

Good Governance Index: Advocating Good Governance for Local Development

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A partial review of indicators of good governance

Judging by the number of research projects that develop indicators of good governance, local governance is obviously an important issue especially when it helps promote local development. A tabulation of the relevant features of these different research projects reveals a similarity in their main objectives and in their proposed measures. Based on their objects of measurement, i.e., whether they focus on the local governments, on the local constituents, or both. Some of the existing indicators are classified in Table 1.

The indicators that largely focus on local government include the ones proposed by the Department of Interior and Local Government, Local Government Development Foundation and the UP Statistical Research and Training Center, and to a certain extent the Galing Pook Awards of the Asian Institute of Management. The main objective of these projects is to measure the innovativeness of local governments or their efficiency along certain areas such as planning, management and administration, resource generation and utilization, and environmental concerns. By providing benchmarks, the indicators then help local governments focus on areas that need improvement or strengthening. These measures however are not explicitly linked to their impact or outcomes, although it is assumed that the development goals are already factored in the planning process.

Other suggested indicators, on the other hand, almost exclusively focus on the local constituents. These indicators either objectively or subjectively assess the impact on welfare of local government policies, programs and projects. Under this classification are the Minimum Basic Needs (MBN) indicators developed by the Department of Social Work and Development, National Statistics Office and the National Economic and Development Authority, and the Citizen Report Card Survey of the Development Academy of the Philippines.

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Table 1. Summary of Some Indicators of Good Governance and other Related Indicators

Project Title	Lead Proponent(s)	Main Objective	Main indicators
Report Card Survey of Urban/Municipal Public Services	Development Academy of the Philippines (and ADB?)	To measure the average level of satisfaction of the local citizenry regarding the delivery of various public services by their local government	1. Governance Rating System (citizens' satisfaction survey)
Minimum Basic Needs Approach	Department of Social Work and Development; National Statistics Office and National Economic and Development Authority	To measure unmet basic needs (as a basis for evaluating government programs and policies, and as inputs to local development planning)	2. Indicators on survival, security and enabling needs
Local Development Indicators: A Prioritized Listing and Procedures for Compiling Local Statistics	UP Statistical Research and Training Center	To develop a local statistical information system for development planning, monitoring and evaluation and to identify the data gaps	3. Indicators on physical, social and economic development indicators; local fiscal performance measures
Local Productivity and Performance Measurement	Department of the Interior and Local Government	To develop efficiency measures for an improved delivery of basic services at the local government level	4. Indicators on (1) organization and management, (2) local legislation, (3) local development planning, (4) local service delivery, and (5) local financial administration
Clean and Green Awards (Gawad Pangulo sa Kapaligiran)	Department of Interior and Local Government	To propel local government officials and their constituents to achieve a tradition of excellence in the field of environmental management	5. Indicators of the physical appearance and social support of the local environmental project or program
Development of Good Governance Indicators for Poverty Programme Assessment	Ateneo Center for Social Policy and Public Affairs, Ateneo School of Government and UNDP	To develop governance indicators system for assessing anti-poverty programs	6. Indicators on transparency, accountability, leadership, participation, interdependence, responsiveness and flexibility, continuity and sustainability, and compliance and consistency and the rule of law
Towards Better Government: Developing Indicators of Good Governance for Local Government	R. Manasan, E. Gonzalez and R. Gaffud, and UNDP	To develop measurable indicators of good governance at the local government level; to evaluate their local applicability and acceptability; and to assess their usefulness for monitoring and evaluating sustainable human development	7. Indicators on (1) optimized resource support for human priority concerns, (2) enhanced effectiveness in services delivery, (3) support systems and accountability measures
Development and Installation of a Local Government Capability Classification Scheme	Local Government Development Foundation	To measure local government service-delivery performance	8. Fiscal indicators, management and administrative indicators, service-delivery performance indicators
Galing Pook Awards	Asian Institute of Management, Local Government Academy and Ford Foundation	To identify best practices in local service delivery, and other innovations in local projects	9. Criteria regarding the project's effectiveness, socioeconomic and environmental impact, effect on people empowerment, replicability and sustainability
Cities on the Rise: A Competitive Ranking of 10 Philippine Cities	Asian Institute of Management and Philippine APEC Study Center Network	To determine the competitiveness of selected local cities	10. Indicators on cost of doing business, human resource endowment, infrastructure, linkages with growth areas, quality of life, dynamism of the local economy, responsiveness of the local government

The need for such indicators may be argued on the basis that even the best laid and executed government plan must also be assessed in terms of its impact on local welfare. These indicators are then best taken as inputs of planning towards better government service provision.

