



PERFORMANCE-INFORMED BUDGETING: IMPLEMENTATION, CHALLENGES AND PERFORMANCE DELIVERY

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ABSTRACT

This study assessed the effectiveness of Performance-Informed Budgeting (PIB) in the Municipality of Tubungan, Iloilo, focusing on transparency, accountability, and resource efficiency, identifying implementation challenges, and evaluating performance delivery. A descriptive research design employing both quantitative and qualitative approaches was utilized. Using a descriptive design with quantitative and qualitative approaches, data were collected from 100 purposively selected respondents through a structured questionnaire and analyzed using statistical and thematic methods. Findings show “moderate” knowledge of PIB and “partial” to “full” implementation. PIB enhances program alignment, transparency, accountability, and public financial management. However, its full implementation is constrained by challenges such as limited technical skills, funding constraints and implementation delays. Overall, PIB improves local governance, but strengthening capacity building, data systems, and accountability mechanisms is needed for full institutionalization and sustainability.

Keywords: *Performance-Informed Budgeting, Local Governance, Public Financial Management, Fiscal Management*

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INTRODUCTION

Background of the Study

As front line institutions of governance, Local government units (LGUs) are responsible for governing and delivering public services within a specific local area. They play a vital role in improving the lives of their communities by implementing programs and projects that support development goals, such as better infrastructure, education, healthcare and welfare service (Lorenzo et al., 2021). They are also expected to respond efficiently and effectively to the evolving and diverse needs of their communities. Given their proximity to the people, one of their key responsibilities is to allocate resources efficiently to meet the needs of their communities.

Over time, budgeting practices in the public sector have undergone significant changes to promote accountability, transparency, and better alignment between public spending and development priorities. These reforms emphasize not only how much is spent but, more importantly, what outcomes are achieved from public expenditures. However, as the demands on Local Government Units continue to grow, many LGUs face resource limitations that affect the full implementation of their programs and projects (Dela Peña, 2025). From infrastructure and social services to disaster risk reduction, the need for a sound and effective budgeting system has become increasingly important, especially in the context of pursuing sustainable development goals.

As a result, Local government units (LGUs) are now being urged to adopt more strategic approaches to budgeting in order to improve the delivery of services and achieve

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meaningful development outcomes. In line with this, the Department of Budget and Management (DBM) introduced the Performance-Informed Budgeting (PIB) approach to strengthen the linkage among planning, budgeting, and performance outcomes. This budgeting approach aims to make public expenditure more responsive and accountable by linking budget allocations to measurable results, helping LGUs align their financial decisions more closely with their development objectives.

The Department of Budget and Management (DBM) defines Performance-Informed Budgeting (PIB) as a series of integrated processes designed to optimize the efficiency and impact of public spending. By systematically incorporating performance data into resource management, PIB directly connects funding levels to measurable outcomes.

Initially introduced through National Budget Memorandum No. 117 in March 2013 and first implemented in the 2014 General Appropriations Act (GAA), this approach was established to tighten the alignment between strategic planning and budgetary results. Furthermore, the framework serves to streamline budget presentation while fostering greater transparency and accountability in the distribution of public funds.

Being among the various tools used to manage public resources, Performance-informed budgeting (PIB), has gained attention as an approach that links budget allocation to measurable outcomes. In the context of LGUs, the relevance of Performance-Informed Budgeting becomes even more pronounced as public financial management is vital in fostering economic growth and ensuring efficient service delivery locally. Since they have direct interaction with communities, LGUs are in a special place between connecting national

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development objectives to local programs that are action-oriented. Unlike traditional budgeting methods, PIB emphasizes the importance of aligning financial resources with performance indicators, thereby promoting accountability and transparency in government spending.

However, despite these intended benefits, the implementation of PIB across LGUs remains uneven. While some LGUs have made significant strides in adopting PIB, others struggle with issues related to technical capacity, data availability, and institutional support. In the Philippine context, available studies tend to focus on specific aspects of local financial management such as budgeting knowledge or fiscal performance rather than comprehensive analyses of PIB implementation (Tayong et al., 2025; Magno et al., 2022). This gap underscores the need for context-specific research that examines the extent of PIB implementation in LGUs, identifies existing challenges, and evaluates its impact on financial management and service delivery.

