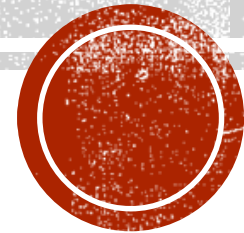
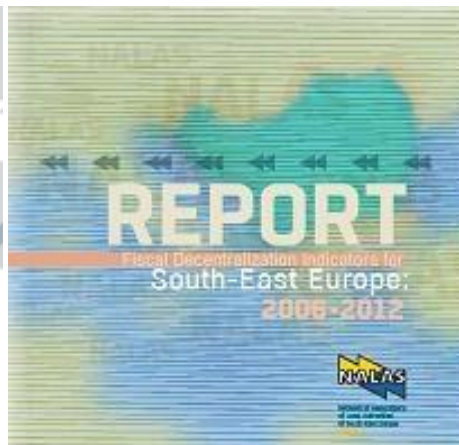


NALAS FD MONITORING: SEARCHING FOR NEW WAYS

- FD Report
- Outcomes and Challenges
- Strengthening for impact



FISCAL DECENTRALISATION INDICATORS FOR SEE 2006-2014



MAIN FINDINGS OF THE REPORT

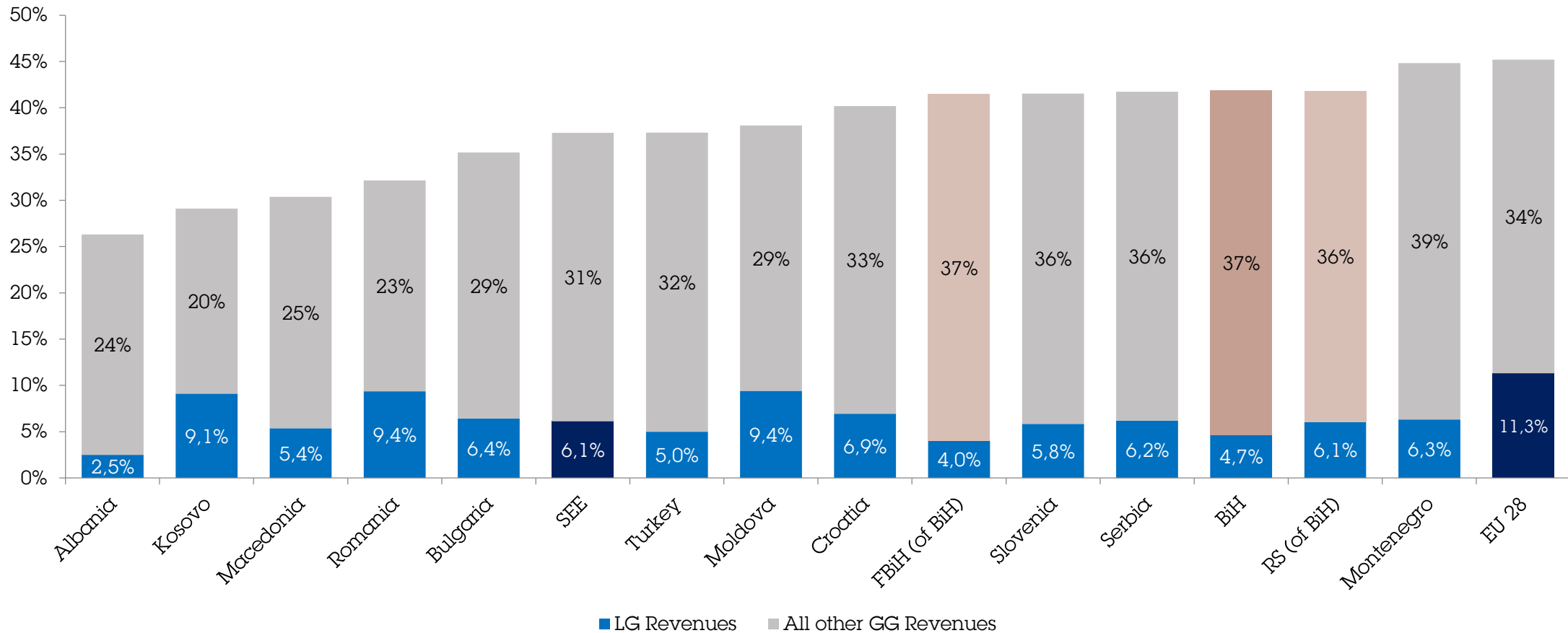


- Decentralization is a work in progress (and currently needs refueling)
- Majority of LG revenues are general grants, conditional grants, and shared taxes
- Unconditional and equalization grants remain underutilized (equity threats)
- “Block” grants remain highly earmarked
- Own revenue comes from quasi-fiscal instruments imposed on real-estate transactions, new investment, and business operations
- Own-source revenues are disproportionately concentrated in capital cities
- The economic crisis of 2009: ad hoc adjustments in intergovernmental financial arrangements with negative effects for LG
- LGs need to radically improve their ability to prepare, plan, and cost-out complex multiyear
- Education is an underfunded competence

