

MEETING REPORT NALAS FISCAL DECENTRALIZATION TASK FORCE

Ljubljana, 1-12 July 2011, hotel "M Hotel"

NALAS Task Force on Fiscal Decentralization met in Ljubljana, Slovenia on the 11-12 July 2011. The meeting was co-organized by the Association of Municipalities and Towns of Slovenia (AMTS).

Highlights of the meeting:

- The TF will enter into regular periodical data collection for a Comparative Analysis on the Level of Decentralization and Fiscal Autonomy of Local Governments in South East Europe
- A work plan of the FD TF (Jul 2011 - Dec 2012) was developed
- New ideas for TF products, communication channels, dissemination activities and partnerships were brainstormed
- The TF recommended the project proposal "Improving the Collection of Local Non Tax Revenues in SEE" to focus its content on "asset incomes" and "communal fees and charges for municipal services"
- Mirko's Law: "The weaker the state and the weaker the economy, more local non tax revenues there will be!"



1. PARTICIPANTS

15 members of the Task Force from 12 associations participated at this meeting, including the Deputy Executive Director of the host association of this Task Force – NAMRB. The work of the group was supported by the project “Institutional Support of NALAS” by supplying an international core advisor of the TF. The Knowledge Manager of the AMTS was also present, as well as the Executive Director and the Program Officer from the NALAS Secretariat. The total number of participants was 20, and the full List of Participants is in Annex 1 of this Report.

2. GOALS & ACTIVITIES of the TF MEETING

The main goals set for this meeting were:

- a) To initiate discussions for revisiting the role of the Task Force, its activities, products and partnerships FD within and out of NALAS;
- b) To develop a work plan for the activities of the FD TF until end of 2012;
- c) To provide update of the FD projects: the ongoing on Municipal Borrowing and the project proposal on Local Non Tax Revenues;
- d) To promote the utilization of NALAS’ instruments: Knowledge Tree, Quick Response System.

The agenda for the meeting was designed accordingly. It is attached as Annex 2 of this report.

2.a. Discussions for revisiting the role of the Task Force, its activities, products and partnerships FD within and out of NALAS:

This topic was envisaged as an outlook on the future: strategic rethinking the work of the TF in the next period in an environment where the support from international organizations is decreased and NALAS acts like a self-sustainable network.

The TF members brainstormed around these subjects:

- ***New forms of TF products***

The following ideas were noted: rotating monthly country updates, implication of EU accession, good practices from the region, policy analysis, discussing fiscal decentralisation forms as cases in different countries, visit member local governments and see results where it happens as case studies, penetrating the Quick Response System to the municipal level, regional conferences for local finance experts.

- ***How to improve dissemination***

The TF members identified the following new ways of dissemination: thematic conferences / workshops, faster implementation of the activities, meetings in associations with experts from TF, literature on / translation to local language, organization of training on these issues, development of policy briefs, fliers, leaflets customized for target audiences and NALAS members to take more active role in the dissemination activities, use of CD's for dissemination purposes.

- ***Future forms of interaction within TF***

Videoconferences, coaching with experienced associations (followed by written info), online sessions, using Google groups/online meetings, ask support of the Committee of the Regions, TF activity to be covered under a specific project not only from NALAS core funding, “peer to peer” electronic communication/ Facebook, web seminars, bringing together TF and KM to exchange experience.

- ***Partnerships of the Task Force within NALAS***

The members committed to interact with the other Task Forces by discussing the financial aspects of the other areas: water, waste etc. There was also an urge to intensify the relations with the Committee of Liaison Officers, and to use the advantages of the Quick Response System and to spread it as a practice up to municipal level, with the active roles of the LGA's.

- ***Partnerships with external partners***

It was pointed that the civil society organizations, research institutions and associations of financial experts would make good new partners. Another interesting idea was to engage the Brussels branches of the NALAS members to work on identifying opportunities for project funding and partnership, and also to use sponsors for conferences (topic specific). Potential way of cooperation would be “bringing” the national projects financed by bilateral donor programs (USAID, VNG, SNV, etc.) to a “regional” level, by utilizing NALAS as a regional knowledge hub.



2.b. Work Plan for the FD TF (July 2011-December 2012)

Based on several planning sessions, as well as on the data gathered with a questionnaire collected by the TF members prior to the meeting, the following activities were prioritized as being of interest of the Task Force:

- ***Comparative Analysis on the Level of Decentralization and Fiscal Autonomy of Local Governments in South East Europe:***

Several basic cross national indicators would be collected in order to produce periodical comparative data and analyses, to be then used and disseminated in various forms and for various uses. The data sets would respect all differences of a specific intergovernmental finance system, but as a secondary effect we would compare same systems in different countries. The data gathering would be assisted by the Knowledge Managers and where available it will be collected for 5 years retroactively (2005-2010);

- ***Conduct thematically based activities in the determined topics of interest: local borrowing, intergovernmental budget negotiations, multiannual budgeting, non tax revenues:***

The TF discussed how to continue working on these issues within the ongoing projects, but more importantly how to approach the topics which have not made it to a project form yet. The goal would be to make them more attractive for funding and alliances.

