

The Effectiveness of the Local Governance Performance Management System (LGPMS) in Improving Governance in the Municipality of San Rafael

MA. NINA I. ADRIANO AND DIOSDADO P. ESTIMADA

Baliuag University, Baliwag, Bulacan, Philippines

ninz_adriano@yahoo.com

Date received: August 22, 2014; Date Revised: September 1, 2014

Abstract - *The United Nations Development Program said that one of the reasons why a nation fails in achieving its millennium development goals is poor governance. If governance is such an important factor in the development of a country, then it is important to understand the factors leading to poor government performance, measure it, and improve it. This descriptive study is about the effectiveness of the Local Governance Performance Management System (LGPMS), a monitoring and evaluation, in pointing out weak areas of a local government in order to improve it. In this study, the author chose the Municipality of San Rafael in Bulacan as she is a resident of the town. The study's focus is on the results of the LGPMS evaluation in the municipality for the period 2010-2012. The study revealed that the LGPMS is an effective tool in pointing out the weak areas of performance of San Rafael, thereby paving the way for improvement in delivering better services to the municipality's constituents. For the year 2010-2012, the state of local governance performance of the Municipality of San Rafael steadily increased. Because of LGPMS's ability to point out weak governance areas, San Rafael was able to focus on that area and implement policies and programs to improve its services. LGPMS is therefore an effective performance measurement and management tool in improving the quality of lives of San Rafaelenos.*

Keywords – local governance, performance management, LGU performance management

I. INTRODUCTION

Most problems of the government are the result of one thing: poor governance. If governance is such an important factor in the development of a country, then it is important to understand the factors leading to poor government performance, measure it, and improve it.

But how do we measure such a complex, intangible concept? First, we need to define what governance and good governance is. According to the Australian Government's Overseas Aid Program (AusAID), "Governance is the exercise of power or authority—political, economic, administrative or otherwise—to manage a country's resources and affairs. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. On the other hand, 'Good governance' means competent management of a country's resources and affairs in a manner that is open, transparent, accountable, equitable and responsive to people's needs."

The attempt to measure governance is the reason the World Bank came up with World Governance Indicators which rank countries on six aspects of governance over the period 1996-2012, covering a) voice and accountability, b) political stability and absence of violence, c) government effectiveness, d) regulatory quality, e) rule of law, and f) control of corruption.

Because the main beneficiary of good governance are the people, local government units (LGUs) in the country have also devised a way to measure the quality of governance in their respective LGUs to monitor their performance and meet the expectations of their constituents. The performance measurement called the Local Productivity and Performance Measurement (LPPM) System was conceptualized in 1982. The system was able to generate information benchmark on service delivery capabilities and limitations, as well as budgetary prioritization and allocations of provincial, city and municipal governments, including issues or concerns that were beyond their authority and competence to address. The LPPMS was fully implemented from 1984 until it was discontinued in

1986 due to the belief that its value was already recognized in the local government decision-making process.

LPPMS was revived and enhanced in 1998. Another tool was designed in 2000 as a sequel to the LPPMS. This was the Citizens' Satisfaction Index System (CSIS), designed to measure client views on the extent and quality of basic and essential socio-economic and environmental management services. The CSIS was field-tested in several cities and municipalities nationwide.

Complementing the above-mentioned tools is the Local Development Watch System, which was designed a year later with funding assistance from the Australian Agency for International Development. Since sustainable development was the focus of DevWatch, the indicators crafted were mainly concerned with social well-being, economic prosperity and environmental health. This was field-tested in 36 cities and municipalities. It was implemented in selected local governments for quite sometimes.

Since the mentioned systems could not provide information on overall administrative capabilities and development conditions prevailing in an LGU and did not address the imperatives of effectively managing the information for development and change at the local level, another performance measurement system was developed. This system, the Local Governance Performance Management System, or LGPMS, is more exhaustive as it incorporated the evolving notion of governance.

