



INNOVATIONS FOR SUCCESSFUL SOCIETIES

AN INITIATIVE OF
THE WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
AND THE BOBST CENTER FOR PEACE AND JUSTICE

Series: Civil Service

Interview no.: ZC3

Interviewee: Juan Miguel Luz

Interviewer: Rushda Majeed

Date of Interview: 21 March 2011

Location: Asian Institute of Management
Makati City
Philippines

Innovations for Successful Societies, Bobst Center for Peace and Justice
Princeton University, 83 Prospect Avenue, Princeton, New Jersey, 08544, USA
www.princeton.edu/successfulsocieties

MAJEED: This is Rushda Majeed. It is March 21st, 2011. I am with Mr. Juan Miguel Luz who is the Associate Dean at the Asian Institute of Management (AIM), Center for Development Management. We are talking about the Textbook Count project that was started by the Philippines Department of Education in 2003, I believe. Mr. Luz, can you talk a little bit about your current position and the experiences that brought you to this position?

LUZ: *I am currently the Associate Dean for the Center for Development Management at the Asian Institute of Management. You know AIM started out as a business school in 1968. It was a case school, set up by Harvard and two local universities. However, within eight years it began to start taking business tools and applying them to development with the idea that government and civil society groups – called NGOs (nongovernment organizations) at the time – could be better run if they were professionally managed.*

Instead of using public administration tools which tend to focus on bureaucracy and procedures, AIM took business tools, considering marketing, finance, and project management, and began applying all this to development. As a result of that first engagement, called the Rural Development Management Project and funded by the Ford Foundation, AIM then developed a suite of short courses for development managers, project development planners and implementers, and then turned the courses into a full Master's program.

Currently, we are now on our 22nd class. In 1991, AIM formalized the program into the Center for Development Management, which is actually a professional school. We have three schools in AIM; a school for business, a school for development management and a school for executive education. These are the heart of AIM.

I came back to AIM a year and a half ago. I say I came back because up through 2002, immediately before going to the Department of Education, I was on the faculty of AIM, both in the business management and development management faculty. So now I've come back and I've been asked to take over the school for development management.

MAJEED: May I ask you to remember back to 2002-2003, and your work at the Department of Education? If you could talk a little bit about how you were appointed at the Department of Education, as well as the conditions at the time?

LUZ: *We have an unusual government setup here. Unusual for this part of the world, unusual for pretty much the rest of the world I guess, with the possible exception of the United States. Maybe that's a result of our close alignment with the US in a number of things, government setup included. We have a setup where you have individuals from the private sector going in and out of government at the highest levels. Many of our cabinet secretaries are appointed from the private sector. When they come into office, they have room to bring in a number of understudies or deputies also from the private sector. This is both a good thing and a bad thing.*

It is a good thing because it brings new ideas into government. It is a bad thing because, unlike a more established civil service setup such as England or a lot of the Commonwealth countries, you don't have a permanent secretary concept that will allow you to run the department on a day-to-day basis. Unlike the Commonwealth countries where your minister is the appointee and your permanent secretary is a career civil servant, in our setup, the secretary is a political appointee, and when the secretary brings in his deputies they are also

appointees. So you don't have the continuity that you would normally have in a lot of other civil services.

In 2002, we were involved with what we call the first part of the Gloria Arroyo administration, the portion where she was fulfilling the unfinished term of President (Joseph) Estrada, who was deposed in January 2001. She brought in, initially, a politician to be the Secretary of Education. He didn't last long. There was, you can imagine, a political leader, the President, and a political appointee, who was also a politician with presidential ambition. Within a year there was some infighting. Within a year and a half he resigned from government.

Because he resigned so suddenly the president was forced to look very quickly to see who she could bring in.

MAJEED: That was Secretary (Raúl) Roco?

LUZ: *That was Raúl Roco. He was the politician who resigned after about eighteen months. His rising poll numbers brought him into direct competition with the president and this created tension. A corruption case was filed against him which Malacanang allowed to prosper. In a huff, Sec. Roco abruptly resigned. The president then brought in Edilberto de Jesus who was the President of the Far Eastern University and had formerly been with the Corazon Aquino administration as the Peace Commissioner in the Office of the President... This was thus his second stint in government, coming back at the cabinet level. When he was appointed Secretary of Education, it was one of those rush appointments where he had thirty days to leave the presidency of Far Eastern University and take over the Department of Education.*

At that point in time, he called me. We had known each other from before. I had also worked for Corazon Aquino, although at a much lower level. He called to ask if I would consider joining him in the Department of Education, and in particular, to look after the finance and administration portfolio.

I thought about it for a couple of days, got back to him and agreed to be part of his team but I would need about a month to finish the semester here at AIM so that I would not have to turn over any teaching to another faculty member. I thus joined the Department of Education in October of 2002 almost a month after Sec. de Jesus.

MAJEED: In terms of Secretary de Jesus inviting you to become the Under-Secretary, what were the experiences that he was looking at in terms of you filling the position?

LUZ: *Up through the Estrada administration, which started in 1998 but was cut short by a popular uprising called EDSA 2 [after the first EDSA Revolution that brought Cory Aquino to power in January 1986] in January of 2001, the Secretary of Education had been a La Salle Christian Brother, Brother Andrew Gonzalez. He was the former President of La Salle University and he was, you might say, a compromise appointee. There were competing factions trying to control the large Department of Education such that different Under-Secretaries were appointed by the President, and came from different political camps.*

So Brother Andrew was brought in as a compromise nominee. He was from none of the (political) camps and he had the kind of stature that would allow him to get support from the education sector. Why were politicians so interested in the Department of Education? Number one, it is the largest bureaucracy and the teachers, by virtue of the election law, are the ones who run the elections. The

polling stations are in schools, the teachers man the polling stations, and up through the last election, the teachers did a manual counting of the votes.

So you can imagine that in a regime where there is so much room for cheating, politicians want to make sure that the teachers who are counting the votes are their teachers. One way of doing this, is to make sure that you have your people in the Department of Education so that appointments at your level and so on are going to be your appointments. Hopefully, this will change with the automation of the elections. In the last election, the votes were counted by machines. It went very quickly and the teachers didn't have to do any counting. Hopefully, this will become a permanent solution and politicians will be less interested in the teachers.

The other part of it — and this was sadly a reflection of how over the years, going back to the (Ferdinand) Marcos years, how the system had been corrupted. The Department of Education is a very large procurer of goods, textbooks, classroom construction, furniture, science equipment; you name it, it's there. Procurement runs in the billions of pesos. Up through that period of time, the Department of Education had a reputation for being one of the five most corrupt agencies in the country. The other ones were your usual suspects: the Bureau of Internal Revenue, the Bureau of Customs where you can do a lot of smuggling, the Department of Public Works because there is a lot of procurement for roads and bridges providing leeway for scamming on the infrastructure. The last one was the Land Transport Office. This was because with the amount of money that was being involved in licensing, personal driver's licenses, licensing of motor vehicles, etc, there was a great potential for corruption.

The Department of Education was one of the top five. That was documented in a book that was put together by the Philippine Center for Investigative Journalism (PCIJ). The title of the book was Robbed, A History of Corruption in the Department of Education. It documented cases of corruption in the Department of Education and how these were carried out.

MAJEED: Which year was this?

LUZ: *The book came out around 2000 and covered the period up through 1998. It talked about corruption in teacher appointments, corruption in procurement; corruption in all kinds of different processes within the department.*

MAJEED: This is an independent institute?

LUZ: *Yes, PCIJ was set up as an independent group in the media, the Philippine Center for Investigative Journalism. It continues to operate as an independent media group today. In any case, this was the context in which de Jesus took over as Secretary of Education. Now, going back to Raúl Roco. Roco, to his credit, he did clean up the Department of Education. He did put a stop to a number of things. For instance, to stop textbook corruption in the textbook procurement side, his idea was to review all textbook procurement. However, he also didn't buy textbooks for the eighteen months that he was there. You obviously can't have corruption if you don't have transactions.*

MAJEED: So the timeframe would be—?

LUZ: 2001.

MAJEED: To?

LUZ: *From the time he took over, the end of January 2001, to the time he left, in August 2002, there was no procurement of textbooks. There was some reordering of textbooks from previous procurements, but they were very, very small. When I came in, the administration had already announced the procurement of textbooks because we had to spend it before December 31, otherwise the money would have been lost and gone back to the Treasury. Procurement money has a two-year life span. If you don't spend it within the two years you lose it.*

So here was December 31, 2002, and the money was going to lapse because it wasn't spent in 2001. On top of that there was also the 2002 procurement. So when I came in with De Jesus, the announcement that they were going to procure textbooks had already taken place.

MAJEED: How might that impact public education if there was no procurement for eighteen months?

LUZ: *There were no textbooks in the classrooms. At that time, kids were sharing; ten kids sharing one textbook. There were all kinds of problems. What happened was—I'll get back to this one. The inside group that was in charge of procuring textbooks went ahead and put out the call for textbooks. When I came in, on October 1 2002, and I was reviewing everything that was to be done, there was already a bid date to open, to accept proposals or bids for textbook procurement, to buy something in the neighborhood of 48 million textbooks at about 1.4 billion pesos (US\$32 million)¹*

I noticed that this was a "b", and thought maybe it was an "m," a million. But no, it was a billion pesos. So I questioned my people inside as to why this figure was so large. 'Do you normally buy in the billions?' The answer was no, 'we buy in the millions, but this is really two-years' worth all rolled into one'. When I asked why, I learned that it was because former Secretary Roco did not buy textbooks. He also didn't do a number of things. So in effect, he cleaned up their image of being corrupt, but it was corruption-free because it was transaction-free. It didn't make any sense.

That's obviously not the way we could operate. By the way, the interesting thing was that over the eighteen months that Roco was there, since there were no transactions, and no bids or any such thing, everybody was just sitting and waiting, waiting for what was going to happen, when they would get the go-ahead signal, etc. When Roco stepped down in August 2002, there was about a 30 to 35-day waiting period before Secretary de Jesus could come in, since he had to wind down his business at the university. During that period of time, the insiders in the Department of Education moved really quickly. They put out the ads to bid, etc. This was done purposely at the time when there was no head looking down on the whole thing.

In effect, they were trying to slip through the procurement process and presumably get back to the old ways (i.e. the deals) where they dealt with the suppliers.

