The Performance Governance System

Impact, Methodology, and Replication

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The Institute for Solidarity in Asia (ISA) is a non-government, non-profit organization whose core advocacy is promoting governance, economic and organizational reform through public-private partnership. This advocacy is carried out through the installation of a transparent, performance-based governance system.

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ABSTRACT

Since 2004, the Center for International Private Enterprise (CIPE) has worked with the Institute for Solidarity in Asia (ISA) to develop and promote ISA’s performance governance system (PGS) as a management tool for local governments in the Philippines. When a city adopts the PGS – an adaptation of a management evaluation tool developed by Dr. David P. Norton, Director of Palladium Consulting, and Dr. Robert K. Norton, Professor at Harvard Business School – city government officials work with broad-based community groups to design specific public policy goals, develop an action plan to accomplish them, and implement performance metrics by which to measure progress. The system requires a city to implement a series of reforms that fundamentally transform its policymaking process and its bureaucratic structure, and city staff must complete a rigorous training regimen.

In early 2005, eight Philippine cities became the first local governments to adopt the public governance system. By late 2009, over 40 local governments were working with ISA, along with more than a dozen national public agencies and civil society groups. While progress has not been uniform, the positive impacts are clear for those cities that are successfully implementing the PGS. For example, several cities are now generating significantly more local revenue, enabling them to both reduce their financial dependence on the central government and to make additional investments in their communities. One city increased the volume of resources mobilized through public-private partnerships by nearly seven-fold, and the length of time required to register a business was cut from two weeks to two hours. In another city, property tax collection rates improved from the city’s historical average of around 10 percent to nearly 70 percent.

Such improvements in public governance are, in large part, made possible by the systems and practices introduced by the PGS and the enhanced capacity of local institutions developed through ISA training. Moreover, by institutionalizing the input of community groups and business associations in the policymaking process of local governments, this project encourages democratic participation by citizens and private sector organizations. This, in turn, strengthens the incentives of public officials to improve transparency, to foster economic growth and to improve the quality and reliability of public services.

“For democracy to deliver,” explains Dr. John D. Sullivan, Executive Director of the Center for International Private Enterprise, “local government has to perform.” This project’s success gives reason to hope that reform can take hold in the Philippines.
INTRODUCTION

Public Governance in the Philippines

The need for improved public governance at the local level is pressing in the Philippines, as decentralized service delivery has been a policy priority of successive governments. Several presidential decrees from the autocratic Marcos government laid out an institutional groundwork for decentralization. After the fall of the Marcos regime, the country’s new 1987 Constitution embraced decentralization and local government autonomy. In 1991, the country’s local government code mandated that decision-making power be redistributed to local governments.

However, while local governments in the Philippines are tasked with bearing much of the burden of public administration and service provision, the vast majority of localities are unable to effectively do so. The redistribution of responsibility was not accompanied by improvements in local government capacity. It comes as little surprise that despite increased public revenues on the part of the central Philippine government, the quality and reliability of public services across the country have remained static, corruption continues to fester, and the performance of public bureaucracies has actually regressed in many areas.

Problems related to corruption and poor government performance seem to be worsening. In the 2008 Governance Indicators by the World Bank Institute, the Philippines ranked in the 26 percentile globally in “control of corruption”, down from the 34 percentile in 2005, the 36 percentile in 2003, and the 41 percentile in 1998. Of the ten largest East Asian economies, only Vietnam had a lower score than the Philippines in the 2008 report.

The Corruption Perceptions Index from Transparency International (TI) paints a similar picture, with the Philippines ranked 141 in the world in 2008, down from 131 in 2007, 121 in 2006, and 117 in 2005. Furthermore, in its 2007 Global Corruption Barometer, TI reported that 32 percent of Philippine households had to pay a bribe in order to obtain public services over the previous year, compared to the Asian average of 22 percent, and a staggering 79 percent of Philippine households believed the problem of corruption would worsen over the next three years, the second-highest figure in all of Asia behind only India (90 percent). Congressman Joey Salceda, an economic adviser to President Arroyo, claimed that corruption in revenue-generating agencies “remains the single biggest stumbling block to economic development and is the principal root cause of income inequality.”

