GPRBA
Global Partnership for Results-Based Approaches

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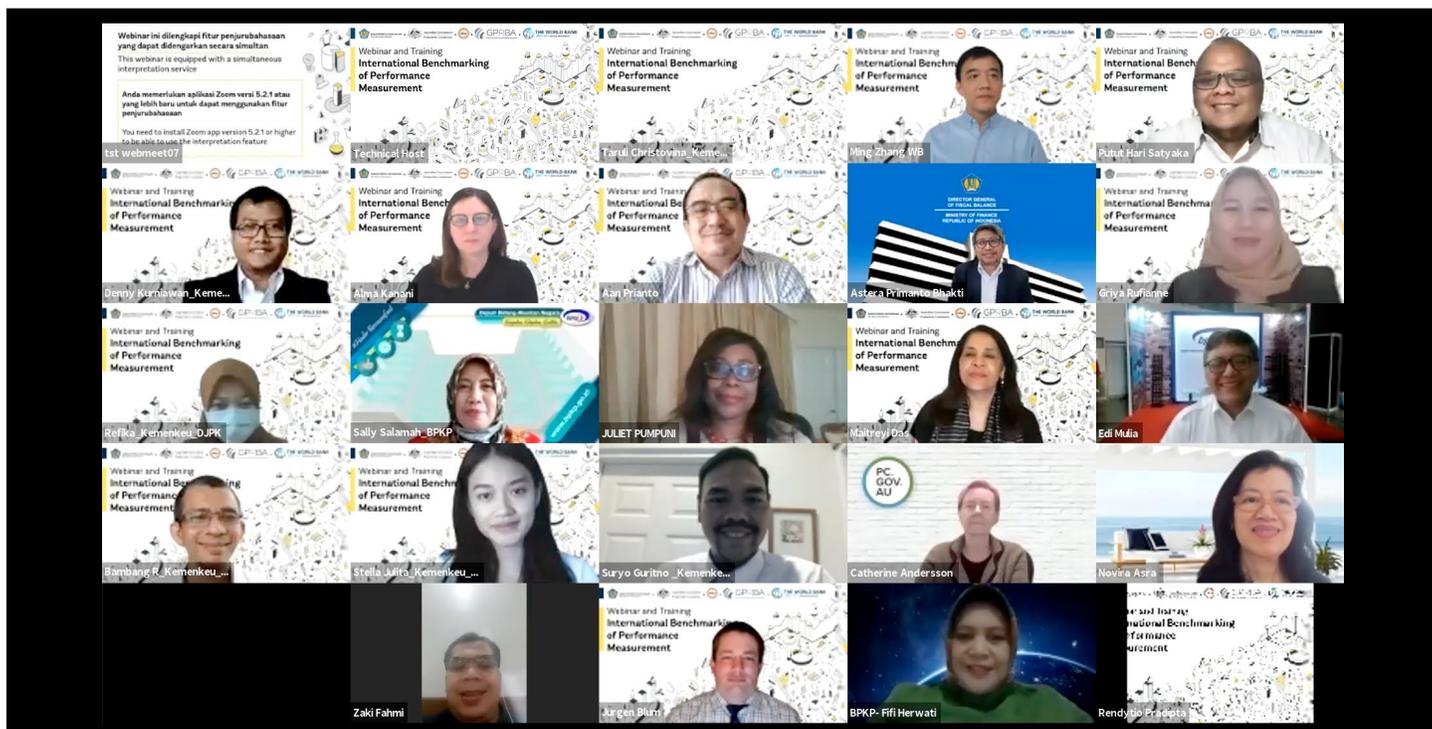
KEMENTERIAN KEUANGAN
REPUBLIK INDONESIA

Webinar and Training Event

Measure-and-Benchmark Subnational Government Performance for better Public Service Delivery: Lessons from Australia and the Philippines

Does measuring the performance of subnational governments and pitting them against each other helps to improve public service delivery on the local level? The practice of performance measurement and benchmarking—often coupled with performance-based rewards provision—has been tried and tested in a handful of countries to encourage better performance from local governments in providing quality basic public services to its citizens. In many cases, the mechanism is piloted within the boundaries of specific government programs; resulting in varying degrees of success, but rarely successful enough to be adopted into the national governance system.

