

MODULE 1

The Concept & Theories of Governance

Introduction

“Knowledge is knowledge only when the students do at their best on what they learn.” This module is the first part of the course on Governance and Development. It is intended to make the teaching and learning process a more inter-active and productive endeavor. In each lesson are learning activities, concept development and drills/exercises. Productive and constructive teaching methodologies are presented and hopefully utilize to build the student's competencies which include among others: professional writing style, oral presentation skills, critical analytical thinking skills, political and administrative decision-making systems, discipline-specific knowledge (government, non-profit management, and corporate management skills), public service skills, research skills, proper documentation, library skills, technology skills, and globalization.

This module also builds the knowledge base in governance and eventually will be applied by students in the latter part of the course. It also prepares and develops students to succeed as leaders, managers, analysts and administrators in meeting change and challenges of governance in the public and non-profit sectors.

Hence this module attempts to discuss the concepts of governance according to different authors and institutions; the key actors in governance as well as the characteristics of good governance. A governance model of implementation is also explored as a theoretical alternative that offers the potential to synthesize disparate models and bring networks into the governance paradigm.

Lesson 1 presents the basic discussions to introduce the nature, concept and theoretical framework of governance. It also provides students an understanding of the difference of governance from government as well as its evolution which will eventually develop students' ability to apply these concepts to current issues on governance and development.

Lesson 2 gives students a critical understanding of the role of the different key players/actors in the governance process. This will encourage them to develop their own ideas for enhancing participation in governance and improving accountability of the state.

Lesson 3 discusses the definition and the elements or characteristics of good governance as introduced by different institutions and organizations.

Lesson 4 presents the issues and challenges on governance. In here, students are required to give their insights and opinions with regards to the issues and challenges

presented. Reforms, initiatives and solutions to these challenges are also discussed. The students are likewise welcome to give their comments and suggestions. This is to realize the CL (Collaborative learning) process. Collaborative Learning (CL) encourages active student participation in the learning process. It encompasses a set of approaches to education, sometimes also called cooperative learning or small group learning. CL creates an environment "that involves students in doing things and thinking about the things they are doing", and reaches students who otherwise might not be engaged. Finally, CL is one teaching strategy among many, each of which can play a role to make learning an active and effective process.

Before discussing the first part of the module, the teacher explains first the academic outcomes and the related grading criteria, major course assignments, deadlines, rationale and other particulars of course.

General Objectives:

Upon the use and application of this module as a guide for learning, the students should be able to:

1. Describe the development of the definition of governance as well as the current perspectives on the word governance;
2. Discuss sustainable human development and the new public management;
3. Discuss the functional and critical role of the different key players of governance;
4. Define the meaning and essence of "good governance" and internalize the importance of good governance in the development process;
5. Apply governance concepts and perspectives to a variety of real world situations;
6. Appreciate the role of UNDP and other international institutions in the development processes.
7. Manifest higher order thinking skills such as mental inquisitiveness, critical thinking as well as reflective thinking when given situations or issues related to governance.

Overview & Orientation on the Course

Specific Objectives

At the end of the lesson, the student should be able to:

1. Discuss the purpose and relevance of the Course on Fostering Democratic Governance;
2. Set their expectations on the course; on the instructor and on their classmates.
3. Participate in the group exercises/activities.

Pedagogical Activities:

Before the start of lesson 1, the teacher first gives an introduction of the course. This orients the students on the rationale, description and objectives of the course.

Students are also introduced to one another.

Below are some examples of activities/exercises to introduce students to one another and to set their expectations.

Activity 1 “Getting to Know You”

This activity is divided into three parts:

Part I

The students are given a card on which he/she draws a symbol/icon that would best represent him/her.

Part II

Each student picks one card with a logo/icon and locates who made the card and interviews the owner.

Part III

In the bigger class, each student introduces the person he/she interviewed to the group based on the information gathered.

“My Expectations”

The class shall be divided into four groups

1. In each groups, each student is given metacards on which to write expectation on the course, the instructor and peers.
2. Each member of the group reads his/her expectations/
3. The leader facilitates the sharing while the recorder writes the common answers on a manila paper

Presentation of Objectives and Overview of the Course.

1. Each group presents their expectations to the bigger class.
2. The teacher presents the objectives of the course and discusses the overview and the course outline.

The teacher also discusses the school rules and policies; his/her house rules and the grading requirements for the course.

Evaluation:

Essay

What is the significance of the course on Governance and Development?

**Lesson 1
GOVERNANCE**

**What is Governance?
Getting to a Definition**

This is the first leg of the module on governance. In this module, the instructor provides a practical introduction in the study of governance and development to analyze an array of definitions and meaning of the concept of governance. Later on, the students will be asked to crystallize their own notion of governance and how it may be applied in the real world.

Specific Objectives

At the end of the lesson, the learners should be able to:

1. Explain the significance of the shift in how people and nations perceive governance and how it differs from government;
2. Critically define the meaning of good governance;
3. Discuss the inter-relationship between the concept of governance and new public management (NPM);
4. Comment on and criticize the meanings and implications of various definitions of governance and develop your own definition of the concept of governance;
5. Trace the evolution of new public management which led to the definition of governance;
6. Synthesize the related and theoretically related concepts of governance;

7. Critique on the pervasive, shared and global perception of governance as propagated by various institutions like the World Bank, ADB and United Nations.
8. Explain the relationship between governance & Sustainable Human Development
9. Discuss the art of governance and identify the activities encompassed in the act of governing; and
10. Discuss the significance/essence of governance in the development process;

PEDAGOGICAL ACTIVITIES:

(Note: The teacher has the discretion to apply any of the suggested teaching strategies/methodologies/activities listed below.)

1. Semantic Mapping

The students will be grouped into small groups and each will be asked to come up with a semantic map on the generic concepts of governance.

2. Multi-Media Presentation- A slide show on the evolution of how governance is perceived and defined.

3. Brainstorming and Inter-active Discussions on the theories and evolution of governance.

4. A Panel discussion or an informal debate on the rationale of the course and on the significance of governance and development.

5. Journey Wall/Wall of Wonder

The students are grouped into five. Each group selects a reporter and a secretary. Using the Manila paper, the group members make a time line to represent the evolution of governance. The members are required to jot down or draw ideas on the appropriate poster per significant period. After which, the group members shall discuss the following:

1. Link between periods.
2. Importance of knowing the development of the idea of governance.
3. Implications of the events that happened.

6. Team-Oriented/Cooperative Learning

To facilitate greater interaction among students and to enhance team-oriented and cooperative learning, students in the class will be grouped into teams of five. Though significant amounts of class time will not be spent on team activities, the purpose of this learning strategy is to allow for greater clarification, elaboration, and discussion of the subject matter among team members and to minimize the impersonality of a large lecture class setting. Frequent use of this learning strategy will lead to better understanding and enjoyment of the subject matter as well. You will also develop some skills of team-work, such as task focus, collaboration, listening, encouragement of each other, and sharing of idea.

7. **Concept Paper:** Each student is expected to provide one-page write-ups on concepts discussed on lesson 1. This assignment would be most helpful if the student would submit each concept page within a week of the concept's discussion in class.

THE CONCEPT OF GOVERNANCE

In most dictionaries “government” and “governance” are interchangeably used, both denoting the exercise of authority in an organization, institution or state. Government is the name given to the entity exercising that authority. Authority can most simply define as legitimate power. Whereas power is the ability to influence the behavior of others, authority is the right to do so. Authority is therefore the based on an acknowledged duty to obey rather than on any form of coercion or manipulation. Weber distinguished between three kinds of authority, based on the different grounds upon obedience can be established; traditional authority is rooted in history, charismatic authority stems from personality and legal-authority is grounded in a set of impersonal rules. To study government is to study the exercise of authority. (Heywood, 1997) Government is closely related to politics.

To study politics is in essence to study government or more broadly, to study the exercise of authority. Politics is the art of government, the exercise of control within the society through the making and enforcement of collective decisions. (Heywood 1997) The realm of politics is restricted to state actors who are consciously motivated by ideological beliefs, and who seek to advance them through membership of a formal organization such as a political organization. This is the sense in which politicians are described as “political” whereas civil servants are seen as “non political”, the state as “public” and the civil society as “private”. The institutions of the state (the apparatus of the government, the courts, the police, the army, the society-security system and so forth) can be regarded as “public” in the sense that they are responsible for the collective organization of the community life. Moreover, they are funded at the public's

expense, out of taxation. In contrast, civil society consists of what Raymund Burke called the little platoons, institutions such as the family and kinship groups, private businesses, trade unions, clubs, community groups and so on that are private in the sense that they are set up and funded by individual citizens. On the basis of this public/private life division, government is restricted to the activities of the state itself and the responsibilities which are properly exercised by public bodies. Although civil society can be distinguished from the state, it nevertheless contains a range of institutions that are thought as “public” in a wider access.

One of its crucial implications is that it broadens our notion of the government transferring the economy in particular from the private to the public realm. Now, the conception of politics and government move beyond the narrow realm of government to what is thought as “public life” or “public affairs.” Since, the government doesn’t only decide for all and the civil society and the private sectors play vital role in the community, thus, the conception of the word “governance”. Governance is a broader term than government. In its widest sense, it refers to the various ways in which social life is coordinated. Government can therefore be seen as one of the institutions in governance; it is possible to have governance without government. (Heywood, 1997)

Governance: Varying Definitions

Governance is:

1. “The traditions and institutions by which authority in a country is exercised” – Kaufman et al
2. The way “ ... power is exercised through a country’s economic, political, and social institutions.” – the World Bank’s PRSP Handbook.
3. “The sound exercise of political, economic, and administrative authority to manage a country’s resources for development. It involves the institutionalization of a system through which citizens, institutions, organizations, and groups in a society articulate their interests, exercise their rights, and mediate their differences in pursuit of the collective good “(Country Governance Assessment 2005).
4. “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 obligations, and mediate their differences.” UNDP.
5. in governance, citizens are rightly concerned with a government’s responsiveness to their needs and protection of their rights. In general, governance issues pertain to the ability of government to develop an efficient, effective, and accountable public management process that is open to citizen participation and that strengthens rather than weakens a democratic system of government. “ The USAID, Office of Democracy & Governance

6. refers to how any organization, including a nation, is run. It includes all the processes, systems, and controls that are used to safeguard and grow assets.” (UNDP, 1997)

7. “The systems, processes and procedures put in place to steer the direction, management and accountability of an organization.” Birmingham City Council.

When applied to organizations that operate commercially, **governance** is often termed "**corporate governance**"

8. "promoting fairness, transparency and accountability" – World Bank

9. "a system by which business organizations are directed and controlled".- OECD

10. “the manner in which power is exercised in the management of a country’s social and economic resources for development. It is referred to as the quality of the institutions to make, implement and enforce sound policies in an efficient, effective, equitable and inclusive man The Asian Development Bank (ADB)

11. In broad terms, governance is about the institutional environment in which citizens interact among themselves and with government agencies/officials. (ADB, 2005).

12. the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance.

13. the interactions among structures, processes and traditions that determine how power and responsibilities are exercised, how decisions are taken, and how citizens or other stakeholders have their say. Fundamentally, it is about power, relationships and accountability: who has influence, who decides, and how decision-makers are held accountable. (IOG 2003)

14. “as the exercise of economic, political and administrative authority to manage the nation’s affairs at all levels. It comprises of mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations and mediate their differences. Governance is not the sole domain of government but transcends government to encompass the business sector and the civil society. NEDA (2006)

The Institute on Governance defines governance as the process whereby societies or organizations make their important decisions, determine who has voice,

who is engaged in the process and how account is rendered. (IOG, 2006) The Institute also provides a framework to further establish the concept of governance as shown below¹.



Figure 1

The need for governance exists anytime a group of people come together to accomplish an end. Most agree that the central component of governance is decision-making. It is the process through which this group of people make decisions that direct their collective efforts. (See figure 1)



Figure 2

Source: Institute of Governance <http://www.iog.ca/>

If the group is too large to efficiently make all necessary decisions, it creates an entity to facilitate the process. Group members delegate a large portion of the decision-making responsibility to this entity. In voluntary sector organizations this entity is the board of directors. One simple definition of governance is "the art of steering societies and organizations." Governance is about the more strategic aspects of steering, making the larger decisions about both direction and roles.

Some observers criticize this definition as being too simple. Steering suggests that governance is a straightforward process, akin to a steersman in a boat. These critics assert that governance is neither simple nor neat — by nature it may be messy,

¹ The Institute of Governance (IOG) is a Canadian, non-profit think tank founded in 1990 with the mission to improve governance for public benefit. For further information visit their website at www.iog.org

tentative, unpredictable and fluid. Governance is complicated by the fact that it involves multiple actors, not a single helmsman.

These multiple actors are the organization's stakeholders. (See figure 2) They articulate their interests; influence how decisions are made, who the decision-makers are and what decisions are taken.

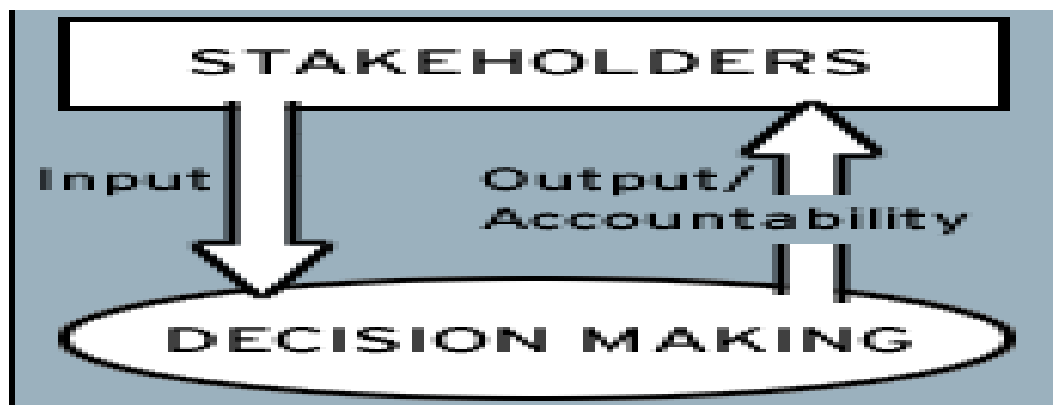


Figure 3

Source: Institute on Governance <http://www.iog.ca>

Decision-makers must absorb this input into the decision-making process. Decision-makers are then accountable to those same stakeholders for the organization's output and the process of producing it. see Fig.3

Governance According to UNDP

The challenge for all societies is to create a system of governance that promotes supports and sustains human development - especially for the poorest and most marginal. But the search for a clearly articulated concept of governance has just begun.

