

# Towards a Monitoring and Evaluation Framework for Tracking Governance Reforms

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## I. Background and Rationale

UNDP (2004) lists over thirty sources of data on governance across selected countries, dating as early as 1955. The common result is that the Philippines fares poorly in these ratings. The more disturbing result, however, is the fact that while other countries have managed to improve their ratings through the years, those of the Philippines have deteriorated. This is, for instance, the result of the World Governance Assessment collected by the United Nations University covering the years 1995 and 2000. In the country, the closest we have to a governance rating is the SWS and Pulse Asia surveys on net satisfaction rating. Again, we note the dismal and even worsening numbers in this respect. The implication is obvious – we have not exerted a sufficient amount of effort, if at all, to improve our governance<sup>2</sup>.

It is for this reason that the government, with support from the UNDP, has implemented a program to improve governance. A necessary component of the portfolio “Fostering Democratic Governance” is a monitoring and evaluation system, not just to track the performance of the portfolio in particular, but the governance reforms in general.

A consultative workshop was conducted on December 7-9, 2005 at Taal Vista Lodge, Tagaytay City. There were participants coming from the national government agencies (NEDA, Office of the Ombudsman, NSO, NSCB, Civil Service Commission, and Commission on Audit), academe (La Salle University, UP-NCPAG, Local Government Academy), NGO (Basic Sector representative for victims of calamities) and local government (League of Municipalities). The objective of the workshop is to develop a framework for the monitoring and evaluation of governance reforms. The following takes off from the results of the workshop.

## II. Plan of the Paper

The next section discusses the various definitions and characterization of governance as found in the literature and as contextualized in the Philippines. This is followed by a discussion of a possible framework and methodology for the M&E for tracking governance reforms.

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<sup>2</sup> Of course assuming that the governance ratings really reflect quality of governance. That the ratings by other rating bodies on the Philippines have been consistently on the low side, this should be evidence enough.

### III. Definition of Governance

The first step in developing a framework for monitoring and evaluation is to understand the subject of the M&E. Governance has been defined in many different ways, though still similar in many respects. Following are some of these definitions:

#### A. From the literature

##### *Asian Development Bank (ADB)*

Governance has to do with the institutional environment in which citizens interact among themselves and with government agencies and officials. The capacity of this institutional environment is important for development because it helps determine the impact achieved by the economic policies adopted by the government. This capacity, then, and the governance quality it reflects, is a vital concern for all governments.

##### *Commission on Global Governance (CGG)*

Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal instructions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.

##### *European Bank for Reconstruction and Development (EBRD)*

Governance should be based on support for markets and private enterprise rather than plans and commands. A key to explaining different assessments of governance across the region lies in the extent to which the state is subject to “capture” – or undue influence – by vested interests.

##### *European Union (EU)*

In the context of a political and institutional environment that upholds human rights, democratic principles, and the rule of law, good governance is the transparent and accountable management of human, natural, economic and financial resources for equitable and sustainable development. It entails clear decisionmaking procedures at the level of public authorities, transparent and accountable institutions, the primacy of law in managing and distributing resources, and capacity building for elaborating and implementing measures that aim to prevent and combat corruption.

##### *Inter-American Development Bank (IADB)*

The Bank has sought to reinforce the connection between good governance and political stability, which is in turn dependent on domestic socioeconomic conditions, the strength of democratic institutions and citizen input into the public decisionmaking process. Stability also requires an effective, reliable legal system, efficient management of public funds, government accountability and social equity.

##### *OECD*

Governance denotes the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development. This broad definition encompasses the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits as well as the relationship between the ruler and the ruled.

## *UNDP*

Governance is the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their legal obligations and mediate their differences.

## *World Bank, Kaufmann (WB)*

Governance is the process and institutions by which authority in a country is exercised:

- the process by which governments are selected, held accountable, monitored and replaced;
- the capacity of governments to manage resources efficiently, and to formulate, implement, and enforce sound policies and regulations; and
- the respect for the institutions that govern economic and social interactions among them.

For our purposes, we need to arrive at an operational definition of governance, one that lends itself to measurement and analysis, and specifically, to monitoring and evaluation. Reading through the above definitions, we note the following elements:

### *1. Goal of governance:*

- (ADB) to achieve maximum impact of economic policies of government
- (EU) equitable and sustainable development
- (IADB) political stability
- (OECD) social and economic development
- (UNDP) state, citizens and groups

In other words, the goal of governance is synonymous to the developmental goals set by society. In the Philippines, the Constitution articulates the ideals that we want to achieve as individuals and as a nation; and over the medium term, these ideals are translated into development objectives and comprise our Medium-Term Philippine Development Plan.