Unfortunately, according to Megah and Valiant (2025), there is a limited availability of empirical studies that examine the implementation and effectiveness of PIB within LGUs, particularly in smaller or less-resourced municipalities. Much of the existing literature focuses on national government agencies, leaving a gap in understanding how performance-informed approaches function in local governance settings (The Organization for Economic Cooperation and Development, 2025). Such a gap highlights the importance of context-specific research that will not only determine the extent of PIB implementation, but also identify the challenges and the degree to which it has helped in enhancing the manner in which people manage their

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finances and deliver their services better. Therefore, it is yet to be determined to what degree PIB has been able to attain its goals of enhancing efficiency, accountability, and development outcomes on the local level.

In the case of the Municipality of Tubungan, Iloilo, examining the implementation of Performance-Informed Budgeting is particularly important in order to understand how budgeting practices support local development priorities amid existing resource constraints. A focused assessment can provide insights into the effectiveness of PIB as a tool for enhancing governance and identify areas where improvements may be necessary.

The researcher, being employed as Administrative Assistant III in the Local Government Unit of Tubungan, aimed to assess the implementation of Performance-Informed Budgeting and evaluate its impact on the attainment of their development thrusts. By identifying both the successes and challenges of PIB implementation, this research sought to contribute to the body of knowledge on public financial management and offer recommendations to improve the budgeting processes in LGUs.

MATERIALS AND METHOD

Research Methodology

This chapter discusses the respondents of the study, describes the research design and the procedure used in designing the tools and gathering data.

Research Design

This study employed a descriptive research design, which is utilized to systematically and accurately characterize a population, situation, or phenomenon. This design is particularly

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effective for addressing "what," "where," "when," and "how" questions regarding the variables under investigation (McCombes, 2019).

The research utilized a mixed-methods approach, integrating both qualitative and quantitative data through descriptive questionnaires. As defined by Creswell (2012), the qualitative component explores the meanings that individuals or groups assign to social or human problems, involving an inductive analysis that moves from specific participant insights to broader general themes. Conversely, the quantitative component involves the collection and analysis of numerical data to identify patterns, establish averages, and allow for the generalization of results across the target population (Bhandari, 2020).

Research Method

The researcher implemented the survey method using structured questionnaires as the primary instrument for data collection. Descriptive survey research is specifically designed to ascertain prevailing conditions and gather factual data from a selected group of cases relevant to the study (Van Wyk, 2012).

Respondents of the Study

The study's respondents were purposively selected based on their direct involvement in local planning, budgeting, and policy implementation. This group included:

Members of the Local Finance Committee of the Local Government Unit (LGU) of Tubungan; Punong Barangays and Treasurers from all forty-eight (48) barangays within the Municipality of Tubungan, Iloilo; A representative from an accredited Civil Society Organization (CSO).

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These individuals were chosen for their specialized roles, ensuring they serve as qualified sources of information. Data gathered regarding their personal profiles included sex, position, educational attainment, and years of service to provide context for their responses.

Profile of Respondents

Table 1. Demographic Profile of Respondents in Terms of Age, Sex, Position, Educational Attainment, and Years in Service

Variable	f	%
As a Whole	100	100.00
Sex		
Male	45	45.00
Female	55	55.00
Age		
30-39	17	17.00
40-49	22	22.00
50-59	30	30.00
60-69	27	27.00
70 and above	4	4.00
Educational Attainment		
High School Level	6	6.00
High School Graduate	41	41.00
College Level	20	20.00
College Graduate	27	27.00
Postgraduate	2	2.00
Others	4	4.00
Years in Service		
Less than a year	0	0.00%
1 – 3 Years	27	27.00%
4 – 6 Years	9	9.00%
7 Years and Above	64	64.00%

Sampling Design

The researcher employed a purposive sampling method to select 100 respondents. This cohort consisted of the Local Finance Committee members of the LGU of Tubungan, the

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Punong Barangays and Treasurers from forty-eight (48) barangays, and a representative from an accredited Civil Society Organization. Purposive sampling is a non-probability technique where participants are selected specifically because they possess particular characteristics, expertise, or roles essential to the study's objectives. Essentially, these units are chosen "on purpose" to provide targeted insights into the subject matter (Nikolopoulou, 2022).