Good governance is, among other things, participatory, transparent and accountable. It is also effective and equitable. And it promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

Governance has three legs: economic, political and administrative. Economic governance includes decision-making processes that affect a country's economic activities and its relationships with other economies. It clearly has major implications for equity, poverty and quality of life. Political governance is the process of decision-making to formulate policy. Administrative governance is the system of policy implementation.

Encompassing all three, good governance defines the processes and structures that guide political and socio-economic relationships.

Governance encompasses the state, but it transcends the state by including the private sector and civil society organizations. What constitutes the state is widely debated. Here, the state is defined to include political and public sector institutions. UNDP's primary interest lies in how effectively the state serves the needs of its people. The private sector covers private enterprises (manufacturing, trade, banking, cooperatives and so on) and the informal sector in the marketplace. Some say that the private sector is part of civil society. But the private sector is separate to the extent that private sector players influence social, economic and political policies in ways that create a more conducive environment for the marketplace and enterprises.

Civil society, lying between the individual and the state, comprises individuals and groups (organized or unorganized) interacting socially, politically and economically - regulated by formal and informal rules and laws.

GOVERNANCE & SUSTAINABLE HUMAN DEVELOPMENT:

UNDP believes that developing the capacity of good governance is the primordial way to eliminate poverty. Notions of good governance and the link between governance and sustainable human development vary greatly, however, both in academic literature and among development practitioners². (UNDP, 1997)

So, what is sustainable human development?

Human development as expanding the choices for all people in society. This means that men and women - particularly the poor and vulnerable - are at the centre of the development process. It also means "protection of the life opportunities of future generations...and...the natural systems on which all life depends" (UNDP, *Human Development Report 1996*). This makes the central purpose of development the creation of an enabling environment in which all can enjoy long, healthy and creative lives.

Economic growth is a means to sustainable human development - not an end in itself. *Human Development Report 1996* showed that economic growth does not automatically lead to sustainable human development and the elimination of poverty. For example, countries that do well when ranked by per capita income often slip down the ladder when ranked by the human development index. There are, moreover, marked disparities within countries - rich and poor alike - and these become striking when human development among indigenous peoples and ethnic minorities is evaluated

² *The United Nations Development Programme (UNDP) has been at the forefront of the growing international consensus that good governance and sustainable human development are indivisible.*

separately.

There are five aspects to sustainable human development - all affecting the lives of the poor and vulnerable:

- *Empowerment* - The expansion of men and women's capabilities and choices increases their ability to exercise those choices free of hunger, want and deprivation. It also increases their opportunity to participate in, or endorse, decision-making affecting their lives
- *Co-operation* - With a sense of belonging important for personal fulfillment, well-being and a sense of purpose and meaning, human development is concerned with the ways in which people work together and interact.
- *Equity* - The expansion of capabilities and opportunities means more than income - it also means equity, such as an educational system to which everybody should have access.
- *Sustainability* - The needs of this generation must be met without compromising the right of future generations to be free of poverty and deprivation and to exercise their basic capabilities.
- *Security* - Particularly the security of livelihood. People need to be freed from threats, such as disease or repression and from sudden harmful disruptions in their lives.
- UNDP focuses on four critical elements of sustainable human development: eliminating poverty, creating jobs and sustaining livelihoods, protecting and regenerating the environment, and promoting the advancement of women. Developing the capacities for good governance underpins all these objectives.

Source: Governance for Sustainable Human Development (1997)

A UNDP Policy Document

United Nations Development Programme

Internet Source:

<http://magnet.undp.org/policy/>

The Art of Governing

To govern is to exercise power and authority over a territory, system or organization. This applies to both government and governance³. The exercise of authority is uppermost in government and remains significant in governance but is no longer the single focus. This is because the power in governance is not so much wielded as shared and authority is defined not so much by control of the ruler as by the

³ *The discussions on the Art of Governing is an excerpt from (From Government to Governance)(2005) Reflections of Ledivina C. Carino of the University of the Philippines, National College of Public Administration & Governance, (UP-NCPAG) on the Concept of Governance as an off-shoot of the (World COG)*

consent and participation of the governed. Is a state weak under a regime of governance? Not necessarily for it can be stronger than ever before except that the acts expected of it are different from the role of the state as government.

In traditional parlance, government rules and controls, but in governance, it orchestrates and manages. These contrasts may seem overdrawn, but we will flesh out and qualify them as the discussion proceeds.

Ruling and orchestrating rest on different bases. To rule is to be the sole authority, for which the appropriate response is to obey. A government that rules relies on force to exact compliance, and we know from introductory political science that the state has the monopoly of legitimate violence. It enacts laws binding on all the inhabitants and metes out sanctions according to these laws. It delivers services to passive recipients who have little influence in the definition of the programs or their eligibility requirement and methods.

By contrast, to orchestrate is to call on everyone to play a part in moving the society. Power rests on the trust the players have on the director and on each other. Because built on trust, transparency in the conduct of governing is essential. Laws still bind all, but they are laws they had a part in bringing about. Accountability is shared, and they who have the greatest power bear the greater responsibility.

To control is not to manage, as Landau and Stout maintained in a classic article. We have not found a definition of governance that uses control instead of management.

To control is to direct what each part of the system must do. It assumes that the controller knows the goals and is certain how an action it requires can lead to it. Deviation will be viewed as error in a context of full knowledge.

Controlling assumes a law (using the term in scientific sense) but to manage is to act on a hypothesis. The manager works on incomplete information and tests if the hypothesis is borne out in a given situation. A manager then must be open to inputs from outside him which might provide new information and to methods other than those originally promulgated that could lead to the specified goal. Governance chooses management over control because its system is permeable, admits outside the influences, assumes no omnipotence or omniscience on the part of the decision-maker, and subjects decisions to the evaluation and critique of all those with a stake in them.

All governing is an act of leadership, of moving a society towards a preferred direction. While government can have a connotation of being interested only in maintenance and in preserving peace and order, governance implies leadership toward societal development. This is shown in the following passage from the International Institute of Administrative Sciences.

Governance is the process whereby elements in society wield power and authority, and influence and enact policies and decisions concerning public life, economic and social development.”

This shows that the concept is indeed a product of the late twentieth century when development became a preoccupation of societies and states. The definition of development shall be discussed on the succeeding modules.

The Need for Good Governance: Why Governance Matters

Good governance creates a strong future for an organization by continuously steering towards a **vision** and making sure that day-to-day management is always lined up with the organization’s goals. At its core, governance is about **leadership**.

An effective board will improve the organization’s results, both financial and social, and make sure the owners' assets and funds are used appropriately. **Poor governance** can put organizations at risk of commercial failure, financial and legal problems for directors/trustees or allow an organization to lose sight of its purpose and its responsibilities to its owners and people who benefit from its success.

The Rights-Based Approach to governance implies that the holders of rights should also participate fully in deciding how those rights are fulfilled, such as through participation and greater empowerment. And as the Millennium Declaration emphasizes, one of the most important requirements for achieving this and the MDG is “governance” The report points out that Asia and the Pacific has many diverse forms of democratic governments⁴. In some cases these have involved highly centralized administrations that have offered a limited space for popular participation. Nevertheless, in recent years there have been significant changes. One of the most dramatic examples has been in Indonesia, which for decades until the late 1990s had a strongly centralized administration. Now the democratic Government in Indonesia has not only offered free and fair elections; it has also enacted a radical process of decentralization.

Another vital attribute of governance in MDGs is efficient and effective administration. The Government of India, for example, is determined to be more responsive and accountable to the public. A further governance priority in Asia and the Pacific is the fight against corruption, which degrades the quality of governance and hits hardest at the poorest. The Government of China for example is among those taking firm measures to combat corruption and promote integrity in governance.

⁴ *The discussions on the Millennium Declaration as well as the comprehensive discussions of MDG are reflected on Module 2 of this course.*

Theories of Governance

If Max Weber and Woodrow Wilson were to suddenly appear on the landscape of modern public administration, normative theories in hand, it is likely they would be unable to recognize the field of governance. The comprehensive, functionally uniform, hierarchical organizations governed by strong leaders who are democratically responsible and staffed by neutrally competent civil servants who deliver services to citizens – to the extent they ever existed – are long gone. They have been replaced by an ‘organizational society’ in which many important services are provided through multi organizational programs. These programs are essentially “interconnected clusters of firms, governments, and associations which come together within the framework of these programs” (Hjern and Porter, 1981, pp. 212-213).

These implementation structures operate within a notion of governance about which a surprising level of consensus has been reached. There is a pervasive, shared, global perception of governance as a topic far broader than ‘government’; the governance approach is seen as a “new process of governing, or a changed condition of ordered rule; or the new method by which society is governed” (Stoker, 1998, p. 17). Similarly, in the scholarship that has followed the ‘Reinventing Government’ themes of public effectiveness; much has been written of New Public Management practices by which governance theory is put into action (Mathiasen, 1996; Lynn, 1996, 1998; Terry, 1998; Kelly, 1998; Peters and Pierre, 1998).

In this complex, devolved mode of service delivery, the unit of analysis for some students of policy implementation is the network of nonprofit organizations, private firms and governments. As Milward and Provan note, in policy arenas such as health, mental health, and welfare, “...joint production and having several degrees of separation between the source and the user of government funds...combine to ensure that hierarchies and markets will not work and that networks are the only alternative for collective action” (2000, p. 243).

The discussions below describe the relationship of governance and other Public Administration theories, the New Public Management, in particular.

The (mostly European) literature on governance and the increasingly international scholarship on New Public Management (NPM) describe two models of public service that reflect a ‘reinvented’ form of government which is better managed, and which takes its objectives not from democratic theory but from market economics (Stoker, 1998). While some use the terms interchangeably (for example, Hood, 1991), most of the research makes distinctions between the two. Essentially, governance is a political theory while NPM is an organizational theory (Peters and Pierre, 1998). As Stoker describes it,

Governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred. The essence of governance is its focus on mechanisms that do not rest on recourse to

the authority and sanctions of government....Governance for (some) is about the potential for contracting, franchising and new forms of regulation. In short, it is about what (some) refer to as the new public management. However, governance ...is more than a new set of managerial tools. It is also about more than achieving greater efficiency in the production of public services (1998, p. 17-18). Peters and Pierre agree, saying that governance is about process, while NPM is about outcomes (1998, p. 232).

Governance is ultimately concerned with creating the conditions for ordered rule and collective action (Stoker, 1998; Peters and Pierre, 1998; Milward and Provan, 2000). As should be expected, all efforts to synthesize the literature draw from theories found in the separate traditions. Berman owes debts to Van Meter and Van Horn (1975, 1976) and Goggin, et al (1990), among others. See Kaboolian (1998) for a description of reform movements in the public sector that collectively comprise "New Public Management" (NPM). I adopt her definition of NPM as a series of innovations that – considered collectively – embody public choice approaches, transaction-cost relationships, and preferences for efficiency over equity. notes, the outputs of governance are not different from those of government; it is instead a matter of a difference in processes (1998, p. 17).

Governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred. The essence of governance, and its most troublesome aspect, according to its critics, is a focus on mechanisms that do not rest on recourse to the authority and sanctions of government (Bekke, et al, 1995; Peters and Pierre, 1998; Stoker, 1998; Rhodes, 1996, 1997). Stoker (1998, p. 18) draws five propositions to frame our understanding of the critical questions that governance theory should help us answer. He acknowledges that each proposition implies a dilemma or critical issue.

1. **Governance refers to institutions and actors from within and beyond government.** (But there is a divorce between the complex reality of decision-making associated with governance and the normative codes used to explain and justify government). The question, as it relates to policy implementation, is one of legitimacy. The extent to which those with decision-making power are seen to be legitimate (in the normative sense) will directly impact their ability to mobilize resources and promote cooperation and build and sustain partnerships. Thus, the normative dilemma has pragmatic overtones. Beetham suggests that for power to be legitimate it must conform to established rules; these rules must be justified by adherence to shared beliefs; and the power must be exercised with the express consent of subordinates (1991, p. 19).

2. **Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues.** This shift in responsibility goes beyond the public-private dimension to include notions of communitarianism and social capital. (However, blurring of responsibilities can lead to blame avoidance or scapegoating). An interesting research area that has grown in scope and importance following the implementation of welfare reform is the study of faith-based organizations' role and

impact in service delivery. Public agencies have not merely endorsed or encouraged this partnership, but in some cases have institutionalized these arrangements. This suggests a shift in responsibility beyond the more traditional notions of contracting out and privatization. At the same time, all of these activities contribute to uncertainties on the part of policy makers and the public about who is in charge and who can be held accountable for performance outcomes. Implementation theory must attend to the nature and impact of responsibility and accountability.

3. Governance identifies the power dependence involved in the relationships between institutions involved in collective action. Organizations are dependent upon each other for the achievement of collective action, and thus must exchange resources and negotiate shared understandings of ultimate program goals. The implementation literature is replete with studies of coordination barriers and impacts (for example, Jennings and Ewalt, 1998). (Nonetheless, power dependence exacerbates the problem of unintended consequences for government because of the likelihood of principal-agent problems.) For implementation scholarship to contribute to a greater understanding of governance relationships, arrangements for minimizing (and impacts of) game-playing, subversion, creaming and opportunism must be explored.

4. Governance is about autonomous self-governing networks of actors. (The emergence of self-governing networks raises difficulties over accountability). Governance networks, in Stoker's terms, "involve not just influencing government policy but taking over the business of government" (1998, p. 23). The "hollow state" that networks have triggered (Milward, 1996; Milward and Provan, 2000) raises questions about how government can manage public programs when they consist largely of entities outside the public domain. Network theory and governance issues overlap, and they are both directly linked to questions of implementation.