We had discussed this issue when we came in; there were a number of meetings between Secretary de Jesus, myself and some other people who also came in with him. We talked about what we needed to do in the department. Obviously,

¹ All conversions are approximations based on the exchange rate on 21 March 2011

we had to focus on improving the quality of education. We had to deal with shortages, and poor performance indicators. We knew all of this from the education statistics. Interestingly enough, AIM had been commissioned by an outside group to do two different assessments of the Department as part of a bigger project of the World Bank called the Filipino Report Card.

This project took a look at the social sectors: health, education. But it also looked at housing, employment generation, agriculture etc. It initially did an assessment of the Estrada administration, which would have been around 1999. By the time the report came out, it was 2000. The policy center at AIM, which I was involved with at that time, did the assessment for education upon request.

When we assessed education we looked at both the pedagogy side (what you wanted to do on the academic side) and the professional organization side, which included what was happening inside the department, teachers' welfare, procurement, and all kinds of different things.

Then in 2002, during the first part of the Arroyo administration, the same groups were commissioned to do a follow up survey to compare and see if anything had changed between what happened during the Estrada administration and what was happening in the first part of the Arroyo administration. We (AIM) were thus asked to do the education assessment again.

MAJEED: This is at AIM policy center?

LUZ: Yes, the policy center. We gave the report in July of 2002 and then, in August, within thirty days, Secretary Roco resigned. His whole team was gone.

So when Secretary de Jesus was brought in and our group sat down and talked, I had the benefit of having headed the two studies for AIM. Number one, we knew what to look for, and number two; since we had contacts inside the bureaucracy, we knew to whom we needed to talk to. Secretary de Jesus came on board the middle of September; I came in two weeks later. In fact, until the first time I walked into the room to sit down with what was called the Management Committee of the Department of Education, I didn't know who was on the mancom. To my pleasant surprise, it turned out that I knew around 70% of the people because they had either studied at AIM or taken short courses at AIM sponsored by the Department of Education, or I had met them through the studies. So in effect, we had social capital at the very beginning.

My mandate – the instructions given to me by Secretary de Jesus – was that the place had to be corruption-free and we that needed to get 100% of our money into the classrooms instead of it leaking out all over the place. My job was to look at the finance and administration side and to make sure that all of these were organized, functioning efficiently with no leakage, etc.

Within the first week I realized we needed the procurement for textbooks – 1.4 billion pesos (US\$32 million) worth of textbooks – and we had thirty days to do it. They had put out the ads during the interim, and from start to finish in terms of advertising and all the so-called clearances to bid opening, it was 90 days. By the time we came in, we were around five weeks away from bid opening. So we had to go through this whole thing and clean it up very quickly. This is where Textbook Count comes into the picture.

MAJEED: You've mentioned the initial meetings and the mandate you had when you came in, as well as the obvious challenge of tackling corruption and then making sure

that there were no leakages and so on. Were there any other challenges that you identified that were not as obvious?

LUZ: *There were a number of challenges. Let me speak first about the finance and administration side. Or let me go back a little bit and say one of the things that we had to do, we needed to get everybody on board a particular program. Now the problem in the Department of Education is that if you ask ten people where to start they will give you ten different answers depending on whatever hat they wear or where they sit. In fact, when one of the former AIM deans (who is currently retired) was here during the time of Brother Andrew, he was asked by Brother Andrew to do a strategic plan for the Department of Education which he did with a number of people.*

When we read that plan, we saw that what the department had agreed on was roughly forty-five priority things to look at. I don't know about you, but I have a hard time remembering ten things, much less forty-five. If you ask me to do forty-five, I don't even know where to start. So Sec de Jesus and I, and some others, had a number of lunches and dinners, including lunches and dinners with previous secretaries, previous under-secretaries, people who had been inside etc. They were very helpful. They told us what to look out for and on the political end, how to get confirmed before Congress which is the Secretary's concern.

MAJEED: What does that mean?

LUZ: *In the United States, if you are appointed a cabinet secretary, you have to be confirmed by the Senate. In our case, you have to be confirmed by both Houses. So how do you do that? Who is going to ask you for what? All kinds of horse-trading is involved—and if you're not used to it, it can be very disconcerting. But there are other things that they told us about, even to the point of telling us who specifically to watch out for, who's connected to who, and so on—essentially helping us understand the entire structure. The other thing they told us a lot about was what the Department of Budget and Management (DBM) would do. 'They're going to try to squeeze you on your budget. You could have 100 million pesos (US\$2.3 million) as an approved budget, but instead of releasing the 100 million pesos (US\$2.3 million) to you, they'll try to release 80 million pesos (US\$1.84 million). Why? Because they want to keep the 20 million pesos (US\$459,940) in reserve since they always have budget deficits. So they're trying to control their deficit and they'll withhold it from you.'*

The problem is that the 100 million (US\$2.3 million) is meant for the classrooms, and we don't want it held back. When we sat down and talked about this, we drew up a game plan and in doing so, tried to come up with the most important things that we would look at, hoping to come up with ten. We liked to joke among ourselves about why we wanted ten. We said that when God gave Moses the commandments, he only gave ten because presumably you can't remember more than ten. As a result, why would we want to give our teachers and our school heads and everybody else more than ten? So we said let's focus on ten.

In the end though, we couldn't limit the number to ten – we reached twelve. To make it understandable though, we considered the twelve as five, two and five. Five had to do with academics (e.g. math and science, madaris (singular: madrassa – Muslim religious) education, English etc.) The two were related to resources beyond the budget, such as how to raise money from the private sector, how to raise money from the community and the local government and so on. Then the other five were about professionalizing the Department of Education as an organization. Hence, they dealt with procurement, finance, IT, teacher

training, etc. The Secretary took the first five (i.e. the academic portion) as his responsibility with the rest of the bureaucracy. My job was to look after the two on how to raise more money from outside of the budget and the five dealing with the professionalization of the organization.

Once we had that and we mapped it out, we started to meet with the different groups in the department, superintendents and supervisors and teachers and principals etc. We decided that instead of telling them what we wanted, we would do consultations, asking them what they thought we should do, etc.

I guess this is the AIM case method. We put a white board in front. We tell people to talk, and as they talk we write. You know, if you manage a case class, you don't have to put everything on the board; you sort of pick the points that are the most important. Lo and behold, what comes out on the board is five, two and five. Or we tell people, write on pieces of paper and then go on the board and put them on the board. Then we'd go through it and we'd say, maybe these should go together. This is all finance. This is all part of that. Lo and behold, at the end of the day it is five, two and five.

MAJEED: They buy into it.

LUZ: *Exactly; we had a twelve-point agenda which was bought into by everybody, and procurement was right up there. This was the agenda that we had, that we set out for ourselves. So what was the expectation of the Secretary of me? He wanted my group to raise the additional resources and professionalize the organization. These were my marching orders when I came in and that's what I set out to do.*

I had three immediate things that I needed to fix. One was the procurement system, starting with textbook procurement, this very large textbook procurement. The second was this system that the Secretary and I didn't agree with, where the teachers borrowed money constantly from private lenders. This was really a reflection of their low salaries. They would borrow money and then the lenders, over the years – and this goes back to about twenty-five years – would come to the Department of Education and say, "We'd like to register our bank or organization or whatever with the Department of Education and use your payroll system to get paid back", thereby setting up a method of automatic payroll deduction called the Automatic Payroll Deduction System or APDS.

As a result, we were now also in the business of registering all these loans in the payroll system and then deducting and paying them out from teacher salaries, something that we should have no business doing. In fact, this created a lot of room for corruption and we needed to clean it up too. Initially we wanted to get rid of this system. But when I was asked to study it and I looked at it, I had a quick calculation done concerning the size of this practice. Firstly, it turned out that 85% of the teachers engaged in it. Secondly, the monies involved were huge, in the billions of pesos. They were roughly the size of a small commercial bank in terms of volume.

As a result, this was not something we could get rid of because the alternative would've been the teachers going to the loan sharks who were going to charge much higher. We decided, then, that reform and regulation were the best things we could do at this point.

The third problem needing fixing was related to teacher appointments. This involved the whole idea of getting rid of ghost teachers, that is, teachers who

were reflected on the payroll but who may not in fact be present. The ghost teachers are just names: somebody collects for somebody, under somebody's name. There were some of those, a few hundred of those, but compared to 500,000 it was actually a small number.

MAJEED: The 500,000 number is the—?

LUZ: *The total number of teachers that are under the national payroll. There are many more under a local government payroll but small (compared to the national payroll) and these were divided into many local governments.*

Looking into the matter indicated, though, that there were a lot of teachers who were actually hired but were not in the classroom. There was the teacher who was assigned to be the librarian or the cafeteria person or the bookkeeper. This was because there were no positions open or available in the approved plantilla.

These then were the biggest three largest concerns that needed to be fixed as far as administration was concerned.

On top of all this, we needed to get the budget ready for the next submission and defending it in Congress. But this was midstream already. I guess all this sort of gives you a background for Textbook Count, which is what you're particularly interested in.

MAJEED: Just a couple more things. Where was the political push coming for in terms of the reform—for example, you mentioned the department was one of the five most corrupt. But how did this manifest itself? What was the message that was coming in from the Arroyo administration in terms of fixing—?

LUZ: *The department was considered, up through the Roco administration, as one of the five most corrupt. But by the time Roco left, the perception had changed to its being one of the cleanest. But then, clean is relative because, like I said, it was clean because there were no transactions. So you could be clean on the one hand but you're not effective. But at that point, in the early Arroyo administration, there were no direct instructions from the Malacañan Palace to clean up. It was when De Jesus was appointed and put his team together that we all agreed that cleaning it up was to be our priority.*

Having come from the private sector, and having been aware of the reputation of the Department of Education, we were interested in cleaning it up. You could say, therefore, that the move for reform was largely internally driven.

MAJEED: Who was part of the team that was put together?

LUZ: *When I came in, Chito (Jose Luis Martin) Gascon was the Undersecretary for Legal and Legislative Affairs. Today, he is the Secretary-General of the Liberal party, which is the reformist political party. It is an old party and is the party of the President (Noynoy Aquino).*

Then there was Teodoro Catindig who was the Assistant Secretary. He had come from the private sector and he was in effect the person who was going to take charge of appointments; both the Secretary's date book and who was going to be appointed to what position. This was important because politicians are always very interested in who gets what position. So we needed to put somebody in there who would, in effect, be able to look at every position and give the

Secretary a heads up about who was interested or talking for what position etc., so that the Secretary wouldn't get ambushed.

There were, therefore, the three of us who came in with the Secretary. We were, essentially, the top-level team. There were some people from the inside who stayed on, but we were the three outsiders.

MAJEED: I see. So in terms of the Textbook Count project?

