



INNOVATIONS FOR SUCCESSFUL SOCIETIES

A TENSE HANDOVER: THE 2010 PRESIDENTIAL TRANSITION IN THE PHILIPPINES

SYNOPSIS

In 2010, political tensions in the Philippines threatened a stable transfer of presidential power. Gloria Macapagal Arroyo was at the end of her tenure when Benigno Aquino III, son of two national heroes, won election in May. During the campaign, Aquino had accused Arroyo of corruption and mismanagement. Animosity, lack of planning by the outgoing administration, poor government transparency, and a weak political party system created obstacles to an effective handover in a country with a recent history of instability. However, a dedicated corps of career civil servants, a small but significant degree of cooperation between the incoming and outgoing administrations, and thin but effective planning by the Aquino side allowed for a stable though bumpy transition. The handover highlighted the importance of institutionalizing the transition process to avoid conflict and facilitate uninterrupted governance.

Robert Joyce drafted this case study on the basis of interviews conducted in Manila during November 2014. Case published April 2015.

INTRODUCTION

On June 30, 2010, outgoing Philippine president Gloria Macapagal Arroyo and President-elect Benigno Aquino III shared a brief—and tense—limousine ride.

Throughout the campaign, Aquino had accused Arroyo of corruption and incompetence, calling her nine-year tenure a “lost decade” for the Philippines. Arroyo had denied the allegations and, barred by law from seeking another term as president, had sought and won election to Congress.

From the Malacañang presidential palace, the two rode to the Quirino grandstand in Rizal Park in central Manila, the site of Aquino’s inauguration. Arroyo continued on to her congressional ceremony. No record exists of the conversation between the two during the ride—a

tradition for outgoing and incoming presidents—but the circumstances were awkward.

Aquino had pledged that his administration would break with “business as usual.” He campaigned on a platform of accountability and made it clear that once in office, he intended to prosecute Arroyo.

The scion of a political family, Aquino had decided to seek the presidency after cancer took his mother, Corazon Aquino, in 2009. Corazon Aquino became president in 1986 after the ouster of long-ruling dictator Ferdinand Marcos and served until 1992. Aquino’s father, a Marcos opponent and senator, had been assassinated in 1983.¹

Arroyo had represented similar hopes for improved governance when she took office in January 2001. The daughter of a former president,

Arroyo had been vice president under Joseph Estrada when popular protests against corruption forced him from the presidential palace. Although Estrada did not formally resign, Arroyo, who had spoken out against him, became president in January 2001 with the backing of the Supreme Court and the armed forces. After serving out the remainder of Estrada's term, Arroyo then successfully campaigned for the presidency in 2004. However, her election and her administration were soon tainted by uproar over a taped phone conversation purporting to show Arroyo asking the head of the elections commission to ensure her victory. Despite calls for her impeachment and allegations of abuse of power, Arroyo remained defiant and stayed in office until the end of her term.

After Aquino won the 2010 election, he had to work with a president he had maligned and a bureaucracy he distrusted to ensure the continuity of government services and important commitments. Aquino relied on a close circle of advisors, including Florencio Abad, a political mentor whom Aquino would later appoint as budget secretary; Abad's daughter Julia, who was Aquino's chief of staff; and Paquito Ochoa, Aquino's eventual pick for executive secretary. (The executive secretary had limited power to exercise executive authority on behalf of the president, serving as his stand-in for more-minor matters.)

Vowing to work with the newly elected president, Arroyo named a transition committee headed by Executive Secretary Leandro Mendoza and the recently appointed secretary of Presidential Management Staff, Elena Bautista Horn.

A successful transition required preparation and cooperation. Aquino's team had to choose people to lead departments and develop a governing plan. If all went well, members of Arroyo's departing administration would hand over memos on budgeting, staffing, and ongoing

projects and would meet face-to-face with their incoming counterparts to provide counsel and ensure continuity in major commitments and activities during the transition.

The teams had less than two months between the May 10 election and the June 30 inauguration. Given the recent history of political turmoil in the Philippines, a smooth presidential transition would be a welcome change.

THE CHALLENGE

The Arroyo and Aquino teams faced high hurdles to a smooth handover. First, Philippine political affairs were dominated by powerful personalities and dynasties rather than program-oriented political parties. The lack of strong parties weakened planning, recruiting, and institutional memory for incoming governments. Second, the incoming administration faced the difficult and time-consuming task of making thousands of political appointments. Further, poor record keeping and limited data capacity hindered the transfer of critical information.

The Philippines' history of rocky presidential transitions compounded the challenge of personality-driven politics. Public anger against high-level corruption created the specter of another so-called "people's power" uprising like the one that had toppled Marcos in 1986 and meant that a legal and peaceful transfer of power could not be taken for granted.

"We actually do not have a history of successful transitions since 1986," said Manuel Quezon III, undersecretary of presidential communications for Aquino and grandson of a former president (Manuel Quezon, 1935–44).