### *2. Objectives of governance:*

- (CGG) manage common affairs of the different actors in society; cooperative action, enforce formal and informal arrangements agreed upon or perceived to be consistent with general interest.
- (EU) manage human, natural, economic and financial resources;
- (OECD) manage the resources of society; establish the environment in which economic operators function
- (UNDP) manage a country's affair at all levels

In other words, the objective of governance is to manage the resources that are available to modern society.

### *3. Instruments of governance*

- (ADB) institutional environment; capacity of government
- (CGG) formal instructions; empowered regimes; formal and informal arrangements
- (EU) decisionmaking procedures; law; institutions; capacity

- (IADB) institutions; decisionmaking process; legal system; public funds; management and accounting systems
- (UNDP) mechanisms, processes, systems
- (WB) decisionmaking process; accounting, monitoring and audit systems; management systems; institutional relations

The instruments being used to effect governance are laws, rules, and policies; management systems; accounting, monitoring and audit systems. For each of these instruments, there are the subprocesses of decisionmaking, dissemination and implementation arrangements.

4. *Actors involved:*

- (ADB) citizens, government agencies, government officials
- (CGG) individuals and institutions - public and private
- (EBRD) state, markets, private enterprise
- (IADB) institutions, citizens
- (OECD) public authorities and economic operators
- (WB) institutions, governments

In the Philippine context, the actors involved can be broadly categorized into state (divided further by function and jurisdiction), business group, labor sector, civil society, academe and citizens.

B. Including workshop results

Taking off from the review of literature and including the results of the workshop, we arrive at the following understanding of governance.

1. Governance pertains to the management of all resources available to society including the rules that govern interrelationships in order to attain developmental goals.
2. The developmental goal is summarized into the phrase "sustained human development". Its elements are the following:
  - a. Sustained freedom from fear - security against terror, violence and risks (including geophysical risks) of the present generation and those to come
  - b. Sustained freedom from want - decent standard of living of the present generation and those to come
  - c. Sustained freedom from humiliation - respectable status in society of the present generation and those to come.
3. The resources available to modern society are listed below. For each of these, there is a time dimension (now and the future) and space dimension (own country and rest of the world).
  - a. People
  - b. Land
  - c. Natural resources (renewable and nonrenewable)
  - d. Financial capital
  - e. Physical capital
  - f. Technology

4. These resources interact with each other, within and across domains, within and across dimensions (time and space). There can be several n-tuples of these relationships, but we enumerate only the following pairs:
  - a. People with people
  - b. People with leaders
  - c. Leaders with other leaders
  - d. People and land/resources
  - e. People and financial capital
  - f. Land and financial capital
  
5. People can also be classified according to their primary functionings in society. These are the same actors that define the governance structure of society.
  - a. Government or state, further subdivided by function and jurisdiction
  - b. Business group
  - c. Civil society
  - d. Academe and research institutions
  - e. Citizens (those not classified in any of the above)

Note that within the “citizens”, there are marginalized groups that can be characterized as vulnerable, disadvantaged and/or underserved.

6. The interrelationships also define the so-called affairs of society.
  - a. Economic affairs
    - “People with people” where “people” is defined according to their membership in specific markets (labor market, consumer, producer)
    - people and financial capital
  - b. Socio-cultural
    - “People with people” where “people” is defined according to ethnolinguistic grouping
  - c. Political
    - People with leaders
    - Leaders with other leaders
  - d. Environmental
    - People and land/resources
    - Land and financial capital
  
7. The goals of governance can also be stated in terms of these societal affairs:
  - a. concerning economic affairs - To facilitate efficiency, equity, productivity and sustainability of economic development
  - b. concerning socio-cultural affairs - To promote harmony and respect for cultures

- c. concerning political affairs - To ensure peace and order, national unity and sovereignty
  - d. concerning environmental affairs - To ensure sustainable development
8. The above affairs are governed by the following instruments:
- a. Legal framework (defines property rights, protects basic human rights)
  - b. Regulatory framework (puts limits on potentially harmful transactions)
  - c. Policy framework (sets directions and enabling mechanisms to steer affairs into desired development path)
  - d. Public investment and expenditure program (provides public goods and enabling conditions for the policy framework)
  - e. Administrative framework (mechanisms, processes and institutional arrangements to develop and implement the policy, regulatory and legal frameworks)
9. For each of the above instruments of governance, we are interested in the following sub-processes, that, when adequately described, define what we mean as “quality of governance”.
- a. Legal framework
    - decisionmaking process
    - dissemination including social marketing
    - exit process for obsolete, inefficient or ineffective laws
  - b. Regulatory framework
    - decisionmaking process
    - dissemination including social marketing
    - exit process for obsolete, inefficient or ineffective laws
  - c. Policy framework
    - decisionmaking process
    - dissemination including social marketing
    - exit process for obsolete, inefficient or ineffective laws
  - d. Public investment and expenditure program
    - decisionmaking process
    - exit process for inefficient or ineffective programs
  - e. Administrative framework
    - Management systems including institutional arrangements
    - Accounting systems
    - Audit systems including sanctions
    - Performance evaluation systems including sanctions
    - exit process for obsolete, inefficient or ineffective systems

#### IV. Characterization of Governance and Good Governance

Going back to the definitions available in the literature, we can cull out the adjectives that characterize what we refer to as “good governance”.

