PART I:
DEVELOPMENT OF A STATISTICAL FRAMEWORK FOR TRACKING GOVERNANCE REFORMS

National Statistical Coordination Board

I. Introduction:

Improving governance and developing the capabilities of the key institutions, namely, the public, business and civil society to implement this are essential for achieving sustained growth and equity objectives based on the country's development plan. The Plan also acknowledges weaknesses in pubic sector capabilities in policy and program implementation; poor government accountability; endemic graft and corruption; lags in law enforcement and administration of justice; and faulty delivery of services to the poor.

Recognizing the importance of improving governance in the country, the Tracking Governance Reforms Project was conceptualized under the GOP-UNDP Programme on Fostering Democratic Governance, 2005-2006. The project will develop, implement and institutionalize harmonized framework, tools and indicators for measuring and tracking the quality of governance in the country.

Consequently, the Joint NSCB-NEDA Governance Project is a sub-component of the UNDP-assisted Tracking Governance Reforms (TGR) Project. Specifically, this sub-component of the Tracking Governance Reforms Project aims to: (a) Develop a governance statistical framework taking into consideration the rights-based, gender-sensitive and participatory governance systems; and (b) Develop a governance indicator system and database.

A.   Concepts and Definitions

Governance pertains to the exercise of economic, political/judicial and administrative authority to manage all resources available to society, including the formation and implementation of rules that govern interrelationships, in order to attain developmental goals.

The government that we envision is anchored on the collaborative effort and enduring partnership among **government,** the **business community** and the **civil society** to reduce poverty, attain growth and equity and achieve an ever improving quality of life especially for the Filipinos. In this society, the government creates a conducive political and legal environment, the business sector is the main engine of growth that generates value, jobs and money, while civil society facilitates political and

social interaction, mobilizing groups to participate in economic, social and political activities.

It also refers to how well government has encouraged the participation of civil society and the private sector, not only in service delivery, but also in the evaluation and monitoring of government performance.

This implies that an effective government executive is not only knowledgeable, but also technically competent in the area of public administration and management.

To lay the foundation for our vision, we shall demand for the best among the three key actors in the performance of their respective roles and responsibilities and in reinforcing and helping each other.

Good governance promotes the collective responsibility of the government, civil society and private sector for improving the lives of all Filipinos, particularly the poor. The government therefore needs to efficiently direct scarce public resources in order to provide goods and services and protection to the poor, who are vulnerable to the short-term adverse effects of on going structural adjustments in the Philippine economy.