5. Governance recognizes the capacity to get things done which does not rest on the power of government to command or use its authority. (But even so, government failures may occur.) It is in this proposition that we find a natural progression from the more encompassing theory of governance to the more prescriptive notions of New Public Management. Stoker notes that within governance there is a concerted emphasis on new tools and techniques to steer and guide. The language is taken directly from reinventing themes. The dilemma of governance in this context is that there is a broader concern with the very real potential for leadership failure, differences among key partners in time horizons and goal priorities, and social conflicts, all of which can result in governance failure. Stoker draws on Goodin as he suggests that design challenges of public institutions can be addressed in part by "revisability, robustness, sensitivity to motivational complexity, public defendability, and variability to encourage experimentation" (Stoker, 1998, p. 26, quoting from Goodin, 1996, p. 39-43).

As Peters and Pierre note, "governance is about maintaining public-sector resources under some degree of political control and developing strategies to sustain government's capacity to act" in the face of management tools that replace highly centralized, hierarchical structures with decentralized management environments where

decisions on resource allocation and service delivery are made closer to the point of delivery (1998, p. 232)⁵.

Evaluation



Essay:

- 1.) What is your understanding of the concept of governance? and What is your own concept of governance. Explain.
- 2.) Explain the shift of government to governance.
- 3.) Discuss the theories of governance and New Public Management.
- 4.) Discuss the significance of governance in the development process.

Activities:

1. Make a matrix summarizing the main points stressed by various theories and concepts and models of governance. Explain your output.
2. Written Report: "The Importance of Governance & Development and its inter-relationship" (individual output)
3. A project: Make a poster/collage/diorama that shows the significance of governance.

Assessment of the Concept Paper

Each submission will be assessed on the following –

1. identification of concept (2 points),
2. description of the concept (4 points),
3. application or example of the concept (4 points).

The report is typewritten and not to exceed one page.

Rubric for the output in the Journey Wall Activity.

The output of the groups will be evaluated based on the following criteria:

-concept relatedness	10points	30%
- creativity	5 points	20%
- teamwork	5 points	20%
- workmanship	5 points	20%
total	25 points	100%

⁵Also refer to Ewalt, Jo Ann G. (2001) *Theories of Governance and New Public Management: Links to Understanding Welfare Policy Implementation; A Second Draft. A Paper Presented at the Annual Conference of the American Society for Public Administration.*

Lesson 2

The Key Actors in Governance

SPECIFIC OBJECTIVES: at the end of the lesson, the students should be able to:

1. Identify the different actors in governance;
2. Critically explain the role of each player in the governance process;
3. Critique on the current efforts of these key actors in the any governance endeavors;
4. Illustrate the inter-relationship of the role of the key actors in governance;
5. Discuss some of the lessons and best practices in the governance of partnerships.
6. Critically assess the involvement of Civil Society organizations and the private sectors in governance.

Pedagogical Activities:

1. Multi-Media Instruction
Distribution of handouts on Lesson 2
3.2 PowerPoint Presentation on Lesson 2
3.3 Venn Diagram
2. **Panel discussion/Debate** - Exchange of opinions to analyze, clarify and reach conclusions about issues, questions and problems on the role of the different key actors in governance.

3. FGD- Focused Group Discussion. (Meta-planning)

The students are going to answer the focus questions in a meta card. The answer should only be 5-8 words per meta card. Answers should be written in BOLD letters.

4. **Paper/Oral Presentation:** This is designed as a vehicle for the students to research and describe the role of each key actor in governance as well as their interplay in the governance process. This is also to express an evaluation of its impact to any governance endeavors like in policy formulation. The paper is due after the FGD. Each group (state, civil society and business sector) will orally

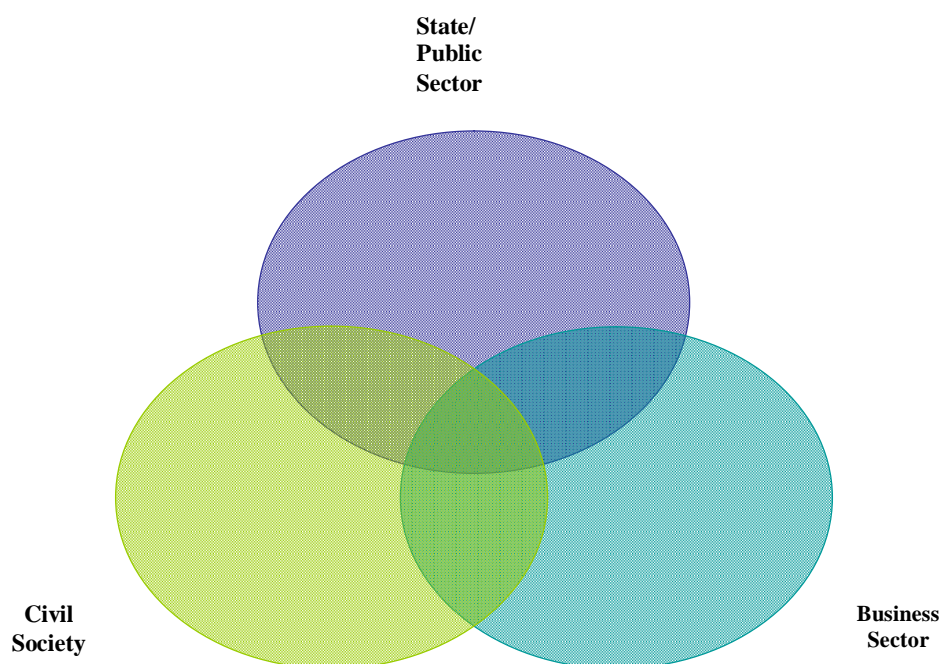
present (maximum of 10 minutes) their paper during the class. Fellow students listening to the presentation will provide a peer review of the presentations. Critique and synthesis is done by the instructor at the end of each or all presentations.

5. **Role-Playing-** The deliberate acting out of a role. This is to demonstrate the critical role of each key players of governance.

LESSON PROPER

The management of public affairs is not an exclusive domain of government and the concept of governance goes beyond the realm of the state or public sector. It also involves the Civil Society which comprises of schools/academe, non-government organizations (NGO), People's Organization, Voluntary Organizations, and the Private or the Business Sectors. The involvement of these sectors is based on their common interest and similar aspirations committed to the same public concerns. As Louise Frechette, Deputy Secretary General of the UN said, "Governance is not something the state does to society, but the way society itself, and the individuals who compose it, regulate all the different aspects of their collective life.

Figure 4
Key Actors in Governance



Source: UNDP (1997)

1. The State

The state is the principal actor of government to facilitate participation and provide an enabling environment to other elements of the society. It is a strong entity that recognizes the significance and autonomy of the other sectors without overwhelming them.

1. 1 The state as **enabler** provides for the legal and regulatory framework and political order within which firms and organizations can plan and act. It encourages citizens to act by liberating them from the fear of military reprisals when they criticize policies or serve marginalized groups. It can assure private firms that policies are fair and not subject to caprice or whim or the private interest of political officials.

1.2. The state as **resource provider** facilitates by providing resources to assist markets and communities. Such resources include information, technical expertise, research and development programs, physical infrastructure as well as grants-in-aid or incentive schemes.

As part of the state, the local government performs a crucial role in the efforts of the national government in implementing its programs and projects. The Local government is the real actor in effecting governance and development.

The Local Government

The Local Government is an avenue where the civil society groups at the community level can participate meaningfully in the decision making processes. By virtue of the powers and authority provided in the Local Government Code of 1991, local government formulates and defines the legal and regulatory framework. This serves as the basis for the involvement and participation of the various organizations and groups in the governance of the community.

The Local Government also maintains a political order and provides the necessary resources such as technical expertise and infrastructure to the various groups, most especially to those who are places at disadvantaged position.

As an enabler, the local government likewise provides the environment for the development of full potentials of its citizens guided by the “overarching goals of respecting, protecting and fulfilling basic human rights for all and of empowering everyone to shape their own destiny under a regime in which the realization of basic rights is guaranteed” (J. Natividad, Rights-Based Philippine Governance Review, DAP, 2005: 21)

ADB also outlined the role of the STATE and the key milestone in governance as shown below.

Roles of the States and Key Milestones in Governance
Table 1

Sound Development Management Roles of the State	Key Milestones
1. Creating a conducive economic environment	<ul style="list-style-type: none"> • Enact and enforce laws that promote economic competition • Decentralize economic decision making and stabilize inflation • Reduce public deficit and free market to set prices for privately produced goods and services
2. Protecting the Vulnerable	<ul style="list-style-type: none"> • Ensure the survival of pension systems • Create or maintain reasonable unemployment benefits • Establish and maintain a system of private health and social insurance • Maintain social assistance programs for the disabled and disadvantaged

3. Improving government efficiency and responsiveness	<ul style="list-style-type: none"> • Attract qualified, competent, honest and realistically paid individuals into public service • Establish a civil service system that relies on merit-based recruitment and promotion, incentive-based compensation, and reward-oriented career paths that are clearly defined • Attract and retain a corps of professionals who are responsible for formulating and implementing economic policies and support them with good training, appropriate degree of independence and professional reward structures. • Protect professional civil servants from political interference in carrying out their responsibilities • Establish a civil service system that is flexible enough to facilitate communication between the public and private sectors
4. Empowering people and democratizing the political system	<ul style="list-style-type: none"> • Establish a conducive institutional environment comprising properly functioning parliaments, legal and judicial systems, and electoral processes.
5. Decentralizing the administrative system	<ul style="list-style-type: none"> • Respond quickly to local needs and conditions • Redistribute authority, responsibility and finances for public services among different government levels • Strengthen sub-national units of governments • Respect traditional structures of authority as well as traditional mechanisms for resolving conflicts and managing common property in society
6. Reducing gaps between rich and poor	<ul style="list-style-type: none"> • Reduce social disparities
7. Encouraging cultural diversity and social integration	<ul style="list-style-type: none"> • Maintain cultural identity and roots while promoting social cohesion • Ensure political systems are accessible to all and that legal systems afford equal opportunities
8. Protecting the environment	<ul style="list-style-type: none"> • Integrate economic and environmental accounting • Promote interregional equity

Table 1

Source: *Asian Development Bank (2005) Country Governance Assessment

* The Country Governance Assessment of the Philippines is prepared by the Philippine Governance Assessment Study Team headed by the Team Leader Alex B. Brillantes Jr. of the UP National College of Public Administration & Governance.

2. The Private or Business Sector - Corporate Governance

In governance parlance, the private/business sector serves as the engine of the society. It is an important collaborator in the economic development of the community. It generates jobs and incomes for the people in the community. Because of its resources such as financial and technical expertise, it can assist the local government in coming up with an economic plan for the community and help in the implementation of the plan. It can also provide the needed resources for the government to enable it to pursue big and wide scale projects that are beyond the local government's financial capability. Efficiency and economy are expected outputs or products of corporate governance. The state provides a level playing field for those able to compete, and turns its attention to the provisions of safety nets for those unable to do so.

In the field of information technology, the private sector can help the local government in the development of technologies that would help proper the growth and development of the economy of the community. In this connection, the private sector can assist the local government promote the transfer of technology such as the application of spatial planning and decision support systems for effective local governance.

The participation of market and civil society in governance adds new role to the state and that is of building partnerships and linkages to the two sectors. Moreover, their engagement of the state shifts the social picture from elite control to active citizenship.

3. The Civil Society

The Civil Society consists of the complex of citizens and groups outside government working in the public arena. It is often called as CSOs- civil society organizations and also sometimes referred to as the Third Sector.

The civil society comprises the academe or schools, NGO's e.g. Association of Schools of Public Administration in the Philippines, Inc. (ASPAP, Inc) housed at the National College of Public Administration and Governance which is religiously collaborating with Government and NGOs (GOP-UNDP Programme, Galing-Pook Foundation, Social Watch Philippines, TAN, TI etc.) in promoting governance and development.). Other civil society groups include POs and the voluntary groups.

This sector plays an important role in the facilitation and interaction among the key players of local governance. It mobilizes the various groups or organizations in the community to participate in planning and decision-making process.

The Philippines has a large and very vibrant Third Sector with a long history dating back to its colonial years. The total number of civil society organizations is estimated to be between a low of 249,000 to a high of 497,000 (Cariño, 2002: 84). Ma. Oliva Z. Domingo also discussed in her paper entitled: "Third Sector Governance: Meanings, Issues, and Challenges in the Philippines", the Civil Society is the third sector governance.

The extensive use of the term governance in the literature and day-to-day operations of Third Sector organizations precedes the now current, broader meaning popularized by the UNDP. Brian O'Connell's work published in 1985, identifies governance as a basic role for the boards of voluntary organizations (1985: 22). An even much earlier work describes alternative governance models for nonprofit universities (Baldrige et al, 1997). Scholars writing on Third Sector organizations make fine distinctions between governance and management (Wood, 1996: 3-4), or even with administration (Lyons, 2001: 123-124), but affirm that the term governance captures the scope of the "special kind of management" applicable to these organizations.

Within the broad view of governance, Third Sector organizations play a key role as they engage in programs and deliver services in areas where government is absent or where the private sector is not interested in. They facilitate political and social integration by mobilizing and empowering people to participate in economic, social, and political activities. Within the Third Sector itself, governance generally refers to the exercise of governing functions by responsible persons. In this sense, the term has an inward looking perspective, an internal relevance for Third Sector organizations.

Whether in the broad or the internal point of view, Third Sector organizations are called upon to respond to the challenge of good governance. In order to do so, the Sector needs to clarify the meanings, issues, and role expectations associated with the concept of governance.

In local governance, a critical role that the civil society plays is that it provides the forum for the airing of grievances, complaints, concerns, issues and problems among the populace. Specifically, it provides voice to the "inarticulate and the unarticulated". It also performs some political role in the community by serving as an instrument of checks and balances on the power of the state or local government and the business sector behavior. It is seen as a claim holder of basic human rights. And most of all, it can serve as an alternative delivery mechanism for the frontline services.