THE SIZE OF THE LG SECTOR:

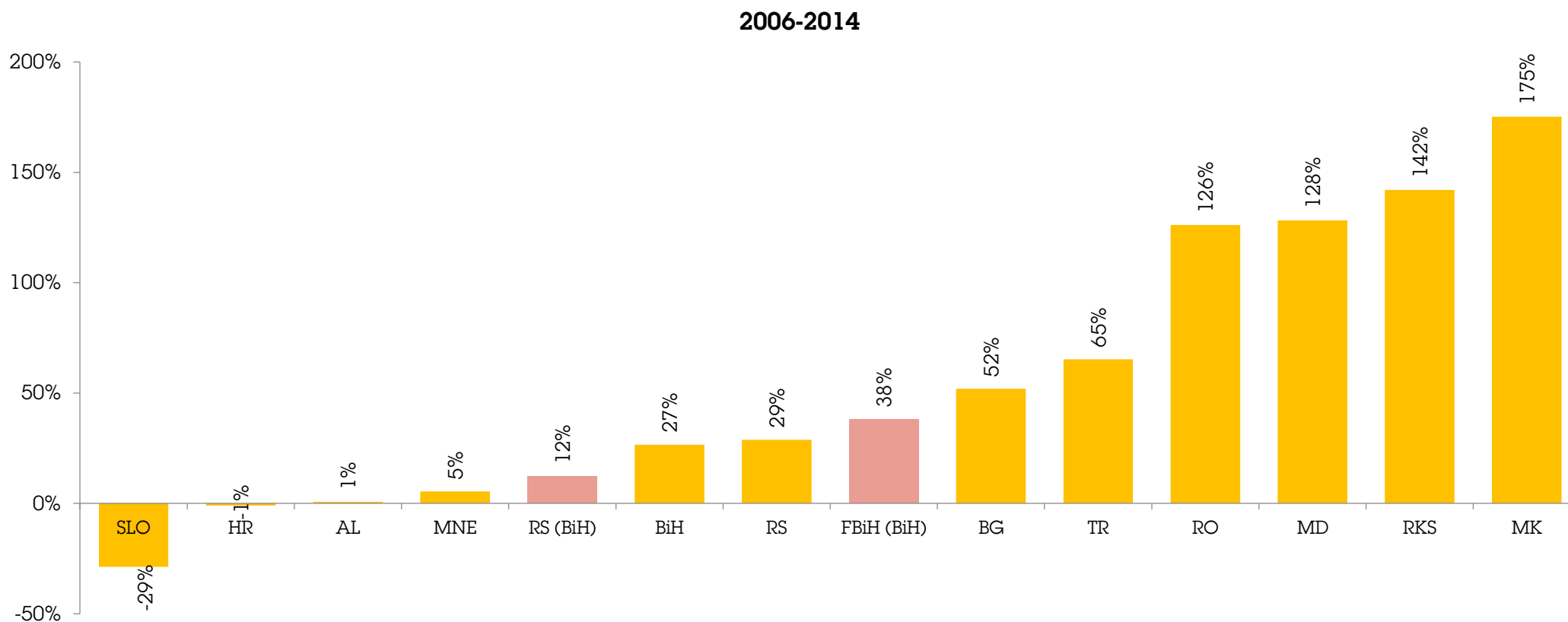


GENERAL AND LOCAL GOVERNMENT REVENUE AS A PERCENTAGE OF GDP IN 2014



HAS DECENTRALISATION BROUGHT MORE OWN REVENUES FOR LGs?

