

# Institutions and Human Development

## Getting Real with HDI

I am honored to have been invited to speak before your General Assembly, on what the Human Development Network (HDN) is proposing as theme of its next Philippine Human Development Report.

Let me start with a confession: in preparing for this event, I asked my staff at the Naga City Hall to compute the city's human development index (HDI), if only to get an institutional understanding of what the measure is all about. So, they had to go through the Technical Notes of the 2005 PHDR, as well as relevant information from the websites of the National Statistics Office (NSO) and the National Statistics and Coordination Board (NSCB). It took them at least two days before we were able to come up with an estimate.

### OPERATIONAL PROBLEMS

Let me share with you the problems we encountered:

1. **The lack of disaggregated data at the city and municipal level.** This is particularly true in regard to the data on family income, functional literacy and life expectancy.

According to the NSO website, its census and surveys covered only the highly urbanized cities throughout the country, as well as a handful of highly urbanized municipalities in or near the National Capital Region. Which made me realize the irony that even in data availability, there is an obvious bias against the periphery in favor of the center – perhaps another symptom of the “Imperial Manila” syndrome?

2. **Incomplete HDI estimate.** Consequently, using certain assumptions and proxy indicators, we were able to generate only the HDI-1 estimate, which effectively allowed us to compare the city's level of human development vis-à-vis the provinces.

The following matrix describes our approach:

| PARTICULAR      | HDR APPROACH   | OUR ALTERNATIVE   |
|-----------------|--|---|
| Income Index    | Use income data from FIES  | <ul style="list-style-type: none"><li>• Use 1997 income data for urban Bicol as baseline</li><li>• Estimate Naga's 1997 household income by using 1992 HUDCC study on comparative household incomes of Naga, Legazpi and other Bicol urban centers</li><li>• Estimate Naga's 2000 and 2003 household income by using NSO's average family income growth rates from 2000 and 2003 FIES</li></ul> |
| Education index | Use data from FLEMMS and participation and cohort survival data from DepEd | <ul style="list-style-type: none"><li>• Use participation and cohort survival data from local DepEd</li><li>• Use high school completion rate from local DepEd</li></ul>  |
| Life expectancy | Use basic data from Cabigon and Flieger (1999)                             | <ul style="list-style-type: none"><li>• Adopt the life expectancy data for Camarines Sur used in the 2005 PHDR</li></ul>  |

That approach yielded the following comparative HDI estimates for Naga:

| INDEX      | 1997         |              |              | 2000         |              |              | 2003         |              |              |
|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|            | NCR          | Cam Sur      | Naga         | NCR          | Cam Sur      | Naga         | NCR          | Cam Sur      | Naga         |
| <b>HDI</b> | <b>0.842</b> | <b>0.514</b> | <b>0.650</b> | <b>0.844</b> | <b>0.520</b> | <b>0.685</b> | <b>0.793</b> | <b>0.558</b> | <b>0.691</b> |
| LEI        | 0.724        | 0.725        | 0.725        | 0.737        | 0.748        | 0.748        | 0.749        | 0.772        | 0.772        |
| EI         | 0.803        | 0.536        | 0.650        | 0.808        | 0.519        | 0.673        | 0.814        | 0.574        | 0.731        |
| II         | 1.000        | 0.281        | 0.576        | 0.988        | 0.294        | 0.633        | 0.816        | 0.327        | 0.571        |

LEI - Life Expectancy Index; EI - Education Index; II - Income Index

Our computations also show that if Naga were to be compared to the provinces, it will progressively move up in standing, from 11<sup>th</sup> in 1997 to 7<sup>th</sup> in 2000 to 6<sup>th</sup> in 2003. Of course, it would have been better if Naga were compared with other Philippine cities, but that data is currently not available and this data gap this is precisely one of the challenges that HDN should respond to.

We would also have loved to see how Naga would compare with countries using HDI-2, but were not able to for two reasons:

- (a) given the data constraint of having functional literacy rates available only at the regional level, we were not able to estimate of the city's functional literacy rate; and
- (b) the section of the Technical Notes regarding the computation of per capita income expressed in Purchasing Power Parity (PPP) US dollars is quite stingy in regard to the procedure and data inputs and currently beyond the expertise of non-economists like us.

**3. HDI limited only to the provincial level.** While the recent PHDRs, including the 2005 report, have made the quantum leap of making available provincial HDIs for 1997, 2000 and 2003, I strongly believe this is not enough. Come to think of it, unlike municipalities and cities, provincial governments have no direct constituencies. On the other hand, except for provincial hospitals and other provincial agencies that transact with customers, it is the towns and cities that deal with constituents and clients alike on a daily basis.

For the HDI therefore to become truly meaningful as a measure of human development over time, it needs to be measured or generated at these levels of government. It is then, and only then, can they be translated into actionable plans over whose outcomes elected leaders can be made accountable. I will discuss some suggestions on how these can be done towards the end of my presentation, given that our resources are obviously limited.

### **THREE PROPOSITIONS**

Let me now proceed to my thoughts on the subject at hand.

I will start with the UNDP definition of human development, which I lifted from the NSCB website: "It is a process of enlarging people's choices, most critical of which are to lead a long and healthy life, to be educated and to enjoy a decent standard of living."

In the aftermath of the EDSA People Power Revolution five years earlier and the currently much maligned constitution adopted in 1987, the country embarked on a choice: to decentralize power, authority, responsibilities and resources to the countryside. This was operationalized through the Local Government Code of 1991 which, to my mind envisioned a partnership between the national government, the LGUs (provinces, city/municipality and barangay), and civil society organizations in promoting development in local communities.

Today, 15 years after the passage of the Local Government Code, it is important to assess the impact of these institutions in promoting human development and enlarging people's choices in the context of the strategy of decentralization operationalized by the code.