The LGPMS is an online national information system on local governments. It is a self-assessment, management and development tool that enables local governments—provinces, cities and municipalities—to determine their strong and weak points in the delivery of essential public services. It is a web-based system that has the ability to produce information on the state of local governance performance, and the state of local development, using governance and development indicators.

The World Bank's study entitled, *A Decade of Measuring the Quality of Governance: Governance Matters* (Kaufman, 2006) is a literature closely related to the present study in that both are concerned with measuring the quality of governance. However, they differ in the sense that the World Bank study measures governance indicators of countries around the world for the period 1996-2006. In the present study, the author evaluates only the quality of governance in the local government of San Rafael for the period 2010-2012.

The World Bank Study used the Worldwide Governance Indicators Web Tool in measuring quality of governance covering the following: voice and accountability; political stability and lack of violence; quality of the regulatory framework; government effectiveness; corruption, rule of law, and corruption. On the other hand, this study used the Local Governance Performance Management System developed by the DILG taking into account the variables participation, transparency, and financial accountability in measuring governance.

Another literature (Mimicopoulos, 2007) presented the necessity of measuring governance since it is an essential component of the Millennium Development Goals [MDGs]. This study discussed the importance of evaluating governance and presented three ways on how to evaluate it: across countries, national and local level. This study focused only on the local level of evaluation. The former literature discussed the variables used in measuring governance which are efficiency, transparency and participation. These same variables are included in the LGPMS as governance indicators.

A study conducted by the Australian Center of Excellence for Local Government (Pillora & McKinlay, 2011) mentioned that the quality of governance may be divided into two components: the quality of life of citizens (and other stakeholders) and the level of conformity with governance principles. These two components are factored into the LGPMS tool as customer service and fundamentals of good governance.

In the study of the NGO Afesis-Corplan (2008), the core components of its good governance survey are the perceptions of local government elected representatives, officials, citizens as well as civil society formations. The survey dealt with the following areas: public participation and consultation; transparency; decision-making; disclosure; service delivery; corruption; and systems and structures. Likewise, the present study dealt with the perception of local government elected officials and administrators as they self-rate their performance based on the LGPMS tool.

Meanwhile, Lacho, Stearns, and Whelan (1991) stated that performance evaluation of local government is focused on two dimensions: management and fiscal. This is quite similar to the present study as both dimensions are considered in the LGPMS tool. The evaluation of the present study, however, spanned only a period of three years, 2009 to 2011 as compared to the former which considered a longer period of 2000-2012.

The thesis of Moodley (2003) is related to this present study in that both have implemented a

performance management system in the municipality. However, in the former study, 26 South African municipalities were taken as samples. On the contrary, the present study only considered one municipality, San Rafael, in looking into the effectiveness of the LGPMS in improving the performance of the LGU. The former study revealed that the introduction of the performance management system was not only practicable but also valuable in enhancing municipal performance in South Africa.

Another study by Sanderson (2002) explained that the development of performance management and evaluation in local government in the UK has been conditioned by external pressures, especially reforms imposed by central government, which have encouraged an ‘instrumental-managerial’ focus on performance measurement. The new Labor government’s program of ‘modernizing local government’ places considerable emphasis on performance review and evaluation as a

driver of continuous improvement in promoting best value.

In Tanaka’s (2009) study, the administrative evaluation for local governments has not been implemented yet but has been widely disseminated throughout local governments in Japan. Even in local governments in which the system has not been introduced, there are many cases in which preparation for its introduction or an examination of the possibility of introducing it are underway, making it almost certain that in the foreseeable future, the spread of the system will continue. However, in the long term, it is not possible to predict whether or not the system will become an accepted part of local government and whether or not it will be used. The difference of the former study with the present study is that the LGPMS has already been instituted and implemented in local governments throughout the Philippines.

