

The Role of Leadership in Managing the Development Process

-- The case of the Ramos Administration in the Philippines --



Policy Formulation in Developing Countries

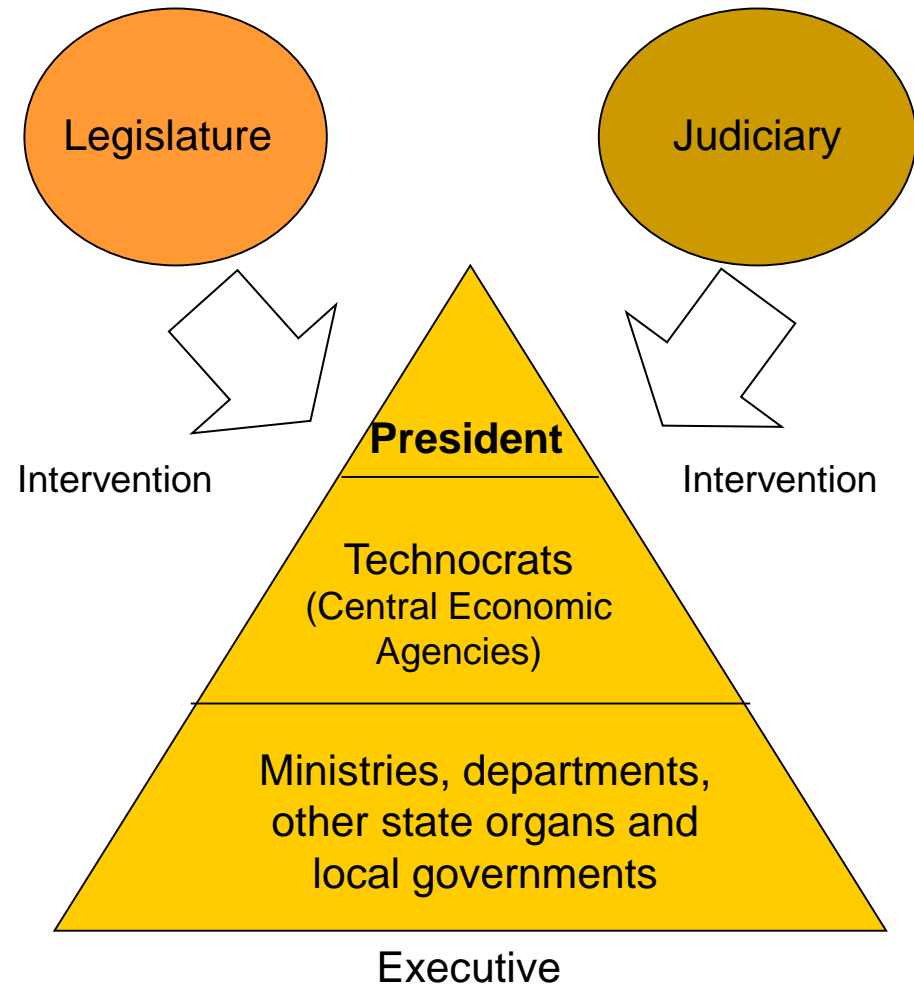
GRIPS Development Forum

The Government structure in the Philippines

◆ Presidential government comprised of three branches (separation of the three powers):

- ◆ Executive
- ◆ Legislative
- ◆ Judiciary

Executive branch often times challenged by legislative intervention and judicial activism



Comparison of three successive political administrations in the Philippines

Political Administrations	Main features (people's general perception)
Ferdinand E. Marcos (1965-1986)	<p>◆ Dictatorship government</p> <p>Adopted centralized administrative system, ending up with corruption and cronyism.</p>
People Power Revolution (Feb. 1986) → Restoration of democracy	
Corazon C. Aquino (1986-1992)	<p>◆ Revolutionary government</p> <p>Could not meet people's expectations – weak and fractious government, challenged by a series of military coups compounded by natural calamities, energy crisis etc.</p>
Fidel V. Ramos (1992-1998)	<p>◆ Reformist government</p> <p>Showed development orientation and political savvy very effectively – overcame initial challenges and successfully realized political and economic stability, and accelerated reform efforts initiated by the Aquino Administration.</p>

The Philippines



President Marcos
10th President

30 December 1965 – 25 February 1986



President Aquino
11th President

25 February 1986 – 30 June 1992



President Ramos
12th President

30 June 1992 – 30 June 1998

http://en.wikipedia.org/wiki/Ferdinand_Marcos
http://en.wikipedia.org/wiki/Corazon_Aquino
http://en.wikipedia.org/wiki/Fidel_V._Ramos