B. Conceptual Basis for Development of Governance Frameworks

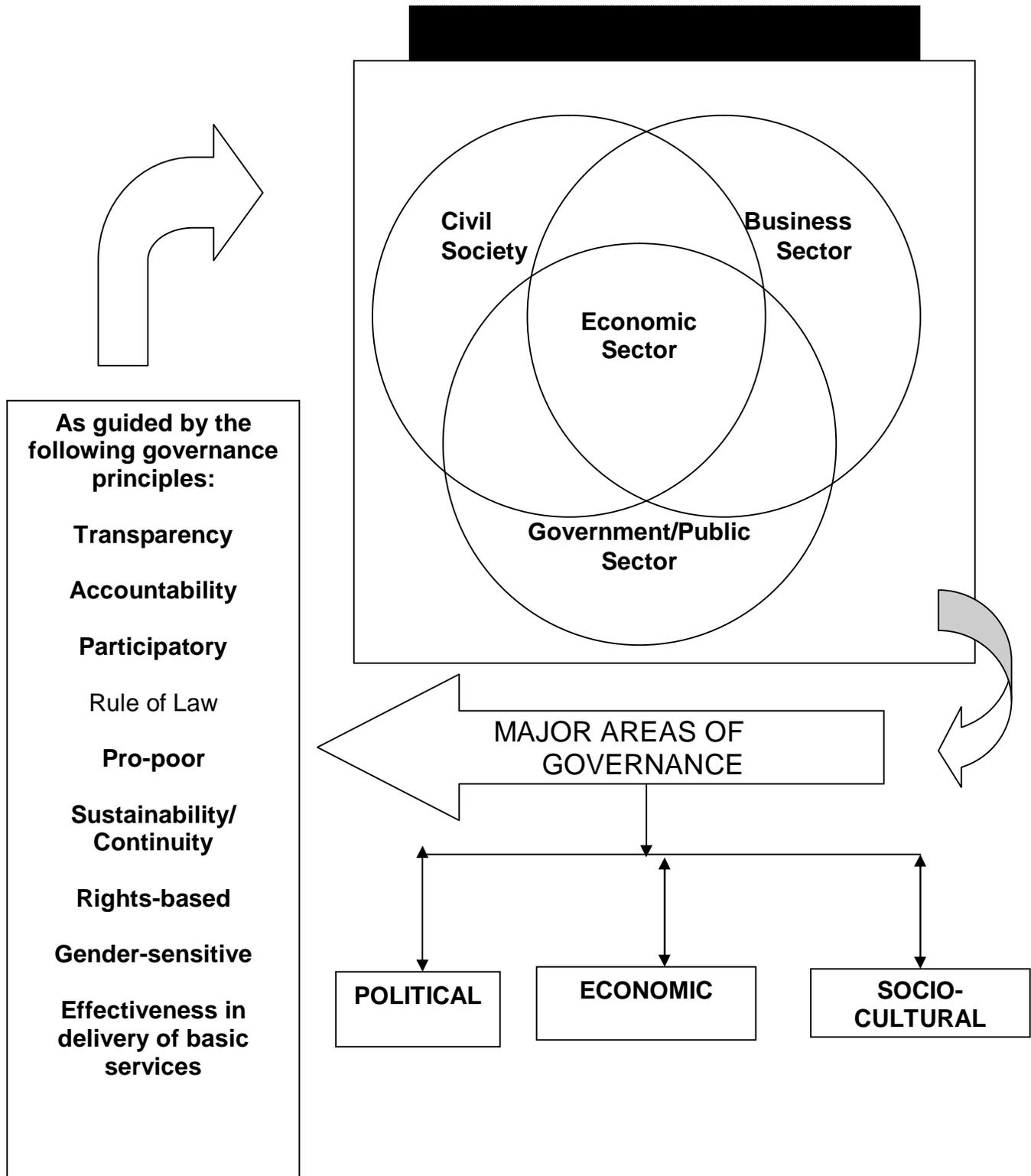The overall governance framework (see diagram in Figure 1) is based on the following assumptions:

1 The three interlocking circles emphasize the distinctness of the three actors/key players in governance as well as their independence and inter-linkages; and

2 The overlap of the three circles shows the critical and creative tension/collaboration as well as area of cooperation that should exist among the government, civil society and the business sector.

Government/public sector is composed of agencies mandated through election or appointment to enact, administer/implement and uphold the law.

Government refers to the manner, method, or system of governing in a society: to the structure and arrangement of offices and how they relate to the governed. A key responsibility of government is to ensure a sustainable management of resources and that the benefits of economic growth are equitably distributed across society. Taxation and expenditure measures are prominent instrument s for this purpose. While taxes should

not be excessive (so as not to discourage production and growth), they should be collected effectively to provide adequate revenue for essential services (and help maintain fiscal balance).

Figure 1. Governance Conceptual Framework

Civil Society

Business Sector

Economic Sector

Government/Public Sector

As guided by the following governance principles:

Transparency

Accountability

Participatory

Rule of Law

Pro-poor

Sustainability/ Continuity

Rights-based

Gender-sensitive

Effectiveness in delivery of basic services

MAJOR AREAS OF GOVERNANCE

| POLITICAL | ECONOMIC | SOCIO-CULTURAL |

Civil society refers to the multitude of associations around which society voluntarily organizes itself to advocate and take action primarily for social development and the public interest. It includes, among others, non-governmental organizations (NGOs), the academe, civic clubs, trade unions, gender, cultural and religious groups, charities, social and sports clubs, cooperatives, environmental groups, professional associations and the media.

