



With MCC Help, Mediation Program Helps Philippines Use Resources More Efficiently

In late 2007, a private lending company filed a complaint before the Office of the Ombudsman of the Philippines against 50 government employees, including school teachers and employees of the Police and Fire Departments. The company sought to collect outstanding amounts on these employees' delinquent personal loans. The Office of the Ombudsman decided to recommend the case for mediation, an option that was not available prior to June 2007. This new alternative dispute resolution program was developed thanks to the Millennium Challenge Corporation's (MCC) Philippines Threshold Program, which has been working since 2006 to help improve revenue administration and anti-corruption efforts in the country.



Mr. Theodore Banderado (center), Associate Graft Investigation Officer, facilitates discussions of the mediation process.

This decision saved the Office of the Ombudsman considerable time and resources. Through mediation, both parties had an opportunity to present their points of view. As a result of mediation, the lending company agreed to restructure the employees' payment schedules. This outcome benefited all parties involved—the employees and the company were able to reach an agreement, and the Ombudsman had 50 fewer complaints, thereby reducing the number of pending cases and shifting more resources from administrative cases towards the fight against corruption.

The mediation program was developed in conjunction with the Asia Foundation and in close collaboration with the Office of the Ombudsman to determine appropriate dispute resolution approaches and training needs. Staff was carefully selected for mediation training that included a five day course and 40 hours of mediation practice. The process finalized with a review of policies and procedures as well as the drafting of an Ombudsman Rules of Procedure for Mediation that will be adopted soon.

At its inception, the MCC program's goal was to increase the number of cases successfully mediated in the Ombudsman's Public Assistance Office from 0 to 300 per year. Current results exceed those expectations. Between June 2007 and February 2008, 318 cases were successfully mediated. The Office of the Ombudsman expects to

settle through mediation at least half of the 10,000 cases it receives each year. This system will allow the Office of the Ombudsman to reduce its backlog of unresolved cases and face the rapid annual increase in the number of cases filed.

By strengthening the Office of the Ombudsman, the MCC is helping the Philippines reduce corruption and better position itself to start investing in poverty reduction programs. In March 2008, Philippine's efforts under the \$21 million Threshold Program started to pay off when the MCC board of directors declared it eligible to apply for an MCC compact.