LUZ: *Right. So when we started out, we had this 1.4 billion peso (US\$32 million) procurement that needed to immediately be done. Forty-eight million textbooks was the target then. When you talk about procurement, the first thing that comes to mind, or what the public perceives, is somebody is making money on it. In fact, the previous administrations had been accused—and there is a lot of anecdotal evidence for this—that money was exchanging hands. "I'm the insider in Department of Education, you're the supplier, you want to get inside, you give me a cut." The common saying is that everybody becomes a commissioner because you get commission.*

Then what the insider would say next is "Okay, you've got the contract. Now every time you fulfill some step and you need to get paid, then you come through so that I'll process your paper." So this becomes transaction-based processing, and all of this drives the price of textbooks up. Now, how high were those prices? When Brother Andrew first came in, within the first month of his stay, the head of the instruction materials council came to him and said, "You know, Brother, we need you to sign this memorandum because it will guide us in terms of budget." He looked at it and it said that for the purposes of budget preparation, DepED would peg the price of textbooks at 90 pesos (US\$2) per textbook.

When Brother Andrew looked at the memorandum, his first impression was that a textbook for 90 pesos (US\$2) was a pretty inexpensive one because in the private sector, when you buy textbooks, you're spending 200, 250 pesos (US\$4.6, US\$5.7) per textbook. Of course, he didn't realize that in the private sector, the publisher is printing 5,000 to 10,000 copies. In the public sector he is printing a million copies; that's a big difference, and so the price per textbook goes down significantly.

MAJEED: This was in 1998?

LUZ: *Yes, this was in 1998. He signed the memorandum, and immediately, within a day or so, that's leaked to all the publishers. In effect, the signal had been sent; bill at 90 pesos. Therefore, when the bids come in, everybody is bidding 85, 87 pesos. They're all bidding under but around the 90 peso (US\$2) 'budget ceiling on price'.*

Well, we did international bidding under the Social Expenditures Management Program (SEM) because the World Bank funded us. Since the money came from the World Bank as a loan, the condition was that it had to be under international bidding. Now when you do international bidding, your international bidders aren't privy to the insider relationships; they don't know any better but to bid it at the price that they think, right? Lo and behold, the price turns out to be 35, 36 pesos (US\$0.8). So 35 to 90 gives you a 55 peso (US\$1.26) slush fund. So no wonder everybody was giving out commissions and kickbacks —because if you're the publisher and you get a 90 peso per book contract, and your real price is 35 pesos (US\$0.8) inclusive of profit, then you have the 55 pesos (US\$1.26) to play around with. Even if you just kept an additional 25 pesos (US\$ 0.57) and gave up

the rest in commissions or grease money, you're still making nearly double what you should be getting. That was why there was so much money changing hands.

The first thing, then, was that when we did the international competitive bidding, the prices dropped. Of course all the Filipino publishers were complaining, etc, but at the end of the day, you get what you pay for.

MAJEED: When did that happen? When did the bidding open, three, four months?

LUZ: *The bid dates were around the second week of November of 2002, and we took the thirty days to assess and to award so that, before the middle of December, the awards were made.*

MAJEED: In terms of the World Bank you mentioned that the World Bank, it was part of the SEM Project.

LUZ: *It was a loan, yes, to the Philippine government.*

MAJEED: And the international bid, of course, is part of the World Bank grant.

LUZ: *Yes, it had to be internationally bid.*

MAJEED: But how was that not applied earlier, and yet applied during your time?

LUZ: *Because the earlier budgets came from the national government.*

MAJEED: So this was new.

LUZ: *This was a relatively new loan. In fact, we would have been, I think, the first main recipients of the loan for the Department of Education.*

MAJEED: In 2002.

LUZ: *But the only change was that it had to be internationally bid.*

MAJEED: How did that affect the national budget towards the Department of Education?

LUZ: *Coming from the private sector, I had thought that we would get a share from the national budget and any loans contracted would serve as additional revenue. Instead, it turned out that if a loan comes in from the World Bank and, for instance, amounts to 10 billion (US\$230 million), the Department of Budget just considers that money as budget support. So your budget doesn't actually change, they merely change the source of funds. As a result, the loan didn't add anything to our budget; it was the same small budget, except that 10 billion of it was World Bank money.*

MAJEED: How much was the total budget at the time?

LUZ: *When we came in, it was 112 billion pesos (US\$2.3 billion). Today it is around 207 billion pesos (US\$4.7 billion), so it has really gone up in less than a decade. But that's a different story I can tell you about later.*

The first thing we wanted to do was to bring the prices down. In fact, we successfully managed to bring the prices down by doing international bidding, so we were quite happy. It was like Hollywood; we lined up everybody during the bid opening and we had a video camera. There was a table, and you could only

approach up to a certain point so that there was no paper passing (i.e. direct contact) between you (the supplier or bidder) and the Bids and Awards Committee members. We were very strict about the time you submitted the bid; we were very strict about the bid securities and so on. From what I gathered, in the past the situation would have been set up such that we would have opened the bids and announced to everybody what the numbers looked like. Then, if there is a favored bidder, the Bids and Awards Committee, or a particular individual, would've substituted another piece of paper and said, "Oh, we found this and the price is actually this." In other words they would fix the price so it would be the lowest.

MAJEED: The Bids and Awards Committee was existing—.

LUZ: *Oh yes, it is a standard; the BAC has been around for years and years. We put in some initial rules on how this would be done. It was really all procedural, but later on there was a new law.*

MAJEED: Can you talk about some of the practices or some of the innovations that you put in place?

LUZ: *The first part of the cycle is you have to put out the bid announcements. The law says you have to post it in a newspaper of national circulation. In the past if you wanted to cheat—in other words, if you had a favored supplier, then what you would do is—you would put the announcement in the smallest newspaper possible for reporting purposes, and you would put in a tiny ad, so that you could always say you had complied with the law. Then what you would do is go to your favorite supplier and give them all the details, so that on the day of bidding, only the favored suppliers show up. Alternatively, you could change the specifications somewhere along the line by issuing a bid bulletin, but the bid bulletin would only go to your favorite supplier. That way, when everyone submitted, only the supplier you favored would have complied and could be considered.*

The first part, therefore, is getting the information out. We put the ad in the three largest newspapers. At that time the internet was not being widely used, so we just tried to send the message out as far as we could. We were looking to get it out to as many different sources as possible, especially the radio, hoping that people would hear it and listen.

We knew this worked because the number of bidders was a lot larger than it had been on previous occasions. On the day itself, we set up the room in such a way that everybody could watch. The bidding involves a two-envelope system. You open the first envelope; you check to see if everything is in order according to a checklist. So you go down the checklist and as it is being checked off, it is actually being videoed, so it is on the screen for everybody to see.

If you have a question for clarification concerning a particular item, you can call the supplier but the supplier can't come to the table. You can only go up to a certain spot and then you literally show them the document and you say, "Where is it? Is it this, is it that, etc." Everyone can see what is happening. Only when the first envelope is in order, can you open the second envelope, which is the financial bid. All you do with the financial one is that you read the bid amounts.

When you read the bid amounts, it will be flashed for everyone to see. Since the first bidding was so voluminous, we literally put on manila paper all of these tables in the front of the room so that it could be filled in. It was almost like manually counting elections. It was very, very crude but that was the only way we

could fit all the bid details per bidder for all to see. It couldn't be seen when flashed on the screen.

Once all the bids were opened and written on the boards, then the Bids and Awards Committee members would all sign and that would be the official record. In the meantime, someone would be typing the bid prices on an Excel spreadsheet. Once all the bids were opened and entered, the proceedings would be closed and all BAC members would sign. The bidders would then wait for the print out copies; everybody got copies. That way when you walk away everybody knows what everybody else's price was.

MAJEED: How many bidders would you say there were?

LUZ: *Oh, there were a lot. That first bidding, I remember, took us around a day to do. We opened at nine in the morning and finished at six in the evening because there were around forty-plus bidders because these were textbooks from first grade all the way to the last year of high school for every region. After that, I had the whole bid restructured so that we wouldn't have to go through that again. It was just too unwieldy. It might be too harsh to say it was done on purpose. Maybe it wasn't. In any case, when you have that degree of complexity and structure, it is so easy to cheat because not everybody is an expert on that procedure.*

The Bids and Awards Committee members who could have superior information, would then say, "Oh, it is always like this." Then you'd have to say, "Is it?" But I don't know. I guess it would have to be. The insiders can always manipulate things—this is a typical agency problem.

When it is that complex, you have a problem when people don't understand the particular situation; it is really easy for insiders to cheat or to use superior information. So that was the problem.

When everything was done and we saw that the prices were 35, 36 pesos (US\$0.8) versus 90 (US\$2), we were elated, patting ourselves on the back and congratulating each other. It would definitely be very difficult to change the prices because everybody knew them; everybody was given the paper. The Bids and Awards Committee then sat down to begin to start looking at all the bids in detail.

At the same time as all this was happening, I knew Ambassador Bienvenido Tan (Jr.), who had been the President of Philippine Business for Social Progress, an NGO I had worked for when I started working, and who later served a stint under President Corazon Aquino as Commissioner of Internal Revenue, the tax man. He himself owned a bookstore chain called Bookmark, which sold trade books and reading books and provided school supplies and similar products. It was a family business. It continues today, but more as a distributor of books, no longer retail, but at that time it had retail stores.

Bookmark published textbooks for the private school market; Benny Tan refused to get involved with public school textbooks because he didn't want to pay out commissions or bribes and, as I pointed out earlier, if you don't pay out you don't get paid on time; they string you out four, five, six months before you get paid. You know a business can't run like that. So he made the conscious decision not to get involved with the department.

I remember, we ran into each other at a dinner party and he said, "Oh, I've heard good things; the publishers are saying that you ran this bid opening very well,

very professionally done. They all knew the prices, they were happy, even if they didn't win they were happy that at least they knew."

So I said, "Yes," I felt good about it and everything else. Then he said, "But you know, you still haven't licked the problem."

"What exactly is the problem?" I asked.

He said, "Delivery is another thing. If you have a million textbooks to deliver, but you are delivering them to 3000 different places, then how do you know that you have a million textbooks delivered? It is always possible that, because you cut their price, they will resort to the other way they can make money, make extraordinary profit really, by underselling or shorting you. Instead of a million, they'll print and deliver 500,000; but they'll report that they delivered a million and they'll collect for a million. So how do you know that you're now going to have a million textbooks unless you watch every single delivery?"

I said, "Oh." So I went back to DepED and I asked my people there, "Explain to me how textbooks are delivered once awarded." So the insiders, the old folks there said, "You know, the contract says—." At this point we still had no contract since we were still evaluating.