This specific group was selected due to their direct involvement in and first-hand knowledge of the budgeting and financial management processes within the Municipality of Tubungan.

Research Instrument

A researcher-designed survey questionnaire was used to collect primary data. As defined by Bhandari (2021), a questionnaire is a structured tool comprising a list of questions or items intended to capture the attitudes, experiences, or opinions of respondents. This instrument is versatile, allowing for the collection of both qualitative and quantitative data.

The questionnaire was administered to the respondents within the recipient barangays (see Appendix A) and was organized into four distinct sections to ensure a comprehensive gathering of information.

The first part was the personal profile of the respondents. This section provides information on the demographic and professional profile of the respondents, such as their designation, length of service, and office/department. The information is essential in describing the sample and analyzing variations when needed.

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The second part was the Survey Questions. This section seeks to establish the respondents' level of familiarity with the Performance-Informed Budgeting (PIB), which includes their level of awareness and understanding of the concepts and processes involved in the PIB.

The third part comprises most of the questionnaire. This section evaluates the level of implementation of the PIB in the LGU in terms of transparency, accountability, efficiency in the allocation of resources and level of performance. The questionnaire included an open ended question regarding challenges encountered. This portion sought to determine the challenges faced in the implementation of the PIB and allows respondents to freely express their insights and experiences. The last part was the Recommendation. This part sought to determine the respondents' suggestions and recommendations on improving the implementation of the PIB and the budgeting process in the LGU.

A 5-point Likert scale was employed in Part III to measure the level of familiarity and the level of PIB implementation. The scale would range from Strongly Agree to Strongly Disagree. Likert scale is commonly used in social science research because it facilitates the quantification of attitudes, perceptions, and opinions, which makes it appropriate for analyzing constructs like transparency, accountability, efficiency, and performance, among others (Likert, 1932). This is because it offers a scientific approach for collecting respondents' views and converting them into numerical form for statistical analysis. Meanwhile, the open-ended question, comments and recommendation were used to collect data qualitatively.

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Validity of the Research Instrument

To ensure the validity of the study's results, the researcher first submitted a draft of the questionnaire to the research adviser for feedback. After revisions, the draft was presented to a panel of experts in the field, whose suggestions and recommendations were reviewed and carefully evaluated and incorporated into the instrument before it underwent pilot testing to assess reliability. All suggested corrections and adjustments from the jurors were integrated into the final version of the questionnaire prior to the reliability assessment.

Reliability of the Research Instrument

To evaluate the reliability of the research, a pilot test was conducted using a questionnaire administered to thirty(30)respondents composed of twenty eight (28) Chairperson – Committee on Appropriation for barangay level, one (1) Sangguniang Bayan Member – Committee on Appropriation and one (1) from Civil Society Organization for the municipal level. The responses obtained during this pilot phase were not included in the main study; they were solely used for pilot testing purposes. This pretesting phase involved distributing the questionnaire to a small group that represents the target population, in conditions similar to what is expected in the main survey.

The data collected from the pilot test were analyzed for internal consistency using Cronbach's Alpha. According to Fraenkel and Wallen (2010), for research purposes, the rule of thumb was that reliability should be at least 0.70 or higher. The computation of the Cronbach's Alpha yielded a coefficient of 0.80, denoting high reliability.

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Data Gathering Procedure

Before initiating the study, the researcher obtained formal approval from their research adviser. A formal request letter, endorsed by the adviser, was then submitted to the relevant local authorities to secure permission for the data collection process. Once authorized, the researcher personally distributed the survey questionnaires to the target respondents. During this phase, the researcher emphasized the importance of data privacy and ensured that all participants were informed of the confidentiality protocols. Respondents were provided with ample time to provide thorough answers. Following the completion of the surveys, the researcher gathered the instruments for consolidation and systematic tabulation in preparation for statistical evaluation.

Data Analyses

The data collected in this study were processed using descriptive statistics to characterize the fundamental features of the data set. This involved summarizing and organizing the information into structured tables, frequency counts, and percentage distributions to ensure the findings were clear and accessible. These quantitative results were supplemented with detailed narrative explanations for further context. For the qualitative component, specifically the responses from open-ended questions, thematic analysis was employed to identify, analyze, and report recurring patterns or themes within the data.