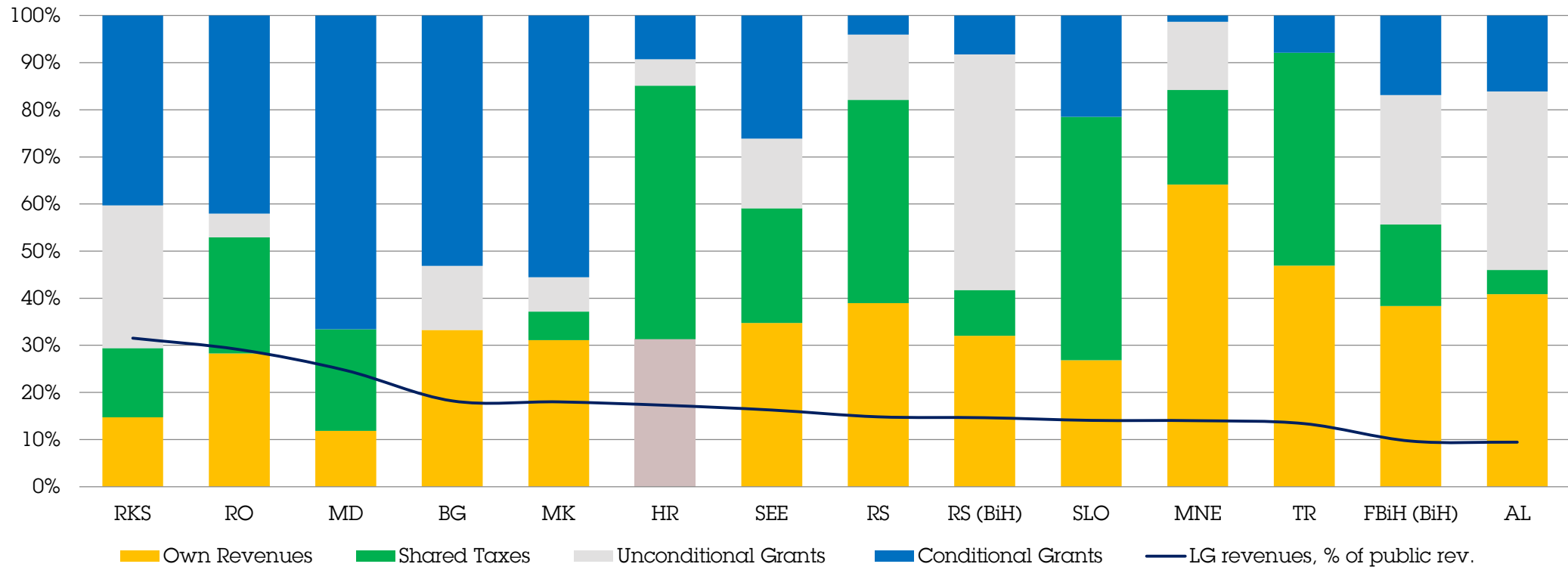
Absolute Growth of Own Revenue 2006-2014



IS THE REVENUE SPENDING PRE-DETERMINED?

