



- ▶ *National Association of Municipalities*
 - ▶ *in the Republic of Bulgaria*

- ▶ **Implementation of**
- ▶ **Benchmark on Local Finances**
- ▶ **in the Republic of Bulgaria**

- ▶ *Blagoy Stanchev, PhD*
- ▶ *Parliamentary secretary of NAMRB*



Main objectives of the project

- ▶ The project in Bulgaria was implemented in 2007
- ▶ :
- ▶ 1. To contribute for improvement of local finances and budget procedure management in Bulgaria through elaboration of methodology for objective assessment;
- ▶ :
- ▶ 2. To elaborate adequate and objective tool for local finances management which could be implemented in CoE member countries.



MAIN ACTIVITIES IN BENCHMARK IMPLEMENTATION

- ▶ **1. Primary development and adaptation of methodology**
- ▶ **Initial assessment tool prepared by LGI–Budapest**
(*Standard benchmark*) – based on two Recommendations of Council of Europe: *Rec. 1/2004 for budgetary and financial management on local and regional level* and *Rec. 1/2005 for financial resources of local and regional governments*
- ▶ **Selecting a team of experts** – best experts from municipalities (only practitioners)
- ▶ **Elaboration of the Benchmark tool** – large and exhaustive work of the team
 - ▶ – adaptation to Bulgarian conditions and legislation;
 - ▶ - development with further details



MAIN ACTIVITIES IN BENCHMARK IMPLEMENTATION

- **2. Implementation in municipalities**
- **Choosing pilot municipalities – 6 pilots**
- **criteria:** Activity in decentralization process;
- Administrative capacity and leading practices in financial management
- Engagement to implement and disseminate;
- Even distribution – size, geographical location.
- **Assessing performance in pilots**
-
- **3. Prepared final report – Comparison and analyses. Benchmark additional elaboration. Improvement of assessment system.**



GENERAL OUTLINES

- ▶ **The Output (Final report) – Structure and Conclusions**
- ▶ Relative weight of the scores and final assessments
- ▶ **Structure:**
- ▶ **Comparative analysis** (by sections, by areas, the whole benchmark) – considering the scope of municipality (i.e. administrative capacity, etc.), the economic and nature advantages and disadvantages



GENERAL OUTLINES

- ▶ **The Output (Final report) – Structure and Conclusions**
- ▶ **Content analysis** (sections, areas, whole benchmark)
- ▶ Overall conclusions for implementation level
- ▶ Good practices
- ▶ Directions for improvement and recommendations



Further Benchmark development

- ▶ - avoid repetitions and similar meaning questions;
- ▶ - edit unclear questions scored in a different way by assessors;
- ▶ - add important questions not included in benchmark
- ▶ - improvement of the indicators efficiency – how important and indicative for the performance they are; how good they are to outline the different performances



Further Benchmark development

- ▶ - improvement and enlargement of verifications/documents – basing on the municipalities' practices
- ▶ - good balance between more concrete questions and larger formulated ones – to give chance municipalities to outline their good practices and unique achievements



Assessment system improvement

- ▶ **Time needed for assessment** in each municipality – **at least 3 days** (includes initial introduction of the responsible local expert, analysis of available documents, collecting and completing the documents)
- ▶ **Following in-debt analysis** from the assessing expert – besides the normative documents to scrutiny **real practices** and **real effects** and to require needed evidences



Assessment system improvement

- ▶ Assessed municipalities beside the main financial experts should **involve some other municipal experts** of relevant fields of investigation
- ▶ **Needed at least two experts for assessment of 1 local authority** (working independently) – if big discrepancies occur – supervisor expert
- ▶ **Detailed preliminary work with assessing experts**
- ▶ Specifying uniform criteria
- ▶ Common assessment of exemplary case
- ▶ Specifying some fixed evidences to avoid formal assessments



Following NAMRB activities for benchmark use

- ▶ **The Benchmark – disseminated to all the municipalities with recommendations and instructions for self-assessment use**
- ▶ **On Annual meeting of municipal financial experts: each of pilots presented its main outcomes and reported following actions for improvement**



Following NAMRB activities for benchmark use

- ▶ During first two years NAMRB implemented for free Benchmark assessment of 18 municipalities on voluntary basis.
 - ▶ NAMRB announced **Benchmark assessment as a paid service** for municipalities (**rather partly paid**).
 - ▶ **So far, more than 70 municipalities were assessed by NAMRB's experts.** In our information – about 60 municipalities have implemented self-assessment.
 - ▶ The interest from municipalities is higher usually **after election – need for independent analysis of financial management.**
- Main problem: trust and confidentiality between assessing organization and local authority leadership.



Following NAMRB's activities for Benchmark utilization

- ▶ **External Usage of the Financial Benchmarking:**
- ▶ On NAMRB recommendation the Benchmark tools implementation was included as a precondition in state support mechanism for municipalities with objective structural deficit.
- ▶ Some of most important issues/areas of the Benchmark – included in regulations of newly adopted Public Finances Act (middle and long term financial planning, accountability and risk management, etc.) and in the amendments of the Municipal Debt Act

Following NAMRB's activities for Benchmark utilization and expansion

- ▶ Bulgaria implements as pilot country CoE's Strategy for innovation and good governance at local level
- ▶ First country with accreditation by CoE to award the European Label of good local governance
- ▶ Label awarding – based on an exhaustive Benchmark on the 12 principles of Strategy, assessed by national experts.
- ▶ National awarding committee consist of representatives of Government, local authorities, national media (TV and radio), universities, NGOs.



Following NAMRB's activities for Benchmark utilization and expansion

- ▶ The Financial Benchmark most important issues/areas were incorporated in the Good governance Label Benchmark under the Strategy's principles for:
 - ▶ 2. Responsiveness
 - ▶ 3. Efficiency and Effectiveness
 - ▶ 4. Openness and Transparency
 - ▶ 7. Competence and Capacity
 - ▶ 8. Innovation and Openness to Change
 - ▶ 9. Sustainability and Long Term Orientation
 - ▶ 10. Sound Financial Management
 - ▶ 12. Accountability



- ▶ **Thanks for the attention**
 - ▶ **Good luck and**
 - ▶ **Success in your work**