According to a recent Global Competitiveness Report by the World Economic Forum, the four issues most often cited by firms as the most problematic factors for doing business in the Philippines relate to government performance: corruption, inefficient public bureaucracies, inadequate infrastructure, and policy instability. This same study ranked the Philippines 123 out of 134 countries in “public trust of politicians” and 92 in “protection of property rights.” With a legacy of popular uprisings and reversions to authoritarianism, this lingering issue of political illegitimacy could imperil the country’s political and economic stability.

In order for the Philippines to make substantial progress in education and poverty reduction and to share the benefits of national economic growth with multinational corporations and small-scale businesses alike, the performance, reliability and political accountability of local governments must improve. As such, improving public governance at the local level is vital to the continued maturation and consolidation of democratic principles.

At the forefront of the effort to address these governance problems is the Institute for Solidarity in Asia (ISA). An independent non-profit and non-partisan advocacy organization founded and chaired by Dr. Jesus Estanislao, a former Finance Secretary in the administration of President Corazon Aquino, ISA is dedicated to improving governance practices in local governments, civil society groups and public agencies. The principal mechanism through which ISA reforms its partner organizations and local governments is the performance governance system.
PERFORMANCE GOVERNANCE SYSTEM

The performance governance system (PGS) is a rigorous accreditation program based on the methodology of the Balanced Scorecard approach, a management reform and evaluation tool developed by a management consultant and a professor at Harvard Business School. The Balanced Scorecard process translates organizational strategy into concrete and quantifiable outcomes by measuring whether the operational activities of an organization are aligned with its larger-scale and longer-term objectives and strategies. By measuring not only the financial outcomes of an organization but also the operational and developmental drivers, the Balanced Scorecard helps provide a more comprehensive understanding of an organization, with the ultimate aim of translating organizational strategy into concrete and quantifiable measures.

This approach has been widely implemented in the private sector and is increasingly being used in the public sector, by, for example, a number of cities across the United States. In 2006, the Center for International Private Enterprise (CIPE) arranged for a delegation of Philippine mayors to visit cities such as Charlotte, North Carolina and Austin, Texas to observe how these cities had successfully implemented the Balanced Scorecard methodology to improve municipal performance. In 2004, CIPE began working with the Institute for Solidarity in Asia (ISA) to apply this approach to local governments in the Philippines, creating the performance governance system.¹

The PGS pathway is unique for each organization, and each stage involves training programs – led by ISA experts – that are progressively more advanced and more technical in content. When an organization completes the final stage, it becomes “institutionalized” (or “ISA accredited”). This involves not only the completion of all required training programs, but also the realization of the goals outlined by the organization at the onset of its pathway. The governance reform process as envisioned by CIPE and ISA requires a clear commitment from a city’s political leadership to establish the PGS as the city’s overarching policy and governance framework. Additionally, with the foundational idea that governance is a shared responsibility of public officials and private citizens, CIPE and ISA designed a process wherein community and business input is a core component of local policymaking processes.

As mentioned above, when a city adopts the system, government officials and a community consultative group – including representatives from business, labor, professional organizations, youth groups, and academia – design the city’s “scorecard” which consists of specific public policy goals, an action plan to accomplish them, and performance metrics by which to measure progress. Requiring formal adoption by a city’s chief executive and legislative body, a city’s scorecard becomes a locally-owned initiative. Progress towards these locally-designed objectives is charted on a scorecard using metrics customized for each locality. There are four stages of the accreditation process (known as the “PGS pathway”), usually taking four to six years to complete: initiation, compliance, proficiency, and institutionalization.

1) A city is certified as having been initiated when it completes the first stage of the PGS. The core requirement of this first stage is for the city to set up its community consultative group and corresponding city planning team, and for

¹ ISA recently developed a “Philippines 2030” plan to use the Balanced Scorecard approach to strengthen Philippine democracy. For more on the program, see “A Bottom-Up Approach to National Governance,” The Balance Scorecard Report, (Harvard Business Publishing, March-April 2010).
these bodies to jointly form a long-term strategic plan, or “scorecard.”

2) A city reaches compliance when ISA determines that the city’s bureaucratic departments, activities and budget allocations are aligned with the long-term objectives laid out in the city’s PGS scorecard.

3) Upon completion of the third stage, ISA certifies a city as proficient. To achieve this, the city must be recognized by ISA to be performing in relation to its specified targets, to have an office in charge of strategy execution, and to be using the scorecard as the framework for its public reporting.