Some civil society organizations engage primarily in the critique of existing policy and the advocacy of what to them are more appropriate policies for the good of the nation. In authoritarian regimes which close avenues of citizen access to policy formulation, some groups may be forced to go underground and work for the ouster of the regime itself. But even in the most democratic states, there will be no lack of critics that press for regime change and drastic policy reversals. NGOs may also go beyond opposition and debate into competing with government's own delivery system,

demonstrating that the alternative mechanisms they advocate are capable of being implemented on the ground.

Other civil society organizations may extend the government's delivery system by mobilizing people to prove themselves eligible to receive government social services, or providing their own services in areas unreached by the public bureaucracy. The government may complement NGOs in turn by providing the needed scaling up and referral system for their relatively smaller programs.

In relations to this, there are other possible directions to strategic directions for active civil society participation in good governance. In general terms, this means supporting efforts to promote partnerships between government and civil society. These maybe in designing, implementing, monitoring, and evaluating programs and projects. This can also mean identifying areas where civil society can either complement or supplement the efforts of the Government to deliver services, or even serve as alternative mechanisms altogether. ADB (2005)

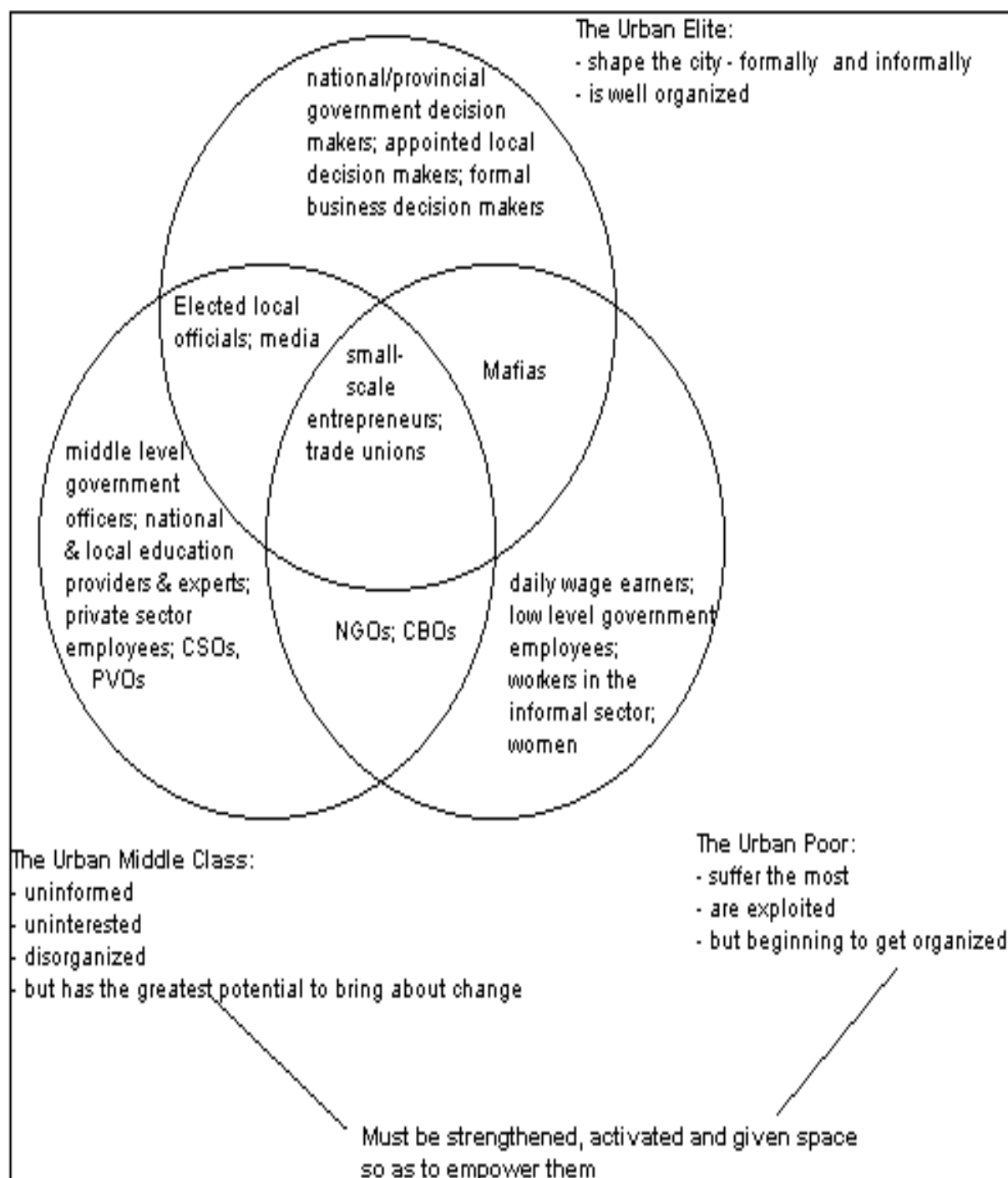
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**Figure 5
Urban Actors**



Source: United Nations Economic & Social Commissions for Asia and the Pacific (UN ESCAP) (2001) Internet Source: <http://www.unescap.org/huset/gg/governance.htm>

As mentioned earlier, government is one of the key actors in governance. Other actors involved in governance vary depending on the level of government that is under discussion. In rural areas, for example, other actors may include influential land lords, associations of peasant farmers, cooperatives, NGOs, research institutes, religious leaders, finance institutions political parties, the military etc. The situation in urban areas is much more complex. **Figure 5** provides the interconnections between actors involved in urban governance. At the national level, in addition to the above actors, media, lobbyists, international donors, multi-national corporations, etc. may play a role in decision-making or in influencing the decision-making process.

All actors other than government and the military are grouped together as part of the "civil society." In some countries in addition to the civil society, organized crime syndicates also influence decision-making, particularly in urban areas and at the national level.

Similarly formal government structures are one means by which decisions are arrived at and implemented. At the national level, informal decision-making structures, such as "kitchen cabinets" or informal advisors may exist. In urban areas, organized crime syndicates such as the "land Mafia" may influence decision-making. In some rural areas locally powerful families may make or influence decision-making. Such, informal decision-making is often the result of corrupt practices or leads to corrupt practices. (<http://www.unescap.org/huset/gg/governance.htm>)

In developed and developing countries alike, the state is being compelled to redefine its role in social and economic activity - to reduce it, reorient it, reconfigure it. The pressures for change stem from three sources:

- The *private sector* wants a more conducive market environment and a better balance between state and market.
- *Citizens* want increased accountability and responsiveness from government, as well as greater decentralization.
- *Global pressures* from supranational and worldwide social and economic trends are challenging the identity and nature of the state.

Relationships between Governance and Human Development as performed by each Domain of Governance

Each domain of governance - the state, the private sector and civil society - has a unique role in promoting sustainable human development.

The state

In countries where electoral processes exist, the state is composed of an elected government and an executive branch. The state's functions are manifold - among them, being the focus of the social contract that defines citizenship, being the authority that is mandated to control and exert force, having responsibility for public services and creating an enabling environment for sustainable human development. The latter means establishing and maintaining stable, effective and fair legal-regulatory frameworks for public and private activity. It means ensuring stability and equity in the marketplace. It means mediating interests for the public good. And it means providing effective and accountable public services. In all four roles, the state faces a challenge - ensuring that good governance addresses the concerns and needs of the poorest by increasing the opportunities for people to seek, achieve and sustain the kind of life they aspire to.

The state, of course, can do much in such areas as upholding the rights of the vulnerable, protecting the environment, maintaining stable macroeconomic conditions, maintaining standards of public health and safety for all at an affordable cost, mobilizing resources to provide essential public services and infrastructure and maintaining order, security and social harmony.

State institutions can also empower the people they are meant to serve - providing equal opportunities and ensuring social, economic and political inclusion and access to resources. But people can be empowered only if their legislatures, electoral processes and legal and judicial systems work properly. Parliaments of freely and fairly elected members representing different parties are crucial to popular participation and government accountability. Effective legal and judicial systems protect the rule of law and the rights of all. Open elections mean public confidence and trust - and so political legitimacy. States should also decentralize political and economic systems to be more responsive to citizens' demands and to changing economic conditions.

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The private sector

The state is a big force for development - but it is not the only one. Sustainable human development depends in part on creating jobs that provide enough income to improve living standards. Most states now recognize that the private sector is the primary source of opportunities for productive employment. Economic globalization is fundamentally changing the ways in which industries and enterprises operate. In many developing countries, private enterprise must be encouraged and supported to be more transparent and competitive in the international marketplace.

Equitable growth, gender balance, environmental preservation, expansion of the private sector and responsible and effective participation in international commerce cannot be achieved by the market alone, however. States can foster private sector development that is sustainable by:

- Creating a stable macroeconomic environment.
- Maintaining competitive markets.
- Ensuring that the poor (especially women) have easy access to credit.
- Nurturing enterprises that generate the most jobs and opportunities.
- Attracting investment and helping to transfer knowledge and technologies, particularly to the poor.
- Enforcing the rule of law.
- Providing incentives for human resource development.
- Protecting the environment and natural resources.

Civil society

Civil society also has to protect the rights of all citizens. As the state and the private sector are being reshaped and their relationships redefined, civil society is changing in important ways. Unresponsive government and unrelenting economic and social pressure have undermined some traditional civil society organizations and strengthened others - and in many cases forced people to organize in new ways. Civil society is thus more than just society. It is the part of society that connects individuals with the public realm and the state - it is the political face of society.

Civil society organizations channel people's participation in economic and social activities and organize them into more powerful groups to influence public policies and gain access to public resources, especially for the poor. They can provide checks and balances on government power and monitor social abuses. They also offer opportunities for people to develop their capacities and improve their standards of living - by monitoring the environment, assisting the disadvantaged, developing human resources, helping communication among business people.

More fundamentally, civic networks ease the dilemmas of collective action by institutionalizing social interaction, reducing opportunism, fostering trust and making political and economic transactions easier. Well-developed civic networks also amplify flows of information - the basis for reliable political, economic and social collaboration and public participation of civil society members. These relationships and social norms make up a nation's social capital.

Civil society organizations do not always pursue the qualities of good governance. Nor are they always the most effective development agents. That is why states, while recognizing and protecting the democratic rights of civil society organizations, must also ensure that the rules of law and values that reflect societal norms are adhered to. Democratic institutions, particularly local ones, can be important in ensuring that all in society have a voice, as well as ensuring that there are transparent and fair ways to reach consensus.

Like private enterprises, civil society organizations need adequate capacities to fulfill their potential. They also need an enabling environment, including a legislative and regulatory framework that guarantees the right of association, incentives to facilitate support and ways for civil society organizations to be involved in public policy-making and implementation.

Strengthening the enabling environment for sustainable human development thus depends not only on a state that governs well and a private sector that provides jobs that generate income. It also depends on civil society organizations that make political and social interaction easier and that mobilize society to participate in economic, social and political activities. *UNDP (1997)*

Apart from three key players of governance above, the Institute on Governance considers a fourth player, **the Media**, which provides for a flow of information between the major players, and between the players and society at large. However, media, even if not controlled by the state, is part of the private sector and therefore not a dispassionate player. The relative size and strength of each of the players varies depending on the history, culture and politics of the country. There are no firm boundaries between these players (and in fact they often overlap) because the borders of these sectors are permeable (e.g. state-owned organizations may have a foot in both government and the private sector; government-funded NGOs also straddle two camps). Edgar et. al (2006)

EVALUATION:**Critical Thinking Assessment
Essay**

1. In one paragraph discuss the inter-relationships of the 3 major actors in governance. You may provide a matrix or diagram to illustrate your answer. (20 points)
 2. In your own perspective, what is your view on the role of government in any governance efforts?
 3. What can you suggest to the government, the private sector and the civil society to further improve their services?
2. FGD- Focused Group Discussion. (Meta-planning)
The students are going to answer the focus questions in a meta card. The answer should only be 5-8 words per meta card. The FGD question is listed below.

Critical-Thinking Assessment on the Oral Presentation:**Measures/Criteria**

1. Ability to respond to questions from peers and faculty; evidence of advance preparation.
2. Sharing of relevant materials/articles with the class.
3. Mastery of an understanding of facts, concepts, and the theories presented in the course
4. Demonstration a good command of the English language and language of the subject matter.

Action Areas	<i>What are the specific activities being implemented in partnership with other organizations?</i>	<i>What are the gaps/constraints in the conduct of these activities jointly implemented with particular institutions?</i>	<i>What other opportunities/potentials for complementation and partnership can you suggest?</i>
Policy Formulation			
Service Delivery			
Education & Advocacy			
Monitoring & Evaluation			

LESSON 3

The Characteristics of Good Governance

Specific Objectives

At the end of the lesson, the learners should be able to:

1. Identify and enumerate the eight characteristics of good governance according to UNDP;
2. Describe each element or indicators of good governance;
3. Determine how can these indicators be utilized in the measurement of performance of the government or assess whether these indicators are present in the government;
4. Illustrate the inter-linkages among the different elements of governance; and
5. Present some examples of best practices in good governance;

Pedagogical Activities

1. Multi-Media Instruction
 - 1.1 Distribution of handouts on Lesson 3
 - 1.2 PowerPoint Presentation on Lesson 3
2. Inter-active Discussion on the Characteristics of Good Governance
3. Field

Conduct a simple survey in your locality on the implementation of some of its policies/programs/projects and assess whether they reflect the 8 characteristics of good governance as cited by the United Nations Development Programme (UNDP). The outputs will be presented in class for discussions and critiquing.

4. Collage-making
The students are going to prepare a collage depicting the good practices on good governance.

What is good governance?

Like government, governance can be good or bad. Bad government and bad governance have similar characteristics: Corruption, Whimsical and Expedient Decision-Making, Shortsightedness, disregard for the concern of the many and decisions⁶. In the same vein, the criteria for good governance and would be the same as good governance. They include accountability and ethics in decision-making and implementation, transparency and predictability, rule-bound decision-making and action, responsiveness, a long term view of the public interest. The public should therefore have a right to expect laws, a fair judicial system, politically accountable lawmaking and an effective and reform-minded bureaucracy.