Along this line, let me submit the following propositions for your investigation, guided by the declaration of policy set forth in the 1991 LGC which can be found in Section 2 of Republic Act No. 7160:

1. **Responsive and accountable local government structure.** Lest you be misled, this proposition is not exclusive to or wholly about LGUs. Section 2(a) talks about the *development of self-reliant communities that will be more effective partners of the national government* as an end-goal of local autonomy. Given, however, that partnership is a two-way street, the following questions need to be asked:
  - Broadly, how strong or weak are the institutions involved in the decentralization process?
  - More specifically, how self-reliant are the communities that we have today?
  - How autonomous are the local government units (provincial, city/municipal, and barangays) that are supposed to facilitate the development of self-reliant communities?
  - To what extent has the national government decentralized power, authority, responsibilities and resources to bring about genuine local autonomy under the LGC? And how were these carried out by national agencies at the regional level?
2. **Exacting public accountability.** On the surface, Section 2(b) talks about mechanisms of exacting accountability from local governments through recall, initiative and referendum, which, to my mind, have not been effective or popular as originally conceived. But I am of the belief that the Philippine experience with public accountability in the context of the LGC goes beyond these prescribed mechanisms.

In Naga City, for instance, we have developed a guidebook on 140 key city government services called the Naga City Citizens Charter detailing the step-by-step procedure, staff responsible and response times expected of each service. Our city website (<http://www.naga.gov.ph>) publishes *both* bid tenders and outcomes of each bidding conducted. Both proposed and approved annual budgets, down to the last city department, as well as other financial reports of the city are also available from that website. A digital version of the Citizens Charter is also accessible, as do most legislative measures enacted by the Sangguniang Panlungsod.

Of course, Naga will tend to be the outlier, but I believe the operative principles behind public accountability is information openness and transparency, which the LGC also requires of *all* LGUs. Along this line, the following questions need to be asked:

- Broadly, how open and transparent are the institutions involved in the decentralization process—from the national, regional, provincial, city, municipal down to the barangay levels?
- Are their annual budgets and performance reports readily accessible to the public, either in print or through other formats?
- How many NGOs and civil society organizations have been accredited by the LGUs? How many of these sit in the local special bodies like the local development councils, bids and awards committees, health boards, school boards, housing boards and the like? More importantly, how are these NGO representatives selected?

- To what extent has the national government promoted these transparency and good governance measures among LGUs, especially in terms of policy and resource allocation?

3. **Building stakeholderhip.** Finally, Section 2(c) talks about periodic consultation between local communities and agencies of the national government, but like the preceding section, the spirit of this particular provision goes beyond mere consultation. I believe it is more about citizen empowerment, which goes straight at the heart of what human development is all about.

From our experience in Naga—as well as other progressive and innovative provinces like Bulacan, Oriental Negros, Bohol and Nueva Vizcaya; cities like Tuguegarao, Vigan; towns like Concepcion (Iloilo), Upi (Maguindanao) and E.B. Magalona (Negros Occidental)—a key to better services, and more effective programs and projects is stakeholder participation, not just consultation. And this is supported by literature on the matter, which puts collaboration and shared decision making at a higher plane in the social participation spectrum. The logic behind stakeholderhip is self-evident: people willingly share resources when they are active participants, when they have a say on how programs and projects are designed, and consequently when these programs and projects respond to their needs and aspirations. In short, it ensures success and sustainability.

I have a hunch, which you may want to validate by your research, that most development outcomes we are seeing today at the national and local levels are there *in spite of*, and not directly as a consequence of the institutions involved in Philippine governance. What it means is that the indices comprising the PHDR since 1995 could have been better, or stated differently, can be much better if interventions to improve health, knowledge and skills and access to resources are planned with the active participation of stakeholders at all levels of government. A strong commitment to stakeholder participation, I submit, is what should bind together the institutional planning processes of government from bottom to top.

Along this line, there is a need to take a close look at the entire governance machinery—from planning to monitoring and evaluation—in *ensuring that public investments on human development matter*. In so doing, the following questions need to be asked:

- To what extent do stakeholders participate in governance processes at the local (barangay, city/municipality, provincial), regional and national levels?
- Is their participation limited only to planning? implementation? monitoring and evaluation?
- To what extent are these plans implemented?
- What mechanisms have been used to regular report progress of implementation to stakeholders, if at all? Are these reporting mechanisms effective?

## CONCLUSION

It is my earnest hope that by addressing you today, armed with the questions that I myself want answers, I have contributed in setting up guideposts for your research agenda on the next PHDR.

But let me end by putting on the table my own agenda: which is how to make HDI and other related indicators more useful to LGUs and local communities. Here, I will reiterate that *the key is creating demand for actionable plans* anchored on these measures.

1. **The HDI must be made available at the city and municipal levels.** If the HDN does not have the resources to make it happen, the next best alternative is to work with academic institutions (at least one per region) that can help generate the HDI using alternative approaches similar to what we did.
2. **As a matter of policy, the NSO and the NCSB should create and address the demand for city and municipal level data.** It should explore partnerships and cost-sharing mechanisms with interested LGUs for the conduct of these surveys.
3. **The HDN**, in line with its mission to propagate and mainstream human development concepts, **should develop local (i.e. city and provincial) capability to generate HDI.** Preferably, this technical assistance project should target staff of both local government and academic institutions.
4. **Finally, regional human development reports** (i.e. one for Bicol provinces, cities and municipalities, etc.) **should be produced complementing the PHDR.** It must be presented in one meeting of the Regional Development Council called specifically for the purpose. And printed and digital copies should be made widely accessible, particularly in the media and in the internet, to generate and sustain interest, in the process reinforcing its usefulness as a mechanism for exacting public accountability.