Many of the existing indicators focus on measuring both the performance and the welfare impact of local governments. Among the recent efforts at developing such indicators are Manasan et al. [1999], the Ateneo Center for Social Policy and Public Affairs, and to a certain extent the City competitiveness Ranking of the Asian Institute of Management. These indicators provide a more comprehensive assessment of the quality of local governance since fiscal inputs (i.e., performance measures) are linked to their outcomes (i.e., welfare changes).

A new initiative

This paper contains ten indicators (see Table 1) of good governance and local development, proposed under the Governance Project of the Philippine Center for Policy Studies.¹ These indicators are used to construct three-sub-indices implying how well local development needs are met, how highly development-oriented programs are prioritized and how participatory local decision-making processes are. The sub-indices together comprise the *GOFORDEV Index*, the suggested quantitative measure of good governance and local development.

The indicators proposed here are more closely related to the ones in Manasan et al. [1999] and by the Ateneo group in terms of orientation toward achieving local development (sustainable human development, poverty alleviation). The ones proposed here however are less comprehensive and therefore relatively easier to collect. This follows from the lesson obtained from the experience of the MBN approach [Bautista and Juan 2000], which suggests that local governments only need and respond to a minimal amount of information (regarding unmet needs). The indicators proposed here may also be differentiated from the ones already suggested either in terms of relative emphasis or specific objectives, number and validation procedures.

The indicators are purposely selected to provide a minimum amount of information for a reasonable assessment of local government performance vis-à-

¹ With support from the Ford Foundation, the Philippine Center for Policy Studies (PCPS) has completed the first two phases of the *Indicators of Good Governance and Local Development Project* (or simply the Governance Project) over a 14-month period beginning in September 1999. The main objective of the first two phases of the PCPS-Governance Project is to develop indicators of good governance and local development, based on four background studies on governance issues and baseline analyses of four provinces. The proposed indicators are currently validated through a pilot test in twelve municipalities in Bulacan and Davao del Norte. Through advocacy, the Project aims for the eventual institutionalization of the indicators.

vis local development targets. Being minimally but critically informative, the indicators are intended to serve not as detailed or comprehensive statistics concerning local governments, but as a catalyst for action among local stakeholders. Hence, they are much like the proverbial smoking gun that portends but does not portray a serious crime.

It is hoped that once the local stakeholders are prodded into action, a more thorough evaluation of their local governments will then follow. In other words, the indicators are designed to become instruments for advocating better local public services, improved local welfare, and more transparent and accountable local governments.

Arguably, local government officials may also benefit from the use of indicators that will serve as an incentive to help them achieve greater focus and efficiency in their planning and provision of basic public services. One of the background papers shows such an incentive to perform well in office. This is indicated by a relatively high share of economic development services in the total budget of the locality, which appears to improve the chances of the incumbent for another term in office. If for no other reason than to get re-elected, local chief executives therefore may still want to promote local development.

What follows are six sections which cover **anchoring and conceptualizing good governance for local development** (1.0 and 2.0), **measuring local development needs and orientation** (3.0 and 4.0), and **formulating as well as validating the GOFORDEV Index** (5.0 and 6.0).

1.0 Anchoring good governance on local development

According to World Bank reports, many Filipinos live in abject poverty. This is manifested in terms of high prevalence of malnutrition, shorter life expectancy, poor health and education status, substandard living conditions and limited economic opportunities. In many cases, political and human rights abuses and social discrimination (or indifference) confound their economic miseries. Thus, the need for reduction of poverty.

The reduction of poverty redounds on the overall welfare of both the current generation of poor Filipinos and their progenies'. Poverty reduction programs may also have positive impact on the sustainability of the environment, which is under tremendous pressure because of unbalanced growth. Poverty reduction or what is more generally known as economic development should therefore be (and it is) a major policy objective, as can be seen from the *Medium Term Philippine Development Plan for 1999-2004*, for example.

