

Remarks by Principal Deputy High Representative Donald Hays At Meeting of Mayors Organised by Council of Europe

Ladies and Gentlemen,

In recent months I have been able to meet with mayors from all over the country – leaders of the largest municipalities and the smallest.

I have learned that you know *what* needs to be done and *how* it needs to be done.

So we have the right group of people here today if we want to draw up practical, effective ways of making BiH work better.

You have the knowledge because your municipalities operate at the very point where government meets citizens.

If anyone in this country understands the shortcomings of public administration it is you. If anyone in this country understands the grievances of citizens – because of inadequate services, inefficient bureaucracy, underfunded amenities – it is you.

Another thing I have learned in my conversations is that you are impatient and frustrated.

The process on which you have embarked (the process of making BiH work better) can use that impatience as fuel – fuel to maintain the momentum of an all-out push to deliver better services to the citizens of this country.

Let's start by analysing the problem:

There have been improvements in some municipalities, but the vast majority of citizens are dissatisfied with the way their municipalities work – and they have every reason to be.

Let's be honest, none of us is satisfied. We have to recognise the conditions in which you have to work. If you don't have the funds necessary to do the job, you can't do the job. If you don't have the clear and undisputed responsibility for developing and implementing policy, you can't develop and implement policy properly.

Problems include

- unpredictability – citizens have no way of knowing how long it is likely to take to get a permit or a licence or a document that entitles them to this or that service. Services available in one municipality are not available in another.
- slowness – municipalities often have to perform their tasks in a roundabout way, for example, obtaining approval or input or funds from Cantons or from the Entity authorities before they can move forward.

Social welfare, health and education services, settlement of refugees and displaced persons are areas in which different governments are assigned different aspects of the same service, often with no clear financing/coordination arrangements.

Communication among the various levels of government has to be improved. This may require mandatory procedures – too often we hear complaints that the issues and problems addressed to higher levels of government receive a belated response, an inadequate response or no response at all.

Cross-IEBL co-operation has to be increased so that municipalities in the same area can exploit natural synergies

and economies of scale in infrastructure and communications projects.

- expense – municipalities are not cost effective; and they often adhere to old-fashioned administrative procedures.

They cost a huge amount. Intermediate government expenditure in the Federation – the money that is spent on Cantons and Municipalities – accounts for 75 percent of the budget. In Germany the comparable figure is 21 percent, in Spain it is nine percent.

Prior to 1990 there were 5.6 regular workers for every civil servant. Now there are around 2.8. In other words, the ratio of civil servants to regular workers has doubled in the last ten years.

Has the quality of service doubled?

In 2000, 48 percent of total canton spending, and 35 percent of total municipal spending in the Federation; and 45 percent of total municipal spending in the RS was taken up with salaries for bureaucrats.

This money does not deliver high standards of service. Because of their clear and serious shortcomings, municipalities lack the trust of citizens. This is fundamentally damaging. It is very hard to serve people when they don't trust you.

So, it is important that we proceed today on a twin-track

- we need to come up with real reforms that will have a positive impact on people's lives
- we need to understand that citizens will believe very little until they see evidence of positive change.

What has to be done?

Well we have to streamline administrative structures and the

division of responsibilities among various levels of government, and eliminate overlapping responsibilities.

Government costs BiH citizens 64% of GDP – that represents an unacceptably large outlay for a scandalously small return.

So, you have to

- restrict recruitment and create compensation policies for staff who are laid off, including re-training schemes
- identify services that can be contracted out and given to the private sector, so as to raise efficiency and lower costs
- introduce ISO 9002 standards of service delivery – improving the services that municipalities deliver to citizens isn't a vague aspiration, it's a clear administrative and political goal that can be reached incrementally and measured in a quantifiable way

Municipalities must secure a role in the legislative process, where legislation concerns your competencies. They must be allowed to take responsibility for service delivery while the State and Entities take on legislative electoral, and judicial roles, and they must secure adequate financing.

Part of the problem, you can fix. Part of the problem depends on others. Paying for BiH's large government weakens municipalities by diverting resources that are needed to provide services such as health care, education, and social care to citizens, overlapping competencies between levels of government render service delivery confusing and incomplete.

That is an issue that has to be taken up at the level of BiH as a whole. But it isn't going to happen if you don't make it happen. And you have it in your power to formulate solutions and lobby for their implementation.

Your aim is to secure better services at the municipal level

for the citizens of BiH. That is, to say the least, a worthwhile aspiration. We will support you in your efforts to make it a reality.

Thank you