Business sector refers to enterprises (commercial, trade banking, business community or business groups, etc.). It is composed of institutions established primarily for profit through the production/manufacture and distribution of goods and services.

The effective sector is the term used to describe what an efficient, equitable, productive and participatory good governance wants to attain. Those who comprise this sector produce goods and services that are of high quality, competitive and appropriate (using processes that are efficient and sustainable) for economic gain, or primarily for social or public benefit.

Governance also pertains to the management of all resources available to the society. In the most basic form, these are natural resources and people. These resources, however, also relate between and among each other, i.e. people relating with natural resources, people relating with people, people with their leaders, etc.

The framework covers three major areas of governance, namely:

1. **Economic Affairs**

   Economic affairs refers to the relationship of "people with resources" where people are defined according to their membership in the specific markets (labor market, consumer, producer). It also includes relationship of people and capital.

   In this relationship, people take on their economic roles like being in the labor force or not in the labor force; unemployed or employed; working in the formal or informal environment; working in the private ot government sector; blue collar or white collar; rank and file. Meanwhile, natural resources are considered for their economic vbalue- food, raw materials for clothing, shelter and other goods.

2. **Political Affairs**

Political affairs refers to the interrelationships of "people with leaders" and "leaders with other leaders". It also pertains to central institutions, organizations and personnel that have the power to issue directions and rule and the relationship of the ruler to the ruled. The major goals are to ensure peace and order, and achieve and maintain national pride, unity and sovereignty**.**

In this relationship, people take on the more collective identity of being a Filipino citizen. Still, there is a categorization – natural born or naturalized Filipino or non-Filipino; voter or non-voter; follower or leader; etc. Resources can also be defined in the context of political affairs, that is, if they represent the identity of the Filipino, the so-called national patrimony.

3. **Socio-cultural Affairs**

Socio-cultural affairs in general, pertains to the interrelationships of "people with people" where people are defined according to their roles in the society, e.g., as women, children, socially disadvantaged groups, indigenous peoples, etc. Sincerity, courage, loyalty, politeness and self-effacement are the highest goals individuals should strive to achieve and maintain. Dignity and honor must be maintained at all cost.

In this relationship, people take on their social roles - male or female; infant, toddler, pre-teens, teen-ager, young adult, adult or elderly; son, daughter, parent or grandparent; an original settler in Manila or a migrant from the Visayas; a Catholic or Muslim or Evangelical, etc. On the other hand, natural resources, meanwhile, are considered for their social and cultural roles - ancestral lands, upland culture, territorial delineation of lands that also reflect cultural identities, etc.

II. **Why Measure Governance?**

Good governance promotes the collective responsibility of the government, civil society and private sector for improving the lives of all Filipinos, particularly the poor and the basic sectors pursuant to the Social Reform Agenda (R. A. No. 8461). On the other hand, the culture of corruption or lack of good governance breeds the vicious cycle of poverty and underdevelopment.

However, there is also a need to efficiently direct scarce public resources in order to provide goods and services and protection to citizens, especially the poor - or those who are vulnerable to the short-term adverse effects of on-going structural adjustments in the Philippine economy.

It is important to evaluate/measure the quality of governance in order to improve it and make it more responsive to the needs of the people. What cannot be measured cannot be managed. The key to the improvement of governance is to develop a set of measurable indicators on good governance.