Early life and professional background of President Ramos

- ◆ Graduated from the US Military Academy in West Point
- ◆ Obtained a Masters Degree in Civil Engineering from the Univ. of Illinois in the US
- ◆ Served the Marcos's authoritarian regime for more than 20 years
 - in the military, as the Vice Chief of Staff of the Armed Forces
- ◆ Played a key role in the People Power Revolution in 1986
 - defiance against Marcos and sided with Aquino
- ◆ Served as Chief of Staff of the Armed Forces, and later became the Secretary of National Defense during the Aquino administration
- ◆ Assumed the Presidency at the age of 64
 - the oldest person to become president of the Philippines

Initial challenges of the Ramos Administration (1992-1998)

- ◆ Weak support base
a minority President at a starting position
- ◆ Weak institutions
bureaucratic inertia and strong control by interest groups
- ◆ Political instability
three insurgency groups in the country
- ◆ Macroeconomic instability
challenges inherited from the previous administration
- ◆ Poor state of the country's infrastructure
structural bottleneck to economic growth
- ◆ Power crisis of 1990s
national urgency needed to resolve with utmost priority

Development vision of the Ramos Administration – *Philippines 2000*

Development goal: The Philippines to become a newly industrializing economy by 2000

- ◆ Two pillars: (1) sustainable economic development, and (2) people empowerment
- ◆ Seven points in platform: (1) political stability, (2) economic growth, (3) people empowerment, (4) effective bureaucracy, (5) environmental protection, (6) responsible foreign policy, and (7) moral recovery
- ◆ Specific guide posts:
 - ◆ Raising per capita income to at least U\$1,000 by 1998;
 - ◆ Achieving GDP growth by at least 6 to 8 %;
 - ◆ Reducing poverty incidence down to 30% by 1998.

Medium-Term Philippine Development Plan (MTPDP 1992-98) as a concrete program of action

◆ Major reform agenda:

- ◆ Realizing political stability
- ◆ Opening up economy and competing in the world market
Developing a business-friendly environment
- ◆ Promoting privatization and competition, and bring down inefficiency
- ◆ Breaking up monopolies and cartels, and to eradicate crony capitalism
- ◆ Promoting Social Reform Agenda
- ◆ Fighting against corruption
- ◆ Restructuring bureaucracy and facilitating cooperation between government, business, people's organizations and NGOs
- ◆ Strengthening tax and customs administration
- ◆ Reforming legal and judicial system

Distinguishing features of President Ramos's leadership style

President Ramos adopted participatory, consensus-building approach in policy process → enabled him to win political support from different stakeholders, and facilitated his development-oriented visions to realize.

- ◆ Inclusivity
- ◆ Collaborative
- ◆ Reformist
- ◆ Accountability for results
- ◆ Complete Staff Work (CSW)

President Ramos's working style that exerted influence on its development management

"Perhaps because I am a military man by training and an engineer and builder by background, I brought to the presidency a different view of how problems should be faced and mastered...Trials and challenges for me are not debates over principles and dogmas. They must rather be overcome in the most pragmatic, cost effective, and fastest way."

President Fidel V. Ramos, *The Ramos Presidency and Administration, Record and Legacy (1992-1998)*, Univ. of the Philippines Press (1998)

President Ramos's working style that exerted influence on its development management (cont.)

Ramos's disciplinary, "hands-on policy" effectively mobilized people to be action-oriented for results and to be accountable to people – Ramos gave people a strong sense of commitment for reform and confidence.

"Ramos Administration was the best time in bureaucracy. He was a competent political leader not only to influence policy and mobilize people, but capture imagination of bureaucracy."

Interview with resource persons in the Philippines, Oct. 2007

- ◆ Democratic minded and open to new ideas
- ◆ Delegated authority to Cabinet Secretaries and relevant stakeholders
- ◆ Complete Staff Work
- ◆ Fast tracking
- ◆ Consensus building
- ◆ Coalition building
- ◆ Work ethics giving sense of urgency to get things done right away
- ◆ Facilitated private sector participation and utilization

President Ramos's philosophy

<Critical elements supporting country's foundations>

- ◆ Leadership
- ◆ Team work and national unity
- ◆ National pride and spirit

<Principles in problem-solving>

- ◆ Analyze the situation
 - ➔ analysis must be based on facts
- ◆ Consult with various relevant people, and come up with one decision
 - ➔ leader must be decisive, based on a fair judgment
- ◆ Never lose sight of the vision
 - ➔ strategic, backward planning is critical

Reform experience under the Ramos Administration

1. The case of the power sector reform

◆ Background of the power crisis

(hit a peak in 1992, with daily brownouts lasting 10-12 hour):

- ◆ Root problems could be traced to the 1983 foreign debt crisis under the Marcos Regime
- ◆ The Department of Energy (DOE) was abolished and reduced to an Office of Energy Affairs under the Office of the President during the Aquino Administration
- ◆ Bataan Nuclear Power Plant (BNPP) project, which was intended to provide cheap electricity, was mothballed during the Aquino Administration

President Ramos's leadership and political will to overcome the power crisis

President Ramos encouraged private sector participation in resolving the crisis

→ called for structural policy reforms and institutional changes, including privatization and deregulation

Ramos pushed Congress to quickly pass the laws in resolving the power crisis:

- ◆ The Electric Power Crisis Act of 1993 (RA 7648)
- ◆ The amended Build-Operate-Transfer (BOT) Law

As a consequence, power industry has transformed from a government monopoly (i.e., National Power Corporation), to a highly competitive, private-sector dominated industry.