4) Finally, ISA certifies a city as having institutionalized the PGS when the city demonstrates dramatic, sustainable achievement in one or more of the areas specified in the city’s scorecard, and when this scorecard is used to assess individual, departmental and city-wide performance.

Public accountability is built into the PGS process at multiple stages and in several ways:

- A city’s political leaders must formally and publicly pledge to measurably improve governance standards, thereby tying reputations (and future electoral prospects) to actual performance.

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**THE PGS PATHWAY**

- **INSTITUTIONALIZED**
  - Linkage to Individual Performance
  - Duration: 6 months to 1 year

- **PROFICIENT**
  - Mechanisms to Report Strategy
  - Duration: 6 months to 1 year

- **COMPLIANT**
  - Alignment of Organization and Resources
  - Duration: 6 months to 1 year

- **INITIATED**
  - Road Map, Scorecard, Governance Coalition
  - Duration: 6 months

Each stage involves progressively more advanced and more technical training programs. To progress to a higher stage, a city must meet specific performance targets.
• Reporting and communication systems that a city must adopt allow citizens to monitor progress and to verify if policy commitments are honored.

• Formal platforms for citizen, civil sector and business input ensconce their participation in the policymaking process.

• CIPE and ISA bolster political incentives by publicly recognizing political officials from especially high-performing cities.

From early 2005 to late 2009, the total number of Philippine organizations – including local governments (cities and provinces), national public agencies and civil society groups – working with ISA on a PGS initiative grew from eight to more than 60. While some of these ISA partners encountered some difficulty in implementing the process, improvements in financial management and administrative capacity have been remarkable. The impact of this improved performance is reflected by improved public services and community living standards. See the section on “Impact of the PGS” for more detail.

To understand how ISA’s program can bring about such impressive results, and to understand why some local governments struggle with their initiatives, one must understand the technical components of the PGS. ISA’s public governance system is a highly complex process. The inherent complexity and difficulty of the system, and the sweeping organizational reforms it requires, makes clear the need for an unwavering commitment to the program on the part of senior political leadership.

**THE PGS METHOD**

As described above, the public governance system is a rigorous accreditation program divided into four distinct stages. To complete one stage and graduate to the next, a city must meet specific performance targets, as verified by ISA inspectors. When a city completes the final stage, it is certified as being “institutionalized.” Each stage of a city’s PGS pathway involves training programs that are progressively more advanced and more technical in content. Of course, the following is merely intended to be a rough outline of a city’s progress. A fundamental advantage of the public governance system is that it is not a “cookie cutter” approach to public governance reform; rather, it is designed and intended to be flexible, as no two cities face the exact same array of challenges.

**Initiation – The First Stage of the PGS**

The first step of a city’s pathway is the formation of a technical working group, typically made up from four to six staff members from the city’s planning and development office appointed by the mayor. The technical working group, which reports directly to the mayor and city council, is the administrator and manager of the city’s PGS process. In later stages, it becomes a formal government agency known as the Office of Strategy Management. ISA works with this newly-formed working group, along with the mayor and city council, to organize a community consultative council made up of representatives from local business groups, local church leaders, local media outlets, non-governmental organizations and a variety of community organizations. Once established, this broad based community group acts as a private sector counterpart to city hall.

The city’s technical working group, together with the community consultative council, work to design the city’s scorecard, which consists of specific long-term public policy goals for the city, an action plan to accomplish them, and quantifiable metrics by which progress toward these goals can be measured. The community council is charged with identifying the core strategies and objectives around which the scorecard is designed. These objectives should be broad and conceptual in nature. For example, one of the strategic goals identified by the community council of Naga City is to reduce instances of poverty to 50 percent of the national average; the city of Balanga aspires to become a regional hub” for higher education and research; and the city of San Ferndando wanted to establish itself as the most business friendly city in northern Luzon. The technical working group
then lays out strategies, action plans and performance benchmarks. In other words, the community council determines “where we want to be” while the city’s technical working group determines “how we can get there.” Both groups must approve of the final PGS scorecard for the process to move forward.