Statistical Tools

The researcher used the frequency (f) count, percentage (%), weighted mean (m), and standard deviation (sd) for descriptive analysis to analyze the data. The frequency count

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and percentage will be used to determine the number of respondents or items belonging to a specific category or group while weighted mean will be used to determine the average response and standard deviation to measure variability of responses.

Frequency Count. The frequency (f) of a particular observation is the number of times the observation occurs in the data.

Percentage. Percentage (%) is a measure based on the ratio of responses to the number of respondents. It is equal to the frequency of responses to a specific category divided by the total number of respondents multiplied by 100.

Weighted mean. A type of mean that is calculated by multiplying the weight associated with a particular response with its associated quantitative outcome and then summing all the products together.

Standard Deviation. A measure of the spread of scores within a set of data to aid in determining consistency and variation. The following scale will be used to interpret the results.

RESULTS AND DISCUSSIONS

This chapter presents the summary of the study, conclusions based on the findings, and the recommendations derived from the conclusions.

Summary

This study assessed the implementation of Performance-Informed Budgeting (PIB) and its effectiveness in the Municipality of Tubungan, Iloilo, across the following key areas:

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transparency, accountability, efficiency in resource allocation, challenges encountered, and the level of performance delivery.

The respondents' profiles show that the majority were female, within the age range of 50–59 years, high school graduates, and had served for seven years or more. These data indicate that the group of respondents in this study is relatively experienced. Findings reveal that respondents, in general, are moderately familiar with PIB. Regarding implementation, PIB is perceived to range from partially to fully implemented across the LGUs in Tubungan.

Furthermore, PIB implementation was found to reflect a strong adherence to transparency practices, given the availability and accessibility of budget reports, the regular conduct of public hearings, and the sharing of performance reports with constituents. It was also found that accountability mechanisms are enforced in the implementation of PIB. Specifically, results show that proper fund allocation and monitoring through tools such as the LBAC form are highly integrated into its execution. However, a few inconsistencies were noted in the enforcement of these mechanisms, particularly regarding how unmet performance targets are addressed.

PIB implementation also exhibits a high level of efficiency in the allocation of resources, as the LGUs utilize performance data to guide budgeting decisions and avoid unnecessary expenditures. Nevertheless, challenges remain regarding the full and timely utilization of funds, which has been attributed to administrative and operational constraints.

Moreover, the study identified several specific challenges in PIB implementation: (1) limited knowledge and technical capacity; (2) financial constraints; (3) weak data systems;

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(4) administrative delays; (5) political influence; (6) limited stakeholder participation; (7) weak accountability mechanisms; (8) coordination issues; and (9) external environmental factors. LGUs in the municipality also exhibit performance delivery that strongly aligns development goals with community needs and effectively delivers programs. However, delays and resource limitations continue to challenge the full achievement of these development goals.

Lastly, PIB implementation was found to contribute significantly to improving financial planning, accountability, and the prioritization of projects through fiscal management. Despite these gains, inconsistencies in internal control mechanisms and resource limitations persist.

Conclusions

Based on the findings of the study, it can be concluded that the implementation of Performance-Informed Budgeting in the Municipality of Tubungan, Iloilo, is generally effective in enhancing transparency, promoting accountability, and improving efficiency in resource allocation. PIB has enabled LGUs to align their budgets with development priorities and improve their fiscal management practices. Strong performance in transparency and program alignment indicates that the LGUs are capable of adopting a results-based approach to governance.

However, despite these strengths, the study reveals that PIB implementation is not yet fully institutionalized; limitations in technical capacity, data systems, and coordination continue to hinder its total effectiveness. In addition, financial constraints and resource limitations affect implementation, as insufficient funding and operational inefficiencies obstruct the full execution of programs, projects, and activities (PPAs).

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Furthermore, implementation delays and administrative barriers are evident, particularly in procurement processes and project execution. These inefficiencies affect the timely delivery of programs and highlight the need for improved procurement systems. Likewise, PIB has not yet been fully institutionalized across administrations, making it vulnerable to changes in leadership priorities. There is a clear need for policy continuity and standardized planning and budgeting frameworks to ensure consistency across different terms of office.