MAJEED: And this was still 2003?

LUZ: *This would have been the last part of 2002. We had not yet awarded the bid. At this point, they were still evaluating which of the bids to give because it isn't necessary that the lowest bid gets awarded; there are all kinds of other considerations even if price is the main consideration. So what happened was that I went back, I called this group together and I asked them to tell me how deliveries are done.*

They said, "Well, when we agree with a publisher for textbooks, the contract is print and deliver. They're the publisher, they own the textbook so it is a publish, print, deliver contract."

"Okay, what's the delivery part of it?"

They said, "Well, it's like this. The publisher will give us a schedule for deliveries which means that they will determine where they will deliver and when they will deliver."

So I said, "What happens if one guy is delivering in Mindanao now and the other one is delivering in Luzon at the same time, which one do you look for? How do you check all this?"

Well, the old way of doing it was that the department would have inspectors and the inspectors would then go out and check after delivery.

MAJEED: These would be under the national—?

LUZ: *These were Department of Education people, in the national office. So say there were twenty inspectors, they would go out at some point in time and inspect in Mindanao, inspect in Luzon, inspect in the Visayas (also known as the Visayan Islands), but they would always inspect after deliveries.*

MAJEED: Was there a time period within which they had to inspect?

LUZ: *Yes, they had to inspect within 30 days of delivery. But books were already delivered. Usually, you have 5000 different sites for delivery. So what happens is, even though they're supposed to inspect within thirty days, since there are only twenty of them, chances are they don't get to it. By the time they go and inspect, the principal gives them a report, they just sign off on it and that's it. Right? As a result, getting shorted is a very real possibility. I have no doubt that in the past the Department of Education was shorted, even if there was no proof.*

We knew we couldn't let this happen because there would have been little point in bringing the prices down if we were just going to get shorted; it's the same thing. We decided that we'd better control the distribution of textbooks as well. So how do you do that? I suggested we put everybody on a common delivery schedule. If everybody has the same 150 days from the time of award to the time of final delivery, why don't we just fix the 150 days so that they're all delivering, they all go into the same province, same city, same town, all of that?

I called in the winning bidders—by that time, we had already awarded the bid. In January of 2003, there were six winning consortia. There were many publishers that won but they were in six groups.

MAJEED: And by groups?

LUZ: *What happens is, you have groups that are formed because nobody can single-handedly supply textbooks from grade one to high school for all subjects. As a result, they cobble together groups so they can have as comprehensive a bid as possible. There were some who chose not to; they offered to bid only for specific books, English, elementary etc. Bust most tried to put together consortia. In the end, there were six consortia that won.*

MAJEED: Were there any international?

LUZ: *There were two. There was a Thai group and there was a Singaporian group.*

MAJEED: So, was the Korean group one of the winners?²

LUZ: *No. The Koreans weren't. The Korean group tried to get in, and they tried to get in using politicians to call us up and say we'd like you to consider, we have good relations with Korea. But we'd say, yes, but the prices are very high and we can get the same books more cheaply. In fact, those bids were 50% higher than the other bids, so we said no. Politicians threatened us. In fact we got sued before the ombudsman, but the ombudsman at that time threw out the case. There wasn't anything to it.*

MAJEED: Who sued?

LUZ: *The losing publishers sued us for what they called price fixing. We said, "Wait a minute." This shows you how ignorant or how idiotic the arguments were. They accused us of price fixing. We said, "Hey, if we fix prices at a lower rate, that's good for the Department of Education. If we fix it at a higher rate, accuse us of price fixing. But if we get a rate that is lower than yours accuse us all you want, it doesn't make any sense."*

² JML NOTE: I took out the name of the Korean group because it was similar to one of the large *chaebols* but was not in fact connected to it. I believe the name was intended to create a brand impression but was not in fact truthful.

So when the ombudsman, the prosecutors looked at it they said, "Yes, this makes no sense. Price fixing at a lower rate, whoever heard of that? It doesn't make any sense." So they threw it out.

In January of 2003, I assembled the six consortia. We said congratulations, you have been awarded, you know your awards, etc. We're now in a period where we have to finalize the contracts and make sure that everything is in order. But in the meantime I'm here to tell you that I am putting all of you on a common delivery schedule. This is how we are going to do it. It was very simple. We said there were four zones. There was north of Metro Manila. There was south of Metro Manila and Luzon. Then there was all of the Visayas, which are three regions and then there Mindanao as one zone. So there were four zones.

What we did was we just literally went from north to south. If it was north province, Ilocos Sur, Pangasinan, we just went down, region by region. We started delivery simultaneously. They had thirty days in each zone. So we would tell people, you go into Ilocos Norte, it is a big province. You have five days to deliver to all the schools. You go to Ilocos Sur, it is that big; you have three days to deliver all schools. Pangasinan is a big province; you have five days and we set those dates.

Then for the cities, we set the city dates and they had three days per city. We told them, you can deliver any time within those dates but you cannot deliver before, you cannot deliver after. The reason is because we want to put watchers in the schools so that we can inform the watchers that your schools are going to receive these books on these dates in these numbers. We gave these watchers the information. These were mostly parents or community-based watchers; they would watch, they would standby and they would wait for the textbook deliveries to be delivered on certain scheduled dates.

The publishers and suppliers all started complaining. "What? What is this? Why are you doing this? This is unfair, it's not in the rules, etc." I responded saying, "What's it to you? We're the customers. The rules say 150 days. There's nothing in the rules that say we can't tell you the schedule and there's nothing in the rules that says you have to follow your own schedule." They weren't happy with that; one of them even threatened to take us to court. We said, "Fine, you go to court, we won't give you the award (period, exclamation point). We'll just go give it to someone else, right? You can complain all you want but we're the customers. We tell you how we're going to do this, and then you do it. If you don't like it, take your business somewhere else, good-bye."

We then drafted a schedule for this. Having done so, we had to put out a national ad; we had to inform the general public that we are going to deliver textbooks to these provinces, or cities, on this day and these are the numbers.

MAJEED: That is put in the local newspaper?

LUZ: *We put it in the national paper. Then what we did was, province-by-province, city by city, we had the specific list with the name of the school and the number of textbooks. We couldn't put titles because that would've been too much information, obviously. The school-by-school lists we put out in around 40-45 local newspapers or community papers, where they catered only to the local population. Then we put out radio jingles. Then we prepared a form letter that was written to principals of specific schools and in it we said, "From say May 5 to May 10, textbooks are going to be delivered in Pangasinan. Your school, then*

the name of the school, will receive the following textbooks: Grade One English, the title of the book, the number, etc.

I told these IMC (Instructional Materials Committee) guys that all of this has got to be databased. Then what we did was we mailed letters out to school principals or district supervisors with the delivery details. Now, for elementary deliveries isn't by school anymore, it's by school district because of the sheer number of elementary schools. We would tell the school district, this is what is intended for the following elementary schools in your district. In the end, I must have sent out letters to about 5000 high schools and about 3500 districts, around 8500 or 9000 in all. This was of utmost importance because if we didn't inform them, they wouldn't have known what they were receiving. In that case, the supplier could have come and shown them something and put down fifty textbooks instead of 500. Since they don't know the number they should be getting, they just sign happily. And in the end, we've been shorted.

MAJEED: You said elementary schools were by school districts and then the secondary schools are by school?

LUZ: *By school.*

MAJEED: The reason was that there are more elementary schools?

LUZ: *There are many more, indeed, there are too many small elementary schools. As a result, it becomes inefficient to send out fifty, seventy books at a time; doing so is far too expensive. Instead, the books are delivered to the district and the district then takes care of onward deliveries to specific elementary schools. That's another issue, and I'll get to that point.*

MAJEED: And then this was while you were sending out the letters, what point in time was this?

LUZ: *We would have sent them around March because the deliveries would have started May of 2003. By the way, the delivery schedules are such that by the time you deliver all the textbooks, it is ten or twelve months from bid opening. The first year was, I think, up to twelve months of bid opening.*

In the past, under the publishers' delivery schedule, they would take up to twenty months or almost two years to deliver textbooks, which didn't make any sense to us. We were able to contain deliveries twelve months. When we did Textbook Count Two and Textbook Count Three, we were able to get it down to ten months delivery from the time you open the bids. That includes the evaluation, the awarding, the contracting, printing, delivery, ten months. Which is what it should be. I don't see why it should be more than that.

So that's what we did. That message was sent out to everybody. In the beginning, they complained but we just held the line and said, "No, we're the customer. We tell you what to do, you don't tell us what to do." In the end, everybody signed off on it; they had to. We purposely picked Visayas to be the first zone to deliver because it is the smallest of the four zones.

We had everybody concentrated on Visayas for thirty days. There was a one-week break and then they went to Mindanao for thirty days. Then there was a one-week break, then they went to Northern Luzon, one-week break, then on to Southern Luzon and so on.

MAJEED: Was there a reason for the one-week break?

LUZ: *That was for evaluation. Let me jump a little bit and discuss our need for watchers. We needed watchers in every school or in every district. I didn't want it to be a Department of Education watcher because it is easy to corrupt a Department of Education watcher. Not to say that they're corrupt people but because for a supplier, dealing with the inside people in Department of Education it is easy. You give them snacks, you give them that, or you give them little gifts. So we decided that it had to be a group of outsiders. We decided to get civil society involved.*

To organize the effort, I then went to a group called Government Watch (G-Watch). G-Watch was organized out of the Ateneo School of Government.

MAJEED: Was there a reason you went to G-Watch?

LUZ: *Only because G-Watch had some World Bank funding and they had started out looking at classroom construction.*

MAJEED: So they were already doing part of it?

LUZ: *They were doing it on a very small project basis. So I was aware of them. These were people I knew. Henedina 'Dina' Abad was the Dean at that time. She is now the Congresswoman from Batanes, succeeding her husband, Florencio Abad, in the position. Florencio 'Butch' Abad also served as Secretary of Education. At that time, however, he was an NGO leader and I knew him. In any case, when I talked to Dina, I said, "Can you bring your G-Watch people over, I want to see if they'd be interested in this thing?"*

I laid it out for them, they said they would be interested but we needed them to organize in a very short period of time, about thirty days. We needed to organize a coalition of NGOs all over the country assigned to different schools to watch.

MAJEED: March was when the letters had gone out and this was when?

LUZ: *This was about the same period, the January to March period. So while we were talking to the suppliers, we were also now trying to organize this effort, because we already had a sort of schedule out.*

MAJEED: The idea to involve G-Watch and also get other NGOs involved was something that you were considering or was—?

