



Asian Public Governance Forum on Local Finance

Achieving Fiscal Sustainability of Local Governments

13-14 July 2016 | South Korea

AIDE MEMOIRE

1. SPONSORSHIP

The Public Governance Programme (PGP) of OECD KOREA Policy Centre is organizing the Asian Public Governance (APG) Forum on Local Finance which will be held on 13-14 July 2016 in South Korea.

2. OBJECTIVE

The meeting brings together practitioners, policy makers and researchers with expertise in the field of local finance and enable in-depth discussions in a closer setting; serving as a platform for opportunity to strengthen cross-border networks among the experts and public officials.

The objective of the event is to provide an open and participatory platform for the Asia-Pacific countries to stimulate discussions on recent developments and reforms in fiscal relations across levels of government in the region for economic growth. More specifically, participants will be able to (a) exchange experiences and discuss public governance issues of local financial autonomy in their respective countries for mutual learning among policy makers, (b) deepen understanding of current efforts in local finance management, and (c) develop and strengthen areas for collaboration.

3. BACKGROUND

In the aftermath of the global financial crisis, local governments become even more important in bringing about an inclusive, well-balanced and sustainable development. The budgetary constraints at the central level has trickled down to local/sub-national level, where local governments are increasingly finding themselves with smaller grants. This has called for an interest in checks and balances for soundness of sub-national budgeting while further increased the acknowledgement of the relationship between good governance and sound local finance management.

Recognizing that good regulation is essential to help governments to effectively and efficiently advance our societies and economies, the PGP has launched APG Forum on Local Finance to be held on a regular basis for in-depth policy discussions to deepen understanding of local financial autonomy challenges and opportunities, issues and practices, experiences and lessons learned in achieving economic development through sound fiscal management.

The Forum will follow up on its successful launch last year in Lombok, Indonesia, where it provided a platform to present relevant experiences from different countries and discuss current efforts in enhancing the management of local finance for efficient policy making and service delivery. Last year's forum titled "Towards More Efficient and Responsible Local

Finance Management”, was well received as it has stimulated the discussions on the (a) effective public investment across levels of government (b) recent trends and challenges of Korea in local finance (c) fiscal reforms of sub-national governments in Indonesia and (d) sustainability of sub-national governments.

This year’s forum aims to carry on the aforementioned objectives by providing a valuable opportunity to highlight recent relevant researches on local finance as well as shared experiences from economies with sound fiscal management across levels of government to those that are seeking to achieve fiscal consolidation while tackling political resistance to reforming intergovernmental fiscal relations.

4. CONTEXT

Budget systems and procedures should be coordinated, coherent and consistent across levels of government. But in many countries, subnational governments are free to set their own budgeting laws and practices, and central governments often have little information about these. This makes budgetary coordination and consistency across levels of government difficult to achieve.

Subnational governments are responsible for a third of public expenditure and two thirds of public investment in OECD countries on average, and a need for a balanced perspective on public finance between central and local government is ever-so accentuated. Growingly countries face fiscal consolidation needs and pressure from citizens to maintain the level of public goods and services. In such times of fiscal consolidation priorities, it is crucial to get the most value for money from public spending at all levels of government.

Efficient and effective fiscal relations across levels of government are key ingredients for sound fiscal management. Many countries have reformed their intergovernmental fiscal relations in the last decade: giving regional and local governments new spending and taxing powers; overhauling intergovernmental transfer and equalization systems; tightening deficit, debt or fiscal rules at all levels of government; merging municipalities etc. Although these reforms were meant to make intergovernmental fiscal relations more efficient, more equitable, and more stable, many of them faced stiff political resistance. Some of the envisaged and necessary reforms were watered down, postponed, or even abandoned. But the need to reform and improve will not wither.

5. EXPECTED RESULTS

Taking advantage of the presentations and floor discussions, the meeting is expected to achieve the following outputs:

- Increased understanding of current status and trend of local finance in member and non-member countries in Asia and the Pacific and its development direction;
- Enhanced knowledge on local financial autonomy challenges and opportunities, issues and practices, explored experiences and lessons learned in achieving economic development through sound fiscal management;
- Suggestions and recommendations to PGP in the area of local finance to take into consideration for future activities;

6. ORGANIZATION

6.1 Participants

The APG Forum will bring together practitioners, policy makers and researchers with expertise in the field of local finance from member and non-member countries at the top decision-making levels or those who hold equivalent within national governments. Distinguished experts from various relevant organizations and associations will also take part in this event for in-depth discussions in a closer setting and strengthened cross-border network.

6.2 Dates and Venue

The forum will be held on 13-14 July 2016 in South Korea. Specific location to be announced.

6.3 Meeting Structure

The APG Forum will be held for two days and will be articulated into 4 sessions and a study visit. Each session includes presentations by invited speakers and discussion. After the presentations by invited speakers, the participants are invited to contribute to the discussion drawn from their own country experiences and expertise. Details on study visits will be made available in due course.

Day 1	
09:30-09:45	Registration
09:45-09:50	Opening Remarks
09:50-11:00	Session 1: Economic Development through Fiscal Decentralization
11:00-11:20	Photo and Break
11:20-12:30	Session 2: Central-Local Financial System in Asia-Pacific Countries
12:30-14:00	Lunch
14:00-15:10	Session 3: Strategies to Prevent and Overcome Local Financial Crisis
15:10-15:30	Break
15:30-16:40	Session 4: Ensuring Efficient Financial Management for Local Governments
16:40-16:45	Closing Remarks
Day 2	
	Study Visit

6.4 Official languages

The official languages of the APG Forum will be English and Korean.

7. CONTACT INFORMATION

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