The weakness of political parties, which could otherwise serve as knowledge banks for newly elected officials and provide a pool of qualified individuals with similar policy preferences, undermined the appointment process. In 2010, most parties were ineffective and inconsequential. Even three years later, British

newsmagazine *The Economist* described political parties in the Philippines as “channels for campaign funds rather than policymaking institutions.”² After presidential elections, members of Congress frequently switched their party affiliations to the party of the new chief executive in order to curry favor.

Absent parties with specific platforms, voters lacked clear choices on policy direction; and civil servants had little idea of what to expect from each new administration. “We don’t have viable political parties,” said Karina Constantino-David, former chairperson of the Civil Service Commission. “There are really no public debates and directions. So, every time there’s a new administration, it’s ‘Surprise!’”

Powerful dynasties made family ties more important for politicians than either parties or policies. In the 2010 elections, half of the winning candidates for Congress and governor had family members who had held office. In 35 of the country’s then 80 provinces, the governor and congressperson were related.³ Elected officials often had to navigate personal networks to pick up political know-how and recruit experienced advisers.

Filling thousands of government positions would be a challenge for Aquino in 2010. He belonged to the Liberal Party, which had supported his mother, but his campaign allies included disparate groups united mainly by their opposition to Arroyo. Policy stances were mixed at best, leaving Aquino with no ready supply of qualified, like-minded candidates for top government jobs.

Aquino administration officials said the president had to appoint roughly 4,000 officials upon taking office. Philippine government sources estimated the number of appointment positions to be around 7,000,⁴ similar to the number of appointments US presidents made for a country with three times the population of the Philippines.⁵ Aquino had to balance the need to

find competent people with the need to satisfy his campaign supporters.

The large number of appointments also presented a test for incoming Cabinet secretaries and the civil service. New secretaries typically had little knowledge of the operations and the people they were to lead. “If you’re the person coming in, your tendency is to doubt; your tendency is to bring in people from the outside, which unsettles and also further entrenches the penchant of the career bureaucracy to follow and not think,” said Constantino-David, who also served as an advisor to the Aquino campaign and administration.

The recruiting process threatened to swamp the incoming administration and hamper its ability to develop a plan for governing once in office. The task of setting priorities and preparing for roles faced other challenges as well, however. The opacity of government operations and the difficulty of retrieving data threatened to hobble any attempt to develop a governing plan. Important information such as budget figures and national statistics was often buried in office files. Further, meeting minutes, policy papers, and operations documents were hard to retrieve or did not exist. In 2010, the International Budget Partnership, which evaluated countries based on the public availability of budget-related documents, gave the Philippines a score of 55 out of 100, indicating only “some” budget transparency. Of eight budget documents the organization called “key,” the Philippines published five. Of those five, one was graded as providing “minimal” information and another as giving only “some.”⁶

The lack of publicly available budget figures and other data challenged both Aquino’s transition planners and the outgoing Arroyo administration, which found that poor record-keeping practices and confused lines of authority hampered its ability to reply. “The knowledge management is quite deficient,” said Ronald Holmes, a political science scholar with De La

Salle University in the Philippines and Australian National University. “That meant that the transfer of such documents would not really be that thorough.”

“Many decisions may not be covered by documents,” Holmes said, because senior officials may have used informal channels or given oral instructions rather than issuing written orders that could be tracked. “You’re not exactly working blind, but it takes extra effort on the part of a bureaucrat to figure out what was done before.”

Further, senior Arroyo and Aquino administration officials said rosters of presidential appointment positions were not easily accessible, and the multiple steps of budget allocation and disbursement meant public money was hard to track. Even as of 2014, the Presidential Management Staff office “did not have information on the universe of positions to be filled at the onset of the [Aquino] administration [in 2010].”

“We have a fairly old executive department.” Quezon said. “Very little attention has been paid to continuity in terms of the maintenance of records.” The Philippines lacked an “institutional approach to the preservation of everything from official issuances of our presidents to photographs, the development of the presidency as an institution, [and the] continuity of policy.”

FRAMING A RESPONSE

In 2010, established practices and laws addressed some of the challenges associated with a presidential transition. Civil servants stepped in to provide historical memory and remedy some of the problems that arose from the poor state of government records. Aquino’s campaign staff drafted a policy agenda to provide stronger direction than seen in the past.

In 1992, the outgoing government of Corazon Aquino had managed the first handover in the Philippines since the end of the two-decade Marcos dictatorship and made it possible for her

successor, Fidel Ramos, to take office without disrupting important commitments or services. For lessons on how to manage the handoff to its successor, the Corazon Aquino administration had researched US practices. Ideas from the United States, which had formerly wielded colonial power in the Philippines, included the creation of a transition committee to lead the process, the development of transition reports by each executive department and the president’s office, delivery of the reports to the incoming leaders, and meetings between outgoing and incoming officials.

To authorize those steps, Corazon Aquino and her successors had relied on executive orders, which had the force of law but could be changed or overturned by the next administration. In 1992, as her term ended, Corazon Aquino issued an order creating a transition committee and mandating the drafting of transition reports.⁷ Ramos later followed that precedent and issued two orders when he left office in 1998, elaborating on his previous administration’s orders only slightly.⁸ The Arroyo administration looked to those orders when drafting its own in 2010.

