



WORKING GROUP ON DECENTRALIZATION AND LOCAL
GOVERNMENT



STRENGTHENING DECENTRALIZATION & THE REFORM PROGRAM FOR LGUs: PROGRESS REPORT, APRIL-AUGUST 2006

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Presentation to the Interim 2006 Philippine Development Forum
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2006 PDF Objectives/Goals for the WG on Decentralization & Local Government

Themes

Goals

LOCAL GOVERNMENT FINANCE



Create a more positive environment for financing LGU activities through consistency in policy implementation, improvement in the environment for LGU financing, formulation of new policies that will provide greater flexibility in accessing financing & promote greater accountability & performance

CAPACITY BUILDING



Build the momentum for harmonizing capacity building efforts through more focused interventions, greater coverage and more cost-effective and innovative delivery mechanisms

PERFORMANCE BENCHMARKING



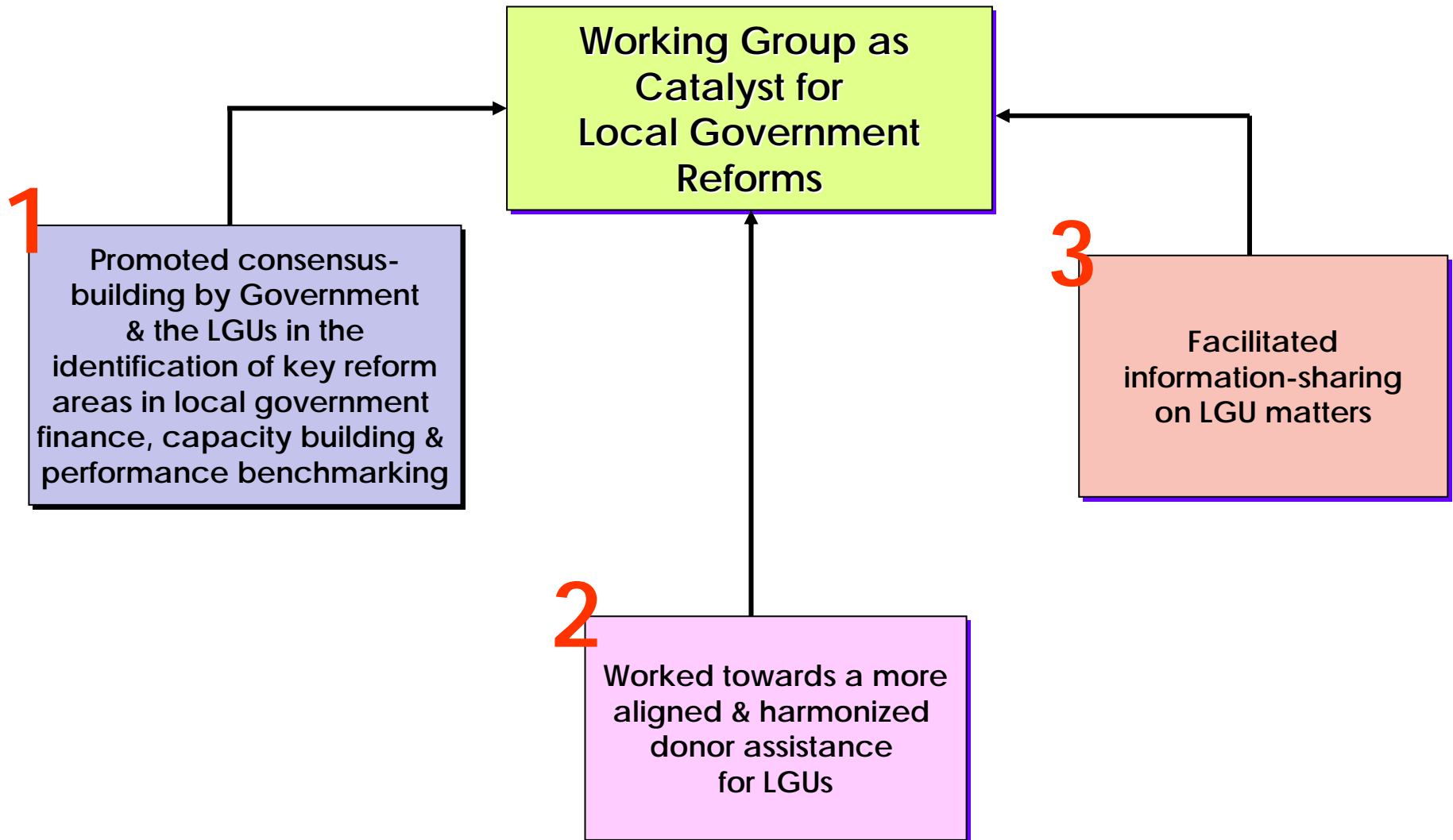
Expand utilization of performance monitoring systems through vigorous promotion of the use of the systems by providing incentives for LGUs to encourage good performance and instituting measures to improve the integrity and credibility of the performance measures