But since poverty is more directly felt at the local level, its alleviation accordingly must also be a local government priority. Ideally, therefore, local governments should be evaluated in terms of their impact on local development

and welfare, the improvement of which is their *raison d'être*. Even a cursory review of local development plans would suggest that this is so.

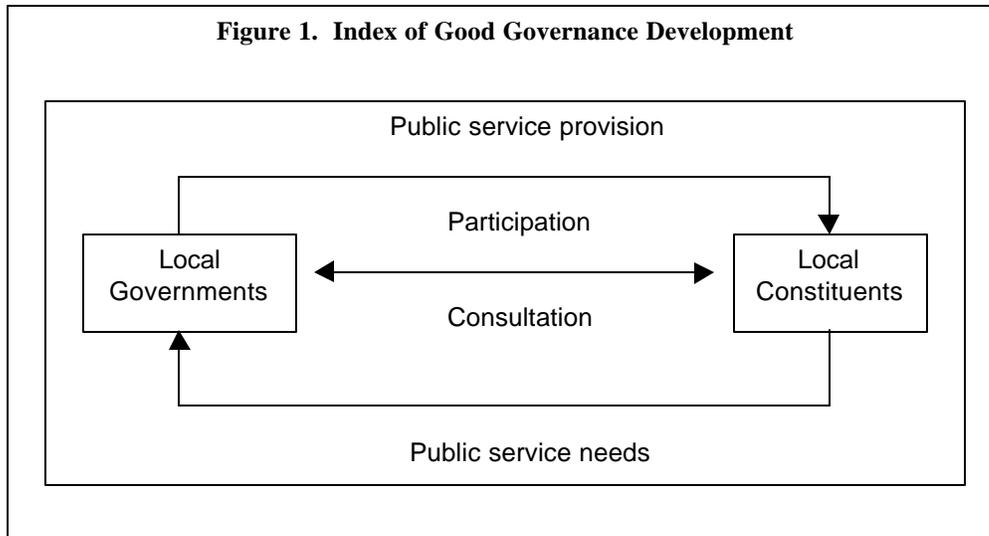
Although local development and welfare result from a host of factors, many of which are beyond its control, a local government nonetheless has vast fiscal and other resources. Especially under the Local Government Code of 1991 (RA 7160), new powers and responsibilities devolved to local governments to promote local conditions. Oftentimes however neither the size of its fiscal resources nor its powers are enough to bring about the intended ends; how these are generated and used are oftentimes more critical.

The use of public resources, the exercise of powers and the discharge of responsibilities for the welfare of the vast majority of the population, and more crucially, the direct involvement of the other stakeholders in the public decision making processes is the subject of governance. Thus good local governance may be anchored on the effect of local government performance *vis a vis* local development objectives. But since there are different means to the same ends, good local governance may therefore be anchored also on the processes undertaken and the outputs generated that contribute to improvement in local welfare.

Local government fiscal decisions, which are partly reflected in budget outlays for the different local public services, are likely to lead to more favorable results if the various stakeholders in the area are also participants in the various decision processes, instead of being involved only in the evaluation of fiscal outcomes. The participation of the target beneficiaries, civil society organizations, local business sector and other interest groups is deemed to be critical, not only in achieving greater democratization, but also enhanced development. Furthermore, with their involvement these people can direct their local governments to concentrate on the provision of basic public services in a more transparent and accountable manner. Hence, their active participation in local government affairs, which is an important democratic objective in itself, is also an important instrument for achieving local development.

2.0 Conceptualizing good governance for local development

To guide the development of the index of good governance, the following diagram (Fig. 1) is used. This illustrates the basic relationship between a local government and its constituents. The **local government** sector includes both the elected and non-elected officials of a political-administrative unit (i.e., province, city, municipality or barangay). On the other hand, "**local constituents**" here is a collective term that includes the civil society, private sector, ordinary citizens and other local stakeholders that belong to such a political-administrative unit.



Basically, the constituents demand public services from their local government. In turn, the latter provides the public services, constrained only by its available human and capital resources and within the general supervision of the national government. Presumably, these demands will be based on unmet development needs or unresolved public problems at the local level. Broadly speaking, **public service provision** indicates the financing of **public service needs** or their actual delivery, or their expenditure.