Throughout the process, ISA guides and facilitates the scorecard development. It conducts a series of orientation sessions and training workshops for the technical working group and the community council. ISA also works with senior city staff to conduct an exhaustive review of existing city programs. This review helps to avoid duplication of effort and incorporates lessons learned from previous strategic reviews and reforms.

A fundamental advantage of the public governance system is that it is not a “cookie cutter” approach to public governance reform; rather, it is designed and intended to be flexible.

For a city to complete this first stage of the PGS and be certified as initiated, ISA must approve the city’s PGS scorecard and be satisfied with the capabilities of the technical working group and the community council. When the city’s political leadership formally establish the scorecard as the city’s paramount strategic framework, the initiation stage is completed.

Compliance – The Second Stage

When the city council adopts the PGS scorecard through a formal resolution, and when this legislation is signed by the mayor, the city’s scorecard becomes the overarching policy framework into which all city programs must fit and by which all city expenditures must be justified. In other words, when city staff and department heads plan their activities and request their budgets, they must design their activities so that they contribute to the realization of the objectives laid out in the PGS scorecard. When senior officials and budget staff evaluate city activities, they give funding priority to those activities that best advance the city towards the performance benchmarks laid out in the scorecard.

However, the policy goals and action plans laid out by the scorecard often involve the work of multiple city departments and agencies. As such, the city’s existing bureaucratic structure and budgeting methodology often do not reflect its newly adopted long-term strategy. Moving forward, if city activities and spending are to reflect this new long-term strategy, the city’s bureaucratic “stovepipes” must be broken down and all departmental projects, priorities, budgets and performance metrics must be aligned with the policy goals laid out in the scorecard. This is the focus of the second stage of the PGS – the compliance stage – in which the ISA links outputs with organizational strategy. To complete this stage, ISA must certify that the city’s bureaucratic departments, activities and budget allocations are aligned with the long-term objectives laid out in the city’s scorecard.

This stage of the PGS involves two complimentary processes: financial and budgetary instruction and realignment, and bureaucratic and departmental coordination and realignment. In most cases, the first step is for the city’s finance staff to gather and organize the city’s financial records from the previous five years along with its budget forecasts. (This can be a difficult undertaking in many localities and is often a valuable training exercise in and of itself.) ISA staff and consultants then work with city officials to identify weaknesses in the city’s financial management and to construct a financial model oriented towards the long-term strategies and objectives of the scorecard. Complimentary training workshops on financial management are also designed and scheduled. These training sessions – led by ISA experts – are conducted throughout this process.

At these workshops, city planning and finance staff members learn about modern and effective methods for analyzing and modeling revenue streams, evaluating expenditure impacts, project analysis, reporting and forecasting. Participants also learn about credit markets, modern budget and financial management software, investment-friendly tax codes and regulations, and how to maximize opportunities for public-private partnerships. Instruction is also given on how to categorize and assign metrics to different stages of each strategic objective.
Over the course of this process, city staff members outline the potential impacts, both social and financial, of each proposed project. They also analyze how each project is connected to the strategic plan laid out in the city’s PGS scorecard, and how they might take shape most effectively. The desired output of this process is a comprehensive financial model for the city that contains a multi-year budget in which future revenue forecasts are accompanied by a portfolio of specific projects required to move towards its long-term objectives.

This process of reforming and realigning the city’s finances unfolds alongside a complementary process of reforming and realigning the city’s organizational structure, with outputs from one process frequently serving as inputs for the other. To begin the process of melding existing activities and bureaucracies with the strategic objectives laid out in the city’s scorecard, a council is formed that brings together the heads of relevant departments and key finance and planning staff. This council is introduced to the city-wide scorecard and strategic plan, and the department heads collectively design separate scorecards tailored to each participating department. These “second level scorecards” break down long-term, city-wide strategies and goals into shorter-term, manageable projects and milestones. Moreover, because the design of each departmental scorecard is a collaborative effort of all relevant department heads, this process facilitates information sharing and inter-departmental communication. ISA usually conducts several training and orientation sessions to facilitate this effort.

The individual department leaders present their respective scorecards to their senior staff, who fill in additional detail. Because most of the city’s longer-term goals pertain to the work of multiple city departments and agencies, staff from one department are forced to coordinate with staff from other departments as they work to refine their respective scorecards. In this way, the city’s newly adopted long-term strategy is communicated downward through the bureaucracy, allowing the PGS scorecard and strategy map to become operationalized in a gradual manner.

