

**PHILIPPINE GOVERNMENT-DEVELOPMENT PARTNERS WORKING GROUP
ON DECENTRALIZATION AND LOCAL GOVERNMENT**

Action Program and Progress Report

Themes/ Goals (1)	Agreed Action Agenda (March 2005) (2)	Activities (3)	Responsibility (and source of funds) (4)	Status (As of January 17, 2006) (5)	Follow-up Activities & Timetable (6)
<p>1. Capacity-Building</p> <p>Goal: Formulate the framework and mechanisms for improving coordination and harmonization of capacity building interventions</p>	<p>1.1 Harmonize capacity-building interventions, including the setting up of a sustainable mechanism for rationalizing & value adding of capacity-building activities</p>	<p>1.1.1 Conduct of a Study on the Inventory and potential for harmonization of capacity-building programs for LGUs</p> <p>1.1.2 Identify priority areas for harmonization from the government perspective</p> <p>1.1.3 Organize Subcommittees under the WG on priority areas for harmonization.</p> <p>1.1.4 Prepare harmonized capacity-building training modules in the following areas: - Finance - Service Delivery - Planning - Cross-cutting issues</p>	<p>Consultant Nene Guevara (CIDA), with CIDA, DILG, LGA, WB</p> <p>DILG</p> <p>Working Group Coordinator</p> <p>WB</p>	<ul style="list-style-type: none"> • Completed the study on the inventory of capacity building programs of LGUs including recommendations on the next steps • Completed discussion notes on harmonization of capacity building programs • Drafted proposed TOR for the Subcommittees • Drafted preliminary TOR for consultants 	<ul style="list-style-type: none"> • Core Group Meeting to discuss the recommendations on the doable programs to harmonize capacity building programs for LGUs (3rd wk of January 2006) • For discussion at the Core Group Meeting (3rd Week of January) • For discussion at the Core Group Meeting (3rd Week of January) • For discussion at the Core Group Meeting (3rd Week of January)

Themes/ Goals (1)	Agreed Action Agenda (March 2005) (2)	Activities (3)	Responsibility (and source of funds) (4)	Status (As of January 17, 2006) (5)	Follow-up Activities & Timetable (6)
<p>2. Performance Benchmarking</p> <p>Goal: Institutionalize Performance Benchmarking System</p>	<p>2.1 Institutionalize a performance benchmarking system</p>	<p>1.1.5 Coordination among donors on new initiatives</p> <p>2.1.1 National roll-out of the Local Government Performance Monitoring System (LGPMS)</p> <p>2.1.2 Involve working group members in roll-out and use of LGPMS results in local development activities.</p> <p>2.1.3? Identify further gaps in local performance monitoring needs, taking account of other systems (e.g. CBMS)</p> <p>2.1.4 Revisit & integrate the LGPMS & the LGFPMS</p>	<p>Working Group or individual members</p> <p>DILG (with LGSP)</p> <p>DILG, Working Group, LGSP</p> <p>Working Group</p> <p>DILG and DOF-BLGF</p>	<ul style="list-style-type: none"> About 10 “large” meetings organized to share information and explore donor coordination – AusAid, CIDA, ADB, WB, EC <p>Completed capacity-building for 1,418 LGUs (68 provincial governments, 98 cities & 1,252 municipalities) for a participation rate of 84%</p> <p>For discussion at the Core Group Meeting in January 2006</p> <p>For discussion at the Core Group Meeting in January 2006</p> <p>MOA between DOF and DILG for signature by end-February 2006</p> <p>Identified areas for integration and the assistance</p>	<p>DILG to present updates and preliminary findings at the Core Group Meeting (3rd week of January 2006).</p> <p>For presentation at the Core Group Meeting (3rd week of January 2006)</p>

