

Remarks by Principal Deputy HR Donald Hays at the Council of Europe Seminar on Local Government

Ladies and Gentlemen,

Is there anyone here who doesn't know this country better than international advisors? Do you really feel you need advice on how to improve services to your citizens? And do you need the International Community to decide all the key questions dealing with services to citizens? If, as I expect, the answer is no, then it is time for you to begin to own this process, to chart your own course and to build a society that reflects your own hopes and aspirations.

Today we have discussed the need to launch a reform "revolution" – and I very much hope that we are — the "revolutionary" part is easy to identify: it is our starting point. Because we are starting at the bottom, not at the top.

The bottom is where the people are.

Local government is where the people are.

And municipal workers are the face of government to the majority of citizens. That is why this conference is so important, and why the subject of discussion here today is so important – as we improve the quality of local government we will have a direct and positive impact on citizens' lives.

We will change this country from the bottom up.

Of course, we won't change anything if we don't proceed in a deliberate and determined way. This revolution isn't going to happen if *you* don't make it happen, because you are uniquely positioned – on a narrow but infinitely powerful political axis.

If you galvanise the municipalities, politicians in the levels of government above the municipality will very quickly start to sit up and take notice.

You have a dual message, I believe. You have to accentuate the positive—and you have to accentuate the negative too. You have to identify and publicise what's wrong with local government, and make clear what you need in order to put it right. And you have to make clear, to the public and to the rest of the political work, the areas where you are succeeding, the areas where municipalities are in the lead when it comes to delivering services to citizens.

Two facts should be emphasized:

- inefficient local governments = inefficient government
- some municipalities are models of service to the public; they stand out. Others are relics of the past, inefficient, corrupt – we want to take the good municipalities and make them into a model and extend the model throughout the country

We are still in the first phase of a process that will be long and demanding. This is a crucial phase because we have to get the principal elements of long-term policy in place, then we will move onto the next phase – turning creative ideas into progressive legislation.

With local government, as with most things, the best ideas are simple. One of the simplest and most effective ways of enhancing the power of the municipalities to deliver services is to identify regional synergies – so that individual municipalities aren't burdened with providing services on their own which could be much more effectively provided as part of a larger unit. I met mayors from the Drina Valley recently. They want to develop several very promising tourism and environmental projects. I pointed out to them that individually, they are not going to be able to garner the kind of political and commercial interest they need for these projects to take off, but if they band together, that's a different story.

I need hardly add that it makes absolutely no economic sense at all for projects of this sort to stop at the IEBL –

cross-IEBL economic synergy is a fact of life and municipalities that ignore that will suffer as a result.

This is an overarching idea that makes sense on every level. It makes particular sense at the municipal level because it introduces economies of scale to the kinds of services – emergency services, infrastructural upgrading, sewage, river management, environmental protection – that can improve the quality of life of citizens and which the municipalities, working together, are in a position to deliver.

In due course, we are going to move on to the nuts and bolts of restructuring, that will furnish the municipalities with the kind of administrative and financial muscle that they will need in order to expand their service-delivery capacity – that's assuming we get beyond the first phase and present compelling reasons for a change in the status quo. It's too early to go into this in detail, but let me share with you something I recently heard from the Mayor of Kostajnica. It seems that the money that is ploughed back into the municipality from sales taxes on excise goods collected in the municipality corresponds to the amount of money that would be raised if each Kostajnica citizen consumed only one cup of coffee in local coffee shops in the course of a year. Clearly, Kostajnica isn't doing very well in the sales-tax revenue stakes – and we know that that applies across the board. The problem is that municipalities are losing out funds, which are taken by levels of government above them in nontransparent manner.

Perhaps we will be able to change this, but to do so, we will have to make the case compellingly – and that is something that we must address this morning.

In the end, facts speak more compellingly than words. And there are municipalities around the country that are demonstrating an unmatched ability to serve their citizens.

In Gradacac, for example,

- There have been annual investments worth 15,000,000 KM;
- A new drinking water system has been installed;
- 50 km of asphalt roads built in the municipality;
- new street lights;
- Business Incubator in destroyed high school since 1999 — 20 enterprises using the space; success stories include “Thema” shoe factory, which came to the Incubator with only 4 employees and recently moved to its own premises with 175 employees.
- This is a result not of massive international intervention, but a great deal of local self initiative.

Action is not required only on the part of mayors. The International Community is also seeking to improve its performance. It is streamlining its efforts, to reduce overlap and optimize effectiveness. We are downsizing as we finish our role in BiH. But that doesn't mean that the work is over. We have to strengthen the local actors so that they can replace us. A number of mayors are active in this – that is where the energy is coming from.

The object of the exercise is to find out what you need in order to do your jobs better. That is why we are here this morning – to listen as well as to speak.

Thank you