Elements of Philippine law provided additional structural underpinnings for the presidential transition process. First, to reduce the possibility of patronage’s affecting the vote, the Philippine constitution barred the president from making appointments to government departments or agencies within two months of an election. And election laws prevented the government from contracting for any new public works projects 45 days before a national poll.

Protections by means of civil service law further helped maintain continuity in government services. During the Marcos administration, a new system made it possible for high-level civil servants to earn protected tenure through a training-based selection process, according to Anthonette Velasco-Allones, executive director of the Career Executive Service Board (CESB), an

agency attached to the Civil Service Commission that formulated and managed regulations governing career senior civil servants and advocates on their behalf.

“[The CESB] was a way of weeding out those who came in with political connections and didn’t have the brains,” said Constantino-David, who also served on the CESB from 2001 to 2008. Career civil servants who passed the system’s requirements became eligible for appointment by the president to senior posts such as director, assistant secretary, and undersecretary. In 2010, career civil servants accounted for 55% of the senior bureaucracy, according to Velasco-Allones.

Such career executive service officers played valuable roles in the 2010 transition by serving as sources of institutional memory and continuity that filled many of the holes created by incomplete records and data. “Generally, they’re the ones who give the briefings to the incoming; they’re actually the ones who do all the reports, because they’re the institutional memory,” Constantino-David said.

Aquino’s commitment to specific goals aided in his transition. At the start of his 2010 campaign, he had drafted a policy platform that he called the Social Contract. Besides laying out fundamental aims, the platform served to strengthen his Liberal Party as an institution and provide some predictability regarding what he wanted his government to do.

“The campaign itself was unusual in that it was perhaps the first campaign in living memory that actually took its platform seriously, which is very different from actually asserting that the platform mattered to the electorate,” Quezon said. “[The Social Contract] did serve as a blueprint for the president, because he took a very active role in approving that platform.”

Many of the policies Aquino adopted for his platform had been developed years earlier by a group of 10 senior officials who resigned from Arroyo’s administration following accusations that

Arroyo had rigged the 2004 election. They became known as the “Hyatt 10,” after the hotel where they gathered for a press conference to announce their resignations. “We decided, a few of us, that the lessons learned in our four and a half years in government should be documented and should serve as lessons for those who want to join government,” said Corazon Soliman, who served as secretary of the Department of Social Welfare and Development under Arroyo and who would later join Aquino’s administration.

Aquino’s team, including several Hyatt 10 members, drafted the Social Contract from September to December 2009. They tapped an informal consensus within the network of parties and organizations in Arroyo’s opposition. There was broad agreement on the need to increase transparency, expand anti-corruption initiatives, and improve accountability.

GETTING DOWN TO WORK

Following the elections on May 10, the Aquino and Arroyo staffs had just 51 days to organize a transition process before Aquino would be sworn in as the new president of the Philippines. At just over seven weeks, the transition period was significantly shorter than the nearly 11-week US presidential transition in 2008–09, the more-than-14-week Indonesian presidential transition in 2014, and the five-month Mexican presidential transition in 2012. A lack of substantial preparation on both sides exacerbated the time crunch.

Transition teams

Because she hadn’t sought reelection, Arroyo was long aware of the need to plan for a transition regardless of who succeeded her. However, she took no formal action until May 9, 2010, one day before the election and less than two months before the new government was to take office. On that day, Arroyo issued Administrative Order 285.⁹ The order, on paper at least, instructed her

administration to cooperate with the incoming government.

The order was slightly more detailed than similar transition orders by outgoing presidents in 1998 and 1992 had been. “Part of the crafting of that [administrative order] was a review of the previous [administrative orders] issued,” said Bautista Horn, Arroyo’s secretary of Presidential Management Staff. “We studied how the [United States] does it. But the difference is that there’s legislation in the US. The legislation allots a budget for a transition. There’s an office that’s established, and there’s a particular budget. That’s something we don’t have here. So we tried to simplify that and just put a council here. So we put together a council composed of those outgoing from key Cabinet positions and incoming officials of the Aquino administration.”

The order also created a “presidential transition cooperation team . . . responsible for the overall implementation, coordination, and supervision” of a “transition blueprint.” The team consisted of the executive secretary; the secretaries of foreign affairs, budget and management, and education, respectively; and the press secretary and directors of the national economic authority and national information agency.

The team’s task was to specify what information the executive departments would need in order to produce a transition report. The transition blueprint, the order said, provided for the orientation of the new government, including staff, procedures, and bureaucratic structure; would document the Arroyo administration’s accomplishments; and would ensure “seamless service delivery during the transition phase.”

The order also created transition teams within each executive department and agency and set a May 31 deadline—only three weeks from the date of the order and a month before the official government handover—for the individual departments and agencies to submit reports to the central transition cooperation team.

Bautista Horn, who managed the president’s support staff, and Executive Secretary Mendoza, who handled legislative and legal issues, were responsible for implementing the order.

Within two or three days of Arroyo’s order, poll results showed Aquino the clear winner of the election.¹⁰ At that point, Aquino began choosing members of his inner circle for key positions in his administration. Among his early picks were Quezon as undersecretary of presidential communications and Soliman as secretary of social welfare and development.

