



SEVENTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

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SENATE
P.S. Res 317

RECEIVED BY: _____

Introduced by Senator Poe

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PHILIPPINES' DECLINE IN THE 2015 AND 2016 EDITIONS OF THE CORRUPTION PERCEPTIONS INDEX CONDUCTED BY TRANSPARENCY INTERNATIONAL, AND TO REVIEW AND ASSESS THE EFFECTIVENESS OF THE GOVERNMENT'S ANTI-CORRUPTION POLICIES AND EFFORTS AS SUCH ALLEGEDLY HAVE A DIRECT EFFECT ON FOREIGN INVESTMENT IN THE COUNTRY AND THE PHILIPPINES' GROSS DOMESTIC PRODUCT

WHEREAS, Article 2, Section 27 of the 1987 Constitution states: "The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption."

WHEREAS, Article 11, Section 1 of the Constitution further provides: "Public office is a public trust. Public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency..."

WHEREAS, several laws have been enacted to deter and punish the misuse of public resources for private gain, such as:

- 1) Republic Act No. 1379, otherwise known as the forfeiture law;
- 2) Republic Act No. 3019, otherwise known as the "*Anti-Graft and Corrupt Practices Act*";
- 3) Provisions of the Republic Act No. 3815, otherwise known as the "*Revised Penal Code*";
- 4) Republic Act No. 6713 or the "*Code of Conduct and Ethical Standards for Public Officials and Employees*";
- 5) Republic Act No. 7080, otherwise known as the "*Anti-Plunder Law*";
- 6) Provisions of Republic Act No. 9160, or the "*Anti-Money Laundering Act of 2001 (AMLA)*";

WHEREAS, Transparency International, an international organization which aims to “stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society”, annually publishes the Corruptions Perceptions Index (Index);

WHEREAS, the Index “aggregates data from a number of different sources that provide perceptions of business people and country experts of the level of corruption in the public sector”, with the assurance that such sources of data “originate from professional institutions that clearly document their methods for data collection” and “relate to a perception of the level of corruption explicitly in the public sector”;¹

WHEREAS, based on the Index, the Philippines made substantial progress from 2010 to 2014, but declined in the past two years, as follows:

- 2010: 134 out of 178 countries
- 2011: 129 out of 182 countries
- 2012: 105 out of 176 countries
- 2013: 94 out of 175 countries
- 2014: 85 out of 174 countries
- 2015: 95 out of 167 countries
- 2016: 101 out of 176 countries

WHEREAS, the Philippines’ ranking in the Index can affect and even deter potential investments in the country, as domestic and foreign investors often consider knowledge and assessments of corruption in their due diligence prior to investing in a country, and the Corruptions Perceptions Index is one of the most widely known and used measures of corruption;

WHEREAS, corruption deters potential investments as it artificially raises the cost to establish and maintain a business in the country by imposing substantial “friction costs” on necessary government processes, thereby reducing the potential profit to be gained by investors;

WHEREAS, a study² has shown that less corrupt countries receive more foreign investments, by showing a quantitative relation between countries’ rank in the Corruption Perceptions Index and their foreign direct investment;

WHEREAS, a country’s ranking in the Corruption Perceptions Index is directly related to their Gross Domestic Product (GDP) per capita: an increase in CPI by one unit leads on average to a 1.7% increase in GDP per capita among developed countries, and an

¹ Transparency International. “Corruption Perceptions Index 2016: Technical Methodology Note”

² Pobodnik, B., Shiao, J., *et.al.* “Influence of corruption on economic growth rate and foreign investments” retrieved from: <https://arxiv.org/pdf/0710.1995.pdf>; similar results were found in Caetano, J. and Antonio, C. “Corruption and Foreign Direct Investment. What kind of relationship is there?” , Documento de Trabalho, No. 2005/18, retrieved from https://www.econstor.eu/bitstream/10419/142738/1/wp_2005_18.pdf and Ketkar, K.W., Murtuza, A., *et.al.* “Impact of Corruption on Foreign Direct Investment and Tax Revenues” *Journal of Budgeting, Accounting and Financial Management* 17 (5) retrieved from <http://pracademics.com/attachments/article/663/SympAr1%20Ketkar.pdf>

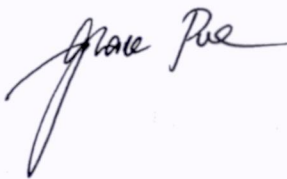
increase of CPI by one is followed on average by increase of GDP per capita equal to 2.4%” in developing countries;³

WHEREAS, the Philippines continues to lag behind other ASEAN countries in terms of FDI, as we ranked 6th out of 10 ASEAN countries in 2015;⁴

WHEREAS, our declining rankings in the Index provides us a chance to assess our existing anti-corruption efforts and plan our next steps forward;

BE IT RESOLVED, AS IT IS HEREBY RESOLVED by the Senate of the Philippines, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on the Philippines’ decline in the 2015 and 2016 editions of the Corruption Perceptions Index conducted by Transparency International, and to review and assess the effectiveness of the government’s anti-corruption policies and efforts as such allegedly have a direct effect on foreign investment in the country and the Philippines’ gross domestic product.

Adopted,

A handwritten signature in black ink, appearing to read "Grace Poe", with a long, sweeping underline that extends to the left.

³ Pobodnik, B., Shiao, J., *et.al.*

⁴ Data from World Bank Databank