Following a review by the city’s technical working group, these second level scorecards, which contain prioritized projects, are merged with the financial model produced by the city’s finance staff. ISA certifies a city as “compliant” – meaning it has completed the second stage of the PGS – when it verifies that the city’s bureaucratic departments, activities and budget allocations are aligned with the long-term objectives laid out in the city’s PGS scorecard. To determine this, ISA audits the city’s second level scorecards, draft budgets and project portfolio.

Proficiency – The Third Stage

At this point, the city’s scorecard, which lays out the city’s desired long-term policy outcomes and the strategic plan to achieve them, has been fully installed as the overarching strategic framework that is to guide future city activities and spending. In other words, the path down which the city must travel is clearly defined. The city must now shift its focus from strategy implementation to strategy execution. In the third stage of the PGS – the proficiency stage – ISA helps the city to begin executing the strategic plan laid out in the scorecard.

In most cases, one of the first steps of this stage is the passage of a city council resolution that establishes a new public agency called the office of strategy management (OSM), which takes the place of the technical working group. The core staff of the OSM are usually taken from the now disbanded technical working group. The OSM has its own budget, is
not part of any other city department, and reports directly to the mayor and city council.

The OSM works with other city agencies and departments to conduct two types of regular oversight reviews: operational reviews and strategic reviews. The OSM also works with city finance staff to orient city reporting and public communications around the goals and strategies laid out in the scorecard.

Operational reviews occur frequently (at least once per month). Their aim is to monitor day-to-day progress towards the performance benchmarks laid out in the city’s PGS scorecard. The issues addressed in these operational reviews include data tracking and secondary scorecard monitoring. ISA helps the OSM and various city departments to shift the focus of their activity reports towards actual outcomes, as opposed to outputs. This means that departmental reports and communications do not merely describe what the departments did, but rather, they go further to describe what they accomplished. These operational reviews also provide forums wherein lessons learned in one department can be communicated to other offices.

Strategic reviews occur less frequently (usually once per quarter), and their goal is to compare projected results with actual results and to examine the causal relationships that underlie the actual results. Based on the actual outcomes the city has achieved, long-term goals and strategies are re-evaluated and refined. These strategic reviews incorporate the data gathered during operational reviews. Throughout this process, ISA conducts training sessions on impact analysis, feedback mechanisms and performance auditing.

To complete the third stage of the PGS pathway and be recognized as “proficient,” ISA must certify that the city is performing in relation to its goals laid out in its PGS scorecard. Additionally, the city must have an independent office in charge of strategy execution (the OSM), and it must be using the scorecard as the framework for its public reporting. Now that the city is executing its PGS strategy, it must now determine what it is accomplishing.

Institutionalization – The Final Stage of the PGS

A fundamental objective of the system is to orient the focus of city leaders, staff and institutions toward results and outcomes as opposed to activities and outputs. The final stage of the PGS process requires a city to demonstrate dramatic achievement in one or more of the areas specified in its scorecard, and to demonstrate that this higher-level performance is sustainable. Only then does ISA certify a local government as being institutionalized.

When this status is formally conferred, the locality has completed its PGS pathway and is fully ISA accredited. The first two partner cities to reach this level did so in September 2009, and ISA intends to maintain its partnership with these localities and to use them as mentors for other ISA partners. Because a city’s scorecard is a long-term plan of action, ISA will continue to work with institutionalized partners to help them continue their progress towards the goals laid out in their scorecard.

By demonstrating dramatic and sustainable achievements – what ISA calls “breakthrough results” – the locality documents improved performance, and proves that its reporting systems and performance monitoring mechanisms truly reflect the strategic framework laid out in its PGS scorecard. The city also proves that it is able to assess and measure the actual social and/or economic impacts of city activities. At this point, the local government has become a results-focused and strategy-driven organization, and the citizens and communities served by the locality are beginning to feel the benefits of improved public governance.

IMPACT OF THE PGS

Some local governments require more time and ISA education than others in order to progress
through their PGS pathways. In all cases, those localities that successfully implement their PGS programs, even those that struggle at various stages of the process, display significant improvements in performance. The positive impacts of stronger public governance ripple down to those communities that participating local authorities serve. A major focus of the PGS, and of the ISA instruction that accompanies it, is financial management. Developing improved financial management systems and stronger fiscal capacities is a common motivation for organizations that partner with ISA.