Because of the speed at which decisions occurred, appointees sometimes learned of their new positions at the same time as the public did. Soliman learned of her appointment via a reporter after Aquino announced it in an interview, and Quezon found out by text message.

After naming his first small batch of appointees, Aquino set up a search committee to find nominees for other positions. Its members, all of them influential in the campaign, included Alberto Lim, a business executive; Julia Abad, Aquino’s senate chief of staff; and Ochoa, city administrator of Quezon City, among others, according to Lim and Quezon.

Aquino also organized a transition committee to work with the Arroyo administration and collect the information necessary to ensure continuity during the first weeks in office as well as make all inauguration arrangements, including drafting the appointment papers for the Cabinet. Members of the transition committee included Florencio Abad, an Aquino confidant and one of the Hyatt 10 who had resigned as secretary of education in 2005; Manuel Roxas, former senator and Aquino’s running mate for vice president; and Cesar V. Purisima, former secretary of finance who also had resigned with the Hyatt 10. Julia Abad and Ochoa were also on the transition committee. Under electoral law, the president and vice president

were elected separately; Roxas had been unsuccessful in his vice presidential bid.

Rushed reports

The lack of time squeezed both sides. From mid-May through June, the Arroyo administration scrambled to assemble information for members of the incoming government. Meanwhile, Aquino's people rebuffed two proposals from the Arroyo side for more collaboration.

Arroyo had appointed Bautista Horn just four months prior to the transition. "I just had to make do with the little time I had," Bautista Horn said. "It would have been nice to plan it a year ahead."

In each department, senior career officials drafted transition reports. At times, the drafting of a transition report blended into the department's medium-term planning. In the Department of Finance, for example, the transition report was part of a six-year development program, according to Undersecretary Gil Beltran, a veteran civil servant. In the Department of Management and Budget, the transition report focused on the year's spending, but transition planning also included drafting the next year's budget—due to Congress in the fall.

Some reports failed to meet the tight schedule and came in after the May 31 deadline. By the time the reports reached Bautista Horn, there was little opportunity to vet the information for accuracy or to evaluate it for completeness, she said. Mendoza, Arroyo's executive secretary who died in 2013, collected the reports to be turned over.

"It would have been great to thoroughly review and see that all the requirements of the administrative order were there, but there was no time," Bautista Horn said.

Although the reports were done in haste and often arrived late, the ones that were completed

provided some help for the Aquino side and were better than nothing. Quezon said the transition reports were "basic documents but helpful in that sense. . . . they were the only reference."

In addition to preparing reports, the Arroyo administration suggested a full joint Cabinet meeting with the incoming and outgoing presidents to discuss the Aquino administration's need that the transition and strategies would ensure better continuity of policy, according to officials of both administrations.

The Aquino transition team, however, had no interest in a full meeting. "A discussion like that would require a large element of trust on both ends," Julia Abad said. "This was not the case in this instance."

In addition to suggesting the joint meeting, the Arroyo administration prepared office space adjacent to the presidential compound. The building had symbolic importance as the residence of Corazon Aquino while she was president and was meant to be a neutral ground for meetings between the two sides as well as a joint work space. The Aquino team balked at the idea. "Trust is a major element in choosing your transition space," Julia Abad said. "You would be more productive in an area where you feel you can move about and speak freely." The space went unused, and the teams never shared offices.

"We had very limited encounters with the incoming administration," Bautista Horn said. What meetings did occur between the two transition teams focused on the logistics of inauguration day, she said.

Selecting a Cabinet

Among thousands of appointments, the Cabinet was Aquino's top priority. Because active recruitment did not start until after the election, the incoming president had only seven weeks to find, vet, and announce his selections.

A number of factors drove Aquino's Cabinet search. First, although he favored people he knew

personally and who had relevant experience, he was open to outsiders with strong recommendations from his close advisers. “The president has a relatively small circle of people he’s comfortable with, and it basically revolves around them,” Constantino-David said.

Second, Aquino sought Cabinet members who would agree to remain for the length of his administration. “The president likes stability. He was not about to search for Cabinet members he would replace at some point during his term. He was looking for people who would stay long term,” said Julia Abad.

Finally, given the emphasis his campaign placed on combating corruption, Aquino wanted nominees who were above reproach in terms of personal and professional reputation and who had no past problems with taxes, lawsuits, and other legal entanglements. To find candidates, the search committee spoke to people they knew in relevant industries in addition to campaign advisers with experience in desired sectors. These individuals suggested names for the search committee to consider, according to Julia Abad.

The search committee drew up a list of the candidates, discussed the names with Aquino, and informally vetted his favorites.

Aquino made sure his Cabinet members supported his agenda. In the interview process, the incoming president sought out candidates’ beliefs regarding his platform and campaign positions, and he instructed those he selected to follow the Social Contract in running their departments.

“For the president to give marching orders on the basis of the platform that they campaigned on . . . signaled a different way of doing things and set the tone for the administration,” said Herminio Bagro III, undersecretary of the Presidential Management Staff.

The outreach and selection process continued through June. On June 29, one day before taking office, Aquino publicly announced 26 Cabinet

nominees. Aquino filled the lone remaining Cabinet post—the secretary of the Department of Interior and Local Government—about a week after taking office.

