



# Institutionalization of the budget negotiation

# Regulation in Law – for local self government and for municipal financial resources

## Guarantees the right of the Association to:

- ✦ Elaborates proposals for improving the legislation concerning local self government.
- ✦ Prepares motivated proposal for the common amount of the relations between the municipal and the state budgets.
- ✦ Implements consultations with the Minister of Finance about the project Law for the State Budget.
- ✦ Prepares statements and prepositions on the project budget, concerning municipal budgets.
- ✦ Signing bilateral protocol with the Ministry of Finance, after that the protocol is presented to the Council of Ministries and is deposed in the Parliament.

# Examples of regulations for bilateral agreement

## First version - minimum

### Agreement for budget negotiations with the Ministry of Finance (1)

#### Practical advises

- ✦ Benefits for the Ministry of Finance
- ✦ Engagements of the Association for:
  - Support in the Parliament, media and NGOs;
  - Improving the financial discipline;
  - Public discussions of the municipal budgets.
- ✦ Defining terms and responsible persons.

# Agreement for budget negotiations with the Ministry of Finance (2)

## Content of the agreement

- ✚ Principles of negotiations – equal rights, respect and trust, publicity.
- ✚ Object of negotiations – macro frame, transfers and mechanisms.
- ✚ Information for the negotiations.
  - from the Ministry of Finance
  - from the Association
- ✚ Participants in the negotiations.

# Examples of regulations for bilateral agreement

## Second version - maximum

### Agreement for cooperation with the Ministry of Finance (1)

- ✚ Procedure rules for implementing budget negotiations.
- ✚ Cooperation for implementing the Strategies and Programs.
- ✚ Measures for enlarging the income basis and increasing the investment capacity of the municipalities.
- ✚ Changes in the assignment of the financial responsibilities between the state and the municipalities.
- ✚ Improving the state transfer system and the assignment criteria.

# Examples of regulations for bilateral agreement

## Second version - maximum

### Agreement for cooperation with the Ministry of Finance (2)

- ✚ Improving the exchange of information.
- ✚ Support for involving the civil society in the decision – making process.
- ✚ Procedures for including the Association in preparation and acceptance of the legislative acts.
- ✚ Integrated trainings, publicity and other activities of common interest.

# ● Regulation in the State annual calendar of the budget procedure

## **Accepted with the Act of the Government and regulates:**

- Common responsibilities and terms of preparation of the project law for the state budget.
- Basic points for improving the management of public finances.
- Obligations of the respective Ministries to correspond with the Association about the state policies concerning municipalities.
- The obligations of the Minister of Finance to sign Memorandum for disagreements/agreements with the Head of the Board of Directors of the Association.