III. Principles and Dimensions of Governance

Good governance should be guided by the following principles:

1. Transparency

Transparency refers to the availability of information to the general public and clarity about government rules, regulations, and decisions. It can be strengthened through the citizens' right to information with a degree of legal enforceability. Transparency in government decision-making and public policy implementation reduces uncertainty and can help inhibit corruption among public officials. (Asian Development Bank)

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media. (United Nations Economic and Social Commission for Asia and the Pacific)

2. Accountability

Accountability is imperative to make public officials answerable for government behavior and responsive to the entity from which they derive their authority. It also means establishing criteria to measure the performance of public officials, as well as oversight mechanisms to ensure that the standards are met. (ADB)

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. (UNESCAP)

3. **Participatory/Consensus-oriented**

   Participation refers to the involvement of citizens in the development process. Beneficiaries and groups affected by the project need to participate so that the government can make informed choices with respect to their needs, and social groups can protect their rights. (ADB)

   Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision-making. (UNESCAP)

4. **Rule of Law**

   Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force. (UNESCAP)

5. **Sustainability/Predictability**

   A country's legal environment must be conducive to development. A government must be able to regulate itself via laws, regulations and policies, which encompass well-defined rights and duties, mechanisms for their enforcement, and impartial settlement of disputes. **Predictability** is about the fair and consistent application of these laws and implementation of government policies. (ADB)

6. **Pro-poor**

   Good governance seeks to improve the welfare of the poor and vulnerable groups in society.

7. **Rights-based/Human rights approach**

   The **human rights approach** underscores rights as entitlements of the people as "claim-holders", particularly the women and disadvantaged sectors. The **human rights approach** emphasizes the trinity of state and non-state obligations to respect, protect and promote people's rights. (United Nations Development Programme)

8. **Gender-sensitive**

   Awareness and elimination of gender biases and inequalities in governance is a way of making it gender-responsive. (UNESCAP)

9. Responsiveness and effectiveness in the delivery of basic services

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe. (UNESCAP)

10. Equitable and inclusive

A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well-being. (UNESCAP)

IV. Basis of the Proposed Governance Statistical Framework

A statistical framework is an essential tool for organizing the selection and development of indicators. This is usually based on a conceptual framework which contain internationally accepted standard concepts/ knowledge or anchored on some national or international agreements, policies and strategies that address certain issues with specific desired outcomes. The statistical framework defines more specific issues/concerns and serve as basis for identifying the indicators.

However, any framework, by itself, is an imperfect tool for organizing and expressing the interrelationships of the three players in governance. Hence, the choice of an operational framework and a core set of indicators must meet the needs and priorities of users to monitor governance.

In the Philippines, the development goals and governance policies that addresses certain governance issues and challenges are articulated in the various chapters of the country's Medium Term Philippine Development Plan (MTPDP). These agreements were reached in consultation with various stakeholders at the national and local level, hence, the process had been participative and transparent.

Other international agreements and declarations in which the Philippines is a signatory , e.g. the Millennium Development Goals (MDG) had also been considered. Based on these major national and international agreements, the National Statistical Coordination Board (NSCB) has crafted a statistical framework on governance for the Tracking Governance Reforms Project. The statistical framework encompasses the three (3) major areas of governance, namely, Economic Affairs, Political Affairs and Socio-cultural Affairs.

Existing data, however , provides at best tenuous links between perceptions of governance and objective policy interventions that governments interested in improving the quality of governance can undertake." Kaufmann, Kraay and Zoido-Lobaton (1999). Thus, the proposed statistical framework translates the priority governance thrusts and strategies in the Plan into key indicators that can be used in measuring the progress achieved in governance.

Specifically, the following issues and priority governance thrusts and strategies were considered in the   development of   the   statistical framework as stipulated in the Plan:

a. Economic Affairs

The major challenges of good governance under economic affairs include the following:

(a) Low economic growth due to low investments and productivity (MTPDP).
(b) Low wages and labor conflict;
(c) Widening fiscal deficit
(d) Graft and corruption
(e) Faulty delivery of basic services to the citizenry;
(f) Unequal distribution of wealth and persistent incidence of poverty; and,
(g) Degradation of the environment.