In addition, participation from stakeholders, such as Civil Society Organizations (CSOs) and the community, remains limited, which reduces openness and inclusiveness in the budgeting process. Similarly, accountability mechanisms and internal control systems are not yet fully matured, as reflected in compliance issues, reporting gaps, and the need for stricter enforcement of financial accountability requirements. Coordination and collaboration among LGU offices and departments still require improvement to ensure better planning, prioritization, and the efficient use of public funds.

Overall, PIB remains a valuable and effective framework for improving public financial management. However, its ultimate success depends on addressing challenges such as strengthening institutional capacity, upgrading the systems in use, and refining governance mechanisms.

Recommendations

Based on the findings and conclusions of the study, the following recommendations are proposed:

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The Local Government Unit (LGU) should address limited knowledge, skills, and training by institutionalizing continuous capacity-building programs that focus on Performance-Informed Budgeting (PIB) concepts, performance-based planning, and budgeting processes. Regular training activities, mentoring sessions, and hands-on workshops should be conducted for both LGU and barangay personnel to strengthen their technical competence and mastery of PIB. Through sustained learning interventions, errors during budget preparation may be minimized, and the overall efficiency and effectiveness of the budgeting process may be improved.

To address financial constraints and resource limitations, LGUs should prioritize high-impact programs and eliminate operational inefficiencies, particularly in procurement and project implementation, to improve fund utilization within every fiscal year. Additionally, LGUs should explore outsourcing through partnerships and external funding assistance to supplement the limited National Tax Allotment (NTA). This approach will help ensure the sustainability and effectiveness of priority programs despite fiscal constraints.

Local Government Units should also improve data systems and monitoring mechanisms by developing reliable data collection systems and establishing clear performance indicators. All Programs, Projects, and Activities (PPAs) funded under PIB must be aligned with the LGU's development goals and vision to ensure results-based performance tracking. A strengthened monitoring and evaluation (M&E) mechanism is recommended to enhance the reporting and evaluation processes.

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To reduce implementation delays and administrative barriers, the LGU should streamline procurement procedures and adopt early procurement planning. This ensures the timely implementation of programs immediately upon the effectivity of the annual budget. These efforts should be supported by capacity-building initiatives regarding procurement laws and the designation of procurement focal persons in each office to reduce procedural errors and improve budget utilization efficiency.

Policymakers should institutionalize PIB to ensure policy continuity across different administrations. This should be reinforced by standardized planning and budgeting frameworks that promote consistency and reduce disruptions caused by changes in leadership priorities. PIB should be fully integrated into regular budgeting cycles to ensure sustainability in project prioritization regardless of political transitions.

Furthermore, to strengthen stakeholder engagement, the LGU should enhance participatory budgeting through regular consultations, assemblies, and feedback mechanisms. Broader representation should be ensured through the active inclusion of Civil Society Organizations (CSOs) during the planning and budgeting phases to promote transparency and inclusiveness. Public consultations and community engagement activities must be further strengthened to realize the goals of participatory governance.

To enhance accountability and internal control systems, the LGU should enforce strict compliance with reporting requirements and ensure the timely submission of accurate financial and performance reports across all offices. Compliance with Local Budget Accountability (LBAC) forms should be strictly mandated, alongside the establishment or strengthening of an

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Internal Audit Unit. Clearer accountability mechanisms, including the monitoring of performance targets, are necessary to ensure that public funds are utilized properly.

LGUs should improve coordination and planning by encouraging collaboration among departments through regular meetings on integrated planning. This is necessary to align goals, resources, and implementation strategies. The Local Finance Committee and the Committee on Appropriations should further strengthen collaboration to prioritize programs effectively and ensure the efficient use of public funds.

For future research, studies may explore the implementation of PIB across different municipalities or provinces to identify variations in practice. Further research could also examine the long-term impact of PIB on specific development outcomes and overall service delivery efficiency.

Finally, the implementation of PIB should be continuously strengthened in accordance with the Budget Operations Manual issued by the Department of Budget and Management (DBM). LGUs must ensure that all PPAs are properly aligned with development priorities and supported by clear, measurable performance indicators. By adhering to established budgeting standards, LGUs can enhance efficiency, accountability, and evidence-based decision-making in public financial management.

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