##### A. From the literature

###### ADB

- effective and efficient (helps determine the impact of economic policies)

###### CGG

- democratic and cooperative resolution of diverse interests;
- effective enforcement of compliance to rules, including informal arrangements

###### EBRD

- not subject to elite capture or vested interests

###### EU

- transparent and accountable management systems,
- clear decisionmaking procedures,
- effective enforcement of the rule of law

###### IADB

- democratic and inclusive decisionmaking process;
- reliable (effective) legal system,
- efficient management of public funds,
- government accountability

###### OECD

- effective and efficient management of resources

###### WB

- efficient management systems;
- effective processes of selection and exit,
- sound policies and regulations;
- effective enforcement;
- harmonious relationship between and among institutions (or people groups as given in 5 above).

##### B. Including workshop results

We can identify characteristics that conform to our idea of “good governance” pertaining to each of the instruments and sub-process given in III.B.9 above.

###### 1. Decisionmaking process

- Democratic and with sufficient efforts to include the poor, marginalized, underserved and vulnerable sectors
- Efficient
- Decision rule must be transparent and known to all stakeholders

###### 2. Laws, regulations and policies

- Effective in attaining developmental goals
- Consistent with the protection of basic human rights
- Simple, clear

- Coherent
  - Gender sensitive
  - Responsive to the needs of the poor, marginalized, underserved and vulnerable sectors
3. Dissemination
    - Wide coverage
    - Transparent (honest)
  4. Management systems
    - Well-defined responsibilities and accountabilities
    - Efficient
  5. Implementation including enforcement of rules
    - Effective
    - Efficient
  6. Accounting systems
    - Efficient
  7. Audit systems
    - Efficient and timely
    - Effective
  8. Performance evaluation systems
    - Transparent
    - Effective
    - Regularly conducted
  9. Exit process
    - Effective
    - Efficient
    - Timely

By effective, we mean that it results in the desired outcomes.

By efficient we mean that the output or benefit is delivered or produced at the least cost.

By timely, we mean, in the case of audit systems, that the lag between the start and finish is kept to a minimum. In the case of the exit process, we take “timely” to mean that there is full consideration for technological and other developments that may have occurred or are bound to occur.

## **V. Tracking Governance Reforms**

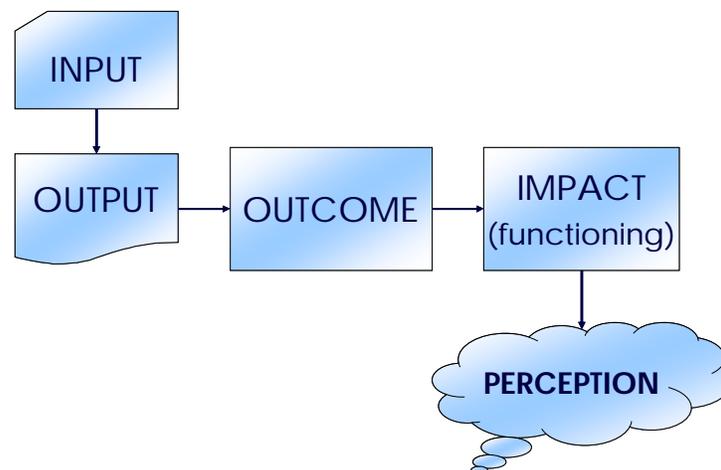
The M&E system to be developed is for tracking governance reforms, and not for rating governance per se. Earlier, we have mentioned that there are more than thirty international organizations that rate governance at the national level. In the Philippines,

the surveys conducted by the Social Weather Stations (SWS) and Pulse Asia rate performance of government officials and agencies. For local governments, the Department of Interior and Local Government has been promoting the use of the LGPMES, as self-assessment tool. Concerning impact at the household level, the Philippines has been monitoring the minimum basic needs. However, the diligence to monitor these and a whole gamut of indicators has been too variable across provinces (or municipalities and barangays) and over time, so that, after almost a decade, we really do not have a long and consistent time series of observations. Meanwhile, there are a number of official surveys and administrative data that, with some processing, can provide information on the desired impact.

