Large companies</i>	<i>P387,000</i>
<i>SMEs</i>	<i>P173,000</i>

5. Use of Honest Business Practices

Only 50% say that companies in their line of business always demand receipts.

Only 35% say they always issue receipts.

Only 24% say they only keep one set of books.

Only 18% say they pay taxes honestly.

Use of these practices is slightly growing in NCR, but is hardly changing in the country as a whole.



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6. Business Participation in Fighting Corruption

Managers' willingness to support an anti-corruption fund is 2% of Net Income (median) -- significant, though down from 5% in 2006.

In the last 2 years, 2/5 spent (ave. P292,000) for investigation, prosecution and security, to fight fraud & corruption in their companies.

In the last 2 years, 1/5 gave a donation (ave. P136,000) to a private anti-corruption fund.

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TAG2006: Actions of the National Government, in the last 12 months, that had a big impact in LESSENING corruption -- most say "None"

	<u>Total</u>	<u>NCR</u>	<u>CALABA</u>	<u>Cebu</u>	<u>Davao</u>	<u>CDO-I</u>
None	54%	52%	73%	50%	49%	55%
Lifestyle Checks	11	11	1	14	16	5
Filing of Cases/Conviction/ Prosecution etc.	9	12	5	6	8	7
Other Anti-Corruption Efforts	4	4	1	5	1	9

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Government agencies trusted to bring complaints to: Most say “None”; only 1/4 say “Ombudsman”

	<u>2003</u> (NCR)	<u>2004</u> (NCR/C/D)	<u>2005</u> (5 areas)	<u>2006</u> (5 areas)	<u>2007</u> (5 areas)
None/No specific gov’t agency	22%	23 %	23 %	52 %	28 %
Ombudsman	16	22	24	25	25
NBI	7	5	5	6	6
DTI	6	5	4	3	5
DOJ	12	7	6	13	3
DILG	5	3	4	4	3
Office of the President	12	8	7	4	3
Sandiganbayan	5	3	5	4	3
Municipality/city gov’t/LGU’s	6	3	15	7	3
Supreme Court	5	5	2	2	2

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7. A Transparency Information Bureau (TIB):

Managers are enthusiastic about a proposal to establish a TRANSPARENCY INFORMATION BUREAU (TIB) -- “... like a Credit Information Bureau, except that, instead of Credit Ratings, it will make Transparency Ratings on the reputation of individuals, companies, and agencies regarding honesty and ethics in business.”

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“If asked by a TIB, how willing would your company be to give information about other people or companies regarding honesty and ethics in business?” -- 82% ARE WILLING

	<u>Total</u>	<u>NCR</u>	<u>CALABA</u>	<u>Cebu</u>	<u>Davao</u>	<u>CDO-I</u>
Definitely willing	35%	30%	43%	46%	40%	35%
Probably willing	47	51	38	40	40	57
Probably not willing	11	13	11	10	10	5
Definitely not willing	6	6	5	4	7	3

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8. The Business Weather

***61% have good or excellent expectations -
up from 46% in the last two years.***

***53% are satisfied with National Government
performance in promoting a good business
climate.***

***64% are satisfied with Local Government
performance in promoting a good business
climate.***

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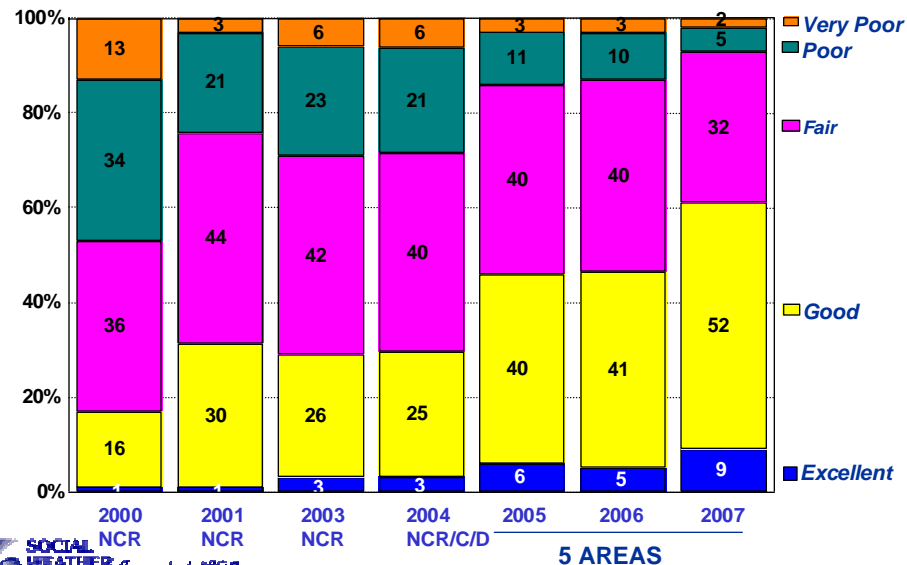
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Business expectations in the next 2 years



