



Asian Public Governance Forum on Local Finance

Achieving Fiscal Sustainability of Local Governments

13-14 July 2016

Oakwood Premier Incheon Hotel
Incheon, Korea

WELCOME NOTE

It is my great pleasure to welcome you to the Asian Public Governance (APG) Forum on Local Finance: Achieving Fiscal Sustainability of Local Governments, co-organized by OECD Korea Policy Centre and Incheon Metropolitan City, Korea.

Since its establishment in 2005, the Public Governance Programme of the Centre has been striving to disseminate relevant policy experiences of OECD countries to the Asia-Pacific region. Pursuing this mission, the Programme has hosted numerous international meetings and seminars as well as capacity building programs for more than 1600 public officials and experts from over 30 countries. Our work and contribution to improving public governance for the past 10 years have been well received, and the Programme will continue to strive to act as a regional hub in creating opportunities to strengthen cross-border networks.



In line with our endeavor, the Forum will follow up on its successful launch last year in Lombok, Indonesia. This year's forum aims to provide 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 who are seeking to achieve fiscal consolidation while tackling political resistance to reforming intergovernmental fiscal relations.

I'd like to express my sincere gratitude for taking part of the forum. I sincerely hope that you'd feel comfortable to contribute your thoughts and exchange new ideas and initiatives. I encourage you to actively participate in all the dialogues and discussions and take numerous benefits back with you. May you find the occasion informative, thought-provoking and act as a catalyst in spurring dialogues for strong collaborations in the future.

A handwritten signature in black ink that reads 'Deok Soo Park'.

Park, Deok Soo
Director General
Public Governance Programme
OECD Korea Policy Centre

SPONSORSHIP

The Public Governance Programme (PGP) of OECD Korea Policy Centre, in collaboration with the Incheon Metropolitan City of Korea, is organizing the Asian Public Governance (APG) Forum on Local Finance: Achieving Fiscal Sustainability of Local Governments, which will be held in Incheon, Korea on 13-14 July 2016.

OBJECTIVES

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.

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 anew 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 efficient and effective fiscal relations across levels of government are key ingredients for sound fiscal management, 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. This year's forum aims to carry on the aforementioned objectives by promoting recent relevant researches on local finance in democratic local governance throughout the region, and facilitating interaction and exchange of experiences in achieving fiscal consolidation while tackling political resistance to reforming intergovernmental fiscal relations.

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

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.

MEETING STRUCTURE

The APG Forum will be held for two days and will be articulated into speaker's presentations and study visits. In the opening session, a keynote address will be delivered on the topic of Economic Development and Local Decentralization. After the presentations by invited speakers, the participants are invited to contribute to the discussion drawn from their own country experience and questions to speakers.

For detailed session information, please refer to the Programme.

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

PROGRAMME

Day 1 – Wednesday, 13 July 2016

09:30 – 10:00 REGISTRATION

10:00 – 10:40 OPENING SESSION

Opening Remarks (5 min)

- Mr. Park Deok-Soo, Director General, Public Governance Programme, OECD Korea Policy Centre

Welcome Remarks (5 min)

- Mr. Jeon Sung-Soo, Deputy Mayor, Incheon Metropolitan City, Korea

Keynote Address (30 min)

Empowering Local Governments for Improving Economic and Social Outcomes: Progress to-date and the Unfinished Agenda

- Mr. Anwar Shah, Advisor to World Bank, International Consultant in Public Economics and Governance

10:40 – 11:00 BREAK

11:00 – 12:30 SESSION 1 : Central-Local Financial System in Asia-Pacific Countries

Efficient and effective fiscal relations across levels of government are key ingredients for sound fiscal management. Sub-national governments are responsible for a third of public expenditure and two thirds of public investment in OECD countries on average, and growingly countries face fiscal consolidation needs and pressure from citizens to maintain the level of public goods and services. This session explores recent developments and reforms in fiscal relations across levels of government in different decentralization contexts. It aims at discussing how countries are seeking to achieve fiscal consolidation while ensuring sound intergovernmental fiscal management and what are common challenges faced by policymakers for maintaining a balance.