One goal of good governance is to enable an organization to do its work and fulfill its mission. Good governance results in organizational effectiveness.

A lot of attention has been focused on good governance practices in the private sector in Canada, the United States, the United Kingdom, and elsewhere. In the corporate world of business, the "bottom line" provides a helpful focus point, but even here there can be difficult questions of judgment as to what constitutes good governance. Current debate about corporate governance is just starting to look at questions about the broader purposes of private corporations. The private sectors are expected to provide corporate social responsibility which seeks to include sustainable development and the need to address the social, economic and environmental impact of various operations.

In the public and non-profit sectors, the question of what constitutes good governance is often more complex. In public purpose organizations, good governance is about more than getting the job done. Especially in non-profits, government agencies and the like, where values typically play an important role in determining both organizational purpose and style of operation, process is as important as product. Good governance becomes more than only a means to organizational effectiveness and becomes an end in itself.

Good governance is about both achieving desired results and achieving them in the right way.

Since the "right way" is largely shaped by the cultural norms and values of the organization, there can be no universal template for good governance. Each organization must tailor its own definition of good governance to suit its needs and values.

⁶ The Concept of Governance, Ledivina V. Carino, From Government to Governance, Reflections on the 1999 World Conference on Governance. 2000.

There is plenty of room for different traditions and values to be accommodated in the definition of good governance. At the same time, all is not relative. There are some universal norms and values that apply across cultural boundaries.

A number of multilateral organizations and institutions (e.g. the United Nations Development Programme (UNDP), the Organization for Economic Cooperation & Development (OECD), the Asian Development Bank) have reflected on the elements of good governance and on their relation to development. As the ethos and experience of these institutions vary, so, too do their perception of what constitutes good governance.

The challenge for all societies is to create a system of governance that promotes, supports and sustains human development - especially for the poorest and most marginal. But the search for a clearly articulated concept of governance has just begun.

Good governance is, among other things, participatory, transparent and accountable. It is also effective and equitable. And it promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

THE EIGHT CHARACTERISTICS OF GOOD GOVERNANCE BY UNDP

Good governance is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Much has been written about the characteristics of efficient government, successful businesses and effective civil society organizations, but the characteristics of good governance defined in societal terms remain elusive.

Interrelated, these core characteristics are mutually reinforcing and cannot stand alone. For example, accessible information means more transparency, broader participation and more effective decision-making. Broad participation contributes both to the exchange of information needed for effective decision-making and for the legitimacy of those decisions. Legitimacy, in turn, means effective implementation and encourages further participation. And responsive institutions must be transparent and function according to the rule of law if they are to be equitable.

These core characteristics represent the ideal - and no society has them all. Even so, UNDP believes that societies should aim, through broad-based consensus-building, to define which of the core features are most important to them, what the best balance

is between the state and the market, how each socio-cultural and economic setting can move from here to there.

UNDP is faced increasingly with post-crisis situations and disintegrating societies. For them, the issue is not developing good governance - it is building the basic institutions of governance. The first step is towards reconciliation - building society's ability to carry on a dialogue on the meaning of governance and the needs of all citizens

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

Participation

Participation by both men and women is a key cornerstone of good governance. All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively. 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. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

Rule of law

Legal frameworks should be fair and enforced impartially, particularly the laws on human rights.

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.

Transparency

Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

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.

Responsiveness

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

Consensus oriented

Good governance mediates differing interests to reach a broad consensus on what is in the best interests of the group and, where possible, on policies and procedures.

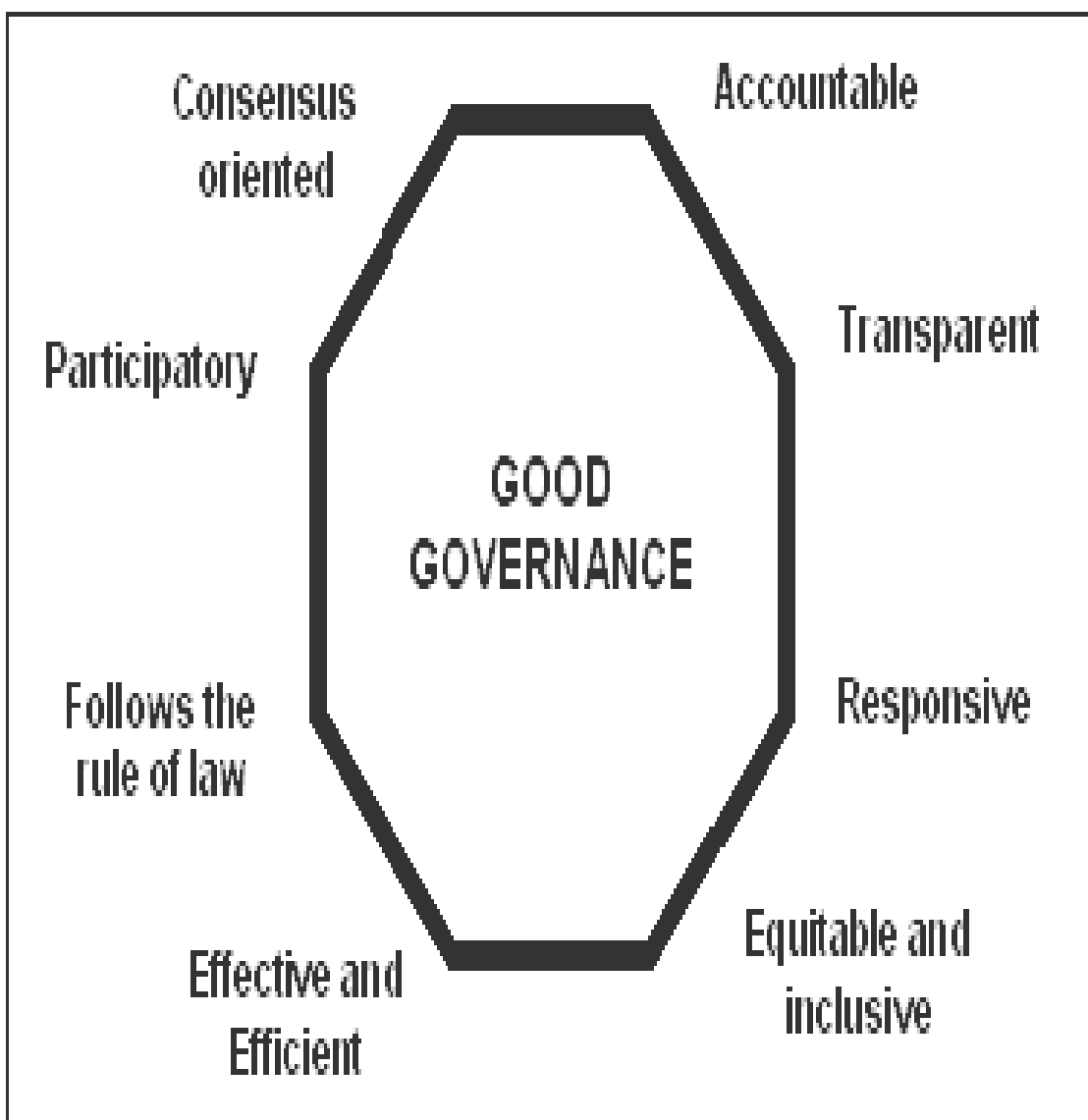
There are several actors and as many view points in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

Equity and inclusiveness

All men and women have opportunities to improve or maintain their well-being.

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.

Figure 6
Characteristics of good governance



Source: Governance for Sustainable Human Development
A UNDP Policy Document (1997)

Effectiveness and efficiency

Processes and institutions produce results that meet needs while making the best use of resources.

Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

Accountability

Decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is internal or external to an organization.

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. Accountability cannot be enforced without transparency and the rule of law.

Strategic vision

Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

The **World Bank** on the other hand, cites 4 dimensions of governance which are: Public Sector Management, Accountability, and Legal Framework for Development and Transparency & Information

The World Bank's interest in governance stems from its concern with the effectiveness of the development efforts it supports. From this perspective, sound development management is critical in ensuring adequate returns and efficacy of the programs and projects financed and for the World Bank's underlying objectives of helping countries reduce poverty and promoting sustainable development growth.

Four Basic Elements of Good Governance according to ADB

ADB likewise regards governance as synonymous with sound development management. It relates to governance to the effectiveness with which development assistance is used, the impact of development programs and projects and the absorptive capacity of borrowing countries. To address governance issues, the Asian Development bank has built upon the approach of the World Bank and has identified four basic elements of good governance:

1. Accountability

Accountability is imperative to make public officials answerable for government behavior and responsive to the entity from which they derive their authority. This maybe achieved differently in different countries or political structures, depending on the history, cultural milieu, and value systems involved.

Accountability also means establishing criteria to measure the performance of public officials, as well as oversight mechanisms to ensure that standards are met. The litmus test is whether private actors in the economy have procedurally simple and swift recourse for redress of unfair actions or incompetence of the executive authority. Lack of accountability tends in time to reduce the state's credibility as an economic partner. It undermines the capacity of governments to sustain the long-term business confidence essential for growth-enhancing private sector investment. Looked at from this angle, accountability can help reduce sovereign risk.

The accountability of public sector institutions is facilitated by evaluation of their economic and financial performance. Economic accountability relates to the effectiveness of policy formulation and implementation, and efficiency in resource use. Financial accountability covers accounting systems for expenditure control, and internal and external audits.

2. Participation

The principle of participation derives from an acceptance that people at the heart of development. They are not only the ultimate beneficiaries of development but are also the agents of development. In the latter capacity, they

act through groups or associations (e.g. trade unions, chambers of commerce, NGOs, political parties) and as individuals. (e.g through letters to newspaper editors, participating in radio and television talk shows, voting) . Since development is both for and by the people, they need to have access to the institutions that promote it.

Participation is often related to accountability but not necessarily so. In representative democracies, where citizens participate in government through the electoral process, public officials are indeed accountable ultimately to the electorate. This may not be the case however, in other political systems. For all economies though, the benefits of participatory approaches can be considerable. These include improved performance and sustainability of policies, programs, and projects as well as enhanced capacity and skills of stakeholders.

At the grassroots level, participation implies that government structures are flexible enough to offer beneficiaries and others affected, the opportunity to improve the design and implementation of public programs and projects. This increases “ownership” and enhances results. At a different level, the effectiveness of policies and institutions impinging on the economy as a whole may require the broad support and cooperation of major economic actors concerned. To the extent that the interface between the public agencies and the private sector is conducive to the latter’s participation in the economy, national economic performance will be enhanced.

Participation in economic life by agents other than the state would cover not only the role of the private sector but also the activities of NGOs. These elements of civil society offer an alternative means of channeling the energies of private citizens. They can be helpful in identifying people’s interests, mobilizing public opinion in support of these interests and organizing action accordingly. Being close to their constituents, NGOs can provide governments with a useful ally in enhancing participation at the community level and fostering a “bottom-up” approach to economic and social development.

3. Predictability

Predictability refers to the existence of laws, regulations and policies to regulate society; and their fair and consistent application. The importance of predictability cannot be overstated since, without it, the orderly existence of citizens and institutions would be impossible. The rule of law encompasses both well-defined rights and duties, as well as mechanisms for enforcing them, and settling disputes in an impartial manner. It requires the state and its subsidiary agencies to be as much bound by and answerable to, the legal system as are private individuals and enterprises.

The importance of rules-based systems for economic life is obvious. They are essential component of the environment within which economic actors plan and take investment decisions. To the extent, therefore, that legal frameworks

help ensure that 1. business risks can be assessed rationally, 2. transaction costs are lowered and 3 governmental arbitrariness is minimized, they should prove conducive to risk taking, growth and development. In an opposite scenario, the capricious application of rules generates uncertainty and inhibits the growth of private sector initiatives. Regulatory uncertainty also tends to raise the cost of capital by increasing the risk of investment.

Besides legal and regulatory frameworks, consistency of public policy is also important. Government policies affect the investment climate directly and economic actors require reasonable assurance about the future behavior of key variables such as prices, the exchange rates, and the employment levels. However, consistency does not mean rigidity. Governments do need to respond flexibly to changing circumstances and to make midcourse corrections as necessary. Also when government's change, the successor administration will, understandably, want public policy to reflect its priorities, rather those of its predecessor.

4. Transparency

Transparency refers to the availability of information to the general public and clarity about government rules, regulations and decisions. Thus, it both complements and reinforces predictability. The difficulty with ensuring transparency is that only the generator of information may know about it, and may limit access to it. Hence, it maybe useful to strengthen the citizen's right for information with a degree of legal enforceability, for similar reasons. Broadly restrictive laws that permit public officials to deny information to citizens need to provide for independent review of claims that such denial is justified in the greater public interest.

Transparency in government decision making and public policy implementation reduces uncertainty and can help inhibit corruption among public official. To this end, rules and procedures that are simple, straightforward, and easy to apply are preferable to those that provide discretionary powers to government officials or that are susceptible to different interpretations.

In relation to the above-mentioned indicators/elements of good governance the Key Dimensions and specific areas of actions are identified by ADB as provided on

Table 2
Basic Elements of Good Governance

Basic Elements of Good Governance	Key Dimensions	Specific Areas of Action
1. Accountability means making public officials answerable for government behavior and responsive to the entity from which they derive authority	Establishing criteria to measure performance of public officials Institutionalizing mechanisms to ensure that standards are met	Public Sector Management Public Enterprise Management Public Financial management Civil Service Reform
2. Participation refers to enhancing people's access to and influence on public policy processes	Undertaking development for and by the people	Participation of beneficiaries and affected groups Interface between government and the private sector Decentralization of public and service delivery functions (empowerment of Local Governments) Cooperation with Non-Government Organizations
3. Predictability refers to the existence of laws, regulations and policies to regulate society and the fair and consistent application of these	Establishing and sustaining appropriate legal and institutional arrangements Observing and upholding the rule of law Maintaining consistency of public policies	Law and development Legal Frameworks for Private Sector Development
4. Transparency refers to the availability of Information to the general public and clear government rules, regulations, and decisions	Ensuring access to accurate and timely information about the economy and government policies	Disclosure of Information

Source: Asian Development Bank (2005) Country Governance Assessment

Institute On Governance Five Principles of Good Governance

The Five Good Governance Principles (See the reader volume for the discussions)

The UNDP Principles and related UNDP text on which they are based

The Institute on Governance has identified five principles of governance, using as basis the UNDPs indicators of good governance.

