



CONSIDERATIONS AND SUGGESTIONS ON THE DECENTRALIZATION STRATEGY FROM THE POINT OF VIEW OF PFM (PUBLIC FINANCIAL MANAGEMENT)

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CONTEXT

- Lack of tradition of decentralized governance
- Most of LGUs encounter difficulties to offer quality services to citizens
- Difficult economical situation and agreements with WB and IMF which highlight fiscal consolidation and a greater responsibility on the government to achieve results until 2017
- Political will to proceed with the Territorial and Decentralization Reform



SEQUENCED DECENTRALIZATION PROCESS



LOCAL AUTONOMY AND INCREASED QUALITY OF PFM

- Definition/update of local government responsibilities in the areas of exclusive functions
- Improvement of modalities for vertical and horizontal cooperation in the areas of shared functions, including responsibilities and funding
- Establish expenditures
- Stability and predictability of intergovernmental fiscal relations
- Improve tax administration
- Municipal access to credit market
- Enlarge PFM reform at local level
 - OBL
 - Procurement
 - Treasury
 - Audit and Control
 - Financial Management Law
 - Information Systems



STRENGTHEN CAPACITIES

- Increase the competencies of local government to access national sources of statistics and information
- Clarify and protect legal status of local public officials as part of civil service with the same rigor as public officials at central level.
- Design Institutional Organigramme of central public authorities to include and have real presence at least at regional level in order to prevent the progress of concentration of skilled officials only in capital.