LUZ: *We needed to get watchers who were non-Department of Education so it would be objective. They would have no interest in it other than textbooks being delivered and the question was who to get. The most obvious thing in this country is turning to NGOs and civil society since there are so many of them. So we sat, we talked, and they said yes, let's do it.*

Then the next question was about how to organize this effort since it was to be all over the country. Then the first thing we considered was who would be in a position to have nationwide coverage. Our initial response was to look to the (Catholic) Church, since the Church is everywhere. As a result, we went to talk to the National Secretariat for Social Action (NASSA)—this is the social action group of the Catholic Church, the national secretariat. Every diocese and every parish in the country has got a social action center.

We broached it to them and they said yes, they would be happy, but we would have to talk to every parish. I said we're back to square one because if we have to talk to every parish, that's a lot of parishes in thirty days. Meanwhile, G-Watch said they'd go ahead. They organized some groups in Mindanao who could cover two or three provinces and so on, such that they cobbled together a coalition. But there were lots of gaps in between, a lot of holes.

We wondered what other group can we look at that would be nationwide and have the kind of coverage that we need. We decided to look to NAMFREL (National Citizens' Movement for Free Elections), which is the election-monitoring group, since every school is a polling station and every polling station has got a NAMFREL chapter? We thought, why don't we just talk to the NAMFREL chapters, of which there were around 100? Let's talk to them and let's get this thing started. It was all very easy because at that time my brother was the Secretary-General of NAMFREL.

I called him up and I said, when can we do this, etc. He said your timing is good because we have an annual assembly during the summer months, and you can go and talk to them. So I went. I made a presentation. I think about eighty chapters signed up. So we gave them the things, they went out and looked and in the end when we monitored all the delivery sites and all the deliveries; our assessment was about 65% coverage. Sixty-five percent of all deliveries were watched by some group. That's largely because of NAMFREL.

When we did the Visayas, we had prepared form and a way by which they could fax it to us right away. Remember at this point not a lot of people were using e-mail, so this was all pretty new. But at that point people were already quite adept with texting. So there were numbers to text to, and people could actually send us messages. If a supplier showed up at a school and the delivery was short, they would text us right away. We had a format for all of that.

By the end of the fourth week into the Visayas, we had information from pretty much all the deliveries, from all the watchers. We compiled it, and saw that about 15% of all the deliveries had some problem. It was either the wrong books, the quantity was wrong etc. But it was almost 15% of all deliveries. We called everybody, we set a date in Cebu—.

MAJEED: Where?

LUZ: Cebu is in Visayas.

MAJEED: What date was this?

LUZ: *I have the schedules. Turn this off, I'll pull it up so we can refer to dates. [End of file one.]*

MAJEED: We can continue now.

LUZ: *So in 2003, there were four zones, and these are the numbers of delivery sites. You can see the districts are for elementary and the high schools are door-to-door. But because you have six different groups delivering different textbooks of different year levels and subjects, there are in fact over 30,000 separate deliveries and that's what you have to watch. (Six groups multiplied by 5,000+ delivery sites = 30,000+ deliveries)*

These were the common problems. We opened the bids November 13. The awarding was done by January. The contracting was by March, and we had complete deliveries by the end of November; it was all within twelve months. You can see the prices, how they dropped. You can see the delivery times dropped to twelve months. This is the 2002 bid opening. It was delivered in 2003. The 2003 bid opening was November, delivered in 2004.. This one the prices went up because of the teachers' manuals, the guides. These are just the learnings.

Let me show you. These are different groups that were assembled but NAMFREL was the lead for all of them.

So the zone three deliveries, which were in the Visayas, would have happened around June. Then Mindanao would have been a month later, around July, or August. You can see that in the Visayas, 14% of the deliveries had deficiencies. We assembled the group in Cebu. The group meaning publishers, their forwarders, the Department of Education supply people. The World Bank came to observe, and we brought in the NGOs, civil society. We gave them the feedback. It was actually intended for the publishers. The message to them was hey, we're watching so we know the problems. When 14% of your deliveries are deficient or something is wrong with it, that's not acceptable; you go do something about it.

When we got to zone four, it was down to 5-1/2%. So we met in Luzon and we talked to them and we said, 5-1/2% is still too high. In Northern Luzon, it was 1.6 and by the time we got to metro Manila it went up to 3% because of problems in three cities in particular. That's a total of 12, 16, 20—the deficiencies were there.

MAJEED: What kinds of deficiencies were there—can you broadly classify them?

LUZ: *For example, a deficiency would be that instead of delivering X number of textbooks, they would deliver less, or they would deliver the wrong textbooks. Instead of delivering grade two English, they would mix it up and deliver grade one. The other one was where the watchers actually opened the books and pages fell out or it was misprinted, or the quality of printing was poor so the books would be rejected, and the publishers would have to rectify the problem. This was for elementary textbooks. In the case of the high school textbooks, door-to-door, it started at 7% problem rate (in the Visayas) and went down to 2% (in Mindanao), comes down to about half (0.5% in Luzon, the last zone for deliveries). You can see that watching pays off. That was the next thing that happened.*

MAJEED: These were mostly NGOs organized by NAMFREL?

LUZ: *No, NAMFREL chapters themselves.*

MAJEED: But you had other groups?

LUZ: *Yes, we had other groups but they would be very area specific. NAMFREL chapters were really all over. When we did the final assessment, our estimate was that about 65% of all deliveries were watched. Now, is that a good number? If you're a publisher and you don't know where the watcher is going to be anyway, you take a tremendous risk trying to cheat in some area. You may as well deliver everything because rectifying becomes expensive.*

Actually, then, just sampling could work here. But of course, if you have volunteers willing to come out, why would you want to sample? Just have it done

as widely as you can, have ownership, etc. All this gets you your deliveries. The last part is paying, but that's now documentation. That one is now a problem with the Department of Budget.

One of the things I had to do was call DBM really often, saying "hey guys, these people delivered early, they delivered on time, now you better start paying." We tried to get everybody paid before the end of 2003, but in fact it slipped into 2004. It was still much, much better than before. Having done that, we had another Textbook Count in 2004. This time it was less in size and volume. It was only 660 million pesos (US\$15 million) because that was the normal rate. Today, it is about a billion pesos (US\$23 million). Because there was no procurement in one year and we had to do two years, we actually did procurement at 1.3 billion pesos (US\$29.9 million). But this was an average year (2003).

In this case, we got less textbooks because we went with lesson guides, which were less in number, but involved more deliveries.

MAJEED: So the Textbook Count then continued in 2004?

LUZ: Yes, we did Textbook Count Two in 2004.

MAJEED: Which is fine. Was the process pretty much the same? You mentioned earlier that you had proposed restructuring—or you had proposed modifying the bids. Did that happen in 2004?

LUZ: *Yes, we did it for this bid opening. By the way, this bid opening was in 2003, delivered in 2004. We had to restructure it because two things happened. Since we were much more stringent in terms of the bid tenders and the bid opening, one of the things we found out was that a lot of the fly-by-night publishers disappeared, leaving us with fewer bidders. At the same time, more of the big publishers came out because they saw this as different and possibly worth their while. So when we did this opening, the number of bidders was actually about half the usual, which is good. It was a lot more manageable for us. Also, when you take out the fly-by-nights you take out a lot; fly-by-nights are difficult. You've got to go check their printing place and so on. That's where you have a lot of room for corruption. When you have to go and inspect the printing facility and the actual printing of the textbooks because you're supposed to watch it, and that's done at their site, this is where the publisher and the Department of Education person can collude.*

The way to get out of that was bringing in civil society to go in with the Department of Education people.

MAJEED: This was the Textbook Count Two; you didn't do it in the first?

LUZ: *No, even in the first one, G-Watch went in. In fact, G-Watch was very strict. I remember one time I was in Clark (the former US Air Force base now converted into an industrial estate with resort hotels; in Tarlac province) for a different conference and I got this frantic call. All day the phone kept ringing and ringing and I said, I can't take a call now. Finally, I said I'd take the call in the evening. When evening came, they called and the woman was in tears. This was a publisher. She was in tears because the inspection group had just come from the plant. She already printed hundreds of thousands of books and had actually bundled them and was ready for delivery.*

What happened was the group came in and they randomly opened bundles to look at books and as they opened individual books, pages were falling out. In other words, the binding had been rushed and so the books weren't satisfactory; a lot of them were falling apart. As a result, they rejected 100,000 or 200,000 books; a big number. Of course, rejection involved reprinting and going through everything again for the publisher. Distraught, she asked me what she could do.

I said, "I'll get back to you." I called up the head of the inspection team, the NGO guy.

MAJEED: Who was that?

LUZ: *(Redempto) 'Don' Parafina. You must have met him, right?*

MAJEED: Yes.

LUZ: *So I called Don Parafina and I asked him about what exactly had happened. He explained. Then I said, "What does the print quality look like? Is it good? Is it bad?" We talked about it on the phone and finally we agreed that it was a binding problem. I said okay, if it is a binding problem, let's tell them that to avoid their having to reprint everything, they should just redo the binding, but refrain from bundling it since we're going to inspect everything again. And the inspection will be randomized. If the binding is sufficient we will clear the books and they can deliver. If the binding is not sufficient, they just start all over again and reprint everything.*

We agreed on that. I called her up and said, "Okay, this is what is going to happen, do it, and you have so much time to do it." And that's the way things proceeded.

MAJEED: This would be around July, August, when the printing happens?

LUZ: *No, it is earlier. The printing is actually done April, May. I think there were two examples of this, one was actually a printing error and the other was binding. The binding was redone, the printing had to be reprinted.*

MAJEED: When you were getting the NGOs and civil society organizations involved, did this come later or was it also an understanding at the time that not only would they coordinate the delivery but would also do the inspection?

LUZ: *Oh no, it was everything, it was a complete package. Although NAMFREL was not involved in the inspection, G-Watch was involved from the beginning, through all the steps. The NAMFREL people were only for delivery because they're based outside. All the printing is done here (in Manila) anyway.*

MAJEED: But G-Watch was coordinating with NAMFREL or NAMFREL and G-Watch were both coordinating with the Department of Education?

LUZ: *No, what happened was, I got NAMFREL involved, I called up NAMFREL, we made a presentation. Once they were in then G-Watch coordinated because we said, let G-Watch coordinate all the NGOs—that's who they are and that's what they do. Having done that, we were pretty happy with the way Textbook Count One went and the day we finished Textbook Count One, we had to get working on Textbook Count Two, which is the one I'm talking about now.*

MAJEED: In terms of measuring success at the end of the Textbook Count, one was, of course, the errors in the delivery, but was there any change in public perception? Was there anything else that you would go by in terms of the success?