Because of the tight timeline, those chosen had little time to acquaint themselves with their responsibilities and the workings of their departments. Some Cabinet picks never had an opportunity to meet with their outgoing counterparts before the inauguration.

Handing over reports and briefings

Upon taking office, most Cabinet secretaries met with their outgoing counterparts as part of a formal handover ceremony. Such meetings ranged from perfunctory to productive. The senior career staff then briefed the new secretary on ongoing projects, budget levels, bureaucratic procedures, staff roles and vacancies, and other aspects of the department.

Aquino appointed experienced individuals, including former secretaries, to some of the most important executive departments, thereby limiting the need for extensive orientation. Purisima, Soliman, and Florencio Abad had held Cabinet posts. Purisima and Soliman returned to the same departments they had left in 2005. Aquino appointed two career civil servants as secretaries and reappointed Arroyo’s secretary of foreign affairs.

Former Cabinet members did not require substantial assistance with the transition. “The first meetings I had here were to get an update on the many programs I had left, which were continuing programs; and there were new programs that were launched while I was not here. One of them was the conditional cash transfer,” Soliman said, referring to a major antipoverty program started in 2008.

For new secretaries, however, especially those tapped just days before inauguration, the process was more difficult. “It was difficult [for new secretaries] because they were dealing with people

they didn't know, especially if they're coming from the private sector or [nongovernmental organizations]," Soliman said.

Armin Luistro, Aquino's pick for secretary of education, said he initially took office without a handpicked staff in place and met with his predecessor and career staff only after the start of his term. "I didn't have time to even review," said Luistro, who had been a university president and had no prior experience in senior government service. Until his appointment was official, he said, it would have been "presumptuous" to request briefings from the department. It took about three months, he said, before he was comfortable enough with his understanding of the bureaucracy to begin pressing for major changes in the department.

OVERCOMING OBSTACLES

In the lead-up to the election and government handover, the Arroyo administration took actions that roiled the early days of Aquino's presidency. First, Arroyo made hundreds of appointments throughout the government that Aquino supporters considered last minute, or midnight, actions designed to embed her constituents in the new administration. Second, the Arroyo government appeared to spend significantly more than its allotted portion of the 2010 federal budget, which would have impeded Aquino's ability to implement his agenda. Reports of improper appointments emerged before the election, and Aquino officials questioned whether Arroyo had violated the Philippine constitution, which banned presidential appointments within two months before an election.

Aquino condemned the appointments and later accused Arroyo of backdating certain personnel papers signed after the constitutional deadline. He said many appointments were political favors meant to entrench Arroyo's support in the government and shield her from prosecution for corruption after she left office.

Arroyo denied any wrongdoing. "The midnight appointments were a campaign issue, so when we came in, it was something we were out to correct," Julia Abad said. During the first month after inauguration day, the Aquino administration worked to identify Arroyo's last-minute appointees and determine which they could dismiss.

On July 30, Aquino issued Executive Order 2, which said "a number" of appointments by Arroyo were "in complete disregard of the intent and spirit of the constitutional ban on midnight appointment." The order said that any appointments made or accepted by the nominee after March 10, the two-month cutoff date, or for positions that would become vacant only after that date were "recalled, withdrawn, and revoked."¹¹ According to records provided by the presidential communications office, 859 appointments were deemed midnight appointments.

Following lengthy legal battles, the courts held up the measure, although they disagreed at times with the administration over whom the order applied to, according to media reports and information provided by the Presidential Management Staff office.¹²

One high-profile dispute involved Arroyo's appointment in mid-May of then associate justice Renato Corona to succeed the chief justice of the Supreme Court, who was to retire at the end of May, one month before the handover. Corona had been Arroyo's chief of staff before she appointed him to the court eight years earlier. Arroyo had won a Supreme Court decision backing her contention that the pre-election restrictions on appointments did not apply in this case because the constitution required the position of chief justice to always be occupied. Still, the appointment rankled Aquino and his supporters. "Is it too much to ask President Arroyo to not add another problem for the next administration to inherit?" Aquino told the Reuters news agency at the time.¹³

Aquino could not dismiss the chief justice even though he saw Corona as an impediment to his plans to hold Arroyo accountable for actions during her administration. However, two years later, Aquino and his allies succeeded in getting Corona ousted from his position for failing to disclose more than \$4 million in personal funds.¹⁴

Although the Aquino administration viewed its harsh response to Arroyo appointees as a move to fulfill its election mandate for greater transparency and accountability, the dispute also was a distraction for an already hard-pressed government. Constantino-David said she regretted the amount of time spent on dealing with the problem. “It was time that should have been spent studying what you’re doing, setting the foundations for a new government,” she said. “I think it delayed the introduction of reforms by six to nine months.”