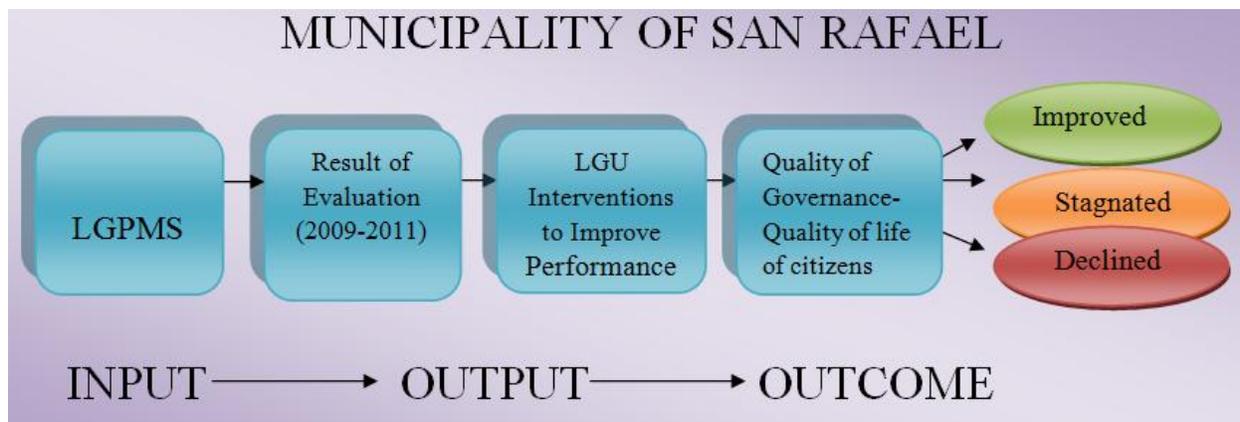


Fig. 1 Conceptual Framework

This study used the logic model (also known as a logical framework, theory of change, or program matrix), a tool created by Martin Quigley, to evaluate the effectiveness of a program. Since LGPMS is used to measure and evaluate the quality of governance of a certain LGU for purposes of effectively managing and improving performance, it is imperative to know if the tool is effective in bringing about change and addressing problem areas that were revealed in the LGPMS result.

Further, the framework looks into the state of local governance which is measured using governance indicators, either input or output, and the state of local development which is measured using development or outcome indicators. This is to emphasize that governance indicators are based on the LGU’s key responsibilities or on those areas which the local

government has direct control. On the other hand, development indicators are not necessarily within the control of the LGUs but are utilized to determine the development gaps where the local government, national government and other sectors of the society can work together in addressing development backlog. Information on the State of Local Governance Performance and the financial performance, which are both considered in LGPMS, are equally important inputs in managing LGU performance in local governance.

Since the system is not only concerned with measurement such as collecting data, analyzing variances, and reporting results but in managing LGU performance by developing action plans to close those gaps, the author sought to evaluate the effectiveness of the LGPMS in improving local governance by looking

into the result of the LGU's performance from 2009 to 2011.

II. OBJECTIVES OF THE STUDY

The main objective of the study is to determine if the LGPMS is effective in improving local governance in the Municipality of San Rafael. Specifically, this study aimed to compare the overall performance index of the Municipality of San Rafael from 2010-2012 to see if there are improvements; to determine if the LGPMS ratings affect the performance of San Rafael as a whole; and to find out if the weak areas pointed out by the LGPMS in previous years had been addressed in succeeding years.

Statement of the Problem

Since the LGPMS has been put in place primarily to boost the performance of local governments in order to serve the people better, the author aimed to answer this primary question: Is LGPMS effective in improving local governance in San Rafael?

In order to answer the primary question, the following sub-questions were developed:

1. What is the state of local governance performance in the Municipality of San Rafael from 2010-2012 based on the following areas:
 - A. Areas of governance
 - Administrative governance;
 - Social governance;
 - Economic governance;
 - Environmental governance;
 - B. Fundamentals of good governance
 - Participation
 - Transparency
 - Financial Accountability
2. Was there improvement in the LGPMS rating from 2010 to 2012? After three years of using LGPMS, which revealed the weaknesses and strengths of the San Rafael LGU, is governance situation improving or worsening in San Rafael?
3. What is the impact of the LGPMS in the lives of San Rafaelenos?

III. METHODS

Research Design

This study used the descriptive method utilizing longitudinal data. The quantitative method will be used in finding out if there is a marked increase in the score/rating of the LGU for three succeeding years.