Coordination among relevant stakeholders to overcome the power crisis

<Coalition building in Congress>

- ◆ Ramos rallied the Congress to approve the Electric Power Crisis Act, and amendments to the BOT law
- ◆ Ramos created and fully utilized the Legislative-Executive Development Advisory Council (LEDAC), a forum for consensus building between the Executive and the Legislative on important bills

<Responding to the Judicial activism>

- ◆ Ramos administration appointed justices that were pro-market and liberal minded. In addition, some ODA-funded technical assistance was worked out for the Judiciary in support of a judicial reform program.

<Consensus building among the Executive, Congress and the private sector>

- ◆ Ramos convened a Multisectoral People's Summit in 1993 to forge a common legislative agenda supportive of development goals

Coordination among relevant stakeholders to overcome the power crisis (cont.)

<Relationship between the government and the private sector>

- ◆ The Ramos Administration adopted various measures to reduce social, economic, and political risks to the private sector and encouraged their participation

- e.g., “take-or-pay” arrangements under the Electric Power Crisis Act, and “enhancements” under the Amended BOT Law

<Relationship between the government and the people>

- ◆ The Ramos Administration adopted measures to reduce end-users’ burden on the electric power charge by having the government take over the costs

However, such arrangements eventually aggravated the fiscal situation of the NPC, which led to the path for its privatization

- The power crisis was such a national urgency that Ramos had no other choice to overcome the situation

Creation of LEDAC for consensus building between the executive and the legislative

- ◆ Legislative-Executive Development Advisory Council (LEDAC)
 - ◆ Ramos exercised strong initiative to create LEDAC as an advisory and consultative body to ensure policy consistency between the two branches of government (Dec. 1992)
 - ◆ Ramos fully utilized LEDAC and closely followed up policy agenda at issue through this mechanism
 - ◆ LEDAC met every week with President Ramos as Chairman → the congressional agenda during the Ramos Administration more aligned with the executives

Reform experience under the Ramos Administration

2. The case of the Social Reform Agenda (SRA)

- ◆ Background of launching the SRA:
 - ◆ Ramos adopted the SRA in 1994 as the centerpiece anti-poverty program – the result of a wide range of consultations that underscored the partnership between government and civil society
 - ◆ SRA is the country's first integrated set of reforms against poverty in a systematized way.
 - ➔ The SRA was the most consultative, policy reform-oriented, well-budgeted, clearly delineated, well-targeted anti-poverty program in the recent history in the Philippines.

President Ramos's leadership and political will to promote Social Reform Agenda

President Ramos took initiative in adopting a new approach to fight poverty – putting the marginalized Basic Sectors back in the center of human development → the way poverty is defined has changed, and SRA has called for institutional changes

Ramos himself initiated and participated in range of consultations with the poor people in formulating/implementing the SRA

- ◆ Manifesting clear vision and identifying poverty reduction targets
- ◆ Determining the actual needs of families and targeting: the Minimum Basic Needs (MBN) approach
- ◆ Mobilizing the bureaucracy
- ◆ Ensuring Basic Sector Participation
- ◆ Assigning accountability

Coordination among relevant stakeholders in making policy decisions in the SRA

- ◆ Ramos established the Social Reform Council (SRC) as the SRA's policy-making body, with himself as Chairman

- ➔ Ramos was visible in SRC, which gave big push to facilitate the initiatives

- ➔ continuous policy dialogue took place between the government and the Basic Sector representatives