1. Legitimacy and Voice

Participation – all men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.

Consensus orientation – good governance mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures.

2. Direction

Strategic vision – leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

3. Performance

Responsiveness – institutions and processes try to serve all stakeholders.

Effectiveness and efficiency – processes and institutions produce results that meet needs while making the best use of resources.

4. Accountability

Accountability – decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organizations and whether the decision is internal or external.

Transparency – transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

5.Fairness

Equity – all men and women have opportunities to improve or maintain their well being.
 Rule of Law – legal frameworks should be fair and enforced impartially, particularly the laws on human rights.

As reflected on the discussions above, the different institutions and organizations have their own indicators or criteria of good governance which they can apply in their own organizations or as useful tool of government as measures in good governance.

Evaluation



Critical Thinking Assessment Essay

- 1.) Give your own definition of good governance.
- 2.) Describe each characteristics of good governance. You may cite examples of an entity that shows some if not all elements of good governance and discuss why?

- **Product-based assessment on the Collage**

The students' output will be assessed in terms of the following criteria:

- content-relatedness	30%
- creativity	20%
-organization	15%
-neatness	15%
-teamwork	20%
Total	100%

Lesson 4

Issues & Challenges on Governance

Specific Objectives

At the end of the lesson, the students should be able to:

- 1.) Describe the processes/factors pushing for governance and the capacities needed for good governance;
- 2.) Highlight some of the key issues facing policy makers as they seek to advance the growth and adoption of good governance in their domestic environment;
- 3.) Identify the key issues and questions where collaboration and cooperation are needed;
- 4.) Cite the different problems, challenges and issues encountered by the different actors in governance e.g the issue on corruption and the efforts to fight it at the supranational level.
- 5.) Discuss the trends, efforts and challenges for good governance; and
- 6.) Identify the lessons learned and recommend solutions to realize good governance.

PEDAGOGICAL ACTIVITIES

Panel Discussion

The students are required to formulate their own ideas/perspectives on the issues on governance. After which, a question and answer portion is allotted to give light to issues regarding the topic and the teacher gives his/her synthesis at the end of lesson.

Survey/ Interview

Interview any stakeholder in governance and ask the issues and challenges that they encounter in any particular governance efforts like policy formulation and implementation, advocacy, technical assistance etc. The data and information will be used in the FGD to be conducted inside the classroom.

Meta-Planning /Technology of Participation (TOP Method)

The students will be given the following focused questions:

1. What are the issues and challenges that confronts the different key players of governance today?
2. What recommendations can you give to address these problems, issues and challenges?

The students will write, in bold letters their answers on a meta-card with a maximum of 8 words. After which the group leader collects each meta-cards from the members and together they will cluster the answer and give corresponding labels.

Lecture Discussion

The teacher requests the posting of results on the blackboard. Then he/she reads the sentences formulated and makes pertinent comments.

Other Suggested Exercises and Activities

The following activities are lifted form The Social Artist's Field Handbook: Book One of Dr. Jean Houston & Jan Sanders (2004). The teacher may opt to use this exercises inside the class to facilitate creative and collaborative learning.

The teacher is advised to read about the trim tab factor and its parts namely: chaos theory, trim tab, tipping point & keystone specie. This is to understand what each part mean and in so doing, be able to apply to principles in real situation.

The Trim Tab Factor

Chaos Theory

⁷In 1977, Ilya Prigogine won the Nobel Prize for his articulation of the Chaos Theory which simply stated, is that, as a structure takes in more chaos and information, eventually a new order of synthesis can, and will, emerge. One needs to watch for the bifurcation point in an open system, often a place of quiet, a still point, or a vortex in which a higher level of synthesis can emerge. This is a choice moment. It would be like knowing the moment was right for “doing development differently”

Chaotic situations make us uncomfortable. They involve the unknown; they can be dangerous; only the naïve, the idealistic, and the inexperienced believe all experiences and experiments have a happy ending. We all want to be

⁷ The activities above were introduced by Dr. Jean Houston, founder and program director of the International Institute of Social Artistry during the trainor’s training on Decentralizing the Millennium Development Goals Through Innovative Leadership: Using the Social Artistry”

in an ordered society. Therefore embracing chaos requires conscious shift in our relationship to instability. Embracing chaos does not mean abandonment to a willingness to support and promote all unknown factors or reckless conditions. The Chaos theory requires a critical and balanced discernment of the social situation in order to recognize when chaotic conditions are actually in the process of giving rise to an emerging social order. Like plants emerging from the soil, a new social era does not spring forth spontaneously, suddenly, without having established a foundation over a period of time. Being able to sense the “still point”, to see the seeds, the emerging social trends, is, in itself, a social art. The system transition point makes conditions optimal for “trim tab projects”

The Trim Tab

The Trim Tab Factor metaphor emerged from the fact that on the back of the rudder of a huge ship there is much smaller rudder called trim tab. By moving the trim tab rudder even slightly, the larger rudder is gradually moved, which in turn changes the direction of the massive ship. This metaphor was applied by Buckminster Fuller to the challenge of turning massive civilizations in a more positive direction. The social artist can use this metaphor persuasively when trying to help organizations change.

“Under certain conditions, when a system is far from the equilibrium, creative individuals can have an enormous impact, “ says Margaret Wheatley. The initiatives, the projects of creative individuals, in chaotic circumstances, have the leveraged effect of a ship’s trim tab, in bringing forth the emerging social era. These initiatives may be in any area of society, culturally or financially unfeasible. They typically involve a disenfranchised segment of the population. The Grameen bank is a high profile example of a trim tab project; begun in 1976 in Bangladesh by Muhammad Yunus, it loans funds to over two million customers, 94% of them women. In the 21st century, we see innovative initiatives involving women, youth, community, education, culture and ecology.

The Tipping Point

This is an image from biology and physics. In his bestseller, *The Tipping Point*, Malcolm Gladwell points to the epidemic nature of social problems, from teenage delinquency to traffic jams. He demonstrates that they are capable of spontaneous and often very large and surprising reversals in direction. You can input a lot of effort over a lot of years in behalf of something and nothing much happens. Then you have some activity or intervention at the right moment and swooping changes occur, affecting many other systems. This happens in bacterial diseases which reach a point of overwhelming the immune system in one last exponential multiplication or in a wave as it tips over to turn a ripple on the surface of the water into a thundering wall that crashes onto the beach. The tipping point is the moment of transformation from one form to another entity. Although the drama seems spontaneous, such as a seed emerging through the ground, these transformations are actually the predictable results of previous

inputs, perhaps directed positively by trim tab projects.

Keystone Species

The Keystone Species are the anchors of the new society. Certain organizations or activities are necessary for the existence of many other activities or organizations. A “keystone species” is a species whose very presence contributes to a diversity of life forms and its extinction would consequently lead to the extinction of many other forms of life. In the semi-fragile prairie ecosystem, a colony of prairie dogs is a keystone species which support some two hundred other species. In meeting the MDG for example, supporting strategic organizations and activities can provide a stable environment for many associated initiatives which depend upon them to thrive.

GUIDE QUESTIONS FOR ACTION PLANNING EXERCISE

1. What is the current chaos around governance?
2. What is the keystone species?
3. What tipping point can we foresee?
4. What Trim Tab initiative would be most catalytic to realize the vision on good governance?
5. What is the role of each sector in the Trim Tab?
6. What is my role in the Trim Tab?

VALUES TO CONSIDER IN SELECTING A TRIM TAB PROJECT:

1. Fosters Multi-Sectoral Partnerships
2. Fosters Multi-Cultural Partnerships
3. Use Social Artistry Leadership
4. Use a Decentralized Approaches Involving Sub-National Levels of Government
5. Demonstrates or supports the National Action Plan

Lesson Proper

FACTORS/PROCESSES PUSHING FOR GOVERNANCE

The International Monetary Fund (IMF) identified several factors/processes pushing for governance, good governance, in particular. These are:

1. **the quest for growth and development**
2. **the environmental movement**
3. **globalization**
4. **consolidation**

1. The Quest for Growth & Development

This is the key factor pushing for governance. Since the Industrial Revolution, the market had the principle role in growth, with the state needed only to nurture the climate that would allow it to grow. However, the quarter century after World War II swung the pendulum to the state. In the West, John Maynard Keynes gave theoretical justification for the state to manipulate price signals and fight unemployment and business downswings. Meanwhile, the socialist states installed and consolidated central planning systems.

In the Third World, the state also reigned supreme as the principal planner, energizer, promoter and director of the accelerated development effort” (Lewis, 1964:26). In the attempt to assume a central role in planning for the whole economy and society but also to create its own enterprises. However, at its best, the state had to saddle these economic institutions with social functions, making it difficult to compete on equal terms in the economy. At the extreme, elite control of the enterprises or of the state itself made them subject to rent seeking and corruption, leading to losses that were shouldered not by those responsible for them, but all taxpayers in a country. In many states where the taxation system was regressive, the losses were borne primarily by the poor.

Thus, a quarter century of the interventionist’s state saw a widespread dissatisfaction about it from all fronts. In the First World, the trigger was the burgeoning welfare bill, in the Second World, the failure of state planning symbolized by the collapse of the Soviet Union, and in the Third World, the inability of states, even when achieving some economic prosperity, to check growth of inequality and poverty in their territories. Governmental rent seeking, inefficiency and corruption led the demands for privatization, which pushed the state away from its central role. However, the private sector by itself could not consider the distributional questions that led to the rethinking of development as economic growth in the first place.

The inability of economic gains to produce acceptable levels of redistribution, poverty reduction and political freedoms woke up civil society. But they could criticize government and set up alternative delivery systems but could not provide nationwide coverage. Similarly, they decried the private sweatshops but could not set up the industries to take their place. Clearly, no one sector could manage society by itself but each had a role to play in making it move forward.

2. The Environmental Movement

The concept of development has changed from the exclusive focus on economic growth of the 1950s to the inclusion of distributional goals like the reduction of poverty and inequality during the UN Development Decades, to the current battle cry for “sustainable human development”. Although SHD as a term is espoused primarily by the United Nations, its incorporation of concerns for people and nature not only for the present but also for later generations is now widely accepted by state, market and civil society worldwide. People-

centeredness as an aspect of development recognized that growth alone may affect human lives adversely. Therefore the concern for people must be central and not just be a by-product or a trickling down of economic achievement. The incorporation of nature into the equation owes much to the environmental movement which brought home the point that everyone is indeed only one planet, and the depletion of resources in one area is felt in a real way in all areas. There is no dichotomy between people and nature, however, because the preservation of the environment is itself a pledge to care for generations of people yet unborn who must also be allowed to enjoy and care for the biodiversity, beauty and wealth of the planet as a proper habitat for all creation.

The environmental movement has provided to governance an urgency to deal with issues in a holistic manner, to include not only the sector at hand and the obvious stakeholders, but also other affected by them in other areas and in future times⁸. It has forced a redefinition of the public interest with nature itself as a recognized stakeholder. It has pressured private firms to consider ecological effects of their products-even goods as useful and popular as cars have come under close scrutiny for their lead emissions, for their greedy use of non-replaceable fuels, for the noise and traffic they cause that debase the quality of these aspects, and firms both for profit and non-profit to race for alternative, ecologically acceptable solutions. The state has also been pressed to consider new regulatory laws and deregulation of the economy. If nothing else, the ecological movement has underscored the point that no one sector can manage the demands of society- and the environment- all by itself.

⁸ The **Environmental Movement** (a term that sometimes includes the conservation and green movements) is a diverse scientific, social, and political movement. In general terms, environmentalists advocate the sustainable management of resources, and the restoration and protection of the natural environment through changes in public policy and individual behavior. In its recognition of humanity as a participant in (not enemy of) ecosystems, the movement is centered on ecological and human health.



3. Globalization

The global context*

The transformation from command to market-oriented economies, the emergence of democratic political regimes in the former Soviet Union, the rapid development and global proliferation of new technologies, the pervasive spread of telecommunications systems, the growing importance of knowledge-based industries and skills and the continuing integration of the world economy through trade and investment - all these have created the foundation for a new age of sustainable human development. But all carry risks as well. Is it to be a breakthrough or a breakdown?

Changes in the world's economic, political and social systems have indeed brought unprecedented improvements in human living conditions in both developed and developing countries. Consider the profound breakthroughs in communications, transport, agriculture, medicine, genetic engineering, computerization, environmentally friendly energy systems, political structures, peace settlements. The list goes on.

But these changes also bring new uncertainties and challenges as the world steps into the 21st century. Signs of breakdown are everywhere: disintegration of families; destruction of indigenous societies; degradation and annihilation of plant and animal life; pollution of rivers, oceans and the atmosphere; crime, alienation and substance abuse; higher unemployment; and a widening gap in incomes and capabilities. Not a pretty picture.

The trend towards globalization deserves special attention. It is manifest in the growth of regional blocs that cooperate in such areas as trade and legal frameworks, in the power of intergovernmental bodies such as the World Trade Organization and in the spread of transnational corporations. Globalization has profound implications for

*The discussion on Globalization is elaborated in the [World Economic Outlook](#), International Monetary Fund, Washington D.C., May 2000 and in www.imf.org/external/np/exr/ib/2000/041200.htm

governance the final impact of which we cannot yet determine. First is the increasing marginalization of certain population groups. Those who do not have access to the technological/information revolution are in danger of becoming part of a structural underclass. Second is the erosion of state sovereignty as transnational bodies increasingly mediate national concerns and press for universal laws. Third is the increased globalization of social and economic problems, such as crime, narcotics, infectious diseases and the migration of labour. Finally, international capital and trade are decreasingly accountable to sovereign states.