Participants

The authors used San Rafael, a town in Bulacan, as the sample of the study. San Rafael is one of the agricultural towns of Bulacan composed of 34 barangays. It has an area of 16,525 hectares, which are mostly being cultivated for rice, corn and vegetable. The municipality has undergone a series of administrative reforms in the past years. From being second class, it has been reclassified into a first class municipality. The re-classification was made after the municipality earned an average annual income of P72.138 million as reflected in its financial statements for calendar years 2004-2007, as certified by the Commission on Audit. To be classified as a first class municipality, an LGU should have an average annual income of P55 million or more.

The town has been envisioned to be a character municipality. In fact, the municipality had garnered numerous awards, proving that San Rafaelenos are able to realize this vision, having shown considerable improvement in ways that are easily perceived by its constituents. During the 1st and 2nd quarters of 2011, it was awarded the Cleanest Town in the third district of the province. In the same year, it received the Seal of Good Housekeeping by being able to construct a new municipal building without having to borrow money from banks or from any lending institutions.

With this progress, it is important to measure development and examine if these improvements are brought about, partly or in whole, by the interventions made by the municipality in response to the weaknesses that have been pointed out by the LGPMS tool.

Instruments

An LGU self-assessment questionnaire crafted by the DILG was used as a research instrument. Each LGU has a designated team to answer the questionnaire online. They are given their username and password to access the online LGPMS and answer the questions. A 5-point scale (5, *excellent*; 4, *high but not excellent*; 3, *fair*; 2, *low*; and 1, *poor*) is used as basis for rating.

Procedure

Secondary data were collected from the website www.dilg.gov.ph under LPGMS reports. This website contains all governance performance data of towns, provinces and cities in the country to assess governance performance and state of local development and to link information to local and national decisions or actions to promote good governance and local development.

Data Analysis

Highlighted in the data presentation is San Rafael's performance in four (4) areas of governance: (1) Administrative Governance, (2) Social Governance, (3) Economic Governance, and (4) Environmental Governance. A special report is included to determine how the fundamentals of good governance such as participation, transparency, and financial accountability are valued in the LGU. The LGU's performance was assessed based on the responses of the LGU's Team to the questions provided into the LGPMS database. A Performance Scale is used to identify areas with excellent performance and areas for improvement. A perfect scale of 5 denotes excellent performance while performance scales of 1-4 indicate areas for improvement. Although scales of 3 and 4 are relatively high, there are areas which can still be improved on.

The author used Microsoft Excel in presenting the data in tabular form. After presenting each table, bar graphs were utilized for clarity. In interpreting the data, the author used the Interpretation Guide provided by the DILG in the LGPMS website. In the financial report, if the result falls short of the desired and exceptional performance category, the rating automatically falls under poor performance since it falls short of the target.

The statistical treatment used in the collected data is averaging since we only want to know if LGPMS is an effective tool in improving governance and the level of performance of LGUs, particularly the Municipality of San Rafael from 2010 to 2012. The LGPMS also recommends ways on how to improve performance in weak areas. If weak areas in previous performance rating periods improved the following year, it means the tool has been effective in measuring and managing LGU performance. Improved LGU performance means improved delivery of basic services and improved quality of life of the people as well.

IV. RESULTS

The following are the results of the rating of the Municipality of San Rafael for each governance category from the year 2010-2012. Data for each category are presented below, noting the changes in the rating for each year evaluated.

Table 1 shows that although the governance performance of the Municipality of San Rafael for three rating periods did not go below 4 (*high*), the overall governance mean rating nevertheless improved from 4.60 in 2010 to 4.64 in 2011 and 2012. Although the

mean scores did not increase from 2011 and 2012, it however maintained its 4.64 rating.