Consequently, the proposed solution/strategies in the Plan are as follows:

(a) Promotion of investments and increased productivity;
(b) Management of financial resources to reduce fiscal deficit;
(c) Ensure adequate distribution of the fruits of development through efficient delivery of adequate basic services and zero tolerance for graft and corruption; and

(d) Protection and preservation of the environment.

b. Political Affairs:

Among the major challenges that need to be addressed by good governance under political affairs include the following:

(a) Weak political party system and slow processing of election results;
(b) Need to protect and safeguard the citizens civil liberties
(c) Slow process of legislation including budget appropriation/approval;

(d) Rising criminality and other peace and order problems; and
(e) Insurgency, terrorism and other threats to national security.

In response to these challenges, the following solutions and strategies were identified in the Plan:

(a) Enhance democratic institutions and promote inclusive and participatory political systems;
(b) Promote a more credible and efficient electoral process and pursue a structural and functional reforms affecting electoral and political party system;
(c) Empower women in election process;
(d) Improvement of internal and external security and protect national sovereignty through responsive foreign policy;
(e) Implement an effective process of legislation and advocate; and
(f)   Improvement of law enforcement and administration of justice.

c.   Sociocultural Affairs

The major challenges to good governance under socio-cultural affairs are as follows:

(a) Violence against women and children;
(b) Incidence of human rights violations against indigenous peoples; and
(c) Insurgency by Muslim and religious conflict.

To address the above-mentioned challenges, the following strategies were identified:

1. Improve efficiency in delivery of services on the following basic needs: food and nutrition, shelter, education, health.

2. Advocate full protection and promotion of human rights by (a) reducing human rights violations and protect the rights of women and children; (b) Recognize, respect and protect the rights and well being of indigenous people

3. Mobilize business sector and civil society participation and contribution to social services

Conceptual Framework for Monitoring Governance

A UNDP project consultant, on the other hand, was commissioned to develop the conceptual framework   for   tracking and   monitoring governance. The

consultants conceptual framework stemmed from a simple engineering process framework below:
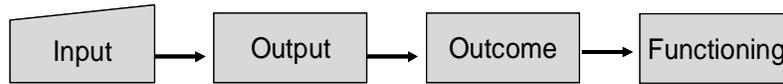
To reflect the dynamic interrelationships describing different governance affairs, the simple framework was modified to come up with the conceptual framework shown below:
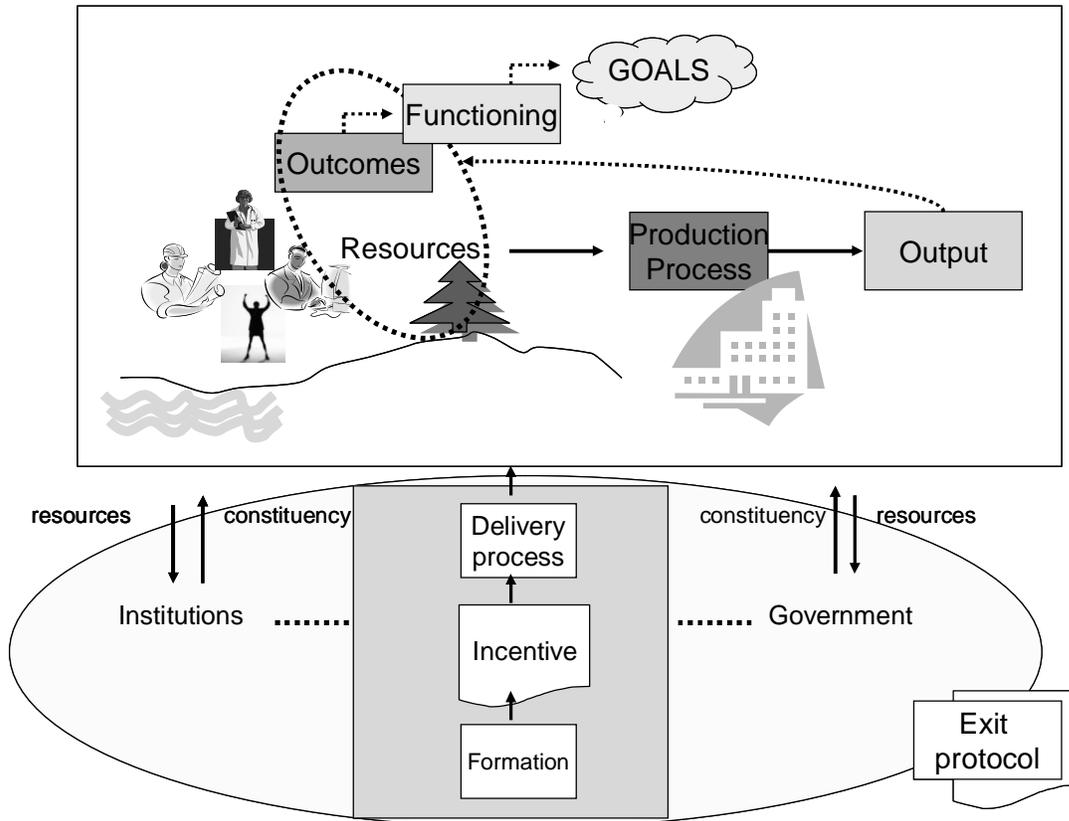
Consequently, for purposes of tracking and monitoring, the resulting statistical framework also classified the as follows: *input indicators*, *output indicators*, *implementation/process indicators* and *outcome/impact indicators*.