Governance can no longer be considered a closed system. The state's task is to find a balance between taking advantage of globalization and providing a secure and stable social and economic domestic environment, particularly for the most vulnerable. Globalization is also placing governments under greater scrutiny, leading to improved state conduct and more responsible economic policies.

Because each domain of governance - state, private sector, civil society - has strengths and weaknesses, the pursuit of good governance requires greater interaction among the three to define the right balance among them for sustainable people-centered development. Given that change is continuous, the ability for the three domains to continuously interact and adjust must be built-in, thus allowing for long-term stability. UNDP's Initiatives for Change recognizes that the relationships among government, civil society and the private sector:

..are key determinants in whether a nation is able to create and sustain equitable opportunities for all of its people. If a government does not function efficiently and effectively, scarce resources will be wasted. If it does not have legitimacy in the eyes of the people, it will not be able to achieve its goals or theirs. If it is unable to build national consensus around these objectives, no external assistance can help bring them about. If it is unable to foster a strong social fabric, the society risks disintegration and chaos. Equally important, if people are not empowered to take responsibility for their own development within an enabling framework provided by government, development will not be sustainable.

Developing countries must ensure that everyone can participate in economic and social development and take advantage of globalization. They must build a political system that encourages government, political, business and civic leaders to articulate and pursue objectives that are centered around people and a system that promotes public consensus on these objectives.

The term "globalization" has acquired considerable emotive force. Some view it as a process that is beneficial—a key to future world economic development—and also inevitable and irreversible. Others regard it with hostility, even fear, believing that it increases inequality within and between nations, threatens employment and living standards and thwarts social progress. This brief offers an overview of some aspects of globalization and aims to identify ways in which countries can tap the gains of this process, while remaining realistic about its potential and its risks.

Globalization offers extensive opportunities for truly worldwide development but it is not progressing evenly. Some countries are becoming integrated into the global economy more quickly than others. Countries that have been able to integrate are seeing faster growth and reduced poverty. Outward-oriented policies brought dynamism and greater prosperity to much of East Asia, transforming it from one of the poorest areas of the world 40 years ago. And as living standards rose, it became possible to make progress on democracy and economic issues such as the environment and work standards.

Undersecretary Luis C. Liwanag of DBM highlighted that one of the greatest challenges that is confronted in any development efforts today is globalization⁹. Globalization has been criticized for having a lopsided inclination towards rich and developed countries. It has also been said that globalization impinges on nation-states sovereignty and territory since the dominant players weaken the power and influence of individual nation-states, particularly the Third World Countries and those that are not linked to the regional trading blocs. With globalization, we are bounded by foreign economic policies and by agreements between member nations.

Economic "globalization" is a historical process, the result of human innovation and technological progress. It refers to the increasing integration of economies around the world, particularly through trade and financial flows. The term sometimes also refers to the movement of people (labor) and knowledge (technology) across international borders. There are also broader cultural, political and environmental dimensions of globalization that are not covered here.

At its most basic, there is nothing mysterious about globalization. The term has come into common usage since the 1980s, reflecting technological advances that have made it easier and quicker to complete international transactions—both trade and financial flows. It refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity—village markets, urban industries, or financial centers.

Markets promote efficiency through competition and the division of labor—the specialization that allows people and economies to focus on what they do best. Global markets offer greater opportunity for people to tap into more and larger markets around the world. It means that they can have access to more capital flows, technology, cheaper imports, and larger export markets. But markets do not necessarily ensure that the benefits of increased efficiency are shared by all. Countries must be prepared to embrace the policies needed, and in the case of the poorest countries may need the support of the international community as they do so.

As globalization has progressed, living conditions (particularly when measured by broader indicators of well being) have improved significantly in virtually all countries.

⁹This was presented by Undersecretary Luis Liwanag in his paper presentation entitled "The Role of Public Administration in Governance" on the National Conference on Public Administration and the Millennium Development Goals in October 2004.

However, the strongest gains have been made by the advanced countries and only some of the developing countries.

That the income gap between high-income and low-income countries has grown wider is a matter for concern. And the number of the world's citizens in abject poverty is deeply disturbing. But it is wrong to jump to the conclusion that globalization has caused the divergence, or that nothing can be done to improve the situation. To the contrary: low-income countries have not been able to integrate with the global economy as quickly as others, partly because of their chosen policies and partly because of factors outside their control. No country, least of all the poorest, can afford to remain isolated from the world economy. Every country should seek to reduce poverty. The international community should endeavor—by strengthening the international financial system, through trade, and through aid—to help the poorest countries integrate into the world economy, grow more rapidly, and reduce poverty. That is the way to ensure all people in all countries have access to the benefits of globalization.

Sources: www.imf.org/external/np/exr/ib/2000/041200.htm

4. Consolidating Peace

Another force pressing for governance is the need to consolidate peace in war-torn nations. This issue is rarely recognized as among the processes pushing for governance. However, this unique perspective was brought to the force dramatically by Hage Geingob, Prime Minister of Namibia, in his remarks to the World Cog. Countries that have undergone a civil war, secession movements or the creation of a new state out of the break-up of national territories have a specially strong imperative to get everyone involved in the process of building a nation or affecting a national reconciliation. In these situations, the coming together of the state, market and civil society to manage societal affairs is not more rhetoric but a national urgency. It requires bringing together former adversaries beyond the discussion table to the fields of service in the cities and farms including those which were battlegrounds. This is not only a lesson learned in Namibia.

In a recent study in Mali, Uganda, Thailand, Guatemala and the Philippines, as countries emerging from internal conflict, all found governance particularly, decentralizing governance-was necessary to make concrete the commitments of all protagonists for peace. It entailed capacity building not only for state agencies in dealing with former rebels, but also leadership and political skills training for those former combatants so that they may take up social responsibilities side by side with their military and civilian counterparts.

It required the private sector to regard them with new eyes, as potential producers and consumers and therefore part of the market also (UNDP, 2000:25-34) They were acknowledged as members of civil society even as other organizations of

that sector also recognized their role in affecting changes in governance for all and not only for former adversaries. As Prime Minister Geingob stated, the tasks of nation building must be seen by all as their responsibility and the resulting peace and development their common ownership.

KEY ISSUES and CHALLENGES IN GOVERNANCE

The Philippine Experience

1. Policy Issues, Concerns, and Challenges¹⁰

Most people agree that the constitutional and legal frameworks in the Philippines provide the foundations for good governance. The policy environment allows people's participation and public scrutiny and criticism of government operations and outputs. Further, the country has adequate laws, rules, and regulations to establish order and move forward. While underdevelopment can easily be attributed to a lack of institutional capacity and professional competencies to implement policies and enforce laws, certain lessons learned and issues related to public policy making deserve mention. The Philippine public policy-making process bears the following features: (i) policy decisions and programs are arrived at through institutional mechanisms provided for in the Constitution of the Republic of the Philippines and other laws; (ii) policy-making process is then characterized as precedent bound, based on laws and forged by such structures as a bicameral legislative body and the executive branch of the Government; (iii) legislative branch is composed of the Senate and the House of Representatives, while the president heads the executive branch of the Government and is the prime initiator and implementer of policies and programs; and (iv) the decisions of the legislative and executive branches are subject to judicial review by the Supreme Court and inferior courts on questions of constitutionality and statutory construction.

Different sets of forces each influence the different stages of public policy making, namely, decisions on (i) including items in the agenda, (ii) developing any particular agenda item, (iii) passing legislation, and (iv) implementing new laws. Different constituencies exert their influences at different stages of policy development and execution. Many policies have nonetheless missed out in giving importance to meaningful public consultations, constructive debate and criticism, and needed consensus building and development of a sense of ownership of different stakeholders. Without these elements, and with extensive graft and corruption in the country (which undermines and subverts the rule of law), many policies fail to command respect and compliance.

It should also be made clear that policy initiatives for governance reforms could be undertaken by the Government even without legislation. In these cases, one might consider whether legislation is useful or not. The value of legislation is that it binds public institutions to certain decreed directions. If one wants to assure the future

¹⁰ An excerpt from Country Governance Assessment, (2005)

sustenance of any initiative currently carried out by the Government, legislation may be considered. However, the Government tends to be too legalistic and rule bound in addressing most of its problems.

Legislation is complicated, not under the complete control of any person or group, and may have unpredictable results. Embarking on a campaign to get something legislated cannot be a decision taken lightly or casually. In addition, successful legislation generally occurs when the problems deemed important meet the solutions deemed highly probable by political personalities or groups in positions of power. Problems, policies, and politicians have to intersect for proper action to occur.

Legislation as an instrument for achieving desirable societal goals and institutionalizing reforms is advisable when the underlying assumptions of policies have any or all of the following characteristics:

- (i) policies can only be optimally effective when adopted by the whole Government and supported by stakeholders;
- (ii) policies can yield best results only when implemented over the life of several administrations;
- (iii) policies can be accomplished only with adequate and judicious use of resources;
- (iv) policies can be accomplished by the Government's applying cost-effective measures and using available technology and resources;
- (v) policies, when deliberated and agreed, would create a framework for many people and groups to assume broader responsibilities on an institutional basis.

A policy needs to be very clear and specific about the:

- (i) nature and magnitude of the problem being addressed;
- (ii) basic mechanism for responding to the problem;
- (iii) standards and provisions for making the mechanism work;
- (iv) system of responsibilities and accountabilities for coordination, implementation, control, and review of results; and
- (v) organizational and budgetary implications.

These elements are often deficient in many public policies. It is common to have layers of rules and regulations to clarify policy provisions, not to mention sets of procedures to inform and guide implementers and stakeholders.

Some policy initiatives may not be ready to be pursued because the data and analysis necessary to make a decision may be unavailable. In these cases, research is probably more appropriate than formulating a new policy or draft legislation. Some policies are haphazardly and hastily developed and scarcely take into account deliberate and careful planning and effective use of objective and accurate information. Public policy making in the Philippines boldly underscores the need to improve its capacities in undertaking knowledge-based policy analysis and development.

Access to timely and correct information about public policies also precludes overall efficiency, effectiveness, and productivity. Those who are affected may sometimes be unaware of or improperly informed about their rights, duties, and responsibilities provided for in relevant policies.

2. Problems in the Bureaucracy

Bureaucracy is a distinctive arrangement used by human beings to organize their activities. The invention of Western bureaucracy several centuries ago helped solve the problem for leaders of governing human systems that grew larger and more complicated with each passing year. The great virtue and probably defining characteristic of bureaucracy, according to the one of the founders of sociology, German Max Weber (1864-1920), is as “an institutional method for applying general rules to specific cases, thereby making the actions of government fair and predictable” However, in the governance process, there are two problems in a bureaucratic type of government: inefficiency and arbitrariness.

For nearly half a century, the Philippines was caught in an endless cycle of reform exercises that hardly produced tangible and lasting results. Structural issues—such as (i) duplicated functions and overlapped jurisdictions, (ii) outdated and slow government procedures, (iii) various loopholes in administrative procedures, and (iv) limited capacity for policy analysis and strategic long-range planning that caused delays and higher costs in handling business—made maintaining objectivity, accountability, and transparency in decision making and government operations difficult and gave rise to a host of other problems, including poor implementation and coordination. (ADB, 2005).

As reflected in the Country Governance Assessment, (2004) Administrative reform efforts in the Philippines did not fully succeed because of the following:

- (1.) lack of acceptance of and commitment to the need for reform by political authorities and different affected entities;
- (2.) lack of stakeholder appreciation and agreement concerning administrative reform being a long, strategic, and continuous process;
- (3.) lack of understanding that reform objectives are specific, measurable, realistic, and time bound;
- (4.) lack of good reform implementation strategies and adequate resources to carry them out;

- (5.) lack of an established central agency tasked with formulating, coordinating, and monitoring reforms and providing corrective measures; (6.) lack of reform procedures and regulations that are fairly and consistently applied;
- (7.) lack of meaningful stakeholder participation in the entire reform process;
- (8.) lack of strong and sustained support of political leaders;
- (9.) lack of an established and enforced system of accountabilities; and
- (10.) lack of safety nets for groups and individuals who may be disenfranchised by interventions.

In the Common country Assessment of the Philippines (2004), an inefficient bureaucracy is one of the major problems and an area for development cooperation¹¹. Past Philippine administrations have carried out reorganization and reengineering schemes for the bureaucracy, in an effort to improve efficiency and reduce corruption. Studies about Philippine civil service system point to several deficiencies include:

- (1.) Weak mechanisms for planning, agenda setting and policy-making;
- (2) Failure to implement and maintain an appropriate performance management and measurement system;
- (3) Overlapping and duplicating government functions and activities;
- (4.) Overemphasis on rules and procedures rather than direct resource management towards the realization of intended outcomes and impacts;
- (5.) A highly politicized bureaucracy
- (6.) Lack of required managerial and technical expertise

2. 1. Corruption

Corruption damages the development process in many ways. It undermines social confidence in the willingness and capacity of public institutions to fulfill their obligations to the people and it reinforces existing power relationships that are themselves typically part of the development problem. Losses due to corruption deepen poverty as they deprive the disadvantaged sectors of much needed programmes and environmental stewardship. Incidences of bribery and graft are often front page news,

¹¹ The Common Country Assessment (CCA) is an in-depth analysis of the development problems in the Philippines, undertaken through a participatory process of consultations among United Nations agencies, its development partners both in the government and civil society, and with other donor agencies in the country. It builds upon the programme of reform launched by the UN Secretary-General in 1997, preparing the UN for the challenges of the 21st century and emphasizing its mandate in developing standards and goals arising from UN conventions and global conferences. In particular, the CCA was driven by the principles and goals of the Millennium Declaration, especially the Millennium Development Goals (MDGs). It also builds on the development objectives of the Government of the Philippines, articulated in its Medium Term Development Plan as well as commitments made in the context of international conventions, conferences and protocols

leading the public to perceive them as the norm rather than the exception in government transactions, further reducing the incentive or willingness to increase taxpayer compliance.

