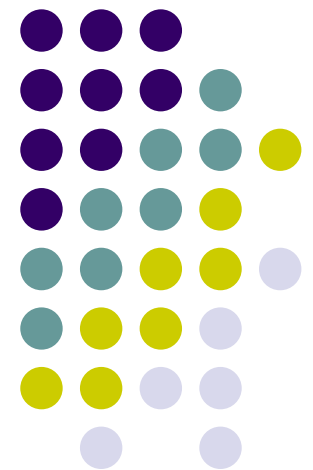

LOCAL GOVERNMENT FINANCE POLICY ISSUES AND AREAS FOR HARMONIZATION

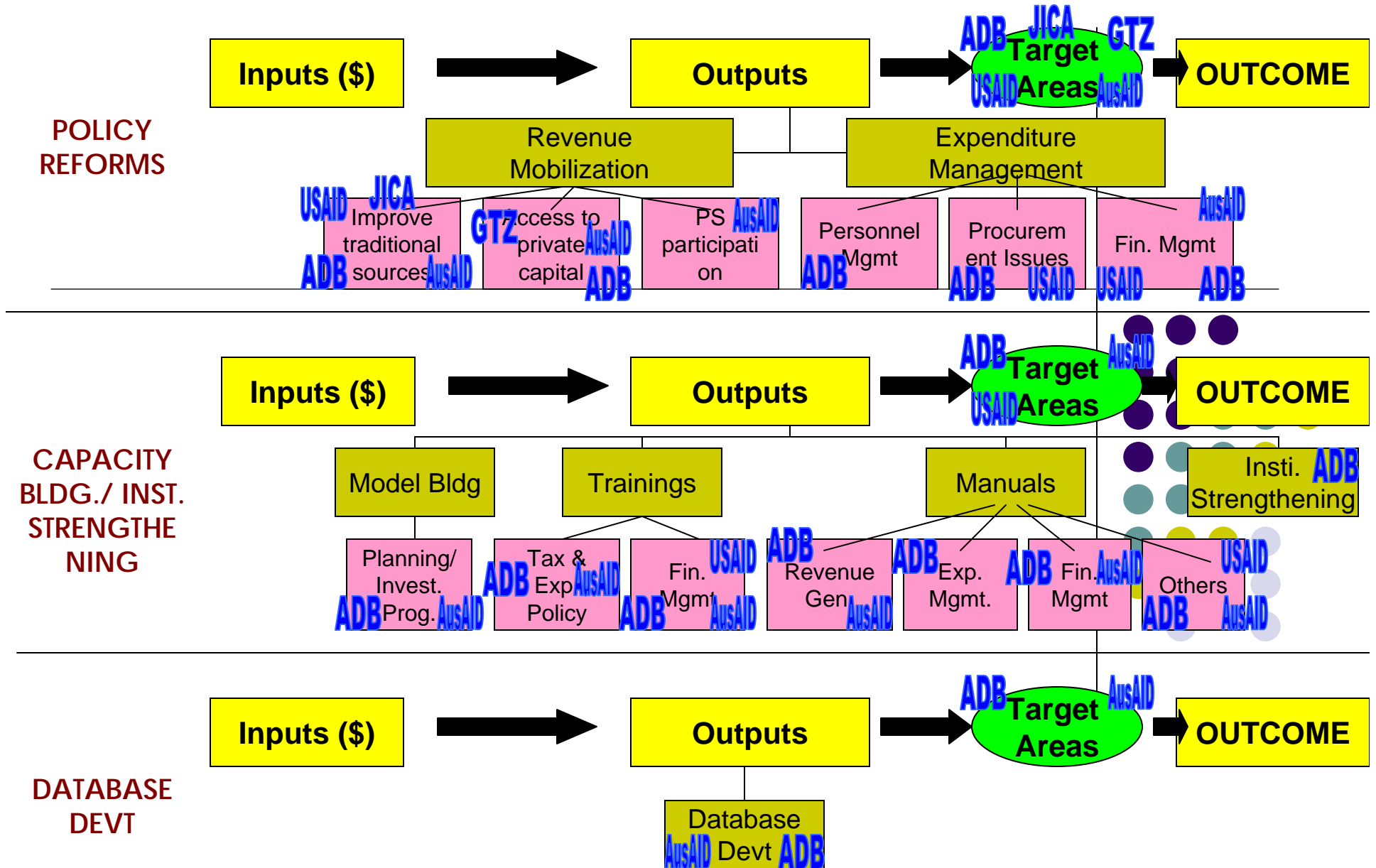




KEY ISSUES IN LOCAL GOVERNMENT FINANCE

	Short-Term Issues	Long Term Issues
LGU revenue/ expenditure	<ul style="list-style-type: none"> -Measures to increase LGU revenues -LGU business enterprises -Implementation of RA9184 & NGAS at LGUs 	<ul style="list-style-type: none"> -Tax assignments and administration
LGU access to finance	<ul style="list-style-type: none"> -GFI onlending rates to LGUs -Creditworthy LGU access to deposit accounts with PFIs - Increasing LGU PPI 	<ul style="list-style-type: none"> - LGU bonds, including pooling - a special financial intermediary for LGU bonds/loans? - LGU debt management - Credit rating system
Grants	<ul style="list-style-type: none"> -Untying of loans and grants -Role of MDFO -Coordinating design of various performance based grant initiatives 	<ul style="list-style-type: none"> - IRA formula change - Devolution of NGA functions - Rationalization of overall grant system

CURRENT LGU OFFICIAL DEVELOPMENT ASSISTANCE SCENARIO: LOCAL GOVERNMENT FINANCE (partial list)





KEY POLICY ISSUES

Developing a consensus on key policy issues

- Untying loans and grants to make both instruments more efficient and effective;
- Coordinating the design of various performance-based grant incentives;
- Clarify the role of MDFO in terms of both loans and grants;
- Policy on consistent GFI on-lending rates to support healthy LGU capital market development;
- Opening of selected creditworthy LGU access to PFI deposit accounts;
- Policy on LGU role in business enterprises development.

Actions:

- a joint short note on the main policy issues
- Ensuring consistency and coordination at the operations level



HARMONIZATION ISSUES

Coordinate on capacity building for LGU financial management, to create synergy and avoid fragmentation

- Continuous pilot-testing of policies/ideas; when to up-scale
- Identification/criteria for selection of pilot areas
- Proliferation of modules/manuals in planning, fiscal and financial management

Actions

- Working toward one core set of curriculum/ manual/ guideline
- Closer engagement with concerned government agencies, who would act as the main coordinator
- More effective information sharing (design and implementation stages); one-stop portal?