LUZ: *No, at this point we weren't even monitoring public perception because we were just concerned with the implementation. For us, the measure of success was 100% deliveries to the schools or to the districts of textbooks of quality that we had assessed. There are many other issues which I can bring up but at that point, the metrics were very simple, just get them delivered as we agreed and of the quality that we agreed on. So it had to be the right kind of paper, the right weight, the right printing, all of that.*

MAJEED: And most of it was met.

LUZ: *It was all met.*

MAJEED: 100% you would say?

LUZ: *Yes, because whatever was not met had to be rectified. So all the deficiencies were rectified before they could get final payment, which they did very quickly because when they realized that people were watching them, that made them move very quickly. In the beginning, the typical behavior was, 'well, let's see if you can do it'. They'd just go at their own pace. At the end of the first zone deliveries, the Visayas, when they saw that we were serious, their behavior changed rapidly.*

MAJEED: What about other NGOs, like the Boy Scouts?

LUZ: *The Boy Scouts were not in yet.*

So what happened in Textbook Count Two? Textbook Count Two was 2004. For the delivery schedules, we started north again, North Luzon, South Luzon, Visayas—we just went in order, top down. In Textbook Count 1, the only reason we had gone to Visayas first was because it was the smallest so we wanted to control it, although at this point we didn't need to do so.

We sat down and assembled all the groups. A lot of groups and a few more people came on board. By this time it was 2004, which was an election year. So NAMFREL couldn't be involved because they were watching elections and they were getting ready for elections. We were obviously worried about who to turn to instead. Then Don Parafina, and I give him credit for this, said, "Why don't we ask the Boy Scouts and the Girl Scouts to do it?" He himself is a Boy Scout and very active in the Boy Scouts movement.

So he called the national leadership and we had a big meeting in Tagaytay and we went over the whole thing and they all signed up. This actually turned out to be better because the NAMFREL people are adults and adults have to take time off work to go to the schools to watch for deliveries. The Boy Scouts and the Girl Scouts, however, are already in the school. So all we did was we told them, from this day to this day, you come to school, wearing your scout uniform since you can get called on to inspect at any time.

Of course, as soon as the Boy Scouts and Girl Scouts arrived, suppliers were complaining because they ripped open every box, looked at every book before signing off that everything was okay. Don's suggestion for asking them for help was genius and worked out well for me. Those are the ads in the newspaper. I

don't know if you've seen them, but I brought them just to show you what they look like.

MAJEED: Just going back a little bit, so Textbook Count Two started and then you were talking about the bidding and there were less—

LUZ: *There were less bidders.*

MAJEED: And the process was more streamlined. Were there any innovations introduced at this point or was it pretty much the same?

LUZ: *It was pretty much the same. The one process that was streamlined was the textbook evaluation process, which is a rather interesting process. The Instructional Materials Council takes care of it. They have subject specialists, curriculum specialists, English language specialists, etc. They assemble, and they bring all the specialists in one place and evaluate the textbooks.*

The problem with this is that these are largely their own people, their own network—like a Mafia. It's their group. They come in, they do the job, they get paid for it. They also do it year in and year out so they get to know who the publishers are. Even if the textbooks are given to them, it is a blind review. I am sure these things are coded in such a way that they can tell which publisher it is. As a result, you never really know if this is really an accurate independent and objective evaluation.

Consequently, we split the process into a two-part process such that no one person could be in both parts. Since we saw some problems with this, by the time we left the Department of Education, we actually divided it into a four-part process, with four different levels. First, the textbooks are sent to the curriculum specialists to make sure the curriculum is covered. Then we send them to university professors in the subject to make sure the facts are correct. This is especially important in the case of history books – it's unbelievable how some history books have gross errors in fact. We sent them to history departments in Ateneo, UP (University of the Philippines), De La Salle and contacted history professors to read and to comment on the facts.

Then we would send them to classroom teachers because we wanted to see how appropriate the language and visuals were, and if the content suited the age group and year level. Then lastly, we'd send them to English or Filipino language specialists to check the grammar, the spelling, etc. That was in Textbook Count Three.

MAJEED: That was 2005?

LUZ: *In 2004-2005. We are able to introduce these changes because we were still finding textbooks with errors that needed to be detected prior to publishing. As a result, we took the evaluation out of the control of the Instructional Materials Committee Secretariat (IMCS) and divided it into this four level process. The four levels are such that you have to pass a level to get to the next one, proceeding to level two once level one is cleared and so on. It is progressive, and this way, nobody tries to shortcut this process.*

MAJEED: This evaluation process was already part of Textbook Count One?

LUZ: *No, Textbook Count One was a single level process. I wasn't aware of what this process was like then so I let it continue. However, I had heard that in previous*

years, the IMCS would bring the evaluators to a particular place, usually a resort, and house them. There are about a hundred, 120 of them, to evaluate and they are supposed to be cloistered for a weekend or three days to complete their evaluation and provide feedback. But I had also learned that if they were in Tagaytay, the Publishers' Association would 'coincidentally' hold its meeting in Tagaytay. If they were in Antipolo, the Publishers' Association would be in Antipolo. Obviously, these weren't really coincidences.

As a result, I informed the IMCS to make sure that the evaluation would be done somewhere no publisher would show up. Consequently, they arranged for a meeting point in Pililla, Rizal, which is all the way on the other side of Laguna Lake is quite difficult to reach. I approved the location.

MAJEED: This is the first year?

LUZ: *This is the first year, but the process was still a single level review and evaluation of the textbooks. In any case, I sent some of my people (including those affiliated with G-Watch) to the meeting to monitor this process. I ended up getting a call from one of my people saying, "What do we do? There is somebody here who is not part of the group, has come in, is supposedly looking for a place to hold a reception for something, but has been recognized as one of the publishers or a publisher's representative."*

I asked the name of the publisher, and received that along with any other relevant information they knew; they had detained the person and obtained the information. Consequently, I called the publisher and told him/her to speak to the detained individual. I also said, "This evaluation is being done in Pililla, Rizal, and your person is there. Tell me why we shouldn't disqualify you for trying to influence the outcome."

"Oh, I don't know what this is, etc."

I said, "But this person is your person right?"

"Yes."

"This person was the person at the bid opening?"

"Yes."

"Therefore explain to me what this person is doing there?"

"I don't know."

"He is supposed to be working today, right?"

"Yes."

I said, "If within an hour you don't tell me why this person is there, you're disqualified."

MAJEED: This is in 2003?

LUZ: *This is in November of 2002. There are all sorts of responses to such incidents that one can resort to, though. One can confiscate cell phones so that the person on the ground can't communicate with anyone else, and so on – but all this*

seems a bit police-like. We decided to deal with it by changing the structure of evaluation into a multi-tiered one, and ensuring that nobody can be in more than one tier. As a result, checks and balances were incorporated. We discovered that while a two-level evaluation process makes sense, a four-level one works best.

The first Textbook Count significantly tackled the collusion angle, while the second one focused on quality; we had the two-level set up for Textbook Count Two, and went with the four-level one for Textbook Count Three.

MAJEED: What were the two levels?

LUZ: *The two levels were just designed to check curriculum and language. Later, however, we decided that we should split the evaluation process further into the four levels.*

Year by year, we were improving on the process. The department claims that they still use the four-level evaluation process today, something I'm not sure I believe due to the vast number of errors that are still being made. I'm happy to note that during our time, which was the 2002-2005 period, with the final deliveries at the end of 2005, we've never come out in the media as having had books with errors. This is quite a feat, since there is a fellow named Antonio Calipjo-Go who is like a gadfly; he makes a point of going through textbooks and writing about the errors in them. He could go through a textbook and inform you that there are 400 mistakes in it; many of these are punctuation or typographic, but when it comes to textbooks, all you need to do is expose two or three major errors and that's it, it's done. He does this continuously, but the fact that his writings have always been centered on pre-2002 or post-2005 textbooks suggests that our period has been relatively clean. In my opinion, this is a result of the care we took in evaluating the books.

[Looking at the Textbook Count delivery data gain] This is just an example here. You can see that this is a schedule of allocations of textbooks per region for Visayas and Mindanao. That's the province or the city. That's the number of textbooks and the total, etc. These are the dates when the deliveries would be. You can't see it, but I have other files that can show that. We did this in the national paper and then in the local papers for the different schools. This is the ad that was there. It was done, by the way, by Campaigns and Grey, an advertising agency.

I'm not sure if you know this, but in one of my previous jobs, I was the Vice President of a commercial bank and had to handle the institution's advertising. This was actually the advertising agency used then, and since it made a lot of from the bank, I asked them for assistance here. The company did the ads pro-bono, except for the production.

Now after Textbook Count Two, we faced an additional problem. We discovered that the elementary school textbooks delivered to the district offices were not reaching the far-flung schools, even though there was supposed to be an onward local delivery. We kept getting complaints about the lack of textbooks, but when we checked our records, we saw that the textbooks for these schools had been delivered to the district offices, but hadn't reached the schools. We got in touch with the district offices, who said they'd delivered the textbooks given to them. But when we took a look at their storeroom upon request, we found a number of textbooks still there, and asked them why they weren't delivered.

They said, "Well, you know, that school is very far away, it is up in the mountain, it's on a different island, it's across the river. We told them to come and get their textbooks but they still haven't."

MAJEED: This is independent of the suppliers, this is the district office?

LUZ: *Yes, the suppliers can only bring the books to the district offices; these are far-flung schools so there are actually only thirty books or forty books that go there. But how do these schools get hold of the books? For one, they are far away and difficult to commute from – you often have to ride a bangka (outrigger canoe) to reach them. We do have quite a few stories of schools coming down to get their books, and have seen pictures of, say, a guy on a horse with baskets of books, or a guy in a pedicab, a guy in a bangka, or even children with a handful of books balanced on their heads walking along the rice terraces. But clearly, not every school was getting its supply of textbooks. For us, the problem was how to go about remedying this situation.*

One day, in August 2004—I can even remember the date—I went to Masbate, an extremely remote province on an island in Bicol. There was a problem under the Third Elementary Education Project (TEEP) of the World Bank concerning furniture, with tensions flaring between a supplier and the local school district. In fact, the supplier had gone all the way to the World Bank in DC (District of Columbia) and filed a complaint. The World Bank was obviously keen on resolving the problem, and had asked us to take a look at it.