Speakers (60 min)

Fifteen Years after the Implementation of Decentralization Policy in Indonesia: Two Contending Approaches

- Mr. Cecep Effendi, Director General, Centre on Integrated Rural Development for Asia and the Pacific

Current Trend of the Intergovernmental Transfer in Korea

- Mr. Ahn Young-Hoon, Senior Research Fellow, Local Administration Office, Korea Research Institute for Local Administration

Central-Local Finance System in LAO PDR

- Ms. Bouangeun Ounnalath, Director General, Fiscal Policy Development, Ministry of Finance, Lao PDR

Fiscal Decentralization in Vietnam: Recent developments and reforms

- Ms. Nguyen Thi Thuy, Senior Researcher, National Institute for Finance, Ministry of Finance, Viet Nam

Discussion (30 min)

12:30 – 14:00 LUNCH

14:00 – 15:10 SESSION 2 : Strategies to Prevent and Overcome Local Financial Crisis

Globalization has brought about more intense competition. Countries around the world face similar problems that call for better regulatory tools, institutions and policies that help to create the conditions for entrepreneurship, sustainable employment, higher productivity and good governance. Recognizing the importance of well-managed local finance, this session features central and local level strategies to prevent and overcome local financial crisis where different governments strive to achieve proper functioning of economies in times of constant changes, protect the rights and safety of citizens and ensure the delivery of public goods and services.

Speakers (45 min)

Thai Strategies to Prevent Local Financial Crisis

- Mr. Withee Pharnichwong, Senior Economist, Fiscal Policy Office, Ministry of Finance, Thailand

The factors of fiscal crunch and the strategies for financial soundness in local government - with a case of Incheon metropolitan city

- Mr. Lee Yong-Chul, Assistant Mayor for Planning and Coordination, Incheon Metropolitan City, Korea

Move of Huawei from Shenzhen, Local Finance, and Supply-side Reform

- Mr. Yanfeng Bai, Professor, Dean of the School of Public Finance and Tax, Central University of Finance and Economics, Beijing, China

Discussion (25 min)

15:10 – 15:30 BREAK

15:30 – 16:40 SESSION 3 : Ensuring Efficient Financial Management for Local Governments

The budgetary constraints at the central level has trickled down to sub-national level, where local governments are increasingly finding themselves with smaller grants. This has called for anew 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. This session aims at shedding a light on challenges for coordinating budget policies and ensuring budget consistency across levels of government for more efficient, equitable, and stable intergovernmental fiscal relations, and what are the prerequisite for creating an environment conducive to the action of local governments to be able to propose and implement financing approaches adapted to the needs of their populations.

Speakers (45 min)

Strengthening Efficiency in Sub National Finance in Cambodia

- Mr. Hoy Vicheth, Chief Office of Budget Control and Monitor for District and Municipality, General Department of Finance for Sub-national Administration, Ministry of Economy and Finance, Cambodia

The Strategies to improve the Efficiency of Local Finance in Korea

- Ms. Kim Su-Kyung, Local Finance Team Manager, Local Finance Policy Division, Ministry of Interior, Korea

Financing Options for Local Development and Monitoring the Fiscal Performance of Local Governments in the Philippines

- Mr. Niño Alvina, Director of Local Government Units Operations Service, Bureau of Local Government Finance, Department of Finance, Philippines

Discussion (25 min)

16:40 – 17:00 CLOSING SESSION

Takeaways from the Forum (15 min)

- Ms. Antonina Levashenko, Director of Russia-OECD Centre, Russian Presidential Academy of National Economy and Public Administration, and Ms. Alexandra Koval, Director of Russia-OECD Club

Closing Remarks (5 min)

- Mr. Deok Soo Park, Director General, Public Governance Programme, OECD Korea Policy Centre
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Day 2 – Thursday, 14 July 2016

09:30 Meet in the Hotel Lobby

10:00 – 15:20 Visits to Incheon’s Key Project Sites

10:00 – 10:30 Incheon Free Economic Zone

Incheon Free Economic Zone (IFEZ) is the first free economic zone ever designated in Korea. The designation was made in Aug, 2003, and the construction of the IFEZ is scheduled to be completed by 2022. The zone is divided into three areas: Songdo, Yeongjong, and Cheongra. The Zone is as big as 123.8 km², 1.4 times the size of Manhattan and 4.2 times Yeouido, Korea. When completed, the Zone will be capable of accommodating 536,000 people and 204,000 households.