Under ideal conditions, a perfect matching of "**needs**" and "**provision**" occurs. But since real conditions are far from ideal, the people's direct participation in local government decision making becomes necessary. Aside from the intrinsic value of participation, this also minimizes the risks or costs of erroneous local government decisions due to lack of information, corruption, indifference or sheer incompetence. With the people's direct participation, local governments therefore become more transparent, accountable, fair, effective and efficient.

For purposes of crafting the indicators, it is important to limit the **public service needs** to those that the local government can effectively provide for. In other words, the **needs** indicators should be sufficiently sensitive to local government **service provision**. Furthermore, the **public service needs** must be limited to development objectives, i.e., those that are oriented towards the poor and other marginalized members of the society. Correspondingly, local governments must also be evaluated in terms of their response to local development needs.

Local government responses to development concerns can be measured in terms of fiscal outputs (like outlays for social services) or inputs (like the amount

of revenues generated from nontraditional sources). This is the traditional approach to evaluating local government performance. According to the modern view, however, fiscal decisions are more likely to make the desired impact on development objectives. That is, if the people actively and directly participate or at least are widely consulted in the public decision making and evaluation processes. Hence, without public consultation or people's participation, seemingly superior local government performance may not necessarily lead to development or even imply good local governance. One has only to recall, for example, news reports of grand but useless local infrastructure projects.

Thus, an ideal index of good governance would comprise indicators that pertain to development needs, development-orientation of public service provision, and people's participation and consultation in public decision making and evaluation processes.

3.0 Measuring local development needs

3.1 Identifying development needs

Following the Minimum Basic Needs (**MBN**) Approach, the different development needs can be categorized into three, each having sub-categories of finer measures of particular needs. The first category refers to **survival needs**, perhaps the most basic development needs. Under this category, food and nutrition, health and clothing needs are included. The second category pertains to **security needs**, such as shelter, peace and order, public safety, and income and livelihood. The third category refers to **enabling needs**, such as basic education and literacy, people's participation in community development, family care and psychosocial care. These three sub-categories are closely related to the Human Development Index, which includes measures of income, education and health status. Likewise, the MBN indicators are also linked with the traditional measures of poverty (income or assets, calorie or nutrient intake).

Given the myriad of existing indicators of development needs, the greater challenge of purposes of creating an index (of good governance and local development) lies not in fabricating newer or finer indicators but in selecting a few that best represent the rest, in other words, the "smoking gun." The selection however should be guided by an appropriate analytical framework or by a rigorous empirical investigation.

3.2 Measuring development needs

The level of and changes in local development conditions may be measured either subjectively or objectively. Each method has its own set of advantages and disadvantages. Subjective assessments include satisfaction ratings and perceptions of the respondent regarding the effectiveness of the local government in meeting development needs or in solving development problems.

The on-going Report Card Survey of Urban/Municipal Public Services of the Development Academy of the Philippines, for example, employs this scheme in measuring local government performance. The main advantage of this is its direct measurement of citizens' satisfaction and its relative ease in its undertaking.

Subjective evaluations however induce serious statistical biases. First, it is very hard to evaluate the factual basis of the responses due to some such problems as the lack of information or the respondent's cognitive concerns. Secondly, subjective assessments may also include strategic responses from the subjects. That is to say, subjects who expect higher benefits from filing a complaint or registering dissatisfaction than it costs them to report are more likely the ones who would take the trouble (self-selection problem) to respond.

Even elections, which may be considered as a form of subjective assessment, have the same limitations. The general perception is that local elections are rigged. Moreover, current voting rules are not very good aggregator of diverse preferences over several issues. Consequently, public service based on this subjective information may not necessarily reach its intended beneficiaries.

More problematically, local governments that employ subjective assessments of their accomplishments sometimes impose external cost to other localities. This arises when local residents seek public services elsewhere because the locally-provided ones are inappropriate or inadequate (since they are based on biased information). In many instances, the central government too is forced to fill in the gaps in local service provision.

Such biases are minimized when citizen satisfaction surveys are properly undertaken or when a more objective measures of accomplishments of local development targets are used. Good examples of objective measures are the Human Development Index, Minimum Basic Needs indices, and some other poverty measures. Such measures however are relatively costly, especially in terms of time and finances, since they require technologies that are not built into the usual public operations and procedures.

Thus, a local government faces a dilemma: whether to become better informed at the cost of providing fewer but well-targeted services, or to be less-informed at the cost of providing more but poorly-planned public services. In practice, local governments tread along the middle line, by carefully selecting subjective and objective indicators of local development. To be more effective and efficient, and with support from donor agencies, a number of local governments (e.g., Bulacan) have adopted sophisticated information systems.