I did so in the central office, but it didn't look like it was going to get resolved. As a result, I told the parties involved that we'd head to this district in Masbate and take a look at the situation, and if they trusted me, let me decide whether there was a problem to rectify, and whether or not the supplier should be paid. We all agreed, and we all went to the area.

Masbate is an extremely poor province known for cattle. It is cowboy country; it is the only place in Philippines (as far as I know) that has a rodeo. The cattle there, unfortunately, are healthier than the people. The roads, too, are awful. We had to travel around 60 km to the end of the island to get to this district; we spent roughly three hours trying to get there. .

Once we get there, I discovered that the problem was actually pretty simple, and we resolved it quite quickly. After all of us had agreed on the necessary course of action, we sat down for lunch. Talking to the principle and a handful of teachers, I asked them how they got to town seeing the rough condition of the roads. The principal said, "If I have a meeting at 8 o'clock in the morning in the district office, in the town, I have to start at 1 o'clock."

I said, "One o'clock in the morning, isn't that dangerous?"

"No, no, one o'clock in the afternoon of the day before."

I asked, "Why do you have to start so early?"

"I have to walk. It takes me four hours to walk to the town and I want to get there before it gets dark so I have to walk. I have to walk at one o'clock to get there by five. If I'm lucky, some vehicle will pass by and I can get a ride."

So I said, "How do you get your textbooks?"

She said, "It's too heavy to carry, so I don't."

I said, "When was the last time you got textbooks?"

"Two years ago or something."

I said, "But you have textbooks in the town."

"Yes, but I can't carry them. Nobody around here has a vehicle, nobody has anything."

I knew that this was a significant problem. No wonder the textbooks were stuck at the office instead of being used at the school. In the middle of all this conversation, a red Coca-Cola truck drove by. I asked how often the truck drove by.

She responded, "Maybe every month."

I said, "Wow, this is great." When I got back to Manila, I called (Maria) Cecilia Alcantara, the President of Coca-Cola Foundation. I knew her already, so I said, "Hey, Cecile, I have a problem and you might be the solution." I explained the situation to her and I said, "Let's have a meeting. Why don't you bring the heads of your distribution out to the Department of Education so we can talk about this?" She brought around fifteen people in charge of regional distribution for Coca-Cola with her when she came.

MAJEED: This was in 2004?

LUZ: *This was in 2004, it would have been around September. I laid it out the problem to them, and said, "Look, here are all the hard-to-reach areas. Which ones of these do you cover?" The answer was, "We cover all the areas. We provide Coke all over the country."*

Consequently, I asked "if we deliver textbooks to our district office, can your trucks then pick them up and bring them to schools or near schools?" The answer was yes. It is just a little bit of space; these were around fifty or a hundred textbooks, a box or two. As a result, they handled the onward delivery starting with Textbook Count Three (since Textbook Count Two was over). Their assistance was all pro-bono. To thank them, I had a full-page ad put together by Campaigns and Grey that said "To quench our students' thirst for knowledge, we called on Coca-Cola to help deliver textbooks to hard to reach schools. From August to October, Coke delivery trucks will help bring badly-needed textbooks to far-flung schools in areas they cover. This is a great example of how the Department of Education, local communities and the private sector are all working together to make sure our schools come first."

Unfortunately, this was only done once. It was done in the 2005 deliveries, but has never been done again.

MAJEED: What was the reason?

LUZ: *I left in 2006 and since I knew the Coke people, I provided my DepED people with all the contact information. I told them, "These are the names of the people you need to get in touch with. Just call them up and set things up. You can do it, they're happy to help you." Besides them, other people started to call and say, "Hey, we saw your ad, we want to help." In fact, we had to say no to a number of*

them. Philip Morris wanted to help. We said, "Can't do that, you're cigarettes." San Miguel beer wanted to help, but we knew we couldn't do that because it was beer. By the way, Coke is not allowed to be sold in schools. You can't sell soft drinks in schools because of health concerns. To their credit, though, Coke didn't ask for any concessions, re that rule.

Petron also offered to help since they provide LPG gas that they deliver all over the country. But you see, nobody in the department picked this up even though all the contacts were passed to them. As a result, this was never done again.

MAJEED: So the problem in the remote schools remains?

LUZ: *This problem is the reason Don Parafina now does this Textbook Walk project. Here, they actually organize communities to (literally) walk to the district office, get the books and bring them back. That's the way they get the books now. G-Watch continues to try to figure out innovative ways of getting this done.*

MAJEED: They're still involved in 2011?

LUZ: *Yes, but it appears that after 2006 they no longer synchronize the schedules for deliveries.*

MAJEED: I know we're short on time, but could you please talk a little bit about the circumstances when you left Department of Education and the projects that were in place (such as Textbook Count), as well as what you think has changed since then?

LUZ: *I went on leave from the Department of Education October 2005 and then eventually left April 2006. I'm not sure if you're aware of the circumstances surrounding how I left. What occurred was completely unrelated to any of this procurement business. In September, 2005, President Gloria Arroyo was up for impeachment for election-related incidents. At that point, about 75 congressmen had signed an impeachment complaint against her.*

When it came to voting, however, only 25 voted. About 50 congressmen had signed the complaint but eventually voted against impeachment. I can say, first hand, that vote turned out this way because there was a buyout. I know this because quite a number of congressmen were given checks from the President's Social Fund—the President gets 10% of all casino net revenue to use as a presidential social fund for projects. Malacanang tried to launder those funds through DepED which we stopped.

During (Corazon Aquino) Cory's time, she used it (PSF) to build classrooms, to install water systems, etc. I'm not sure what President Ramos or Estrada did, but Gloria Macapagal-Arroyo used her fund for many purposes. It is about a billion pesos (US\$23 million) per year, so it's not a small sum of money. In any case, around the time of the impeachment, a number of congressmen started coming to Department of Education with checks made out from the President's social fund to the Department of Education. The instructions, detailed in a letter given to me by a congressman, outlined that the check was to be deposited into the Department of Education account, but I was to file a notice of transfer allocation, transferring the money to the division of whatever, the school division—essentially whatever the person's division was. When the money reached the division, the division superintendent was to take the amount and provide it to the congressman for his education projects. By any definition, that's money laundering.

The first time this came up, I called the person who was the signatory to the check and I asked, "What is this?" By the way, the checks weren't even government checks. They were identical to personal checks, handwritten and all. But I, myself, had never received a handwritten check for Department of Education. Handwritten, 5 million pesos (US\$114,985), one signatory—and I thought, wow, that's irregular.

I asked this person who signed it, what is this? What is this for? She said, "This is the President's, she agreed to this congressman's project, etc." I said it's highly irregular. She said, "This is the social fund and it is not subject to COA (Commission on Audit) audit."

I said, "Yes, it's not subject to COA audit, but once it enters the Department of Education's books it is subject to COA audit. I can't give it to a congressman without COA asking me why I did so, and that makes me liable." Further, I remarked, "I'm prepared to spend this as a representative of the Department of Education and I'm prepared to spend it in the congressman's division, but it must be an acceptable education project. I'm certainly not transferring money to them." So she said okay, and I put the money in trust. Then, after the impeachment vote, I realized that there were quite a number of congressmen with these checks.

A week after the impeachment vote, the chief of staff of the same congressman showed up with three more checks, all of which were postdated. In other words, this guy was given a large sum, and I'm guessing they spread out the payments to make sure he would stay in line. But postdated checks were illegal now, and not allowed under government rules. This time, I went to the COA and asked them for a ruling. I have the ruling in black and white; I kept a file for myself where it says that the postdating of government checks is considered fraudulent practice.

I then proceeded to call the woman and said, "Hey, now you want me to get involved in fraud in the Department of Education?"

She said, "What do you mean?"

I said, "You just gave me postdated checks."

She said, "What do you mean postdated checks?"

I said, "You're the signatory for heaven's sake, you signed it."

This is the point where I wish I could have taped all of this; she responds saying "Well, you know, I pre-sign a lot of checks."

I said, "This is completely crazy." She suggested I simply return all the checks to her. I actually consulted a lawyer on the matter, who said, "You can't claim fraud unless it has been consummated, but if you consummated it, you're a party to the fraud too. So it's best if you just return the checks." Accordingly, I returned the checks. And the next day, I got fired for insubordination.

I challenged the firing and took it to the Civil Service Commission. The chair of the Civil Service Commission backed me so they said, "Okay, we can't fire you but we can transfer you anywhere."

MAJEED: This was the end of 2005?

LUZ: *Yes, it was the end of 2005. They said, "We're going to send you to the Department of Labor." I said, "I'm going to go back to the private sector, I didn't sign up for anything else than DepED." Karina David was the Chair of the Civil Service Commission then, and she said, "No, file the case first before you leave because this happens in many instances but nobody ever files a challenge. You'd be the first to do so." I followed her advice, but then, she got outvoted by her commissioners. The logic of the commissioners was just unbelievable. They said, "You were appointed by the President," which is true, but I have a Career Executive Service Officer (CESO) position—the civil service ruling for executives—since (Corazon) Cory Aquino's time. I received it during her time because Cory said that everybody should get it since nobody can stay otherwise. As a result, I got a CESO position even though I wasn't a career government person.*

When I came back, I had it reinstated. And I told the commissioners about my having this CESO position. However, they said, "It makes no difference; you're still a presidential appointee." But everybody gets appointed by the President at high-level positions, and the entire idea of the CESO is to give you security so that no President can use the fact that he/she appointed you against you. They said, however, that the rules are that if a CESO has a problem with a superior on such a matter, the solution is to raise the issue to the office of the President. I said, "wait a minute my issue is with the office of the President, how can I raise it to the President? I'll never get—". They just said, "It's not our jurisdiction."

As a result, I didn't win or lose the case; it just got dismissed due to lack of jurisdiction. When it went to appeal, they just said, "It's been years and therefore it is moot and academic." So these are the circumstances in which I left.

When I did leave, everything was more or less documented. The Textbook Count has been well written. I have a copy somewhere I can give that to you. You have this; this went to the World Bank. I can give all of this to you. Is it followed? Yes and no. The civil society guys are still very keen on doing it; Don Parafina and G-Watch keep pushing for it. But is it followed internally? I don't think so. I think the problem is that the leadership in Department of Education changes too much; the leadership changes every two years.

Essentially, you repeatedly get situations where a new guy comes in and has to learn everything from scratch. Many times they are consumed by shortage—there are a lot of things pulling at them. The reason it worked for De Jesus and I was that we had done the studies on the department and hence knew what to look for. We knew that there were big problems and consequently, divided the work between the four of us. De Jesus would handle the academic side and the provision of quality education. He was the external face of the Department of Education, and would look at the stakeholders out there. My job was to keep the house in order, so I looked internally; I looked at the organization.

