

## Discussion with Health DPG

- 1) LG reforms:
  - a) Objectives

### **Overall programme goal**

Accelerated and equitable socio-economic development, public service delivery and poverty reduction across the country

### **Overall programme purpose**

To achieve devolution of Government role and functions, and to that end transform LGAs to competent strategic leaders and coordinators of socio-economic development, accountable and transparent service delivery and poverty reduction interventions in their areas of jurisdiction

- b) Strategy:
  - i) First, remove political, institutional, legal and policy impediments to D by D, and thereby *create an enabling framework to empower LGAs*;
  - ii) Second, develop the capacity of LGAs and thereby *empower them to take effective advantage of the enabling D by D framework*;
  - iii) Third, *enable the wananchi (citizens) at all levels to participate and demand transparency and accountability in the devolved systems for allocation and use of public resources, and in planning and delivery of public services, socio-economic development and poverty reduction*;
  - iv) Fourth, install institutional and organisation systems and mechanisms, and develop leadership and management capacity at all levels to *ensure effective implementation of the programme*.

- 2) Progress over 10 years
  - Enormous progress over the last 10 years in planning and implementation capacities, although not perfect yet
  - Financial management enhanced: adverse audits in 2000 at 66% now at 0%
- 3) Specific PFM and implementation issues for LGA:
  - Unspent funds
  - Poor flow of funds from center to LGAs often caused to complex processes
- a) This leads to:
  - Late or partial implementation
  - Inefficient use of resources (both financial and HR)
- b) Therefore the GoT has decided to move to one account for PE and 1 for OC effective from 2011/12

- This should enhance efficiency in implementation
- This doesnot mean that LGAs can change their budgets. Budgets are still approved based on the budget guidelines.
- This doesnot imply that schools or health centers do not need a bank account.

4) Equity.

- a) PAF indicator 25% formula-based
- b) Not achievable as PE will not be formula-based
- c) Development of equity indicator (Including health and education staff numbers per inhabitants)

The Government will, by December 2010, issue to LGAs a circular which will inform them about Government's decision to fold the recurrent grants into one for personal emoluments (PE) and one for other charges (OC) for each LGA effective from the financial year 2011/12. **(PMORALG)**