



WORKING GROUP ON DECENTRALIZATION AND LOCAL
GOVERNMENT



STATUS REPORT ON THEMATIC DISCUSSION ON LOCAL GOVERNMENT FINANCE

AUGUST 10, 2006

FLOW OF THE PRESENTATION

- Agreements on Priority Areas for Reform in Local Government Finance
- Agreements on Harmonization of ODA/ Capacity Building Activities



Priority Areas for Reform in Local Government Finance

Agreements

- Prioritization of issues on local government finance, especially those identified as second-tier priorities (GOP w/ DOF as lead)



Status/ Accomplishments

- Priority issues identified by development partners (June 2006 meeting) and second-priority issues discussed extensively during August 4, 2006 government retreat on LG finance (see separate presentation)

Next Steps



- Government (led by DOF) to thresh out and identify specific measures and outcomes to address/ resolve issues and source funding support for these “new” items as discussed in August 4, 2006 retreat

Priority Areas for Reform in Local Government Finance

Agreements

- Development of joint short note on main policy issues (development partners)



Status/ Accomplishments

- Discussion among development partners is ongoing

Next Steps



- Drafting of joint note

Harmonization of ODA/ Capacity Building Activities

Agreements

- Scoping of ODA grant assistance and conduct of discussions with donors (GOP)
- Review respective TAs (development partners)



Status/ Accomplishments

- DOF/ DILG tasked to schedule discussions with donors on the scoping of current (“in-the-pipeline” and ongoing) TAs. Lead agency designated for each area in local government finance during the August 4, 2006 government retreat (refer to Attachment 2)
- Agreement during August 4, 2006 government retreat on LG finance that NEDA, DOF, and DBM will develop a screening and monitoring mechanism for ODA grants
- Revision of project outputs and scope of USAID-EPRA and PEGR projects being undertaken

Next Steps



- Finalization of project scope/ configuration of current TAs on LG finance
- NEDA, DOF, and DBM to develop ODA screening/ monitoring mechanism

Harmonization of ODA/ Capacity Building Activities

Agreements

- Scoping of comprehensive IRA study and delineation of ODA assistance on study of IRA (DILG)



Status/ Accomplishments

- Near-completion of WB study on IRA
- Meeting among concerned agencies and development partners to be scheduled within the next two weeks

Next Steps



- DILG to review WB study and other existing materials on IRA and develop proposal on IRA study, especially on remaining areas for study

Harmonization of ODA/ Capacity Building Activities

Agreements

- Review of existing manuals/ tools on local government finance and selection of core tools and endorsement (as “official”) through issuance (DOF-BLGF)



Status/ Accomplishments

- Issue discussed during August 4, 2006 government retreat on LG finance; government agencies agreed to jointly develop an integrated set of manuals, create training team, and roll-out such tools under ADB TA 4778

Next Steps



- ADB to approve final configuration of ADB TA 4778
- DILG, DBM, and DOF to begin implementation of ADB TA 4778

Harmonization of ODA/ Capacity Building Activities

Agreements

- Update and enhance table on “Comparison of TA on Local Government Finance” (Table 3)



Status/ Accomplishments

- Provision of summary information on other LG finance initiatives (including loans) during June 20, 2006 meeting
- Revised project scope for US-AID EPRA, AusAID PEGR in the list of areas for harmonization
- Secretariat still seeking information from concerned donors

Next Steps



- WG Secretariat to solicit from all WG Development Partner members complete list of TAs on local government finance

Harmonization of ODA/ Capacity Building Activities

Agreements

- ODA funding window/ facility for scaling up capacity-building practices be made available to LGUs



Status/ Accomplishments

- DILG currently discussing financing options with selected donors

Next Steps



- Government (led by DILG) to develop a concept paper / full proposal on this item
- Development partners to identify among themselves potential funding institution/s and determine possible institutional arrangements