

- General principles established
- Strong central government leadership
- Motivated local governments
- Experiences from ongoing and previous reforms, and from other countries
- Generally healthy economy

- Unclear resp. and acct. between central and local governments
- Disconnections on gov't functions and on gov't finance
- Legal and regulator constraints
- Mounting local government debt
- Lack of transparency
- Misplaced incentives and moral hazard

- Market economy
- Private sector participation and PPP
- Capacity development at local gov't levels
- Gov't administrative reforms
- Financial sector reforms
- Fiscal strength

- Streamlining gov't functions
- Incentive compatible measures
- Medium term budget framework
- Strengthening financial management and governance
- Monitoring, surveillance and evaluation
- Legal and regulatory reforms
- Municipal finance market dev.

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