



PHILIPPINE DEVELOPMENT FORUM 2006



PROPOSED ACTION AGENDA

WORKING GROUP ON DECENTRALIZATION AND LOCAL GOVERNMENT

Presented by:

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4 MAJOR THEMES

Capacity Building

GOAL: Formulate framework & mechanisms for improving coordination & harmonization of CB Interventions

Performance Benchmarking

GOAL: Institutionalize performance benchmarking systems; revisit and Integrate the LGPMS-LGFPMS

LGU Finance

GOAL: Improve the Environment for LGU Financing

Policy Reforms

GOAL: Propose Policy Reforms in priority areas of local governance



Theme 1: CAPACITY BUILDING

- ✓ **Built the momentum for harmonizing local capacity building**

Greater efforts to align CB initiatives



- ✓ **More focused interventions to LGUs**
- ✓ **Greater coverage**
- ✓ **More cost- effective & innovative delivery mechanisms**

Theme 1: CAPACITY BUILDING

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- Adopt a conceptual and operational framework on capacity development;
- Develop a strategy for achieving harmonization of CB programs for LGUs in focus areas, including:
 - institutional arrangements for coordination of CB programs;
- Forge agreements with all stake holders on core competencies, common needs assessment tools & delivery mechanisms for CB programs in:
 - planning, investment program, project development, revenue generation, expenditure allocation & financial management at the local level;
- Implement mechanisms for enhancing information-sharing on CB programs in the areas identified above amongst:
 - donors, govt. agencies, LGUs & service providers.



Theme 2: PERFORMANCE BENCHMARKING

✓ Expanded utilization of performance monitoring systems

Good Progress



- ✓ Focus on using systems for various purposes
- ✓ Putting in place incentives for sustained use of the system and for good performance
- ✓ Improving Integrity and credibility of performance measures

Theme 2: PERFORMANCE BENCHMARKING

PROPOSED 2006 ACTION PROGRAM

- Strengthen the national and regional management systems of the DILG, DOF and the Leagues to oversee the implementation of the LGPMS and LGFPMS;
- Support for the full utilization of the LGPMS/LGFPMS by LGUs, LGU leagues, NG and donors, and academe & the interested groups;
- Continue to implement the integration of the LGPMS & LGFPMS;
- Improve the quality of data for the LGPMS/LGFPMS; and
- Work towards the integration of the MDG monitoring system into the LGPMS/LGFPMS.



Theme 3: LOCAL GOVERNMENT FINANCE

✓ Catalyzed efforts in creating a more positive environment for financing

Modest gains in creating a more responsive policy environment for LGU financing



- ✓ Consistency in policy implementation
- ✓ Putting in place new policies that provide greater flexibility in accessing financing that would promote greater accountability & performance

Theme 3: LOCAL GOVERNMENT FINANCE

PROPOSED 2006 ACTION PROGRAM

The National Government will:

- **Strictly implement the LGU financing framework;**
- **Shift to performance based grants;**
- **Enhance LGUs' own source revenues by exploring & maximizing corporate power of LGUs to generate revenues (i.e. local economic enterprises);**
- **Re-engineer & strengthen the BLGF; and**
- **Improve LGU access to financing through:**
 - **drafting of a bill to create MFC and amend EO 252**
 - **maintaining MDFO as fund conduit/implementer of ODA funded projects to less creditworthy LGUs.**



Theme 3: LOCAL GOVERNMENT FINANCE

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The Working Group will:

- Undertake policy studies on: depository banks of LGUs, direct lending to LGUs without NG guarantees, separate accounting system for municipal enterprises and capital gains tax for foreclosed/auctioned properties;
- Develop innovative financing options/modes for scaling up ODA for LGU projects (e.g. leveraging ODA to facilitate LGU access to private capital rather than direct lending); and
- Improve the coordination between the NGAs and LGUs on fiscal and financial matters.



Theme 4: POLICY REFORMS

✓ Support devolution and rationalization

Constructively engaged
selected agencies
in the discussion
of devolution



- ✓ Assess devolution experience
- ✓ Support capacity building of DILG, DOF, and LGU Leagues to oversee devolution process

Theme 4: POLICY REFORMS

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- Support the implementation of agreements or action plans between the concerned National Government Agencies and the Leagues on the areas for further devolution in agriculture, environment and natural resources, health and finance and fiscal matters;
- Expand sectoral studies and dialogues on devolution to other sectors, including government corporations and GFIs;
- Conduct an assessment of the devolution experience and impact on service delivery for continuing policy reforms;
- Undertake capacity building programs for oversight agencies and the Leagues to oversee the devolution process; and
- Review the Local Government Code
 - Review of the IRA Formula.



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