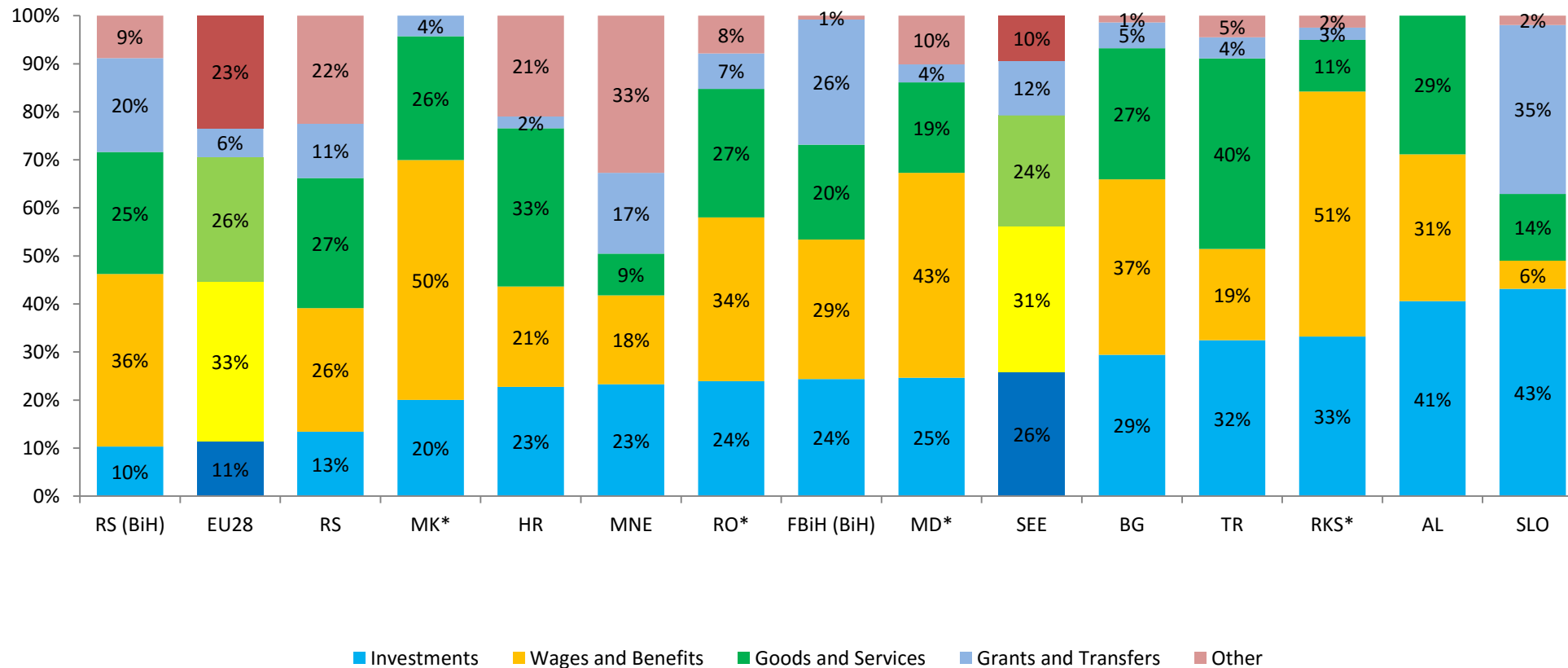
COMPOSITION OF LOCAL GOVERNMENT REVENUE

2014

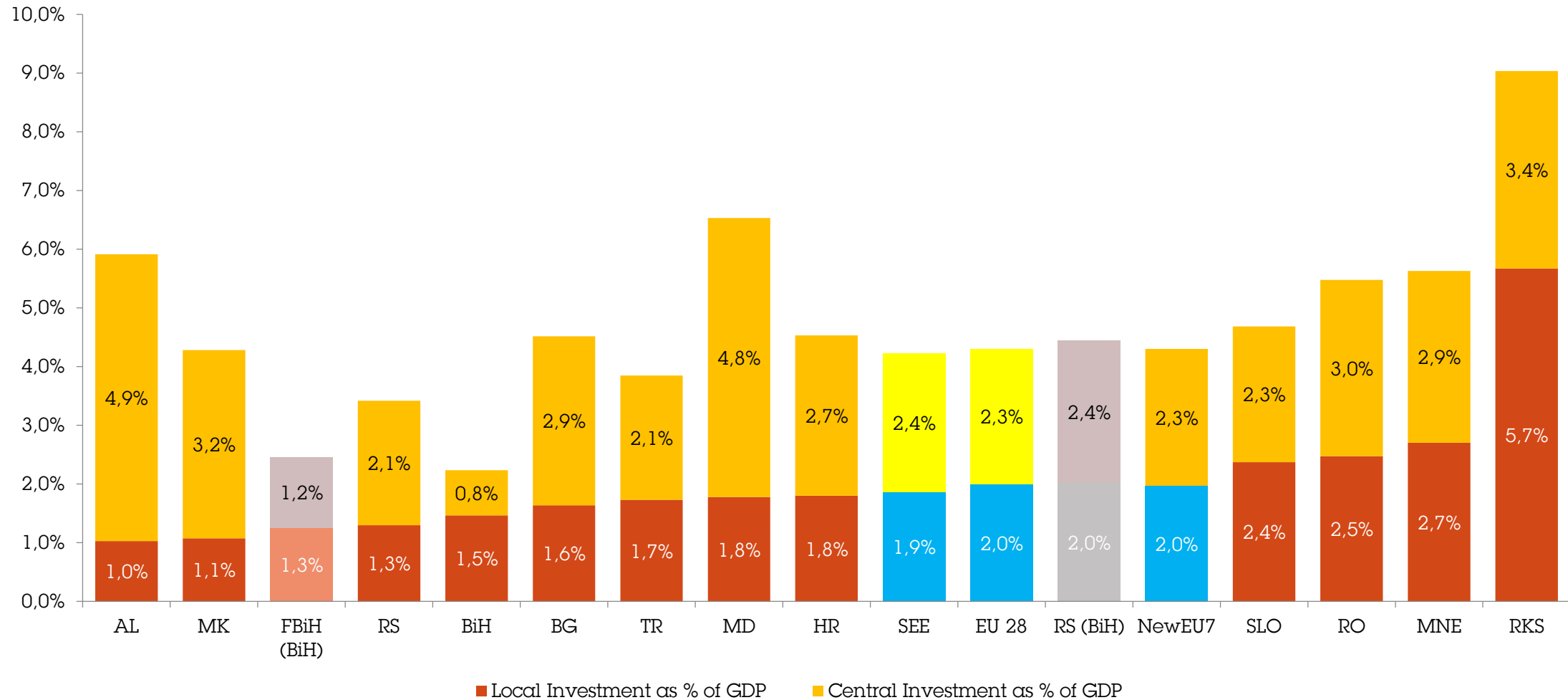