San Fernando, a city of approximately 250,000 in Pampanga province on the northern edge of Manila Bay, was one of the earliest cities to adopt ISA’s public governance system. One of San Fernando’s primary aims was improved public financial management. City leaders desired this as a way of reducing the city’s dependence on the Internal Revenue Allotment (IRA – fiscal transfers from the central government to local governments). Community groups wanted to generate more local revenue, which would permit additional local government investments in education, public health and other services. Local business groups believed that a more fiscally sound and financially capable local government would be a genuine partner to business, as opposed to a bureaucratic and regulatory obstacle that businesses must overcome and a source of corruption that businesses must avoid. Attracting new private investment and creating more opportunities for public-private partnerships was a shared goal for city officials and the local business community.

From 2005 to 2009, the share of the annual San Fernando city budget from the IRA fell from 53 percent to 49 percent, and the rate of local revenue growth over the base year of 2005 steadily improved from 11 percent in 2006 to 29 percent in 2008. The volume of resources mobilized through public-private partnerships in San Fernando rose from 19 million Philippine pesos (PHP) to nearly 150 million PHP, and the length of time required to register a business fell from two weeks in 2005 to two hours in 2009. This growth in the city’s own-source revenue contributed to the doubling of city spending on elementary education.

In February 2009, San Fernando received the Galing Pook (“Great Place”) Award from President Gloria Arroyo at a ceremony at the Malacañang Presidential Palace. The city’s PGS was lauded as an innovative local governance program that led to the city being named the “Most Business-Friendly City in North Luzon.”

Iloilo, a city of over 1.5 million in the central Visayan islands, was among the first cities to adopt the PGS in early 2005. Their share of the annual city budget coming from the IRA fell from 40 percent in 2005 to 36 percent in 2009, despite large increases in the IRA. Over the same period, the city reduced the time required to process business licenses by 86 percent. This healthier economic environment contributed to a quadrupling of the city’s manufacturing output. Additionally, the average score of Iloilo public schools on the national achievement test increased by over 20 percent.

In Marikina, a city of approximately 475,000 just outside Manila, the share of the annual city budget from the IRA fell from 35 percent in 2005 to 33 percent in 2009, despite large increases in the IRA. Improved city finances are permitting more aggressive environmental stewardship policies, such as a new policy to plant 1,000 new trees every year and the construction/renovation of five water treatment facilities.

San Fernando, Iloilo and Marikina are among ISA’s top performing partner cities, and their progress through their respective PGS pathways was more rapid than most. Even in those localities that require more time and assistance, the system can bring about significant improvements in local government performance. For example, in Calbayog, a small rural city in one of the least developed regions of the Philippines, property tax collection rates improved from the city’s historical average of around 10 percent to nearly 70 percent by 2009. This dramatic improvement was largely the result of automation systems introduced in 2006, which was a requirement of the PGS, and ISA instruction on the usage of these systems. Calbayog was also an initial ISA partner city, but it progressed more slowly through its PGS pathway, reaching the third – or “Proficient” – stage two years later than other
cities. Calbayog, along with many other ISA partner organizations, encountered difficulty in its efforts to reform its internal bureaucratic structure.

This highly complex process of re-orienting local government bureaucracy is a central component of the system. Many of ISA’s partners, especially its public sector partners, have great difficulty with this element of their pathways; some have required several years to complete it. Others encounter similar difficulties with other elements of their PGS pathways.

If a local government is to successfully progress through ISA’s program, it must implement a series of reforms that fundamentally transform its policymaking processes, its strategic framework, and its bureaucratic structure. Additionally, its staff must complete a rigorous training regimen. The inherent challenges that an organization must overcome in order to successfully progress through the PGS are what make a successful progression such a significant accomplishment.

**REPLICATING THE PGS**

With so many developing countries currently pursuing decentralization strategies, projects related to local government reform and capacity building are receiving increased attention from developing country governments and their donor partners. Some of these projects have very high profiles, and several of them are extremely expensive. On the other hand, this local government initiative led by CIPE and ISA is achieving exceptionally high levels of impact at a relatively low cost. Could the PGS initiative be replicated in other countries?