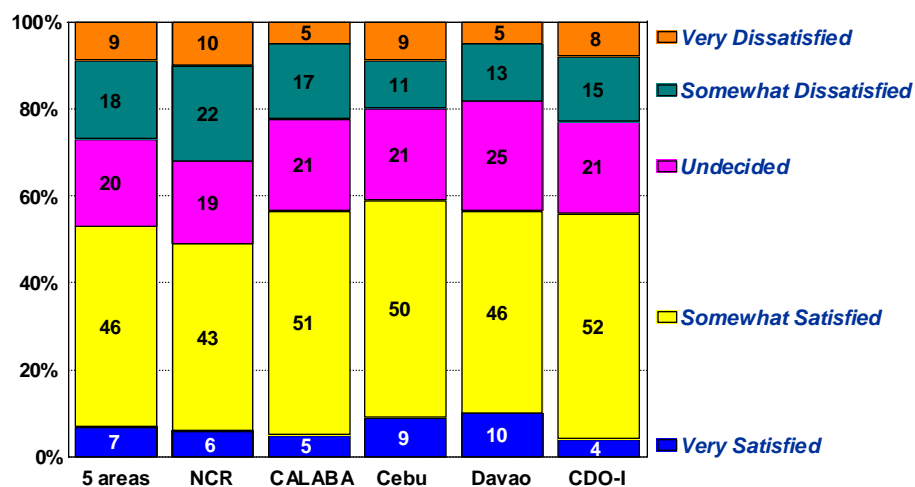
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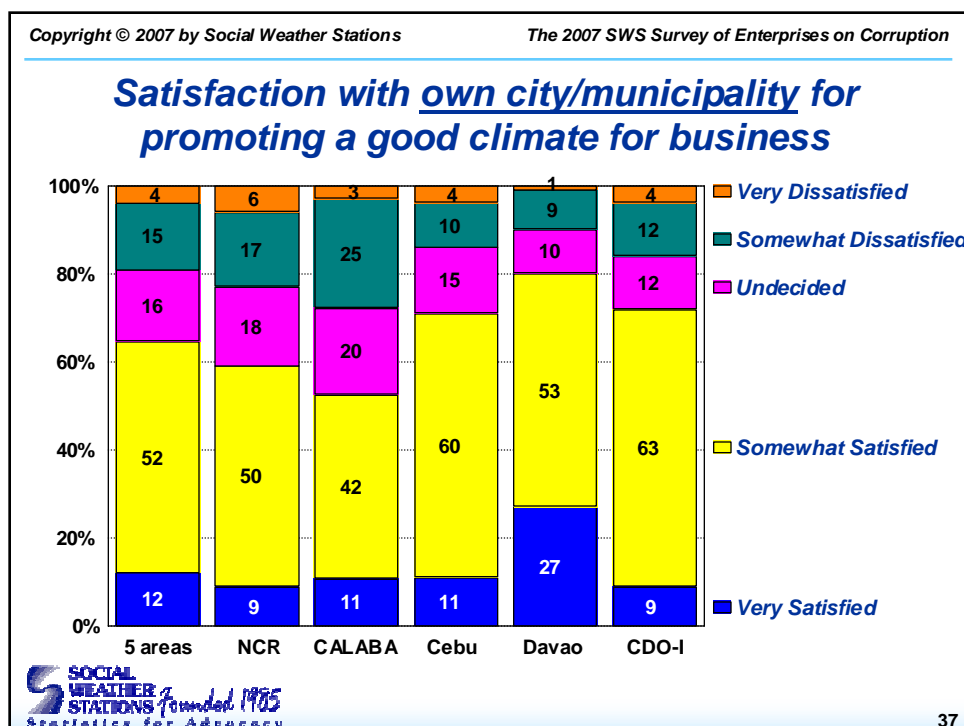
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Satisfaction with the National Government for promoting a good climate for business



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