HOW LGs SPENT IN 2014?

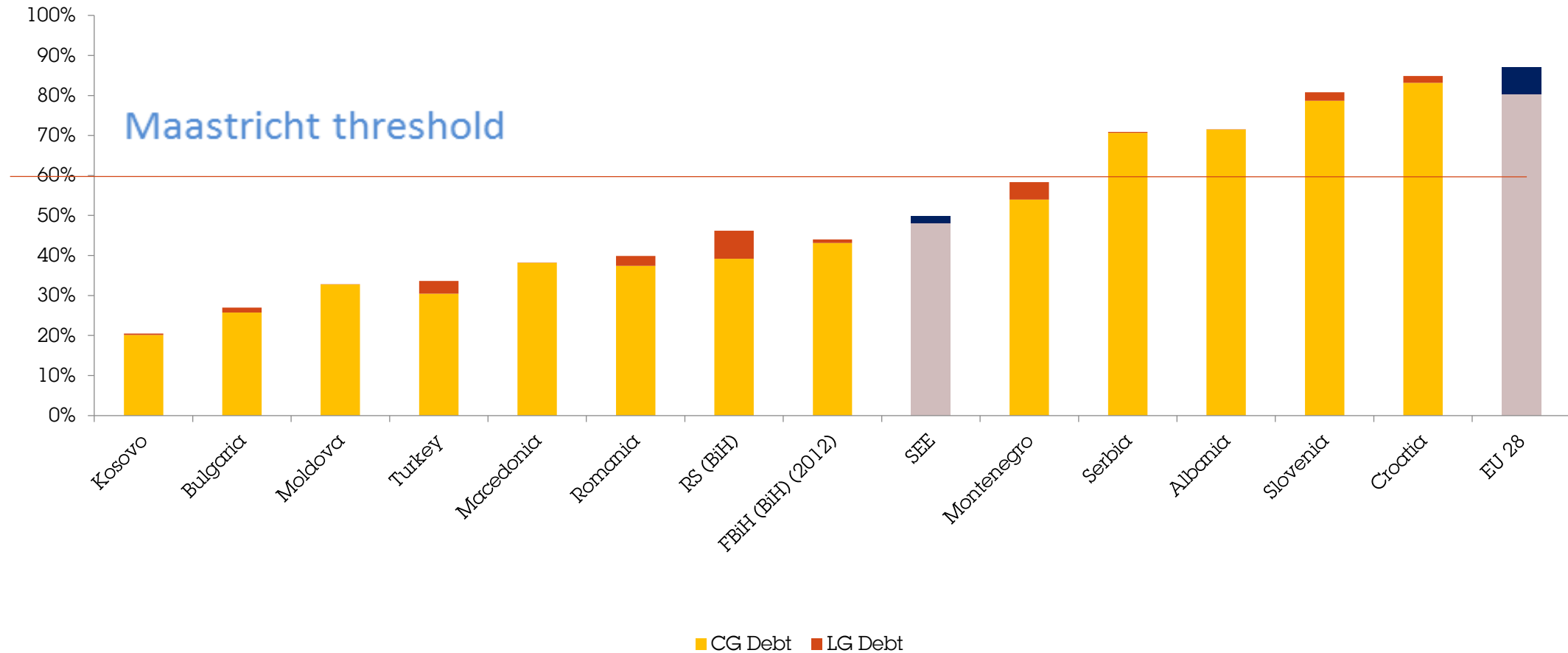
Composition of Local Government Expenditure