On July 26, Aquino delivered his first State of the Nation address. In a speech a Filipino commentator called an “indictment,” the new president accused the Arroyo administration of poor governance across a broad swath of issues.¹⁵

Overspending by Arroyo was a prime focus of the speech. “The public coffers were squandered,” he said, according to the government record. “Our budget for 2010 is 1.54 trillion Philippine pesos (at the time, about US \$33.06 billion). Of this, only 100 billion—or 6.5% of the total budget—can be used for the remaining six months of the current year. Roughly 1% of the total budget is left for each of the remaining month[s].”¹⁶

The claim exaggerated the extent of the problem. Administration officials later clarified that the new president’s 6.5% reference was to “nonrecurring” funds used for public works and other new projects. Salaries, interest payments, and other costs related to continuing programs and services accounted for a significant portion of the budget that the Arroyo administration had encumbered before Aquino’s inauguration.

Julia Abad said the level of budget overspending became clear during the administration’s second Cabinet meeting, weeks before Aquino’s speech. Florencio Abad, the budget secretary who also was Julia’s father, said briefings with career staff and spending reports from other departments indicated that less than 10% of the calendar year’s nonrecurring budget funds remained by the time Aquino took office at the end of June.

Joaquin Lagonera, Arroyo’s last budget secretary and a longtime presidential staffer, denied the allegations of overspending “beyond what is allowed by law.” “On a cash basis, the outlays in the first half of 2010 were only slightly above 50%. This can be confirmed from the report of the treasurer of the Philippines on the cash releases made during the first half of 2010,” Lagonera said in the media at time.¹⁷

Ricardo Saludo, Arroyo’s Cabinet secretary, who was in charge of following up with the administration, said a combination of factors explained what could be viewed as overspending. The constitutional deadline to start public works projects before elections and the need for countercyclical spending in the wake of the 2009 global financial crisis had accounted for heavy disbursements, he said.

Bautista Horn denied that government funds had dried up, but she could not confirm how much of the budget had been left.

In the end, the opacity of government spending made it difficult to confirm exactly how much of the year’s budget had been spent when Aquino came into office. Given the president’s power over government spending, however, Aquino supporters remained unconvinced on the issue. “There’s nothing to stop a president from spending 50% of a budget in the first three months,” Constantino-David said.

Low on funds during the early months of his presidency, Aquino focused on improving tax collection and changing spending practices to

prevent graft—reforms that took over a year. “The extra work of overhauling various bureaucratic processes—particularly those that were vulnerable to irregularities—prevented agencies from spending their allocations as quickly as would’ve been ideal,” according to an aide to the secretary of management and budget.

Aquino’s criticism of Arroyo, accurate or not, offered his administration political cover for delays. The image of having inherited a government in disarray also helped shield him from blame for some early missteps. But there was no question that the administration was overburdened in its initial months in office.

For example, Aquino’s Memorandum Circular 1, which aimed to protect career civil servants, had to be reissued because significant portions of it failed to comply with civil service law. Although the Career Executive Service Board praised the July 1 memo, Constantino-David, the former Civil Service Commission chairperson, had to be brought in to help redraft the order.

The first executive order, establishing a “truth commission” to investigate the Arroyo administration, was struck down by the Supreme Court for violating the constitution’s guarantee of equal protection under the law. Aquino supporters saw this as evidence of Chief Justice Corona’s protection of Arroyo; critics saw it as stubbornness on Aquino’s part.

Some close to the Aquino administration attributed the government’s early problems to the failure of new officials to tap the knowledge and experience of career staff.

“I think the usual problems arise when the new people cloister themselves like a conquering army,” Constantino-David said. “I think the most bumps were in Malacañang [the presidential palace] rather than in the departments. And this is due to mistakes caused by lack of experience and lack of rigor in executive orders that were coming out and that were partially wrong.”

Julia Abad said working with career staff was a challenge for the new Aquino administration. Many in the Aquino camp did not trust civil servants and bureaucratic procedures after nine years of what they viewed as abuses. “I think in the beginning, it was an issue that I brought in all these ‘kids’—relatively young people whom the bureaucracy saw as the ones I trusted to do the bulk of the work assigned to us by the president—to the disappointment of some old-timers who felt they had more experience,” Julia Abad said.

“They came in with the attitude that everybody President Arroyo appointed is corrupt. Even the career officials tapped by the Arroyo administration were branded corrupt. I think that’s where the problem started,” Bautista Horn said.

“I’m sure people needed to grapple with policies that were not quite appropriate if not illegal,” Constantino-David said. But portions of the law could not be altered without unintended consequences, she said.

Across the administration, however, new officials said that with time, trust built between career officials and Aquino appointees. Trust notwithstanding, as Aquino staff gained experience in the bureaucracy, relations and effectiveness improved.

“Even the ones I had to move around because their names had come up as related to decisions that were not made well—even them—I’ve found that you can really work with them. It’s a bureaucracy, so they respect authority and recognize competence,” Julia Abad said.

ASSESSING RESULTS

The 2010 presidential transition was rockier than Aquino officials had hoped it would be but smoother than it might have been. Given the tense atmosphere, the abundance of governance problems, and a recent history of political disorder, the bar for what could be considered a successful transition was relatively low. “In the

Philippines, that there is a succession is the bar,” Quezon said.

Ideally, a presidential transition empowers the new administration to begin implementing its agenda, with the necessary staff and management prepared and in place and minimal time lost in efforts to rectify or overturn perceived inadequacies and excesses of the previous administration. The 2010 transition fell short of ideal.