10:35 – 11:00 IFEZ U-City Operation Centre

IFEZ U-City Operation Centre systematically and comprehensively manages the IFEZ’s transportation, crime and disaster prevention, environment, and facilities management based on a ubiquitous system. The center takes advantage of IT technologies to receive public governance information from relevant institutions, thereby better responding to public governance matters and providing necessary information to citizens.

11:10 – 11:50 Incheon Global Campus

Incheon Global Campus is a national project established together by the Korean government and Incheon metropolitan city, aiming to innovate education system and nurture next generation of global leaders. The campus houses not one but ten global prestigious universities, including the State University of New York, the George Mason University Korea, Ghent University Global Campus, etc.

12:20 – 13:20 Welcome Lunch / China Town

Incheon's Chinatown is Korea's only official Chinatown. It claims to be the largest Chinatown in Korea, It is famous for the various Chinese cuisines and attractions, and is known to be the home of jajang-myeon, Koreans' favorite Chinese food.

13:50 – 14:30 Incheon Transit Corporation

The construction of Incheon subway line no. 2 was 98.23% complete as of March, 2016. When completed, the subway will connect 27 stations, running 29.2 km. The subway is expected to accommodate 260,115 passengers per day, with 3 minute interval during rush hours and 6 minute during normal hours. Currently 368 people under 6 teams are working for the construction of the subway. The subway is under test operation and expected to open on July 30, 2016.

14:40 – 15:20 Incheon Asiad Main Stadium

Completed in Feb. 2015, the Incheon Asiad Main Stadium is was the main venue of the 2014 Asian Games and 2014 Asian Para Incheon. The stadium is designed with a capacity of roughly 30,000 spectators and has a main stadium, a supplementary stadium and a cricket ground.

16:00 Arrival to Hotel

SPEAKER PROFILES



Mr. Anwar Shah

Advisor to World Bank

International Consultant in Public Economics and Governance

Anwar Shah (Ph.D. economics) is Senior Non-resident Fellow Brookings Institution, USA, Advisor/Consultant, World Bank and Director of the Centre for Public Economics, SWUFE, Wenjiang, Chengdu, China. He has previously served the World Bank, Asian Development Bank, Canadian Ministry of Finance, the Government of Alberta and the UN Intergovernmental Panel on Climate Change. He was responsible for federal fiscal transfers to provinces for health, education and equalization at the Ministry of Finance. With the Government of Alberta, he was responsible for provincial fiscal transfers to local governments. He has published more than two dozen books and numerous articles in leading journals. His recent books include *Fiscal Federalism* (with Robin Boadway), *The Practice of Fiscal Federalism: Comparative Perspectives*, *Intergovernmental Fiscal Transfers*, *Local Governance in Developing Countries* and *Performance Accountability and Combating Corruption* and *Fiscal Incentives for Investment and Innovation*.



Mr. Cecep Effendi

Director General

Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP)

Cecep Effendi is an expert in South East Asia in the areas of good governance, decentralization and local governance. He is Director General of the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP), a regional intergovernmental organization which provides services in poverty alleviation, rural development and decentralization policies to its 15 member countries in the region. Prior to his engagement at CIRDAP, he served Ministry of Home Affairs of Indonesia as a Member of the Advisory Expert Team to the Minister, and to the Association of Provincial Government in dealing with the Ministry and the Parliament for the new decentralization bills (Local Government Bill, Direct Election Bill and Fiscal Balance Bill). He has Ph.D. in International Studies from Jawaharlal Nehru University, India.



Mr. Ahn Young-Hoon

Senior Research Fellow, Local Administration Office

Korea Research Institute for Local Administration (KRILA)

Young-hoon Ahn, Korean national and Senior Researcher Fellow in Korea Research Institute for Local Administration (KRILA) attached to the Ministry of Interior, has been working closely with the Presidential committee on Local Autonomy Development as one of experts since 2004. He participated in the National Risk Assessment Project of the OECD's High-Level Risk Forum on Disaster Management and Resilience Policy since 2012. He has taught at Ritsumeikan Univ. in Japan and in Rutgers Univ. in US, he taught Political Devolution and Fiscal Decentralisation and Regional Development Policy. He has authored a series of publications and comparative research on Advanced Countries Local Government System and International Public Administration. He holds a Ph.D. and Master's degrees of Paris II Univ. of France in Public Law and Paris IV in Sociology.