To be successful, a development project must be tailored to local circumstances and conditions, and rarely will identical projects yield identical results in two different countries. Nevertheless, while CIPE and ISA designed the PGS specifically for the Philippine public sector, this project does illuminate several concepts relevant to the implementation of virtually any local government development program. First, if a public sector reform initiative is to be successful, it should strive to incorporate lessons learned from previous reform efforts and from ongoing programs elsewhere in the country. Second, in its initial stages, the project should be tightly focused on a few key objectives in a small batch of targeted localities. Lastly, and most significantly, the project must be locally-owned and locally-driven. The organization charged with implementing this project must have human and technical resources available to assist struggling localities with complex reforms and to provide professional education on highly technical topics.

Changes in political leadership are usually followed by the propagation of new reform programs. As a result, public agencies and local government units undergo frequent restructurings and strategic reviews – a seemingly never-ending process that one senior official from the Philippine national police dubbed “reform fatigue.” Additionally, in developing countries, it is not uncommon for different foreign donors to conduct simultaneous public sector reform projects largely independent of each other. This lack of strategic continuity and intra-governmental coordination forces officials from different departments and localities to constantly reinvent the wheel. However, when a city adopts the PGS, city officials must conduct an exhaustive review of existing city programs in an attempt to avoid duplication of effort and to incorporate lessons learned. Likewise, if such an initiative is to have maximum impact in another country, it should strive to build upon earlier reform initiatives and to cooperate with ongoing reform projects.

Furthermore, just as CIPE and ISA first rolled out the PGS to a small group of eight cities, and just as the system rolls out gradually within a given city (as opposed to trying to accomplish everything at once), a similar reform initiative implemented elsewhere should also be tightly focused on a few key objectives in a small batch of targeted localities in its initial stages. By starting small, a project is permitted to gradually expand while learning from early successes and setbacks. This also allows the local implementing organization to bolster its credibility as the project grows and matures, and initial setbacks will be less
likely to engender excessive attention and political opposition than they would with a larger project that has a nation-wide focus from the very beginning.

Lastly, CIPE provides ISA with strategic guidance, financial assistance and technical resources in support of the PGS project, but the overall initiative is led by ISA. Too many donor-driven development projects, no matter how brilliantly conceived and designed, have little to no development impact because they lack the support and commitment of the local partner/client that is to both benefit from and maintain the project’s outputs. As such, if an attempt is made to replicate this Philippine initiative in a different environment and in a different country, it must be locally-owned and locally-driven. Moreover, due to the inherent complexity and difficulty of the PGS and the sweeping reforms it requires of participating local governments, a local organization that aspires to implement this project must possess appropriate human resources and technical capabilities to assist struggling localities with complex reform. In other words, local commitment must be accompanied by local capacity.

CONCLUSION

CIPE’s work with the Institute for Solidarity in Asia to develop and promote the performance governance system is strengthening public governance and participatory democracy throughout the Philippines. It is helping citizens and local governments work together to improve transparency, performance and accountability. The public governance system requires citizens and private sector groups to take part in forming city policy and holding local leaders accountable for reaching collective goals. Technical and professional education facilitate organizational and budgetary reforms that orient public institutions towards results, strategic plans and real impacts. Scorecards make clear where progress is being made and toward what purpose, and where progress is lacking. The success of this initiative is evidenced not only by the accomplishments of participating cities, but also by the growing interest among Philippine cities and national public and private institutions.

The core principles that underlie the PGS – participation, performance, transparency and accountability – are not restricted to any one particular community. Therefore, with the right local partners, CIPE and ISA believe this approach could have positive impacts in other countries as long as the local commitment to improved governance is genuine.

ISA recently developed a “Philippines 2030” plan to use the Balanced Scorecard approach to strengthen Philippine democracy. For more on the program, see “A Bottom-Up Approach to National Governance,” The Balance Scorecard Report, (Harvard Business Publishing, March-April 2010).

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As Executive Director of the Institute for Solidarity in Asia, Christian Zaens oversaw the implementation of the ISA model for improving public governance. He leads the effort to make the model even more responsive. Zaens, who majored in Business Economics at the University of the Philippines, received specialized education in strategic planning, curriculum development, and academic supervision.

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