It must be stated at this point that the governance ratings compiled by most institutions, including SWS and Pulse Asia, are based on participant surveys or poll of experts. They are mostly opinions, or based on perception. The M&E system to be developed should not be in the same mold, for the simple reason that any self-administered assessment survey will always be suspect, whether rightly or wrongly. In any case, these are already being collected by reputable third parties.

It is difficult to identify precisely the factors that determine perception. There are always at least two sets of factors involved, those pertaining to the party being rated and those pertaining to the rating party. Even a substandard performance can be rated as satisfactory if the ratee is quite lenient. Tabunda (2000) examines the SWS data to determine the constructs of governance that drive the perceptions of government performance. She found two: (1) transparency and responsiveness, and (2) government efficacy/effectiveness. She also finds that the former is the more defining factor. That is, “those who are not satisfied with government’s efficacy or effectiveness would give government the benefit of the doubt, or soften their ratings, if it is somehow perceived to be responsive and transparent.”

We can also adopt the project approach to understand how perceptions are formed:



Project inputs undergo processing (through project activities) in order to produce outputs. When utilized by the beneficiaries in addition to other outputs (not produced by the project), these generate outcomes. Together with other outcomes, good and bad, these translate into impact and determines how an individual (and household) functions in society. The individual (whether expert or participant) then formulates his perception,

mostly based on these functionings and his assessment of how the other members of society, and even government, perform their functions and are rewarded for the “fruits of their labors” (or are rewarded despite the lack of effort).

Let us illustrate the above process with respect to anti-poverty programs. The inputs may be in the form of technical assistance to farmers. The outputs are the farmer’s field schools established and number of farmers trained in the new farming methods. Together with other outputs (available capital, modern farm implements, etc.) the outcomes are the number of adoptors, increased farm productivity, increased farm production. Given proper postharvest facilities, favorable market conditions (from the perspective of the farmer-producers), the increased production will translate into increased real income. Additional outcomes are in the form of good health, good education, good housing, etc. This, against a backdrop of security, provides the farmer and his household additional resources “to be and to do” what they want to be and do. What they are actually able to be and do will define how the farmer and his household are regarded by society. This status, when compared against the farmer’s ideal and in relation to the status enjoyed by others who exerted similar effort, will determine the farmer’s perception of the quality of governance.

The above line of reasoning is similar to the analytical methodology associated with objective tree and logical framework analyses. This was pre-tested during the workshop. Participants were grouped into two and were assigned to look into economic and environmental affairs. Following is the series of questions answered:

1. What is the goal of governance over economic (environmental) affairs? (Note that participants may simply adopt the goals listed in III.B.7.)
2. Describe the state of economic (environmental) affairs. How far (or close) is it from (to) the ideal as defined by society?
3. Identify the instruments of governance as classified into the following:
  - a. Legal framework
  - b. Regulatory framework
  - c. Policy framework
  - d. Public investment and expenditure program
  - e. Administrative framework
4. Evaluate the state of governance. How far (or close) are these instruments and their corresponding sub-processes as described in IV.B?
5. For each of these sub-processes, identify at most three critical reform areas.

In general, we find that the systems analysis approach consistent with the logframe analysis can be used to develop the M&E system for tracking governance reforms. The system should be able to answer each of the above questions pertaining to all critical societal affairs, with the following additional questions:

6. Who are the stakeholders for each of these critical reform areas? What are their responsibilities and accountabilities?
7. What programs and projects have been or are currently being undertaken to reform these sub-processes?
8. What are the intended outputs of these programs and projects? How can we trace the linkage from these intended outputs to the desired reform? What are the enabling conditions and constraints?

## **VI. Recommendations**

The series of questions given in V, with the corresponding indicator set, makes up the conceptual framework for the M&E system for tracking governance reforms. The societal affairs need not be limited to only the four – economic, socio-cultural, political, environmental. We can be more specific, e.g., research and development in agriculture. Similarly, the critical reform areas to be identified need not be limited to only three.

In answering questions 4 and 5, it is important to solicit inputs from different sectors. During the workshop, the critical reform area identified has to do with increasing participation in the decisionmaking process. This is very different from the result of Tabunda (2000) that states that the critical reform area is transparency and responsiveness. Of course, one can argue that increasing participation will increase transparency and responsiveness; but the latter is neither a necessary nor a sufficient condition to achieve the former. Data from other governance rating institutions can also help answer questions 4 and 5.

Governance is admittedly a complex issue, but it is too important not to be evaluated. Studying governance can also be overwhelming but serious effort needs to be exerted to analyze the issue in terms of component features but with complete recognition of the interrelationship between and among the components. The urgency cannot be overemphasized in view of the fact that reputable institutions have been regularly collecting data and disseminating information on governance. The challenge for the M&E study to track governance reforms is to pinpoint the reform area/s and identify outputs or even outcomes that could influence the perception of participants and experts about our quality of governance.

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