- *Intergovernmental Budget Negotiations*

After completion of one project on the topic and having a drafted a second phase project, the discussions reflected the possible accommodations in how the topic is approached, It was agreed that the media needs to be included in the project (as partners and trainees) because of their crucial role during the negotiations. Also, the activities must be designed in a way that would push the discussion beyond the Ministry of Finance, so the negotiations become more “sectoral”. The trainings should be maybe designed based on the types of funds that are being negotiated by each association and should include a dimension of the role of the LGA in educating political parties in budget negotiations.

- *Multiyear planning and budgeting of EU projects*

Important ideas to be included in the work on this topic are: it must speak of budget forecasting, must build capacity how to think (from a municipal point of view) of operational and capital costs and revenues and to cross- cut with the EU integration/accession process and the use of the EU funds. The activities under this topic must recognise that the municipal strategies and priorities are most important and are two aspects which are crucial in terms

of multiannual budgeting. Possible activities could include: collection of case studies, revision of the EU recommendations in this topic for the local and regional authorities, conference, symposium, etc. It was concluded that this topic should be renamed from Multiannual Budgeting to Multiyear Planning and Budgeting of EU projects.

- *Municipal Borrowing*

The Task Force will stay close to the implementation of the project Local Borrowing in SEE: participate in conferences/workshops, get involved in the Local Borrowing E-Forum.

- *Local Non Tax Revenues*

The TF shall be involved in the project implementation as much as possible: regular updates on the project approval and implementation will be provided by the Program Officer, and consultations with the TF would be performed as needed.

- ***Looking for and Establishment of Strategic Alliances***

The TF members and the Secretariat should be alert and proactive in searching partners for strategic alliances that would support the TF ideas and activities. This component would also search for inclusion of NALAS experts in various policy dialogues in the region and beyond.

- ***Periodical Updates on Hot Local Finance Issues by Each Association***

On a voluntary base, each LGA would prepare a periodical update on the national hot issues in local finances and themes related, and forward the update to the TF members.

- ***Utilisation of NALAS Shadowing and Quick Response System for Fiscal Decentralisation***

The TF members would use every opportunity for utilisation of these services of NALAS, to put them in function of exchange of knowledge and experience in the area of fiscal decentralisation and municipal finances.



2.c. FD Projects: Updates and Issues

- “Municipal Borrowing in SEE” Project

The Program Officer provided update to the TF members on the ongoing project on Municipal Borrowing and informed them about the upcoming phase of capacity building initiatives to be undertaken by 7 associations in the framework of the project.

- “Improving the Collection of Local Non Tax Revenues in SEE” Project Proposal

The TF member of ALVRS shortly presented the latest version of the project proposal on “Improving the Collection of Local Non Tax Revenues in SEE”, especially the changes accommodated during the planning workshop for this project held in Skopje 26-27 June 2011. The TF members expressed some concerns over the focus of the project, considering that categorization of these revenues must be made before continuation of any activities. Therefore, the TF designed the following classification of the non tax revenues in the region, as a guideline for the project, and also suggested to maintain close relationship between the TF and the project implementation:

- Asset income (rental, sales, property management);
- Land Use Fees (land construction permits, occupancy permit, land planning fees, hook up charge);
- Fees for Use of Public Space (restaurants, kiosks, river banks, temporary storage);
- Business Registration Fees;
- Land development (infrastructure impact fees);
- Utility Fees and Charges;
- Document Certification (copies, registration);
- Interests, fines and penalties and
- Concessions.

3. MEETING EVALUATION

A standard feedback was asked from the participants of his meeting. Below is the summary:

3.1. Level of preparedness of the organizers (1-5) : 4,17

- What was done well: topic, agenda, thinking; logistics, technical preparations; everything was extremely well organised; everything was planned in details, as usual; engagement of participants; organization and presentations; everything; agenda, materials, logistics; the consultant gave great input
- What can be done better: In the TF FD to have members working in municipality – public finance; more detailed agenda distributed in advance;

have different associations make presentations about NALAS work they are leading and issues and situations in their countries; LG success stories from each country; expert view of topics discussed; shorten the time of the workshop

3.2. *Hotel and Food (1-5): 4,4*

3.3. *What do you think of the contents of the meeting? (1-5): 4,7*

- Highlights: everything was on time
- What can be done better: to present project ideas from the associations; in the next meeting to research new topics of the fiscal decentralization; condense planning and expand info exchange; the agenda is OK, but timing should be shorter; work the first day from the morning and leave the free afternoon the second day; for every session somebody else must be prepared will and the others must share their opinion; to be more concrete

3.4. *General remarks:*

- To discuss social category devolution from central level to local governments
- More pre-defined presentation as local input
- Find ways to overcome the language barriers
- Include representatives from central governments
- Keep doing the good job!
- Direct impact on local implementation
- Start at 9.30
- Bringing an expert like Tony Levitas is nice idea to be considered for other TF meetings
- More inter-active participants