THE 2ND KIPF-OECD-ADB ROUNDTABLE OF THE NETWORK ON FISCAL RELATIONS IN ASIA (RONFRA)

Local Capacity Building and Performance Improvement for Inclusive Growth

Workshop organized by the Korea Institute of Public Finance, the OECD and the ADB

Ruby Hall (22F), The Plaza, Seoul

February 21-22, 2019

Objective of the workshop

Given the current economic context around the world, inclusive growth is a hugely important topic and has been made into a key national policy objective in many countries. The objective is also promoted by international organizations – especially the OECD – as well as the ADB, the IMF, the World Bank, and the UN. The OECD has been a leading promoter of inclusive growth policies, and relevant frameworks for analysis.

Since subnational governments are involved in so many aspects of policymaking, it is natural to investigate how and to what extent subnational governments can play a role for inclusive growth. However, there remains surprisingly little research on the links between inclusive growth and fiscal decentralization. Recognizing the importance of understanding the link between fiscal decentralization and inclusive growth in developing and emerging countries, the OECD and the KIPF (Korea Institute of Public Finance) initiated a Roundtable of the Network on Fiscal Relations in Asia (RoNFRA). The first meeting was held in December 2017 in Seoul on the theme of "Making fiscal decentralization work for inclusive growth in Asia". The main motivation of RoNFRA is to promote better policies for fiscal decentralization and sustainable development, so the core participants of RoNFRA are government officials of the Asia and Pacific region. Consequently, RoNFRA provides a rich environment for policy dialogue and discussions among Asian and Pacific countries.

The main motivation of the theme of the 2nd RoNFRA is as follows: firstly, whether and how much decentralisation contributes to inclusive growth depends on local capacity, which in turn depends on various factors such as local fiscal and human resources, the commitment of local politicians and public officials, intergovernmental fiscal relations, fiscal institutions, political environments, and their interactions with each other. In many cases, building local capacity depends on the incentives faced by local governments such as political incentive (voting and accountability); fiscal incentive (design of intergovernmental grants); administrative incentive (performance management); and citizen participation (direct democracy).

Bringing such diverse issues together and having them discussed by experts in relevant academic and policy fields will give us an opportunity for new perspectives and sharing of information on the local capacity building and performance for inclusive growth.
**Program**  *Venue: Ruby Hall (22F), The Plaza*

**Day 1 Thursday, 21 February 2019**

09:00 – 09:30  **Registration**

09:30 – 10:00  **Welcoming Remarks**

Yu-Chan Kim, KIPF  
Luiz de Mello, OECD

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### Session I

**10:00 – 11:00**

**Overview and Concepts**

- What does local government capacity entail, and how can policies and institutions help to improve performance?

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<tr>
<th>Moderator</th>
<th>Junghun Kim</th>
<th>Fiscal Policy Institute</th>
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<td>Keynote Speakers</td>
<td>Teresa Ter-minassian</td>
<td>Former IMF</td>
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<td>Paul Smoke</td>
<td>New York University</td>
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11:00 – 11:15  **Group Photo and Coffee Break**

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### Session II

**11:15 – 12:50**

**Local Revenue Capacity**

- Making better use of income taxes, property taxation, fees and charges, etc.

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<td>11:15 – 11:30</td>
<td>Sean Dougherty</td>
<td>OECD</td>
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<td>11:30 – 12:15</td>
<td>Zhi Liu</td>
<td>Lincoln Institute, China</td>
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<td>Daovala Phommala</td>
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<td>Niño Alvina</td>
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12:50 – 14:30  **Lunch (Opal Room (22F), The Plaza)**
Local Government Capacity

- Technical capacity: capacity and commitment of local officials for public service delivery and development planning
- Governance capacity: effectiveness of decision-making process of local governments and citizen participation

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<th>Country Experiences</th>
<th>Discussant</th>
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<td>14:30 – 14:45</td>
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<td>John M. Kim</td>
<td>Edwin Lau</td>
<td>Bondi Arifin</td>
<td>Hanif Rahemtulla</td>
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<td>Lourenco Pinto</td>
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Intergovernmental Institutions, Incentives and Framework Conditions

- Constitutional, legal frameworks and enabling conditions that have an influence on subnational capacity-building

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18:00 – 19:30 Dinner (Opal Room (22F), The Plaza)
Day 2 Friday, 22 February 2019

Session V
09:30 – 12:30
The Role of Intergovernmental Grants – ADB Organized

- How to be effective for local capacity building?
- General grants, earmarked grants, and block grants
- Performance-based grants

09:30 – 10:15 Lead Speakers
Roger Shotton (Rapatteur) Local Development Associates
Uyanga Gankhuyag UNDP

10:15 – 11:00 Country Experiences
Suresh Balakrishnan Nepal
Batsukh Tumurtulga Mongolia
Mohammad Emdad Ullah Mian Bangladesh
Chanthary Huy Cambodia
Anna Bonagua Philippines

11:00 – 11:20 Discussants
Junghun Kim Fiscal Policy Institute
Heru Wibowo Indonesia

11:20 – 12:20 Group Discussion All Participants

12:20 – 12:30 Wrap-up
Roger Shotton Local Development Associates

12:30 – 14:00 Lunch (Opal Room (22F), The Plaza)

Session VI
14:00 – 15:00
Lessons Learned and Looking Forward

Main policy implications in each of the four areas covered

Moderator
Luiz de Mello OECD

Panel
Teresa Ter-minassian Former IMF
Hanif Rahemtulla ADB
Paul Smoke New York University
Roger Shotton Local Development Associates
Hyun-A Kim KIPF