Table 1. Governance Performance of the Municipality of San Rafael for the Period 2010-2012

Areas of Governance	2010	2011	2012
Administrative Governance			
Local Legislation	3.59	2.89	3.81
Development Planning	5.00	5.00	5.00
Revenue Generation	3.93	4.00	3.26
Resource Allocation and Utilization	3.96	2.92	3.00
Customer Service - Civil Applications	5.00	5.00	5.00
Human Resource Management and Development	5.00	5.00	5.00
Mean	4.41	4.14	4.18
Economic Governance			
Support to Agriculture Sector	4.57	4.86	4.95
Support to Fishery Services			
Enterprise, Business and Industry Promotion	4.61	5.00	4.61
Mean	4.59	4.93	4.78
Social Governance			
Health Services	5.00	5.00	4.68
Support to Education Services	5.00	5.00	5.00
Support to Housing and Basic Utilities	3.40	5.00	5.00
Peace, Security and Disaster Risk Management	4.60	5.00	4.75
Mean	4.50	5.00	4.86
Environmental Governance			
Forest Ecosystems Management	5.00		
Freshwater Ecosystems Management	5.00		5.00
Urban Ecosystems Management	4.25	4.50	4.50
Mean	4.75	4.50	4.75
Valuing Fundamentals of Governance			
Participation	4.33	4.00	4.00
Transparency	4.87	4.87	4.87
Financial Accountability	5.00	5.00	4.92
Mean	4.73	4.62	4.60
Overall Governance Mean	4.60	4.64	4.64

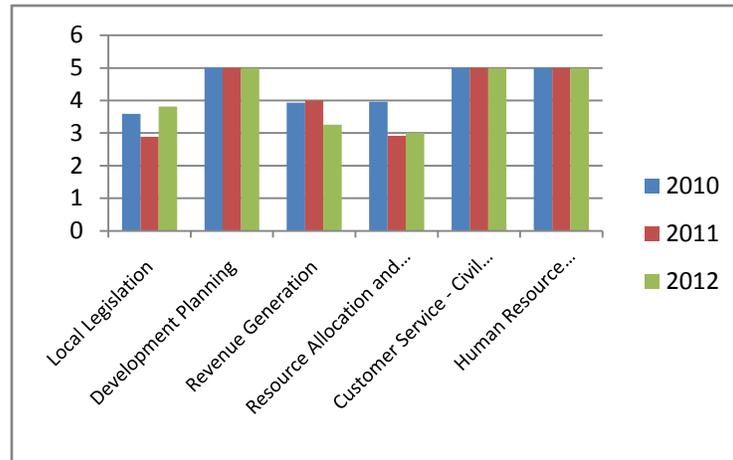


Figure 1. Administrative Governance Performance from 2010-2012.

Figure 1 shows that under administrative governance, development planning, customer service-civil applications and human resource management and development consistently receive high ratings for three consecutive years. Two other components—revenue generation and resource allocation and utilization—declined while local legislation dropped in 2011 but was able to recover in 2012.

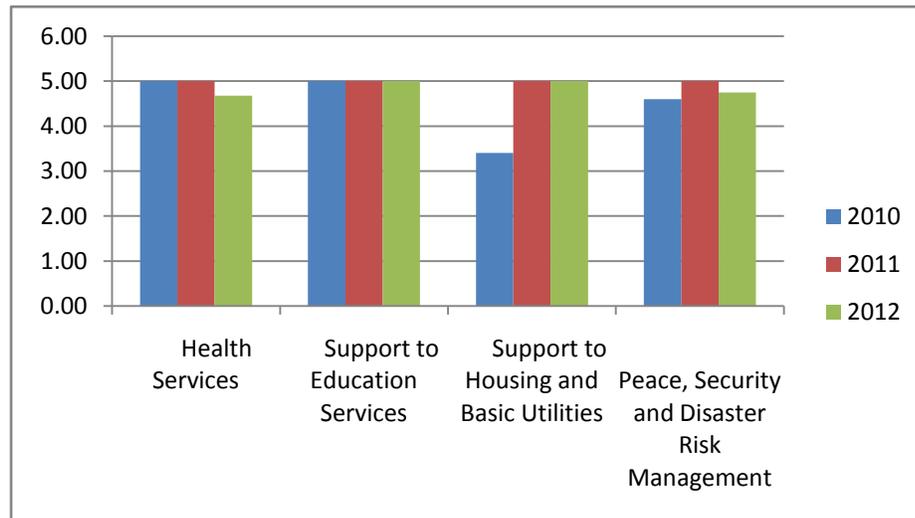


Figure 2. Economic Governance Performance

Figure 2. Economic Governance of the municipality for the period 2010-2012 showing an improvement from 2010 and 2011 but a decline from 2011 to 2012. However, there is still a marked improvement from the 2010 rating of 4.59 to 2012 rating of 4.78.