Ms. Bouangeun Ounnalath

*Director General, Fiscal Policy Development
Ministry of Finance, Lao PDR*

Bouangeun Ounnalath is Acting Director General of the Fiscal Policy Department of the Ministry of Finance LAO PDR. She has been in the field of public finance for more than 16 years in the Fiscal Policy Department and Budget Department, many of which involved macroeconomic surveillance and fiscal policies. She was involved in the formulation process of the National Socio-Economic Development Plan and the assessment the impact of revenue collection from foreign trade under participating the AFTA. In 2006 joined Policy Research Institute (PRI) of Ministry of Finance of Japan and wrote research paper on Comparison on Salary System for Government between Lao PDR and Japan. She now leads the drafting of Vision 2030 and Fiscal Strategy for Public Finance Development 2025, Five Year Budget Plan 2016-2020, and the legal framework on taxes, royalties and benefits from hydro power and mining sectors.



Ms. Nguyen Thi Thuy

*Senior Researcher, National Institute for Finance
Ministry of Finance of Vietnam*

Nguyen Thi Thuy is a senior researcher in the National Institute for Finance attached to the Ministry of Finance of Vietnam. She works for the Public Finance Policy Department, specializes in the state budget and public debt management. She is responsible for conducting research, analyzing economic issues, providing advices and contributing to the Government's policies. Her current research interests include public finance, economic development, fiscal and monetary policies. She holds a master degree in Economics of Money, Banking and Finance from the University of Sheffield, U.K.



Mr. Withee Pharnichwong

*Senior Economist, Local Fiscal Policy sub division
Fiscal Policy Bureau, Fiscal Policy Office, Ministry of Finance, Thailand*

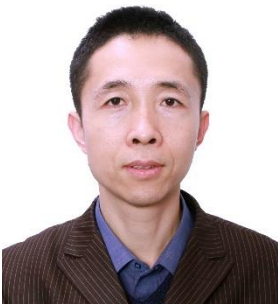
Withee Pharnichwong has worked in the Fiscal Policy Bureau, Fiscal Policy Office more than a decade, mainly focus in government expenditure policy such as budget formulation, budget monitoring, also making fiscal policy to respond with the changed economic situation. Currently, He has worked in the Local Fiscal policy sub division, which responsible for the calculation of overall revenue of the local authorities, determine the criteria for allocation of revenue to the local authorities, also engage in the development of local policy and regulatory.



Mr. Lee Yong-Chul

*Assistant Mayor for Planning and Coordination
Incheon Metropolitan City, Korea*

Lee Yong-Chul is Assistant Mayor for Planning and Coordination of the Incheon Metropolitan City, Korea. Prior to assuming the position in 2015, he was Head of Daejeon Government Buildings Management Service; Director of Local Finance Policy Division, Local Subsidy Division, and Local Tax Analysis Division. He also served as Senior Secretary to the President for Political Affairs, and for Non-Governmental Organizations. He received B.A in Anthropology and M.A. in Political Science from Seoul National University.



Mr. Yanfeng Bai

*Professor, Dean of the School of Public Finance and Tax
Central University of Finance and Economics (CUFE), Beijing, China*

Yanfeng Bai got his PHD in economics in 2005 from Renmin University of China, then he began to do teaching and research in CUFE. His research interest is focused on fiscal and tax policy, especially in energy and environment. He has good research cooperation with the Ministry of Finance, China and Development Research Center, State Council of China. His projects includes some sponsored by National and Beijing Fund of Philosophy and Social Science.



Mr. Hoy Vicheth

*Chief Office of Budget Control and Monitor for District and Municipality,
General Department of Finance for Sub-national Administration,
Ministry of Economy and Finance, Cambodia*

Hoy Vicheth, a Cambodian national and received a bachelor degree in economics from Northern Illinois University and earned a master degree in economics from Western Illinois University in United State of America. He has been working in the Ministry of Economy and Finance of Cambodia since 2012. He is active in both policy and budget affair for sub national administrations. He engages in strengthening efficiency in sub national government budget implementation and supports the ministry of economy and finance on producing a budget strategy plan for sub national administrations which is a part of the national public financial management reform program.