Themes/ Goals (1)	Agreed Action Agenda (March 2005) (2)	Activities (3)	Responsibility (and source of funds) (4)	Status (As of January 17, 2006) (4)	Follow-up Activities & Timetable (5)
<p>3. Local Government Finance</p> <p>Goal: Improve the environment for LGU financing</p>	<p>2.2 Propose a performance system specifically for Performance-Based Grant System (PBG) (refer to 3.2 below)</p>	<p>2.2.1 Undertake a review of LGPMS and LFPMS to determine their usefulness for performance-based grants</p>	<p>World Bank with DBM, DOF, DILG</p>	<p>Completed the review of the LGPMS and LFPMS to determine their use for PBG</p>	<p>Select consultants for the IDF Grant on PBG (see 3.2 below)</p>
	<p>3.1 Adopt a consistent financing framework</p>	<p>3.1 Preparation of an LGU financing framework</p> <p>3.1.1 Harmonize GFI on-lending terms of funds sourced from ODA</p>	<p>DOF with World Bank</p> <p>DOF (partners still to be identified)</p>	<p>Completed initial concept paper on the framework;</p> <p>Included in the work program of the National Credit Council; awaiting discussion with interested donors</p>	<p>Prepare a full-blown paper on LGU Financing Framework</p> <p>DOF to follow-up DOJ</p> <p>Discuss with government (DBCC and ICC) the next steps</p>
		<p>3.1.2 Operationalize MFC</p>	<p>DOF</p>	<p>Legal opinion on the transfer of MDF to MFC as equity pending with the DOJ</p>	
		<p>3.1.3 Clarify government policy on the management of grants to LGUs</p> <p>-</p>	<p>DOF, DILG, DBM</p>	<p>No action (Note: ICC recently approved loan-grant mix for MRDP2, provided NG funding is clearly linked to MTPDP and agency core mandate)</p>	

Themes/ Goals (1)	Agreed Action Agenda (March 2005) (2)	Activities (3)	Responsibility (and source of funds) (4)	Status (As of January 17, 2006) (5)	Follow-up Activities & Timetable (6)
<p>4. Policy Reforms</p> <p>Goal: Undertake policy reforms in priority areas of local governance</p>	<p>3.2 Formulate mechanisms for a well-targeted performance-based grants</p> <p>3.3 Accreditation of selected private banks as LGU depository banks</p> <p>3.4 Explore untapped LGU revenue bases (e.g. centralized land valuation, privatization of assets)</p> <p>4.1 Conduct a broad review of the implementation of decentralization & propose amendments to the 1991 Local Government Code</p>	<p>3.1.4 Study on the Scope & Management of non IRA transfer to local government</p> <p>3.2 1 Design of the framework for implementing a performance-based grants system</p> <p>Issuance of directives to implement the policy</p> <p>4.1.1Preparation of studies for further devolution in the following areas – agriculture, environment, health, social welfare, LGU financial and fiscal management</p>	<p>World Bank/DOF</p> <p>DBM, DOF, DILG (World Bank IDF grant)</p> <p>DOF</p> <p>DOF?</p> <p>DILG, Leagues (support from LGSP, DIDA, WB...)</p>	<p>Study completed and presented at Working Group meeting [at ADB on October 4, 2005</p> <p>Drafted the terms of reference</p> <p>Allowed by the BSP in most cases under certain conditions but private banks lack branches in many LGUs;</p> <p>No action yet; could be included in capacity-building program on local government finance & revenue mobilization (refer to 1.1.2, col. 3, p.1)</p> <p>- Issuance of EO 444 - Three out of four studies have been submitted - Discussion with line agencies are on-going - Leagues are validating the findings of the studies</p>	<p>Report for dissemination</p> <p>Select consultants for the IDF Grant;Project design to be guided by DBM, DOF (MDFO), DILG and NEDA</p> <p>Status of the studies to be presented In the January 2006 meeting of the Core Group</p>

Themes/ Goals (1)	Agreed Action Agenda (March 2005) (2)	Activities (3)	Responsibility (and source of funds) (4)	Status (As of January 17, 2006) (5)	Follow-up Activities & Timetable (6)
		<p>4.1.2 Scoping of other priority reforms to define potential structural, functional & operational changes in local government</p> <p>4.1.3 Advocacy for the amendment of the Local Government Code</p>	<p>DILG, LGSP(ADB)</p> <p>DILG, LGSP, Leagues</p>	<p>TA with ADB on fiscal management in final stage of preparation</p> <p>Proposed framework for the full strategic review of devolution is being finalized</p>	<p>Validation with stakeholders (mid February 2006)</p>

V6/01.17.05