Social Governance

Social Governance looks into four areas: health services, support to education services, support to housing and basic utilities, and peace, security and disaster risk management. San Rafael’s performance in each area of Social Governance is plotted in the graph below.

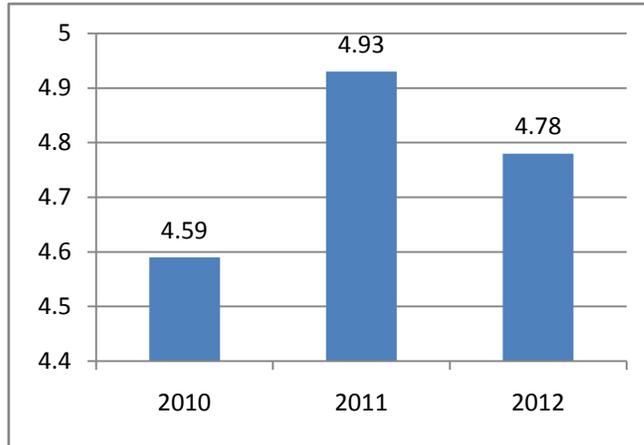


Figure 4. Graph showing the components of social governance.

It may be noted that only the component, support to education services maintained its excellent rating of 5 while support to housing and basic utilities improved its performance significantly from 2010 at 3.40 to 2011 and 2012 at 5 (*excellent*). Overall, the 4.50 rating in 2010 improved in 2011 at 5 and slightly went down to 4.86 in 2012. This shows that the municipality tried to improve their social governance score in 2011 but its efforts were not sustained as evidenced by the decline in the rating in 2012.

Environmental Governance

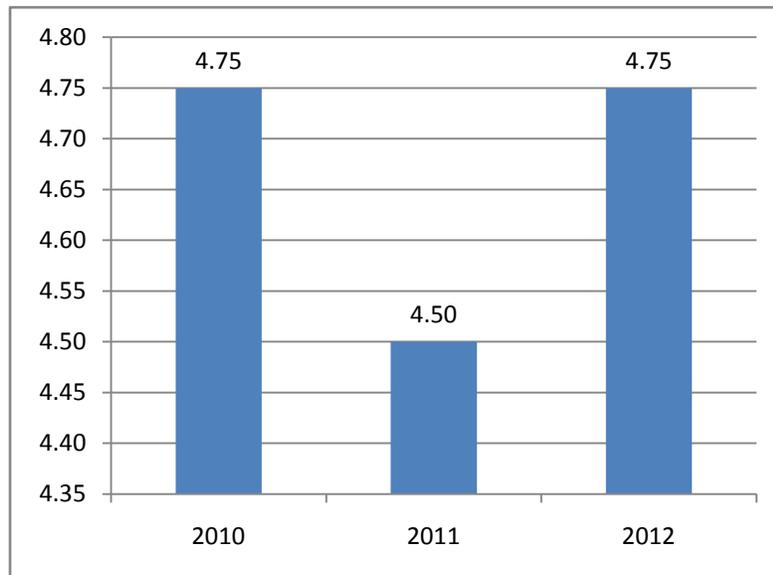


Figure 5. Environmental Governance from 2010-2012

From 2010 to 2011, environmental governance dipped from 4.75 to 4.50. However, it was able to regain points in 2012 maintaining its 2010 rating of 4.75. Here we can see the ability of LGPMS in pointing out the weak area of governance and the response of the municipality to increase or regain the points it lost in the previous year.