Indonesia began implementing performance measurement in 2011 with the support from the World Bank via the Global Partnership for Results-Based Approaches (GPRBA) through the Local Government Decentralization

Project (LGDP). The project helped the Government of Indonesia to build an effective output measurement and incentive system to encourage local government units to improve their capacity in the planning and execution of infrastructure projects as the cornerstone of service delivery in the regions. It pioneered a number of innovations including output verification mechanism, web-based reporting system, and incentive provision in the form of reimbursement of project costs against good results. The framework was later institutionalized into the Indonesian intergovernmental fiscal transfer system.

A few challenges persist in its implementation. The lack of integration between financial and technical databases nested in various line ministries hinders the effective use of data collected to improve planning and budget allocation. The large number of local governments units

in the country—548 in total, comprising of 34 provinces, 98 cities, and 416 regencies—with diversified fiscal and human resource capacity creates a unique challenge in matching demand with supply in terms of capacity building measures.

To address these challenges, it is beneficial to learn from the experience of others. Countries such as Australia and Philippines have a long history in implementing the practice of measurement and benchmarking of local government performance.

In the spirit of international learning and knowledge sharing, good practices from these two countries were presented during the webinar and training on "Performance Measurement and Benchmarking of Local Government Performance", co-hosted by the World Bank and the Indonesian Ministry of Finance between 22-24 February 2021. In the event series, participants learned from the journey of Australia and the Philippines in initiating, sustaining, and institutionalizing measurement and benchmarking of local government performance.

Catherine Andersson, Assistant Commissioner from the Australian Productivity Commission, highlighted the use of technology as a key enabler in streamlining the process of data collection and analysis. Australia began digitizing their processes in 2015 by introducing an R-based, flat-file machine-readable format to replace the myriad of spreadsheets previously used to build their database from. She vouched that digitization has significantly improved inter-agency collaboration, minimized human errors in data processing, and allowed for a speedier data analysis and interactive visualization. The online-only and highly interactive annual Report on Government Services (RoGS) now showcases latest performance scores across 17 service areas of the nine subnational governments in Australia. The process has become more and more efficient that it might soon allow the Productivity Commission to update the report on a bi-annual basis.
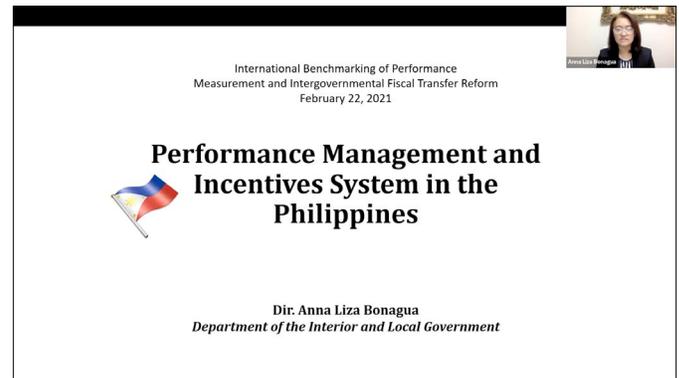
Anna Liza Bonagua, Director of the Bureau of Local Government Development, Department of Interior and Local Government (DILG) underlines the central government's steadfast commitment to the mechanism and relentless refinement of the affiliated processes as key in ensuring the success and sustainability of the performance measurement in the Philippines. Philippines first introduced performance measurement on the national level in 2002, which then proliferated into a multitude of similar, self-initiated programs by the local governments.

These initiatives have since been integrated and further developed into a single national flagship program, the Seal of Good Local Governance (SGLG). The program now measures the performance of 1715 subnational governments across Philippines every year. To cope with the sheer number of local government units, capacity building materials and activities are co-developed with local universities, thus allowing for prompt and sustainable solution while being fully aware the conditions and capacities of the city or municipality. Today SGLG has become one of the most coveted and sought-after national recognition in the country.

The event facilitated a vigorous and productive discussion between the representatives of the two governments with their Indonesian counterparts. The results of the event will provide the basis for future policy discussion among Indonesian ministries on how to refine performance measurement and benchmarking in Indonesia.