1. **Input Indicators**

    Represent any resource or combination of resources that the project scheme specifies as a project requirement. These may be physical inputs, conceptual or technical inputs, organizational, etc.

    Input indicators help determine the efficiency of allocation of resources to achieve the desired outcomes.

2. **Output Indicators**

   Measure the tangible outputs of governance policies/programs. An additional measure of output is the distribution indicator which refers to the actual allocation of outputs.

3. **Implementation/ Process Indicators**

   Implementation indicators are performance indicators which provide assessment of the quality of governance. Hence, these refer to the manner how the tasks or activities were undertaken in order to achieve the outputs and outcomes, as to whether the implementation process were efficient, participatory or transparent.

4. **Impact/Outcome Indicators**

   Measure the ultimate results of governance policies/programs, whether these are intended or unintended results or consequences.

5. **Institutions**

   This pertains to the institutional inputs that produce the governance outcomes.

6. **Formation and Exit Protocol**

   This refers to how the rules are formed and how the rulers and institutions are selected and replaced

   The proposed statistical framework are shown in the attached matrices.

V. VALIDATION OF THE STATISTICAL FRAMEWORK

The draft statistical framework had been presented in the series of   inter-agency Project Steering Committee Meetings and workshops for comments and validation with the data users and stakeholders including   international organizations/ donors.

The framework was presented for comments and discussed in a stakeholder's forum held   in Astoria   Plaza. This   was evaluated during the Technical Finalization Workshop in Batangas City on Nov 2, 2006. The project staff were also requested to present the statistical framework in the Governance Training workshop in Laguna on November 21, 2006. Finally, the statistical framework was also presented in the Donor's Forum held on December 5, 2006 at the New World Hotel.

Among the major comments and suggestions during the Donor's Forum was to also include both reported and unreported cases in the governance measures and how to improve some nuances of the data. Another comment was how the different existing monitoring systems maintained by the various donors/ projects be linked to the UNDP TGR indicator system and database.

VI. FUTURE DIRECTIONS

Given the foregoing developments, the following are the proposed activities to be undertaken:

1. Further refinements in the governance indicator system and database

2. Pilot testing of the governance frameworks developed in this Phase

3. Advocacy for the generation of more governance information/ statistics though workshops/ conference

4. Special studies to generate data gaps