4.0 Measuring local development orientation

4.1 Preference for fiscal outputs

Notwithstanding the effect of other intervening factors, local government policies and programs influence the quality and pace of local development. Such policies and programs are manifested in the generation and use of fiscal and human resources. Furthermore, local government priorities may be inferred from promulgated laws and ordinances which either facilitate socially-productive private enterprises or restrict socially-unproductive ones.

But since local governments, as it were, must also put their money where their mouths are, the *de facto* policies and programs are partly reflected in the fiscal performance of the LGUs.

As reflected in local fiscal performances, local programs and policies may then be classified into two types according to their impact on local development and welfare. The first type includes those that directly bear on local development, such as social services expenditures (which include outlays for health, education, nutrition and population services) and economic services (such as water and irrigation, infrastructures). Tax incentives and subsidies to private enterprises, to the extent that these redound in terms of increased economic opportunities in the area, also belong to this type. The second type covers those that help facilitate improvements in local welfare. Included in this second type are general public services (such as legislative, administrative, treasury services).

The degree of development orientation of the local government is inferred from the first type than from the second type. The reason for this is that relatively less intervening factors need to be accounted for in assessing the impact of the first type on local development outcomes. In a manner of speaking, the smoking gun is a more direct evidence of a crime than the dimly lit corner that facilitates the shooting.

In using fiscal output measures, it is important to consider the need for control of *personnel services* in the total development expenditures. It is common knowledge that despite legal restrictions, there is a preponderance of locally elected officials' trusted wards appointed to government positions. Hence, this practice tends to bloat local budget with dubious impact on actual service delivery. Downsizing on the other hand may not be feasible due to civil service laws that protect the tenure of permanent government workers. Admittedly, this limits the options of local governments to be more efficient. In either case, a high measure of *personnel services* may indicate wastage of government resources than more or improved public services.

4.2 Necessity of some input and process indicators

Two reasons however suggest caution in the use of fiscal output measures. First of all, some fiscal outputs have lagged effects on local development and welfare. This means that good development outcomes may well be the impact of distant, rather than immediate, local public programs. Secondly, some fiscal outputs are like “experienced” goods or services. That is, their impact on local development and welfare cannot be easily discerned from their mere inspection. They really need to be provided and consumed by the local residents.

The two reasons for caution in the use of fiscal output measures just cited suggest that the damages from erroneous public decisions are not easily controlled or mitigated. These may raise the expected costs of such erroneous public decisions. The situation is made complicated when intervening factors make it difficult to hold local governments for bad development outcomes. Thus, input or process indicators such as public consultations and other participatory mechanisms are used to minimize the risk of costly mistakes. Additionally, these participatory mechanisms also have their intrinsic values. People derive from such mechanisms a better sense of importance, social acceptance or satisfaction.

Although the reasons cited above suggest the use of output, process and input indicators to monitor local government performance, a more selective approach is however dictated by practical considerations. Notwithstanding their limitations, output and process indicators should be given greater weight for the following reasons. They are more easily mapped onto development outcomes than inputs (since inputs can be put into a variety of uses, some not necessarily intended for development outcomes). They are relatively easy to identify and to measure. And, in a sense, they are also suggestive of the bargaining outcome of the different groups contending over the public pie, so to speak, or the relative preference for whatever spells out the welfare of the poor.

5.0 Putting it all together: GOFORDEV *Index*

5.1 Selection criteria

The indicators are purposely developed to measure good governance at the municipal/city level - LGUs tasked to deliver most of the basic services as specified under the Local Government Code of 1991. Additionally, the following five criteria guided the selection of the indicators which are (1) measurable, (2) affordable, (3) simple, (4) valid, and (5) comparable. Taken together, these criteria favor parsimony in the choice of a number of good governance indicators. Other criteria have been suggested, but those listed above may imply the others. For example, acceptability is partly assured if all the five criteria are satisfied.

Problematically, the five criteria may rule out other useful indicators. For example, gender or physical disability, which are important poverty-related

issues, may require more detailed data than can be reasonably afforded. But notwithstanding this limitation, it is hoped however that by providing clear, simple and meaningful information, the GOFORDEV Index will at least help lead to more focused discussions of different local development issues.

