

**PROPOSED MESSAGES /KEY ACTION AGENDA FROM THE CONSULTATION WORKSHOP ON DECENTRALIZATION AND LOCAL GOVERNANCE TO PROMOTE COMPETITIVENESS AND ECONOMIC GROWTH FOR INCLUSION IN THE PHILIPPINE DEVELOPMENT FORUM SESSION BREAK-OUT GROUPS<sup>1</sup>**

Key Issues PDF SESSION BREAK-OUT TOPICS	ISSUES	POLICY RECOMMENDATIONS	RESPONSIBLE AGENCIES	TIMETABLE
<p><b>Session A: Achieving Broad-Based Growth</b></p> <ul style="list-style-type: none"> <li>Meeting the MDGs</li> <li>Investing in Human Resources</li> </ul>	<p><u>Issue 1:</u> Some of the poverty-related programs promoted by NG agencies for implementation at the local level (e.g. MDG localization, Hunger Mitigation) often lack clear mechanisms for implementing the programs by the LGUs. In addition, the necessary support for implementing these programs especially in low-income LGUs is oftentimes lacking.</p> <p><u>Issue 2 –</u> The Investment Coordination Committee has approved in 2002 the NG-LGU cost sharing arrangement wherein the maximum allowable grant should not be more than 50% of the total</p>	<p>1.1 Ensure that national programs like the MDG or other poverty-related projects specify the implementation mechanisms which the LGUs need to have in order to undertake them (e.g. financial counterpart requirements and other resources), including any kind of support from the NG for the LGUs to facilitate program implementation.</p> <p>1.2 Fast track the design and operationalization of performance-based grants</p>	<p>Agencies concerned with poverty such as NAPC, DSWD</p> <p>DOF to lead with DBM and DILG</p>	

<sup>1</sup> The Consultation Workshop was held on February 19, 2007 at Discovery Suites, Ortigas City.

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	<p>subproject cost for 5<sup>th</sup> and 6<sup>th</sup> income class LGUs. However, line agencies and some ODA funded projects have provided for grants beyond the 50% maximum level subject to compliance with some performance criteria. The proliferation of these types of projects already necessitates the design of a comprehensive system for performance-based grants to improve service delivery for social sector programs as well as improved fiscal management</p>			
<p><b>Session B: Sustaining Fiscal Progress</b></p> <ul style="list-style-type: none"> <li>• Strengthening Revenue Collections</li> <li>• Implementing the 2007 Expenditure Program</li> <li>• Developing the Capital Market</li> </ul>	<p><u>Issue 1:</u> The potential of LGUs to contribute to national development is partly stymied by the poor fiscal position of many LGUs, which in turn is partly due to inadequate policy support at the national level, limited access to financing for development projects and wrong computation</p>	<p>1. Immediately address the policy issues pertaining to the following:</p> <ul style="list-style-type: none"> <li>1.1 Improved information sharing between BIR and LGUs</li> <li>1.2 Reform the situs of taxation rule, particularly with regard to banks' loan transactions'</li> <li>1.3 Strengthen LGU participation in capital market development</li> <li>1.4 Expand the number of government depository banks and allow private banks as LGU depository banks</li> </ul>	<p>DOF with BIR</p>	<p>Issuances by June 2007</p>

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	<p>of the 40% share of IRA</p> <p><u>Issue 2:</u> Since the NG oversight agencies are about to sign the Joint Memorandum Circular on local planning, investment programming, budgeting, expenditure management and revenue administration, there is a need to disseminate the revised procedures and roll-out a <b>harmonized</b> capacity building program for planning, budgeting, revenue mobilization and financial management consistent with the JMC.</p>	<p>1.5 Review the computation of the 40% IRA share of LGUs</p> <p>2. Formulate capacity building programs for the local government sector that will promote this harmonized planning, expenditure management (budgeting), revenue mobilization program, including “harmonized” delivery mechanisms at the local level.</p>		
<p><b>Session C: Enhancing Competitiveness</b></p> <ul style="list-style-type: none"> <li>Improved Transaction Costs &amp; Flows</li> <li>Seamless Infrastructure Network</li> <li>Energy Cost-Efficiency and Self-Sufficiency</li> </ul>	<p><u>Issue 1:</u> There is presently a proliferation of awards systems which need to be consolidated and possibly linked to incentives</p>	<p>1.1 Rationalization/harmonization/ institutionalization of incentives and performance benchmarking in relation to competitiveness indicators</p>	<p>NEDA and DOF to explore with development partners</p>	<p>Recommendations by September 2007</p>

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	<p><u>Issue 2:</u> Many LGUs lack the capacity to facilitate local economic development</p> <p><u>Issue 3:</u> Many LGUs still have limited access to financing for investment in local projects.</p>	<p>1.2 Capacity building with LGUs to assist them in local economic development, including planning, identifying priorities, screening businesses, streamlining registrations, and what happens after businesses register</p> <p>1.3 Improve access to financing to promote public/private partnerships</p>		
<p><b>Session D: Nurturing Regional and Local Growth</b></p> <ul style="list-style-type: none"> <li>• Sustaining Local Government Services</li> <li>• Sustaining Rural Development</li> <li>• Focusing on Mindanao</li> </ul>	<p><u>Issue 1:</u> Development programs should, where appropriate, support efforts on inter-LGU collaboration for improved service delivery</p> <p><u>Issue 2:</u> Rural development is partly constrained by financing problems that limit the ability of LGUs to provide basic services at the same time promote growth-oriented activities.</p>	<p>1.1 Examine how national and local government systems and programs can support convergence at different levels, e.g. inter-regional, provincial and its components</p> <p>1.2 Introduce performance – based grant system</p>	DILG and NEDA	

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