POLICY REFORMS



Further support policies of devolution & rationalization through a thorough assessment of the devolution experience and the conduct of capacity building programs for DILG, DOF, the LGU Leagues and other concerned agencies which oversee the devolution process

Accomplishment of the Working Group on Decentralization & Local Government Output, April 2006



Working Group Built Consensus on Key Reform Areas on Decentralization & Local Government

- Agreement between the NG & the LGUs on a common priority agenda to promote local government finance
- Partly removed policy bottlenecks for resource mobilization at the local level
 - Clarified policy on NG-LGU cost sharing arrangement
 - Studied mechanisms for linking performance with the allocation of grants
 - Studied the harmonization of on-lending rates of Government Financial Institutions (GFIs)



Working Group Built Consensus on Key Reform Areas on Decentralization & Local Government

- Rationalized capacity building efforts of NG agencies in planning, budgeting, revenue mobilization & financial management
- Identified the action program for expanding the use of LGU performance monitoring systems, improving the indicators under the systems as well as the management of the systems by DILG and DOF

Working Group as a Venue for Aligning & Harmonizing the Government Reform Program on Decentralization with Donor Support

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- **Organized thematic discussions on local government finance, capacity building & performance benchmarking**
 - Presentation of the Government Reform Agenda on the three themes
 - Alignment of ODA with the Government Reform Program
 - Assistance provided by various donors, e.g. ADB, WB, GTZ, CIDA, AusAID and UN Agencies
- **Explored innovative financing options to address the needs of LGUs**
 - LGU borrowing without sovereign guarantee
 - Performance-based grants



Working Group as a Venue for Aligning & Harmonizing the Government Reform Program on Decentralization with Donor Support

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- **Identified potential areas for harmonization in local government finance & capacity building**
- **Devised coordinative mechanisms to promote complementation of ODA assistance**
 - **Clear scoping of ODA proposals by Government**
 - **More venues for information-sharing between donors & the government on ongoing & new projects**
- **Coordinated with other Working Groups to identify overlapping assistance to LGUs & agreed on the delineation of responsibilities on the reform areas for decentralization & local government**



Working Group Facilitated Information-Sharing on LGU Matters

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- Promoted projects that will generate better data & information for policy making on LGUs matters
 - Documentation of government practices
 - List of financial advisors for LGUs
- Developed a separate website on LGU matters (www.lguph.org)
- Prepared the maiden issue of the Working Group newsletter



FUTURE CHALLENGES/WORK

- Institutionalize mechanisms for harmonizing ODA assistance to LGUs at the operational level
- Source the financing requirements for the government's agenda on the four themes of the Working Group, possibly through more innovative financing options e.g. common financing facility
- Complete the 2006 government agenda on policy reforms for decentralization & local government and formulate a decentralization framework for the medium-term





WORKING GROUP ON DECENTRALIZATION AND LOCAL GOVERNMENT



Erico



Shozo



Cristina



Austere



Angus



Marta



Karin



Ramon



Marcelina



Lowie



Joven



Rod



Jerry



Tariq



Helen



Roberto



Rolando



Olga



Herwig



Gil



John



Ono



James

THANK YOU

THANK YOU