Valuing Fundamentals of Governance

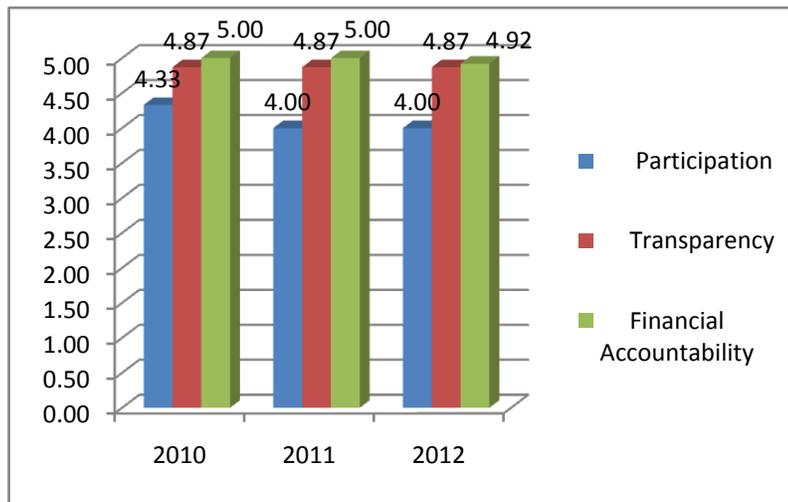


Figure 6. Graph showing the components of Valuing fundamentals of governance—participation, transparency, and financial accountability—from 2010-2012.

Figure 6 illustrates how the municipality values the elements of good governance. It is highest in financial accountability and transparency while participation is the lowest. The rating in financial accountability is supported by the Seal of Good Housekeeping Award the municipality received in 2011. The award is given to LGUs that attain minimum governance standards. In the initial phase of the program, LGUs must meet two standards to be conferred with the Seal of Good Housekeeping. First, the LGU must comply with full disclosure policy by posting budgetary documents online and in their bulletin boards. Second, the LGU must have no serious negative findings in its annual audit report published by the Commission on Audit.

In summary, only economic governance and social governance showed increased rating during the period 2010 to 2012. Although administrative governance, environmental governance and valuing fundamentals of governance showed marked improvements in 2010, they were not able to sustain the upward climb as they lost points in 2011. Economic governance and social governance increased steadily from 2010-2012.

It is worthy to note that social governance received excellent performance with a rating of 5, the highest score received in all five areas of governance. The health services received the highest score of 5 under this category, pulling up the score of social governance.

V. DISCUSSION

The country is fortunate to have in place a local governance performance management system

throughout the country. While other countries are still trying to look for an effective way to measure and assess the quality of governance in their respective local governments, the Philippines has already developed, implemented and established one. Performance measurement is a necessary ingredient to help strengthen and build institutions, including that of the LGUs. According to Sir William Thomas Kelvin, if you cannot measure it, you cannot improve it.

Local governance performance in San Rafael, based on the consolidated data generated by the LGPMS, is improving as shown in Figure 1. The municipality is weak in administrative governance and strong in economic governance and in valuing fundamentals of good governance specifically in financial accountability (Figure 7). As evidence of its sound economic governance, San Rafael received the Seal of Good Housekeeping Award in 2011 for its good performance. The Seal of Good Housekeeping for Local Governments (Seal or SGHK) is an assessment focused on sound fiscal management, transparent and accountable governance, valuing of performance management, and general impressions on the local government. It also looks into local legislation, development planning, revenue generation, resource allocation and utilization, customer service - civil applications, human resource management and development, participation, transparency and financial accountability. The Seal paved the way for San Rafael to access the Performance Challenge Fund, a grant

given to local governments to finance development projects.

Because of its ability to point out weak governance areas, the LGU is able to focus on those areas and implement policies and programs to improve them. Results of the study showed that low ratings in certain component areas like administrative governance and valuing fundamentals of governance which improved the following year. The LGPMS recommended the areas to be a top priority for improvement. As a result, San Rafael was able to improve the rating the following year.