“The birthing pains were really quite extensive,” Quezon said. He estimated the administration took at least a year to reach operating speed.

Incoming officials said the transition reports received from the Arroyo camp often were rudimentary and vague, and the briefings failed to answer important questions. Although career officials tended to focus their reports on the positive aspects of programs in which they were involved rather than focus on the challenges, Aquino staff considered the reports, even if basic, a crucial element.

Political tensions reduced the ability to arrange senior-level briefings. Although some incoming secretaries, including Soliman, had productive exchanges with their Arroyo counterparts, most meetings produced little in the way of useful guidance and information.

Aquino’s first State of the Nation address and other public remarks in 2010 laid bare the new administration’s distaste for its predecessor. By late 2014, multiple criminal charges had been brought against Arroyo, but none had produced a conviction. She remained in medical custody in a hospital, reportedly with neck and heart ailments.

Quezon said “political brinkmanship” on the part of the Aquino administration could be blamed for some of the transition’s problems. “The first thing you announce is that you’re going to fire everyone,” he said. “The second thing you announce is that you’re going to investigate everyone. The third thing is that you’re going to

take down the chief ‘graft buster’ of the government [the ombudsman]. Then you follow that up with going after the chief justice of the Supreme Court. Up and down the line, there is no incentive for cooperation or consolidation.”

In addition to problems involving the budget and appointees, management inefficiencies contributed to slow progress early in the Aquino administration. Of the roughly 4,000 positions the president was expected to fill, 2,209 were filled by December 2010—five months into the administration, according to information provided by Aquino’s communications office and Aquino’s remarks at the time.¹⁸ Although low salaries, heavy scrutiny, and bureaucratic complications delayed the recruitment process, bottlenecks at the top contributed. Each appointment required the president’s signature.

Despite its many problems, the 2010 transition process revealed certain strengths in the Philippine government and political system.

Aquino’s rushed, secretive Cabinet search led to a public announcement only a day before inauguration. However, Julia Abad pointed out that almost all Cabinet-level remained in their positions after four years. “It’s not easy to find qualified people willing to stay in government service for six years,” she said. Once in office, Aquino made significant changes to the budgetary and public works process that reduced misappropriations. However, the changes also produced delays and some questionable practices. Multiple public works contracts awarded under the Arroyo administration were submitted for a new round of bidding, resulting in slowdowns but also government savings in some cases.

Two former Arroyo officials—Lagonera and Bautista Horn—criticized the delays in infrastructure projects, saying the Aquino administration should have pursued the delayed projects and strengthened existing safeguards and auditing procedures to prevent excessive spending or corruption.

Some of Aquino's changes to the budget process were controversial. One such policy was the Disbursement Acceleration Program, through which the president reassigned funds after the national budget had been approved by Congress with the purpose of speeding up favored projects. Aquino at first used the program to shift funds set aside by the Arroyo administration in the 2011 budget, but the practice continued into 2014. As of February 2015, the Supreme Court forbade certain practices—including the president's authority to move funds from one executive agency or department to another—but allowed funds to be shifted between projects or to a new project within the same bureaucratic entity.¹⁹

Aquino's campaign focused on the need for change, but he continued many of the programs of his predecessor. Finance and poverty-reduction policies remained in place for the most part, with a conditional cash transfer program the most visible example. The program, which provided payments for poor families who meet certain education and health requirements, started in 2008 with 6,000 families under the Department of Social Welfare and Development. By 2013, the program had expanded to roughly 4 million households and was a flagship of the Aquino administration.²⁰ Soliman, who took over responsibility for the program in 2010, embraced its success, as did the rest of the Aquino administration.

The program was a key example of the Aquino administration's willingness to sustain effective Arroyo programs at a time when the former president's policies and practices were under intense scrutiny. Bautista Horn cited the continuity of such government services as an important measure of the overall success of the presidential transition.

Low- and midlevel civil servants largely remained in their positions through the transition. At the highest levels (directors and above) in 2010, about 55% of positions were staffed by

career civil servants. With relatively few exceptions, those officials stayed through the presidential transition. Anecdotally, in major departments—including foreign affairs, the Presidential Management Staff, Budget and Management, Finance, and Social Welfare and Development—secretaries kept the senior career staff in place and brought in young staffers from the campaign for their own offices. Noncareer officials were political appointees who either served in terms that ended with Arroyo's, voluntarily stepped down, or were replaced later by Aquino.

Velasco-Allones, executive director of the Career Executive Service Board, praised Aquino for Memorandum Circular 1, which ordered members of his administration to respect career officials' tenure. "That circular sent a very strong message of upholding careerism," she said.

Velasco-Allones said in 2014 that the proportion of career staff had increased to 58% of 3,000 senior positions under the Aquino administration—a good sign for future transitions. The outlook for further improvement was uncertain, however. Velasco-Allones said she wanted to see around 85% of senior positions filled with career officials; senior Aquino officials said they were satisfied with the levels at the time.