(Jose Luis Martin) Chito Gascon dealt with Congress; he was the liaison with the politicians. (Teodoro) Teddy Katindig took care of who the appointments would be. This way, the Secretary would not be consumed by everybody making a beeline for him as happened normally.

When (Florencio) Butch Abad came in and took over, he essentially kept the same program as De Jesus. In fact, Butch Abad is the only Secretary of

Education, pretty much the only Secretary ever, who came in and did not replace anybody. That says a lot because when a Secretary comes in in this system, they wipe out everybody. There are four under-secretaries: one for programs, one for operations, one for finance and one for legal. With a new secretary, you usually have four new under-secretaries too.

Then each of the four under-secretaries has four assistant secretaries. There is a new one for programs, say operations is the same, a new one for finance, and a new one for legal. Today, under the new secretary of education (Brother Armin Luistro), seven out of eight high officials are new. How do you expect to have any continuity in such a system? Suppose you take over in July, and it is now March the next year—so it's been nine months—and people are saying there isn't a lot of movement. But that's because everybody is learning, everybody has to study the system. This is exactly what Roco did; when he came in, they were all new. I took them a year to learn everything.

De Jesus had a very different philosophy. He said, "I'm not going to go in and change everybody because if I do I will lose almost a year. Instead, I will work with everybody and just bring in a handful." He brought in five people. He brought the three of us in, but we were only three of eight; the other five were insiders. He also brought in a driver who was like his security guy, and he brought a confidential assistant since he wanted to make sure that confidential papers would not be leaking out all over the place.

When Butch Abad took over, he brought nobody except two assistants; all eight of us stayed. The whole idea was to keep continuity in that system. That has not happened with the appointments of the last few secretaries. [end of file two]

MAJEED: Just a few minor points in terms of the project itself.

LUZ: Sure.

MAJEED: You mentioned that texting and cell phones were used in terms of the monitoring.

LUZ: Yes.

MAJEED: Did the Department of Education provide that or were people just using their own persona phones?

LUZ: *They used their own personal mobile phones. So many people use cell phones and texting, it has been a very inexpensive way of communicating. In fact, if you read this, you can see that you have a DETxt (Department of Education Text Messaging Service) hotline set up for easy communication. We created a Department of Education Text Messaging Service since we wanted to use it to push out messages. For instance, we could send things such as "typhoon signal number three in this place, schools are closed", etc. We would push it out to a particular province or a particular region. At least that was the design—it was actually designed with the two telcos, Smart and Globe. However, it is not on today.*

We created an infrastructure for it but if whoever is in charge doesn't use it, it just dies on the vine. In our case though, we made us of it; it was activated for the project and they used it.

MAJEED: This is what the Boy Scouts and the Girl Scouts used, when they got the delivery?

LUZ: Yes.

MAJEED: They would just use their own personal—?

LUZ: *Right, that's right. It was simple. You could just enter the hotline, 2622 for Smart, or you could text G-Watch at the given number, 09-something.*

MAJEED: You mentioned the teams within the Department of Education under Secretary De Jesus. Were there any people that you brought in under you? I don't know how the structure works in terms of the under-secretaries. Did you look for advisors or—?

LUZ: *If you get to know the people in Department of Education there are actually quite a lot of very good people. When I first came in, there was an accountant who was on the way out, retiring. She was in fact an Assistant Secretary. She retired within a couple of months of my coming in. In any case, I had a chance to pick an accountant from within, and I picked this woman, Olivia San Pablo. She was very clean, and extremely competent. She was a person we would have wanted to appoint as assistant secretary but she didn't want the position—she had had a heart attack a few years earlier and she didn't want the stress she felt the position would accompany. But she was highly capable and incredibly honest and helpful. Today, she is retired but Brother Armin (Luistro) has brought her back as a consultant.*

Mandy Ruiz the budget officer, who has an application for migrating abroad pending, has decided not to migrate and is staying instead. He was also extremely good. So you see, there are a number of people who are actually quite competent. There was, however, one new area that I was involved with. Up to that point, there had been no procurement service within the department – property was always doing all the procuring. But then procurement services were created by the procurement law, and when that service was created, I brought in a person from the outside, someone I had known beforehand. Let me go back a little bit to elaborate.

When I first graduated from college and I came back here, I took up a position as a high school math teacher in the province. In that school, this woman was a Filipino teacher. My wife (she was not my wife at that time) was an English teacher there, so they knew each other. Aida Carpentero had finished a law degree even though she wasn't a lawyer and didn't take the bar; she worked as a teacher and went from there into the private sector. In fact, she was the head of administration for a small group of companies here in the Philippines, handling security along with a number of other things.

As a result, when I was looking for a director for procurement, I brought her in. Today, she is still serving in that capacity, and is a recognized figure. In fact, she is so well regarded by the World Bank and such organizations—she is the co-author of this presentation by the way—that they have sent her to Tanzania, Denmark, all over the place really, to talk about procurement. She is the one person I brought in; everyone else we retained.

De Jesus's view, which I share, is that you can't come into a bureaucracy and assume that it doesn't work and therefore bring all kinds of people in. This is what Raúl Roco did: he brought in 46 different people to look at different offices. Once Sec. Roco left, they all left with (except two in a foreign funded project which paid a ton of money for consultants) and you leave the place even more

paralyzed. So our strategy, under De Jesus, was that we had to work with people until they proved that they weren't trustworthy or that they couldn't be worked with due to incompetence, etc. The operative phrase for all of us, therefore, was 'trust, but verify'. And that's what we did. We worked with the existing staff. We brought in very few people, and where we did so, we tried to bring them in at a young level so it was a part of formation and so on.

MAJEED: I know we mentioned this a little bit, but was there any specific resistance from the workers or the civil service within the Department of Education? I know that you tried different methods of bringing them on board and having them buy into the 5-2-5 strategy. But can you recall—?

LUZ: *Oh yes, there were multiple types of resistance. There were those who openly resisted; the sort who would try to concoct all sorts of stories. For example, when I brought in Aida Carpentero, and people saw that she was tough on procurement along with other things, stories started circulating. Some said 'oh she is the best friend of the undersecretary's wife, and therefore she has got a cushy position'. The worst one was 'oh she is the mistress and therefore they have a relationship'. Those come from the ones who really have an axe to grind.*

Most of those who oppose, though, were too scared to speak up. A lot of them would say, "Well, you know, these guys are going to last for two years only so let's just outwait them." They stonewalled. You gave them an instruction and they would just sit on it because they didn't want to do it. Eventually, you had to start moving them around, or start sending strong signals. Let me give you an example of a signal. The first month I joined DepED, there was the Educators' Congress month; October is traditionally the Educators' Congress Month.

During this, everybody comes together and so on, so if you play it well, it is a good venue for cascading messages that you want to send out. If it is not done well, it generates a lot of money because people pay fees in and then you can play around with a float. So there is room for corruption.

This was done in October when I joined, and on the very first day, I attended the Congress. I sat and listened. It was a circus! They had speakers on stage, but people weren't paying attention and were walking around instead; it was like a fiesta, it was a mess. But it generated a lot of surplus (money from congress fees). And the Department of Education likes surplus because surplus allows them to either pay extra bonuses, extra loyalty pay and so on, or it allows them to engage in procurement for which they can get commissions. The example, then, was that within the first week after this Educators' Congress, I received a request with a canvas of three suppliers for LCD projectors on my desk. An LCD projector of a certain brand to project something on the wall, okay fine. The cost listed was ninety thousand pesos per projector. At that time it was about \$2500, or \$2700 for the piece of equipment.

I thought, "Wait, how is it possible that an LCD projector can be more expensive than a laptop computer when the latter involves so many more features?" I had no idea what the prices are. So, I spoke to one of my assistants and told her that I wanted her to call the 'winning' supplier'. I told her to pose as a prospective buyer, saying that she needed an LCD projector with the following specifications—I wrote the bullet points of the script out for her, and told her she just needed to act.

She called, and was very convincing. The guy said, "I have a deal for you, I have this X brand LCD projector, these specifications, and it is 35,000 pesos." She

asked him to fax the quotation over, which he did, along with the brochure. It was exactly the same projector, but priced at 35,000 pesos (US\$805) instead of 90,000 (US\$2070). And here, they wanted to buy three at 90,000. The question that remained, then, was about the course of action we should take. Should we come down hard in our first week on the property officer in charge of this purchase? It turned out that we didn't have a case at all. There wasn't any case to file because the transaction wasn't consummated – no one had bought anything. All we had was a quotation and they could always say they must've gotten the wrong information, or written it up wrong, or some such thing.

So we didn't have a case to file. Instead, I decided to write a memo. It was literally my first memo, and went along the lines of "Good news. We just found out from the supplier that they can give us three for the price of one." We attached everything and sent it back to the person who had made the request. But, we floated copies of the memo to different departments. As a result, word went round that we kept abreast of things and were watching what was happening, and so on. You have to do this every other month; you just have to keep signaling. People are very entrepreneurial in government; they try to figure out all kinds of ways to get the things they want, and you have to keep taking action to prevent their succeeding. After you send the message the first time though, they test you for a bit to see if you're serious or not, using this to learn how committed and competent you are.

Ultimately, I think we were able to toe the line on keeping things pretty clear. I'm not saying we had a 100% success rate, but we were able to stop a lot of the big stuff. In my opinion, the fact that textbook procurement during our three years was all through quality publishers is a measure of this. People can complain that one publisher or publishing group got the order for too many books or some such thing, but they can't say that we didn't get quality publishers.

If you take a look at the publishers involved post-2006, it's easy to note that all the fly-by-night publishers came back into the picture. All of a sudden, people you've never heard of before are the ones signing big contracts. And if you look up these publishers, examining their CVs and their SEC (Securities and Exchange Commission) registration and so on, you will eventually find connections to some regional director, some undersecretary or assistant secretary etc. It's sadly obvious.

MAJEED: Are there still international—?

LUZ: *There are, but a number of them have co-opted the instructional materials people. Indeed, noticing one individual's frequent travelling, I asked why the person had so many trips to Singapore; he/she had no business being there, but visited the country five or six times a year. Apparently it was for 'vacation'. I wanted to know where the money for this was coming from. Of course, it turned out that the main textbook suppliers was a Singaporean publisher with a Philippine agent. There are really any number of signs that you can look for to identify such setups. They constitute a problem, and if you're not careful, they're going to keep popping up.*

MAJEED: Thank you so much for your time, I appreciate it.