

LPSA ASIA REGIONAL WORKING GROUP – OPEN MEETING SUMMARY 11th July 2023

The LPSA Asia Regional Working Group Open Meeting took place on the 11th of July 2023. The meeting was moderated by [Peter Yates](#), who serves as one of the co-chairs [of the LPSA Asia Regional Working Group](#). Peter commenced the meeting by providing an overview of the meeting agenda and the welcome remarks. He explained that the purpose of the meeting was to bring together short presentations, discussion points, and share updates on what's happening across Asia.

Peter then handed over the time to [Phillip Gonzalez](#). Gonzalez presented a regional outlook during the meeting. He focused on three countries: Nepal, Pakistan, and the Philippines. In Nepal, local governments have performed well in terms of governance, surpassing the provincial and federal governments in trust and effectiveness. They have improved access to healthcare, provided essential documents and certificates, and contributed significantly to relief efforts during the pandemic and natural disasters.

Moving on to Pakistan, Gonzalez describes the local government as non-functional in a truly democratic sense. Despite elections taking place, there is little democratic impact, public engagement, or accountability. Bureaucracy dominates, resulting in challenges in service allocation, resource management, and corruption. However, upcoming general elections in November presents an opportunity to promote the virtues of effective local government and fiscal management.

In the Philippines, specifically in Bangsamoro, the transition authorities are deliberating on the Local Government Code. This legislation will give local governments a voice in the current unitary model where the national government interacts directly with local governments. The code also allocates substantial resources directly to local governments, enhancing their capacity to deliver services in a decentralized manner. However, the country still faces centralizing tendencies that will take time to recede. Gonzalez emphasizes the importance of the code for Bangsamoro, as it could strengthen true autonomy, support the peace process, and lead to better outcomes for its citizens. The success will depend on the nature of the intergovernmental relations architecture and Bangsamoro's ability to clarify its role in the new dynamic. After Philip Gonzalez's regional outlook, Peter Yates opened the floor for further insights or reflections on the countries discussed.

Time was then given to [Roger Shotton](#). He began his presentation by introducing Mongolia, its historical ties to the Soviet Union and its subsequent independence. Shotton focused on fiscal decentralization in Mongolia, which saw a shift from a livestock-based economy to a mining-driven one. He explains the dual institutional framework at the subnational level, with elected '*Khurals*' and indirectly elected governors, along with the capital city, Ulaanbaatar, being a separate entity. Shotton highlights the challenges posed by divided institutions at the central level and the history of policy shifts between centralization and decentralization.

He gave an overview of Mongolia's decentralization journey since the 1990s, with initial freedom for subnational governments followed by re-centralization and gradual decentralization. Shotton illustrated the subnational government structure and discussed coordination and accountability challenges. He shared metrics on fiscal decentralization and explored the functions and financing sources for subnational

governments, emphasizing own revenues, mining resources, fiscal transfers, deficit transfers, and borrowing. He delved into the challenges associated with deficit transfers and surplus transfers, as well as the Local Development Fund transfer and highlighted the need for better data sharing and transparency.

Post the presentation, [Madhavi Rajadhyaksha](#) raised a question about the suspension of certain functions in subnational governance and the rationale behind this decision. Roger Shotton explained that these functions, initially delegated to subnational governments, were suspended due to concerns over budget norms and limited local decision-making. The Ministry of Finance revised the budget law, considering alternative approaches for handling subnational expenditures and promoting local discretion. However, the details and implications of these changes are uncertain, and policy-making challenges at the central level complicate the situation. [Rob Foote](#) raised a question about the dynamics between technical and political solutions in decentralization. Shotton acknowledged the challenge of aligning bureaucrats, decision-makers, and technical experts. He mentioned the lack of a clear forum for discussions in Mongolia and the frequent changes in personnel after elections, adding to the complexity. [Shaila Khan](#) expressed disappointment with the slow progress in fiscal decentralization and seeks advice on advocating for it. Shotton suggested focusing on specific issues, services, functions, and forms of financing. He emphasized the need to find the right balance between central and local government arrangements.

In the next segment, [Jamie Boex](#) discussed the state of local governance institutions across Asia and the implications for decentralization and localization. He highlighted the need for inclusive and effective multi-level governance systems to address the challenges faced by countries in the 21st century. Boex presented the findings of an ongoing study conducted by LPSA (Local Public Sector Alliance) on the empowerment of local governments in various Asian countries. The study examined factors such as authority, autonomy, budget control, and staff management to determine the level of empowerment of local governance institutions. The preliminary findings indicated that most local governance institutions in Asia do not meet the criteria for devolved local governments. Many elected officials lack real decision-making power, and functional assignments are often centralized at the regional or central government level. However, there are variations among countries, with Indonesia and the Philippines showing more extensive devolution. Boex emphasized the importance of effective local governance institutions for public service delivery, urban development, climate action, and revenue generation.

He raised key questions for countries to consider, such as the effectiveness and inclusiveness of local public service delivery, the role of cities in urban development without meaningful powers, the incentives for local governments to raise own-source revenue, and the relationship between elections and empowerment of elected officials. Boex concluded by discussing future plans, including refining the assessment methodology, expanding the study to cover all Asian countries, and using the findings to inform policy debates and promote progress in decentralization and localization.

[Iqbal Mahmood](#) shared insights about the state of local governance in Bangladesh. He highlighted that there are two types of representatives in sub-national levels: local elected representatives and government officials. Currently, the elected representatives are dependent on government officials for decision-making and service delivery. Mahmood noted that the law exists to empower local government institutions, but in practice, it is not being implemented effectively. He also mentioned that the participation in local government elections has changed, with political parties now nominating candidates instead of anyone being able to participate. Due to the current political situation in Bangladesh, where

one party dominates, most candidates are from the ruling party. Despite the existence of laws, there is a disconnect between the law and practice in local government institutions.

Mahmood emphasized the importance of the [LoGICA framework](#) results in Bangladesh. He suggested that the findings can be used to work with policymakers and decision-makers to improve the situation. Mahmood concluded by expressing the need to utilize the report in the context of Bangladesh and utilize this year as an opportunity for positive change.

During the discussion, Shaila Khan asked about the potential for decentralization and local governance promotion in Bangladesh after the upcoming elections. She questioned whether local governance champions would engage in discussions about decentralization and whether fiscal decentralization or service delivery would be more important for the country's progress. Mahmood responded by acknowledging the challenging political situation in Bangladesh, stating that there was no significant difference between non-partisan and partisan elections. He expressed skepticism about the possibility of substantial changes and highlighted the deterioration of the local government system over the past 20 years. Mahmood suggested that critical issues should take precedence over local government improvements.

[Jerome Sayre](#) later inquired about the monitoring and reporting function of local government in Bangladesh. Mahmood explained that Standing Committees at the Union Parishad and sub-district levels are involved in this function, but their effectiveness relies on donor-funded projects. He noted that during the COVID-19 pandemic, government officials managed service delivery, and local government representatives were not actively involved, citing corruption cases that hindered their role.

Concluding the meeting, Peter Yates announced the date of the next quarterly meeting scheduled on the **10th of October (3:30pm Delhi / 5:00pm Bangkok / 6:00pm Manila)** and encouraged participants to visit the [decentralization.net](#) website for valuable resources. Boex added to the discussion by emphasizing the need for a more honest assessment of decentralization and local governance in Asian countries, including Bangladesh. He suggested exploring mechanisms to engage policymakers and stakeholders effectively to promote inclusive and sustainable development at the local level. The meeting concluded with the intention to address this topic more prominently in future discussions.