Ms. Kim Su-Kyung

*Local Finance Team Manager, Local Finance Policy Division
Ministry of Interior, Korea*

Kim Su-Kyung is Team Manager of Local Finance Policy Division of the Ministry of Interior, Korea. As a senior Deputy Director, she is currently responsible for Korea's 'Local Finance Reform' to enhance local fiscal soundness and coordinates basic plans and major policies in response to environmental changes in administration. She has been working in the field of local government fiscal affairs including local tax for more than 12 years. In her previous positions, she worked at the Civil Service Commission as Deputy Director of the Performance Management Division, and as Deputy Director of Local Tax Policy Division.



Mr. Niño Alvina

*Director of Local Government Units Operations Service
Bureau of Local Government Finance, Department of Finance, Philippines*

Niño Raymond B. Alvina is the Director of Local Government Units Operations Service of the Bureau of Local Government Finance, an attached agency of the Department of Finance. Prior to formally joining the Government in 2015, he has worked on property valuation and taxation reforms, and other projects on local finance in various capacities from 2005 to 2014. In his current role, he supports policy development and is in-charge of the Bureau's oversight functions on local treasury and assessment services, capacity building, and project management. His recent initiative is on benchmarking performance standards and setting up the fiscal sustainability scorecards of all local governments in the Philippines.



Ms. Antonina Levashenko

*Director of Russia-OECD Centre, Russian Presidential Academy of National
Economy and Public Administration (RANEPA)*

Antonina Levashenko has a master degree in international law. She has worked as a researcher in Ye.T. Gaidar Institute for Economic Policy, as a lawyer and senior researcher in The Russian Presidential Academy of National Economy and Public Administration (RANEPA), as a senior researcher in Russian Foreign Trade Academy of the Ministry for the Economic Development of the Russian Federation (in Russia-OECD Club of Academy). Now she is a Chief of Russia-OECD Centre RANEPA. Her area of interest includes tax, investment, trade, corporate governance, financial markets, and support for exports. Environmental policy, investment (green investments), government procurement, responsible business conduct, corporate governance, taxes, offshore, exchange controls and OECD standards in these areas are the main issues studied. As an expert, she has closed cooperation with government authorities; mainly Ministry of economic development, Ministry of construction, Ministry of industry and trade, Audit Chamber, Ministry of Finance.



Ms. Alexandra Koval

Director of Russia-OECD Club

Russian Foreign Trade Academy (RFTA)

Alexandra Koval has a master degree in law of international trade. She has worked as a researcher in Russian Foreign Trade Academy (RFTA) under Ministry of economic development of Russian Federation and specialised in export support measures. Alexandra is now leading "Russia-OECD Club" and works as the researcher in Russia-OECD Centre. As an expert, she has closed cooperation with government authorities like Ministry of Economic Development, Ministry of Industry and Trade, Audit Chamber. Export support, regulatory policy, public governance and regional development OECD tools are the main areas of interests.

ORGANIZING PARTIES

OECD Korea Policy Centre Public Governance Programme



The OECD Korea Policy Centre has its mission in disseminating advanced public policy systems to the Asia-Pacific region in cooperation with the OECD. Established by a Memorandum of Understanding between the OECD and Korea's Ministry of Security and Public Administration, the Public Governance Programme seeks to be a bridge between the OECD and the Asia-Pacific region, sharing OECD member countries' public governance policy experiences with non-members. It regularly holds international meetings and capacity building programmes on governance topics including public innovation, local finance, public-private partnership and regulatory reform.

Incheon Metropolitan City



Incheon is located in the middle of the Korea peninsula, bordering Seoul and Gyeonggi Province, and is not only close to Seoul but also next to the Yellow Sea. Incheon is one of Korea's major port cities and a gateway to the metropolitan area of Korea. Through the world-renowned Incheon International Airport and Incheon port, which make up a logistics hub of Northeast Asia, the city also provides easy access to many parts of the world. Today, about 3 million people live in the city, making it Korea's third most populous city after Seoul and Busan. The city's growth has been assured in modern times with the development of its port due to its natural advantages as a coastal city and its proximity to the South Korean capital. Incheon has since led the economic development of Korea by opening its port to the outside world, ushering in the modernization of Korea as a center of industrialization. In 2003, the city was designated as Korea's first free economic zone. Since then, large local companies and global enterprises have increasingly invested in the Incheon Free Economic Zone, including Samsung which chose Songdo International City as its new investment destination for its bio industry. As an international city, it has 22 countries and 34 cities as sister & friendship cities and it is home to 13 international organizations.

OECD KPC PUBLIC GOVERNANCE PROGRAMME



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