TOTAL PUBLIC INVESTMENT BY LEVEL OF GOVERNMENT AS SHARES OF GDP (AVERAGE 2006-2014)



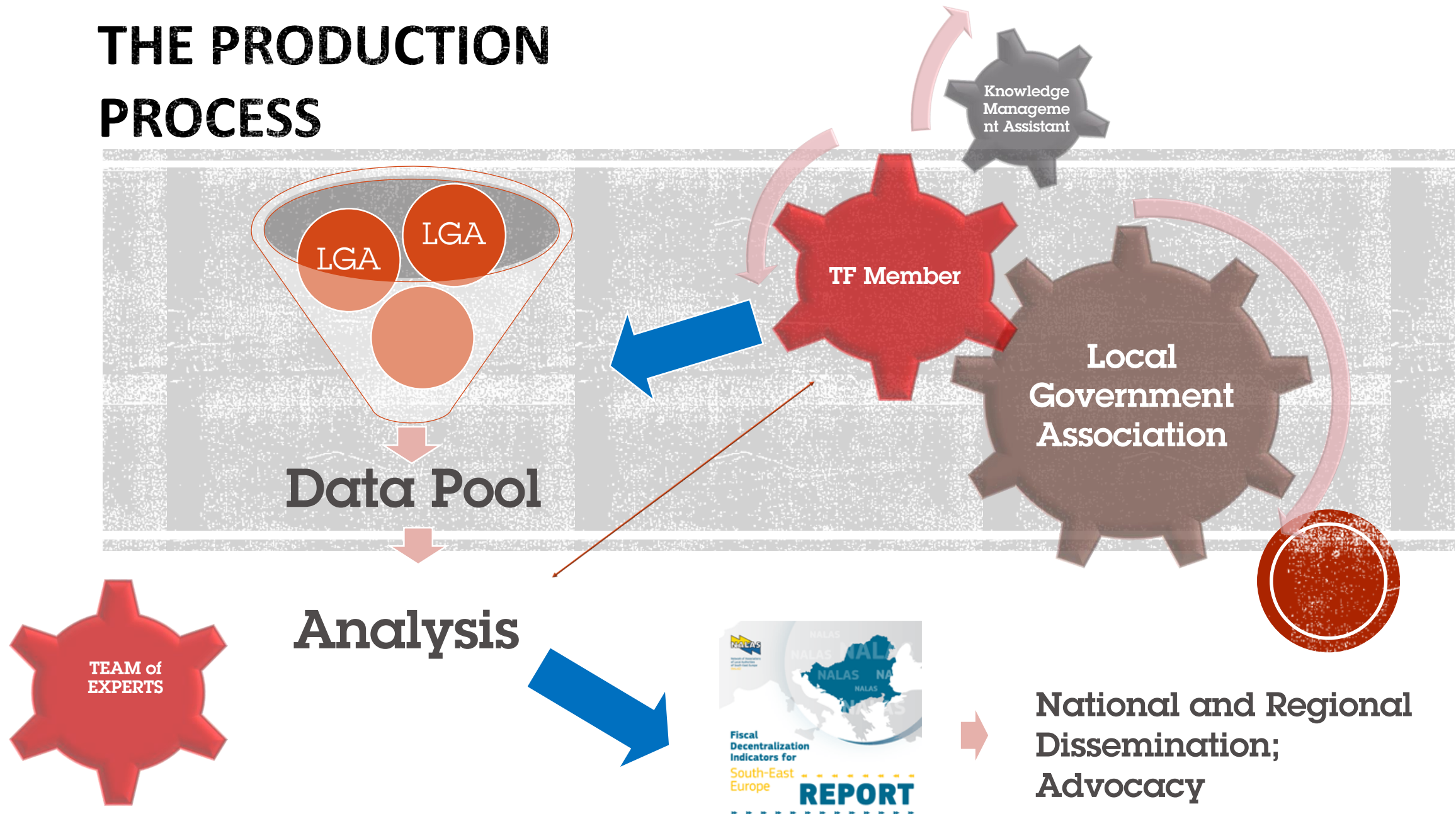
PUBLIC DEBT BY LEVEL OF GOVERNMENT AS SHARE OF GDP (2014)