<SRA target (sectoral and geographical) >

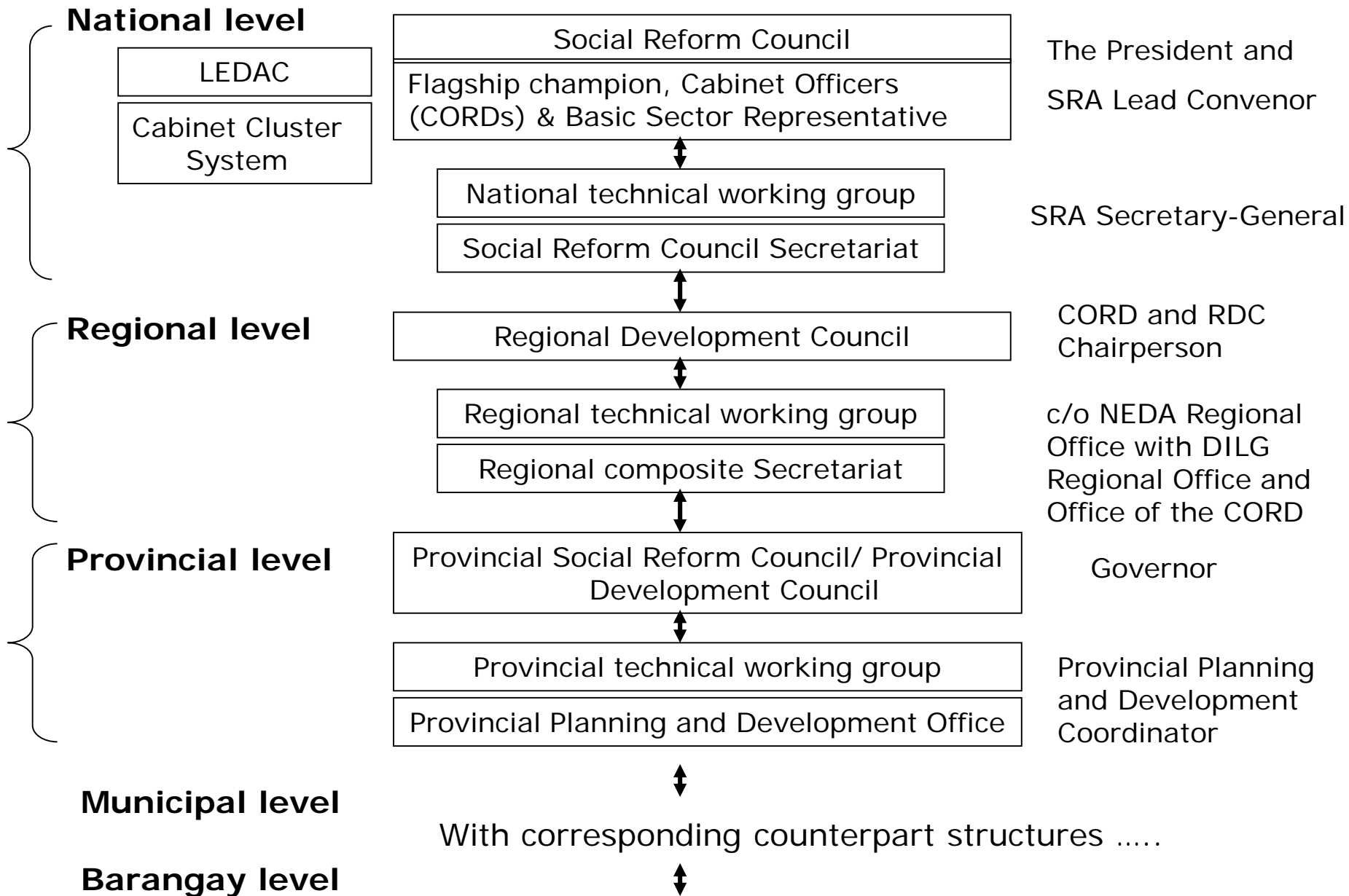
- ◆ Basic Sectors: farmers, fisherfolks, indigenous cultural communities, urban poor workers especially in the informal sector and other disadvantaged groups such as women, persons with disabilities, youth, disadvantaged students, elderly and victims of disasters

- ◆ The “Club 20” priority provinces (poorest provinces)

<SRA funding >

- ◆ Poverty Alleviation Funds (PAF) as a deliberate initiative to fill equity gap by providing additional resources to the SRA programs

The SRA institutional arrangements/coordination mechanism



Utilization of Cabinet Cluster System to enhance interagency coordination

◆ The Cabinet Cluster System

- ◆ Ramos enhanced and fully utilized the Cabinet Cluster System, established during the Aquino Administration (Dec. 1989) to strengthen interagency coordination in government decision making process and to expedite the implementation of vital interagency programs and projects
- ◆ The Cabinet Clusters serves as advisory committees of the President and the Cabinet
- ◆ The Cluster meetings were held either monthly or as necessary
 - ◆ Cluster A: Agro-industrial development
 - ◆ Cluster B: Macro-economy and Finance
 - ◆ Cluster C: Human resources and development
 - ◆ Cluster D: Physical infrastructure support
 - ◆ Cluster E: Security and political development
 - ◆ Cluster F: Development administration
 - ◆ Cluster G: Water resources management
 - ◆ Cluster H: International relations

Some questions

Was President Ramos just happened to be at the right place at the right time? Would any President have done the same thing with the country's emergency situations?

“Nobody could have managed better than President Ramos – if Ramos stayed longer, the outcome must have been different.”

Interview with resource persons in the Philippines, Oct. 2007

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