The Government has recently introduced affirmative actions toward addressing this problem such as the passage of the Procurement Act, the implementation of lifestyle check among government officials, and the reactivation of the Inter-Agency Anti-Corruption Committee (IAGCC) to synchronize the various anti-corruption initiatives of the national government. Despite these efforts, large scale and petty corruption is pervasive throughout various levels of the Philippine government. The draft report of the “Consultations on the UN Conference on Financing for Development cited that out of a total national budget of Php 781 billion in 2001, PhP100 billion, or 13% was at risk of being lost to corruption; 70% involved in public works contracts while 30% involved the purchase of supplies and equipment. The Office of the Ombudsman estimated that a total of USD48 billion was lost to graft and corruption over the past 20 years, and that only 60% of the national budget was actually spent on government programmes and projects.

Numerous laws addressing graft and corruption exist in the Philippines, and these date back to 1955. At present, the main references are the Revised Penal Code of 1960, referred to as the Anti-Graft and Corrupt Practices Act, and Article XI of the 1987 Constitution of the Republic of the Philippines. Box 1 presents a summary list of related laws, presidential decrees and proclamations, and other regulations on corruption prevention.

Box 1: List of Laws Related to Graft and Corruption

1946–1971

- Republic Act (RA) 1379 (1955). This act declared forfeiture in favor of the state any property found to have been unlawfully acquired by any public officer or employee, and provided for the proceedings.
- RA 3019 (1960). This act provided for the repression of certain acts of public officers and private persons alike, which constitute graft or corrupt practices or which may lead thereto, also known as Anti-Graft and Corruption Practices Act.
- RA 6028 (1969). This act provided for the promotion of higher standards of efficiency and justice in the administration of laws as well as to better secure the right of the people to petition the government for redress of grievances, creating the office of the citizen’s counselor.

1972–1986

- Presidential Decree (PD) 6 (1972). This decree amended certain rules on discipline of government officials and employees.
- PD 46 (1972). This decree made it punishable for public officials and employees to receive and for private persons to give gifts on any occasion, including Christmas.
- PD 677 (1975). This decree amended Section 7 of RA 3019 (as amended).

- PD 749 (1975). This decree granted immunity from prosecution to givers of bribes and other gifts and to their accomplices in bribery and other graft cases against public officers.
- PD 807 (1975). This decree provided for the organization of the Civil Service Commission, in accordance with provisions of the Constitution of the Republic of the Philippines (repealed under President Aquino's administration).
- PD 1606 (1978). This decree revised PD 1486 (creating a special court to be known as Sandiganbayan—the main antigraft court that adjudicates criminal cases brought to it by the Office of the Ombudsman (OMB); it deals only with cases filed against high-ranking government officials.

1987–Present

- 1987 Constitution of the Republic of the Philippines. Article XI, Accountability of Public Officers; Article II, Section 27 and Section 28 policy of the State to maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption; and Article III, Section 7, provides for the right of people to have access to public information.
- 1987 Administrative Code (Executive Order [EO] No. 292). This code instituted the administrative code of the Philippines.
- EO 243 (1987). This order created OMB and restated its composition, powers, functions, and other salient features in the 1987 Constitution of the Republic of the Philippines.
- RA 6713 (1989). This act established a Code of Conduct and Ethical Standards for Public Officials and Employees.
- RA 6770 (1989). This act provided for the functional and structural organization of OMB and delineated its powers and functions.
- RA 7055 (1991). This act strengthened civilian supremacy over the military by returning to the civil courts the jurisdiction over certain offenses involving members of the armed forces, other persons subject to military law, and members of the Philippine National Police.
- RA 7080 (1991). This act defined and penalized the crime of plunder.
- RA 8249 (1997). This act further defined the jurisdiction of the Sandiganbayan, amending PD 1606 (as amended).
- Proclamation 189 (1999). This proclamation declared war against graft and corruption and authorized the Philippine Jaycee Senate, through the Graft Free Philippines Foundation, Inc., to institutionalize public awareness of clean, efficient, and honest governance.
- EO 317 (2000). This order prescribed a code of conduct for relatives and close personal friends of presidents, vice-presidents, and members of the Cabinet.
- EO 12 (2001). This order created the Presidential Anti-Graft Commission and provided for its powers, duties, and functions and for other purposes to investigate complaints or hear administrative cases filed against presidential appointees.
- EO 25 (2001). This order established The Governance Advisory Council to encourage more active involvement of the business sector in curbing graft and corruption.
- Code of Corporate Governance (2002). This code further provided to actively promote corporate governance reforms aimed to raise investor confidence,

develop capital market, and help achieve high sustained growth for the corporate sector and the economy.

- Code of Judicial Conduct (1989). This code provided for the appropriate conduct of judges in performing their duties; otherwise known as the Code of Judicial Conduct.
- RA 9160 (2001). This act defined the crime of money laundering and provided for the penalties of such act.
- RA 9184 (2002). This act provided for the modernization, standardization, and regulation of procurement activities of the Government, also known as the Government Procurement Reform Act.
- EO 38 (2001). This order reorganized and extended the life of the Special Task Force created under EO 156 dated 7 October 1999 entitled "Creating a Special Task Force to Review, Investigate and Gather Evidence Necessary to Successfully Prosecute Irregularities Committed at the Bureau of Internal Revenue, Bureau of Customs and Other Government Offices or Agencies Under or Attached to the Department of Finance."
- EO 40 (2001). This order consolidated procurement rules and procedures for all national government agencies, government-owned or -controlled corporations, and government financial institutions, and required the use of the Government electronic procurement system.
- EO 72 (2002). This order rationalized the agencies under or attached to the Office of the President.
- EO 109 (2002). This order streamlined the rules and procedures on the review and approval of all contracts of departments, bureaus, offices, and agencies of the Government including government-owned or controlled corporations and their subsidiaries.
- EO No. 114 (2002). This order restructured the Bureau of Internal Revenue toward a Taxpayers' Focused Organization.
- EO No. 251 (2003) This order required the Bureau of Internal Revenue to furnish OMB with income tax returns filed.
- RA 9194 (2003). This act amended RA 9160 (Anti-Money Laundering Act).

Source: <http://www.tag.org.ph/phillaw>

Corruption is becoming global. Hence, anti corruption efforts also require a global action. It is in this premise that the United Nation Convention Against Anti-Corruption (UNCAC) is being pushed for ratification by UN member states¹². Dimitri Vlassis (2006) in his discussions on UNCAC highlighted four elements of anti-corruption which include:

Box 2 United Nations Convention on Anti-Corruption

I. Prevention

Corruption can be prosecuted after the fact, but first and foremost, it requires

¹² *Dimitri Vlassis from The United Nations Office of Drugs & Crime with headquarters in Vienna conducted a Trainor's Training on UNCAC at the UP National College of Public Administration and Governance on August 31-September 1, 2006 with the end in view of ratifying the UNCAC in the Philippines. UNCAC is the first global instrument to fight corruption. In the Philippines however, UNCAC has not yet been ratified. See the Reader Volume of Governance & Development for the full text of the UNCAC.*

prevention. An entire chapter of the Convention is dedicated to prevention, with measures directed at both the public and private sectors. These include model preventive policies, such as the establishment of anticorruption bodies and enhanced transparency in the financing of election campaigns and political parties. States must endeavor to ensure that their public services are subject to safeguards that promote efficiency, transparency and recruitment based on merit. Once recruited, public servants should be subject to codes of conduct, requirements for financial and other disclosures, and appropriate disciplinary measures. Transparency and accountability in matters of public finance must also be promoted, and specific requirements are established for the prevention of corruption, in the particularly critical areas of the public sector, such as the judiciary and public procurement. Those who use public services must expect a high standard of conduct from their public servants. Preventing public corruption also requires an effort from all members of society at large. For these reasons, the Convention calls on countries to promote actively the involvement of non-governmental and community-based organizations, as well as other elements of civil society, and to raise public awareness of corruption and what can be done about it. Article 5 of the Convention enjoins each State Party to establish and promote effective practices aimed at the prevention of corruption.

2. Criminalization

The Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, if these are not already crimes under domestic law. In some cases, States are legally obliged to establish offences; in other cases, in order to take into account differences in domestic law, they are required to consider doing so. The Convention goes beyond previous instruments of this kind, criminalizing not only basic forms of corruption such as bribery and the embezzlement of public funds, but also trading in influence and the concealment and laundering of the proceeds of corruption. Offences committed in support of corruption, including money-laundering and obstructing justice, are also dealt with. Convention offences also deal with the problematic areas of private-sector corruption.

3. International cooperation

Countries agreed to cooperate with one another in every aspect of the fight against corruption, including prevention, investigation, and the prosecution of offenders. Countries are bound by the Convention to render specific forms of mutual legal assistance in gathering and transferring evidence for use in court, to extradite offenders. Countries are also required to undertake measures which will support the tracing, freezing, seizure and confiscation of the proceeds of corruption.

4. Asset recovery

In a major breakthrough, countries agreed on asset-recovery, which is stated explicitly as a fundamental principle of the Convention. This is a particularly important issue for many developing countries where high-level corruption has plundered the national wealth, and where resources are badly

needed for reconstruction and the rehabilitation of societies under new governments. Reaching agreement on this chapter has involved intensive negotiations, as the needs of countries seeking the illicit assets had to be reconciled with the legal and procedural safeguards of the countries whose assistance is sought.

Several provisions specify how cooperation and assistance will be rendered. In particular, in the case of embezzlement of public funds, the confiscated property would be returned to the state requesting it; in the case of proceeds of any other offence covered by the Convention, the property would be returned providing the proof of ownership or recognition of the damage caused to a requesting state; in all other cases, priority consideration would be given to the return of confiscated property to the requesting state, to the return of such property to the prior legitimate owners or to compensation of the victims.

Effective asset-recovery provisions will support the efforts of countries to redress the worst effects of corruption while sending at the same time, a message to corrupt officials that there will be no place to hide their illicit assets. Accordingly, article 51 provides for the return of assets to countries of origin as a fundamental principle of this Convention. Article 43 obliges state parties to extend the widest possible cooperation to each other in the investigation and prosecution of offences defined in the Convention. With regard to asset recovery in particular, the article provides inter alia that "In matters of international cooperation, whenever dual criminality is considered a requirement, it shall be deemed fulfilled irrespective of whether the laws of the requested State Party place the offence within the same category of offence or denominate the offence by the same terminology as the requesting State Party, if the conduct underlying the offence for which assistance is sought is a criminal offence under the laws of both States Parties

The Convention also covers many critical issues related to corruption, and this is evident in some of its provisions:

Article 5 stresses the importance of critical issues of transparency and accountability in national legal systems.

Article 9 explicitly focuses on public procurement and calls upon public authorities to "take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption".

Article 10 highlights the issue of secrecy in public administration and calls for actions to secure greater freedom of information.

Article 11 calls upon Governments to safeguard the integrity and independence of the judiciary by preventing opportunities for bribery.

Article 12 expressly raises issues of corporate governance by calling for strengthened regulatory and legal actions to curb private-sector corruption.

Article 14 hones in on anti-money laundering matters to boost prevention, strengthen reporting and tighten regulation of financial institutions.

Articles 15 and **16** bluntly decry the bribery of national and foreign government officials and call for actions to stop such practice.

Article 33 underscores the need to protect people who report acts of corruption.

Article 43 stresses the need for international cooperation to curb corruption and calls for strengthened actions.

Source: http://www.unodc.org/unodc/en/crime_convention_corruption.html

3. Issue on Public Fiscal Management

Another issue on good governance is on public fiscal management. Prior to government reform programmes, there were weaknesses and constraints in fiscal management, especially in the budgeting process. Some of these constraints are still lingering.

Recognizing the impact that the fiscal condition has on macroeconomic stability, the government should continue to give priority to raising revenues and improving the efficiency of the bureaucracy so that more and better quality public service can be delivered.

Following the onset of the Asian financial crisis, the Philippines government's deficit deteriorated quickly, mainly due to slippages in revenue collection. The major causes of the decline include the following:

1. Tax evasion and weakness in the tax structure.
2. The private corporate and banking sectors which are major contributors to the national coffers were weighed down by nonperforming assets.

Box 3. Tax revenues

Tax revenues as a share of GDP, fell from 13.9 % in 2000 to 13.5% in 2001. About PhP150 billion is lost to tax evasion, PhP92 billion of which constitutes uncollected income tax. In succeeding years, these translated into higher debt service payments, which along with the non passage of important tax measures, created a vicious cycle of higher deficit and debt. Recognizing the major causes of declining revenue collection, the government began in 2002 to implement reforms in both the Bureau of Internal Revenue and Bureau of Customs. On the expenditure side, expenditure reduction programs were also put in place, such as the Government electronic Procurement System. Moreover, the passage of Dept Cap Act is expected to ease the problem or rising interest payments.

Source: UNDP (2004) A Common View, A Common Journey, A Common Country Assessment of the Philippines.

<http://www.undp.org.ph/?link=6>

4. Deficiencies in the Political and Electoral System

Public confidence in election outcomes is low because of widely alleged irregularities in the Philippine electoral processes. The modernization of the electoral

system in the country today is an attempt to enhance public confidence in election outcomes and address traditional election anomalies such as cheating, intimidation and bribery. The government has initiated concrete efforts to institutionalize electoral reforms through the passage of laws on Election Modernization (see appendix for the full text of the Election Modernization Act or RA 8436), Party-List System and the Absentee Voting for Overseas Filipinos¹³. A democratic and effective political and electoral system is important to ensure that a development agenda, primarily addressing the needs of poor and disadvantaged, is promoted and sustained beyond administrations. Civil society organizations are currently working with their government counterparts of pending reform bills in Congress that also seek to address issues on political dynasties, the continued practice of party turn-coatism and the diminution of the electoral process into mere contests of personalities.

EVALUATION

Critical Thinking Assessment

The students are going to critique and analyze the different issues in governance

1. Aside from what is discussed, what do you think are other issues and challenges confronting governance? Why do you think these issues occur?
2. What are current government initiatives and reforms are employed to combat these issues and challenges? How effective are these reforms?
3. What can you suggest to further improve the performance of government in a governance processes?

Product-Based /Performance Based Assessment on the output of the FGD the presentation of results and on the exercises on Social Artistry.

Portfolio Assessment on the Concept Paper

¹³ Computerization of May 2004 elections was not implemented because of the court ruling.

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