LGPMS is an effective tool in encouraging LGUs to improve their performance. From 2010-2012, the state of local governance overall performance index of the Municipality of San Rafael steadily increased, from 4.52 in 2010, 4.64 in 2010 and 4.64 in 2012 (Figure 1). From this, we can say that governance situation is improving in San Rafael based on the result of the LGPMS.

VI. CONCLUSIONS

The LGPMS is an effective performance measurement and management tool in LGUs, specifically in the Municipality of San Rafael. It is comprehensive in its performance indicators, taking into consideration the elements of good governance in its criteria for rating. It can effectively monitor and evaluate developments and point out the strengths and weaknesses of a municipality. It also provides a clear picture on the overall prevailing situation of a municipality that will help the government, policy makers, government planners, and the LGU itself to plan and implement developmental changes. With the system, one can effectively compare the past and present performances and make preparations on where to focus its effort in the future to achieve developments/improvements.

On a national level, the LGPMS can provide information on which LGUs deserve more urgent attention and intervention than others depending upon the data of each municipality, province, city and the whole nation. The system can also easily rank the performance of each LGU and classify them according to high performers, low performers and non-performs. The ratings and eventual ranking of LGUs help the department in providing incentives and awards and performance grants to high performing LGUs like the Gawad Pamana ng Lahi and the Seal of Good Housekeeping, which the Municipality of San Rafael is

a recipient and the newest award, the Seal of Good Local Governance.

Generally, results of the LGPMS may also be used in reclassifying LGUs, evaluate the performance of high performers, replicate their practices among low performing LGUs, and help the others reach the level of performance that they have.

While LGPMS has successfully chronicled the performance and development levels of LGUs, it still acknowledges that there are still many continuing challenges in the country's local governance system for LGPMS to be content with its present usefulness. Hence, the LGPMS should continuously undergo improvements and adapt itself to the ever evolving concept of local governance in order to retain its effectiveness in improving the local performance of the LGU.

VII. RECOMMENDATIONS

It is recommended that a regular and timely rating may be conducted for each LGU and posted to the DILG website promptly to provide real-time data for researchers. A representative of each stakeholder in the LGU be included in the team that gives rating to the LGU to get the point of view of everyone involved and to avoid bias. A comparative study on high performing LGUs be conducted as a follow-up study. Find out their best practices and recommend that these practices be adopted by low performing LGUs to improve their performance. A study using data from LGPMS be conducted per municipality, province, region and the whole nation to see the whole state of governance performance in the whole country.

REFERENCES

- Afesis-Corplan and GTZ (2008). *An Introductory Guide to Conducting Good Governance Surveys*. Department of Interior and Local Government (2009). *Local Governance performance management system: Simple measures, great results*. Retrieved from <http://www.blgs.gov.ph/lgpmv2/cms/home/index.php?pageID=3&childFlag=1>
- Kaufmann, D., Reccatini, F., & Biletsky, S. (2002). *Assessing governance: Diagnostic tools applied methods for capacity building and action learning*. Retrieved from <http://www.worldbank.org/wbi/governance>

- Kaufman, D. (2006). *A decade of measuring the quality of governance: Governance matters*. Washington D.C.: World Bank.
- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2005). *Measuring governance using cross-country perceptions data*. Washington D.C.: The World Bank
- Lacho, K., Stearns, K. & Whelan, R. (1991). Performance appraisal in local government: A current update. Public productivity and management review vol. XIV no. 3. Retrieved from <http://www.jstor.org/discover/10.2307/3380738?uid=3738824&uid=2129&uid=2&uid=70&uid=4&sid=21102780965697>
- Mimicopoulos, M. (2007). *Public governance indicators: A literature review*. New York: United Nations.
- Pillora, S., & McKinlay, P. (2011). Local Government and Community Governance: A Literature Review. The Australian Government's Overseas Aid Program (AusAID) (2000). Good Governance: Guiding Principles for Implementation.
- World Bank (2012). Country Data Report for Philippines, 1996-2012. Retrieved from info.worldbank.org/governance/wgi/pdf/c175.pdf