5.2 The sub-indices and component indicators

The good governance measure (*Governance for Local Development or GOFORDEV Index*) proposed here is a composite of three indices, each in turn includes several indicators (Table 2).

The first index is the Development Needs Index (**DNI**) which measures the level of local development and welfare. It has both subjective and objective measures and includes five component indicators. The underlying objectives of the indicators are to measure (1) the perceived effect of the local government on the family's condition in life, (2) the perceived effectiveness of the local government in solving public problems or concerns, and (3) the people's access to or the adequacy of basic public services.

Note that these indicators are similar to some of the MBN indicators, and are perhaps highly correlated with the other proposed indicators (e.g., UNDP, DAP). This is inevitable since most of the proposed indicators are concerned with promoting development or alleviating poverty. Because they are fewer than the MBN indicators, the DNI indicators may fail to capture the full range and intensity of local development needs. Notwithstanding this limitation, they nevertheless prove to be strongly correlated with the other MBN indicators. Hence, they may suggest the same story about local governance as the more comprehensive indicators will do.

The second index is the Development Orientation Index (**DOI**) which measures the relative weight the local government attaches to development-oriented programs and policies. Simply, the index refers to local public expenditures for social services (e.g., education, health and nutrition) and economic services (e.g., water, and infrastructure), expressed as a percentage of total public expenditures, but net of outlays for personnel services (which oftentimes is subject to patronage). These services directly promote local welfare and conditions more than other public services.

The **DOI** includes expenditures (as measures of public "effort" or "preference") on development programs and projects. These are easily lifted from government accounting records. The sole DOI indicator is similar to the ones proposed in Manasan et al. [1999].

The third index is the Participatory Development Index (**PDI**) which measures the degree of how participativeness in local decision making processes. This

Table 2. Indicators of Good Governance and Local Development

Index	Objective	Indicators	Formula
Development Needs Index (DNI)	To measure the perceived effect on family condition in life	Effect on Family Condition Ratio (EFCR)	$EFLR = (\text{Number of families who report that their local governments contributed positively to the improvement of their condition in life}) / (\text{total number of families})$
	To measure the perceived effectiveness at solving public problems	Effectiveness at Addressing Public Problem Ratio (EAPPR)	$EAPPR = (\text{Number of families who report that the local government is effective at solving the most pressing public problem}) / (\text{total number of families})$
	To measure relative access to and adequacy of basic public services	Adequacy of Day Care Services Ratio (ADCSR)	$ADCSR = (\text{Number of families who report that their local day care centers have regular teachers, social workers or attendants}) / (\text{total number of families})$
		Adequacy of Health Services Ratio (AHSR)	$AHSR = (\text{Number of families who report that the nearest Rural Health Center has a regular doctor}) / (\text{total number of families})$
		Access to Sources of Drinking Water Ratio (ASDWR)	$ASDWR = 1 - [(\text{Number of families who reported difficulty in getting safe drinking water}) / (\text{total no. of families})]$
Development Orientation Index (DOI)	To measure the relative preference for development-oriented public services	Development Expenditure Ratio (DER)	$DER = (\text{expenditures on social welfare services and economic services}^*) / (\text{total expenditures}^*)$ * <i>net of personnel services</i>
Participatory Development Index (PDI)	To measure the degree of people's direct participation in decision making processes	Participation in Local Consultative Boards (PLCB)	PLCB = 1 if the local school board was convened at least once last year with the presence of PTA president or PTA representative; 0 if not
		Participation in Municipal Development Council (PMDC)	PMDC = 1 if the Municipal Development Council was convened at least twice last year with the presence of private sector representatives; 0 if not
	To measure the degree of public consultations	Barangay-Level Consultation Ratio (BLCR)	$BLCR = (\text{no. of respondents who were consulted at least once last year by their barangay captain or members of the Sangguniang Barangay}) / (\text{no. of respondents})$
		Attendance in Barangay Meetings Ratio (ABMR)	$ABMR = (\text{no. of respondents who are aware that the Mayor or the Vice Mayor attended at least one barangay-level consultation in the past year}) / (\text{no. of respondents who reported that there were barangay-level meetings last year})$

index underscores the importance of direct people's participation and public consultations. Aside from their intrinsic values, these help minimize the cost, if not the likelihood, of erroneous or unfair public decisions. The four indicators comprising the index are chosen to measure the degree of people's direct participation in decision-making processes and the degree of public consultations.