CONTENT OF THE REPORT:

- **Regional chapter**
- **Gender mainstreaming in Fiscal Decentralisation**
- **National Chapters for 13 countries/entities**

THE PRODUCTION PROCESS



OUTCOMES

- Translation into national languages and used in advocacy activities of LGAs. (NAMRB used it as an input in the internal discussions of its network of municipal finance managers and also for the policy dialogue with the Ministry of Finance when the association discussed options for new Law on Local Taxes. The report was also used in the process of “designing a Municipal Investment Fund in Bulgaria”.
- Echoed among NALAS members (LGAs in Montenegro and Albania - web platforms for municipal finances)
- In 2015 the findings of the monitoring were used as an input in the OECD publication “SEE Competitiveness Outlook”
- Refferenced in other international and national publications
- International conferences like: “Mayors Symposium: Collaborative Governance for Inclusive Urban development in SEE” (World Bank-Austria); “Urban Platform Danube Region” (Vienna-KDZ); “Good Governance and SEE2020 Strategy” (RCC, Podgorica); “Making Decentralization Reform Work: Opportunities and Innovations for Local Governance and Service Delivery” (Kyiv-UNDP); “Ohrid Framework Agreement Review: Thematic Consultation in the area of Decentralisation”, etc.
- Summer School - capacity development vehicle in support of the monitoring efforts
- “On demand” activities initiated by LGAs (AAM in constructing a new law on local finance in Albania)
- Base for NALAS Decentralisation Observatory

CHALLENGES AND LIMITATIONS OF THE CURRENT MODEL

- **the impact on the actual fiscal autonomy of the local level has been unassertive**
- **LGAs have unequal capacities to build their own agenda for FD and translate the regional arguments into national ones**
- **lack of an element of benchmarking between local governments across the region**
- **user-friendly system of data collection, maintenance and presentation**

STRENGTHENING FOR IMPACT

1: Optimizing the process of the regional monitoring

2: Refreshing the content of the regional monitoring

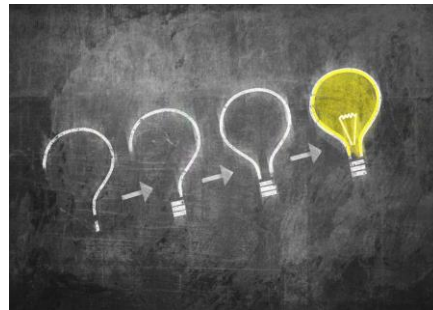
3: Support for the LGAs in the efforts for national monitoring

1: OPTIMIZING THE PROCESS OF THE REGIONAL MONITORING

- **Strengthening the role of LGA experts – members of the NALAS TF FD**
- **Documented methodology - the cookbook of the regional monitoring**
- **Capacity Building of TF FD**
- **NALAS Intranet system – tools for collaborative work on documents and virtual meetings (Jelena)**
- **Plug-in module for FD monitoring**
- **Web – site for interactive and comprehensive presentation**

2: REFRESHING THE CONTENT OF THE REGIONAL MONITORING

- Flexibility for introducing more national priorities - National customizations by LGAs
- Municipal level data – benchmarking – MFSA (General Accounting Framework)



3: Support for the LGAs in the efforts for national monitoring

- **Basic level** - LGAs with no national monitoring and limited access to data
 - Translating the national data of the regional monitoring, into a user friendly national database
- **Medium level:** building a national database + municipal benchmarking, based on LGA interest (NAMRB - early warning system for financial distress of LGs; 3-5 key local finance indicators).
- **Advanced level:** LGAs with regular and reliable access to detailed public finance data
 - Capacity building for utilization of the detailed database: improvements in organization of the data, design the LGA policy agenda in the area of fiscal decentralization, analysis and development of policy options, advocacy plans, etc.

QUICK REMINDER OF “WHY”?



- Local Service delivery and Investment need Adequate Fiscal Decentralisation
- It's a complex process to succeed only with:
 - Strong political will
 - Strong advocacy from LGAs
 - Strategic approach and permanent institutionalized dialogue
 - Evidence – based arguments
 - Open data, policy analysis, discussions
 - Respect of intergovernmental agreements
 - Coordinated Public Internal Financial Control

- **Presentations on:**

- **NALAS Intranet, Jelena Janevska**
- **UOM web MF platform, Zana Djukic**
- **ACRC MF Database, Dario Runtic**



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Thank you!
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