REFLECTIONS

Filipino officials blamed structural deficiencies and political hostilities for shortcomings in the 2010 transition. Many said the handover process received little attention amid the political fray.

"The transition is never given enough focus," said Elena Bautista Horn, secretary of the Presidential Management Staff of outgoing president Gloria Macapagal Arroyo. The two sides, however, agreed that earlier preparations likely would have improved the transition.

For incoming president Benigno Aquino III, earlier planning might have resulted in Cabinet

selections *weeks before* inauguration rather than the *day before*. However, in early 2010, Aquino and his close advisers were more concerned with ensuring a successful election than with planning an effective transition. Members of Aquino's team cited worries that the election might fall through, that the balloting might be disrupted in some way, or that the results would be disputed.

Officials on both sides cited two other influences on the transition. First, political etiquette prevented a president-elect from upstaging the outgoing president by making early Cabinet selections. Second, career staff were reluctant to cooperate with anyone other than their current political bosses.

In addition, the Aquino side could have avoided what Aquino speechwriter Manuel Quezon III called "political brinkmanship" after the election. Similar hostility prevented a joint Cabinet meeting, precluded shared working space, and likely slowed the start of the administration by discouraging communication between departing officials and career staff. "There was too much bad blood" for that sort of helpful exchange, according to former Civil Service Commission chairperson Karina Constantino-David.

Constantino-David also highlighted the importance of incoming officials' doing their own preparation independent of the outgoing administration's cooperation. "What is critical in a transition is less the process of transition from one to the next and more the rigor that the incoming assumes prior to actually taking over, which, unfortunately, is not always done properly," she said. "A lot of people depend on the actual transition, which to me is ceremonial more than anything else. It's really the homework that you do and, after you do your homework, how you use your resources to firm your grasp and plan for the future."

The Arroyo side acknowledged that earlier planning would have led to a better transition. Bautista Horn said that although she personally

had only a few months to prepare, the administration as a whole should have anticipated the handover and planned accordingly. More planning time could have yielded more-thorough transition reports.

Bautista Horn said the selection of a group of facilitators could have improved talks between the Aquino and Arroyo sides. She suggested a group of outside businesspeople or well-known personalities, acceptable to both sides, to coordinate meetings and the handover of documents.

The amount of government data available on the Internet increased significantly after 2010—a sign that increased transparency would aid in future presidential transitions. However, officials called for other improvements to ensure an effective handover process.

Nearly all of the officials interviewed cited the desirability of legislation to codify the requirements of the transition process. Exact proposals differed, but almost all mentioned the need for a law that would start the transition process one year before inauguration, specify the data required for each department's transition reports, mandate meetings between the incoming and outgoing administrations, assign a budget for the transition and inauguration, set special budget spending rules for transition years to ensure proportional spending, and assign a team of senior career officials to oversee the process and interface with the incoming team.

Reducing presidential appointment power, which would likely require a constitutional amendment, would improve the independence of the civil service and lead to a faster recruitment process, according to multiple officials. Given each administration's reluctance to yield executive power and given the challenge of amending the constitution, such a reform faced significant obstacles. "The president's appointing powers are too broad," Constantino-David said. "If you really want to energize the bureaucracy, the president

has to lay off a bit,” she said. “For as long as the president is all powerful when it comes to appointments to the bureaucracy, you will never have an autonomous bureaucracy—and that’s critical.”

The balance between innovation and continuity in government relied on the relative proportions of political appointees and career civil servants. Career officials could provide essential institutional memory and technical ability, but appointees brought in fresh ideas and potentially well-honed reform plans. As of 2014, officials understood the importance of that balance.

“It is important that we have career people and that they have the institutional memory to tell you what the challenges in the bureaucracy are at this point, because they know,” said Corazon Soliman, secretary of the Department of Social Welfare and Development under Arroyo and Aquino.

“It’s important to recognize the value of the team that’s already there,” said Julia Abad, secretary of Presidential Management Staff. “Its about reassuring them that we actually are going to continue a major part of the things you’ve been doing. We’re just going to do them in a different way.”

Some also suggested that a shift from personality politics toward policy-focused parties would ease the transition process.

“By strengthening the political party system, you define your priorities, the values you adhere to as a party. So therefore, when you do a transition, you’re not transitioning to a person, you’re transitioning to an idea or to a set of policies. That would make things much easier,” said Joaquin Lagonera, secretary of management and budget under Arroyo and who also worked in Corazon Aquino’s presidential office.

Aquino officials said they would like the 2010 Social Contract to function as a platform for the Liberal Party in the next election. “Looking forward to 2016, I hope they will use the same framework and track the country’s progress along these lines. A programmatic government is one of his greatest legacies,” said Herminio Bagro III, undersecretary of the Presidential Management Staff. However, in 2014, family and personal ties still heavily influenced political relationships in Filipino politics.

Given the weak institutionalization of the presidential transition process, the 2010 handover may have been a poor indicator of the quality of future transitions. Although some senior officials in the Aquino administration were dedicated to improving and institutionalizing handover protocol, others were skeptical. Quezon, Aquino’s speechwriter, expressed caution in predicting how his boss and future presidents would hand over government: “If they’re political enemies, all bets are off.”

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