The **PDI** includes participation (as opposed to mere membership) of the private sector members in the meetings of local consultative bodies such as the local school board and local health boards (PLCB). Another indicator pertains to private sector participation in the meetings of the Municipal Development Council (PMDC), a critical venue where local development plans are initially crafted. A survey-based indicator that refers to the respondent's actual participation in public consultations is also included.

5.3 The formula and data sources

For simplicity, the indices are constructed as simple averages of their component indicators (Table 3). In reality, however, the actual weights of each component indicator may differ from the ones used here. It is possible, for example, that participation in barangay-level consultations may be a more effective measure of how participatory local public decision-making processes are than the other three indicators included in the PDI. But such issues however are better resolved empirically. To validate the proposed indicators, a pilot test is currently undertaken in twelve municipalities of Bulacan and Davao del Norte.

Table 3. Formula for the Indices of Good Governance

Index	Formula
Development Needs Index (DNI)	$= 1/5[(EFCR)+(EAPPR)+(ADCSR)+ (AHSR) + (ASDWR)]$
Development Orientation Index (DOI)	$= DER$
Participatory Development Index (PDI)	$= 1/4(PLCB+PMDC+BLCR+ABMR)$
Good Governance Index (GGI)	$= 1/3 (DNI+DOI+PDI)$

Hence, the GOFORDEV Index ranges from zero to one, with one as the highest possible score. As in the case of the Human Development Index, LGU can be similarly ranked in terms of absolute ranking based on the GOFORDEV Index or in terms of changes in the index to denote the most improved localities.

There are two major sources of raw data for the indicators, namely: public records and household survey. From the public records, socioeconomic and demographic statistics, fiscal data and minutes or attendance sheets in public consultation activities are collected. A household survey is undertaken to construct the Development Needs Index and some of the indicators or public participation and consultations.

6.0 Validating the *Good Governance Index*

In addition to the two focus group discussions², the indicators proposed are rigorously evaluated through pilot test activities undertaken in the twelve sample municipalities of Bulacan and Davao del Norte. In the conduct of the pilot test, local area partners including both the local government and civil society organizations are actively involved. The pilot test phase verifies the usefulness and practicability of the information collection and dissemination system. Aside from validating the indicators, the pilot test also leads to the development of installation protocols for the adoption of the indicators system in other areas. That is to say, not only the indicators themselves, but the cost estimates, validation procedures, manpower requirements, information systems, survey techniques are part of the package that is transferred to LGUs.

Furthermore, the pilot test is an occasion for investigating other governance issues, such as the link between participation, transparency and accountability. Increasingly, good governance has come to denote transparent and accountable governments. Several indices, not all of them measurable or comparable, have been proposed to indicate the degree of transparency and accountability of local governments. The differences in the proposed indicators of transparency and accountability may be due to the inherent difficulty of identifying, much less measuring the extent of, graft and corruption, red tape, patronage and other manifestations of bad governance. The difficulty may arise from the legal definition which stipulates what constitutes graft and corruption and the evidence required to prove graft and corruption, since illegal activities are necessarily committed outside the public purview. Moreover, incontrovertible evidence of lack of transparency and accountability are available only after the fact (such as after court rulings), thus minimizing their deterrent value.

While material evidence concerning the lack of transparency and accountability are notoriously hard to collect, the people's active and direct participation and consultation help promote transparency and accountability. This is so because the participants ask questions which local officials have to respond to. Furthermore, local officials are forced to bind themselves to

² The initial list of indicators was validated in two focus group discussions (FGDs) held last January 24, and 30, 2001 in Malolos, Bulacan and Cagayan de Oro City, respectively. About 22 local participants attended the FGDs. Comments and suggestions concerning the conceptual framework, the initial list of proposed indicators, the survey questionnaire and planned pilot test were raised. Many of these comments and suggestions are integrated in the refined indicators.

agreements made during these public consultations, meetings and fora. Hence, it may be reasonable to suppose that the indicators of people's participation help bring about greater transparency and accountability. If this is the case, then participatory indicators are correlated with transparency and accountability indicators, thus saving on the toils and troubles of collecting transparency and accountability indicators. This is an issue that will be explored during the pilot test.

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