

## **Annex 1**

### **Questionnaire on Policy Options**

**National Observers are asked to respond to the following questions in relation to their own country and submit their replies by 15 June 2010.**

**The questions are intended to cover the period since the onset of the financial downturn in 2008 to the current year 2010. Those who answered a similar questionnaire in 2009 are requested to bring the information up to date in a consolidated reply. In all cases analysis should include changes made in 2010 budgets and related legislation.**

#### **1. Revenues and Expenditures Assignment**

1.1. Have there been any changes in response to the economic downturn in:

- The assignment of local government revenues and expenditures
- The allocation of intergovernmental transfers
- The authority of local governments over levy of taxes and charges

1.2. How far are efforts to concentrate shrinking financial resources on maintaining essential public services undermined by expenditure norms or service standards which are unsustainable in current economic circumstances? Are any measures to relax such requirements in progress?

1.3 Changes in cooperation between national and local governments:

- How did the economic downturn influence the formulation of local budgets, especially in the case of the 2010 budget preparation? Were there any major changes in the stages of planning, the actors involved, in the information collection techniques, in the planning and reporting methods?
- How did the usual forms of dialogue and negotiations between the national and the local governments alter in the period of economic downturn?
- Were the local governments properly informed about the objectives and the policy instruments designed by the national governments to cope with the consequences of the economic crisis?

#### **2. Improved administrative and service efficiency**

2.1. What measures have been implemented or considered to improve the efficiency of local government expenditure? To what extent have they used performance audit, benchmarking or other processes with similar aims?

2.2 Has outsourcing public service delivery increased in response to the crisis, and, if so, with what impact on cost and quality?

2.3. How far have measures been considered or implemented to reduce the costs of local administrative structures or increase economies of scale by increasing inter-municipal co-operation? Has there been any attempt to reduce overheads by horizontal collaboration with other public agencies at local level such as de-concentrated government offices?

2.4. Is there any plan to consolidate (small) local government units or to reallocate service functions between tiers of local government?

### **3. Stimulating local development**

3.1. Is any extra funding being made available to enable local governments to undertake investment projects with countercyclical effects? Are local governments well prepared to take advantage of it? Or on the contrary, has fiscal austerity reduced funds allotted to sub-national capital investments; if so, in what way and to what extent?

3.2. To what extent have local investments, service improvements and other actions aimed specifically to:

- a) Extend local infrastructure and increase its efficiency;
- b) Repair damage to local economies and employment levels;
- c) Combat environmental degradation and climate change

3.3. How far have the following measures been taken to enhance municipal investments? Which are the most preferred ones?

3.3.1. Increasing access to external sources:

- improving local awareness of EU structural and pre-accession funds; easing project requirements, increasing EU co-funding shares;
- special national funding schemes and public investments programs focus on local governments;
- enhancing local borrowing: e.g. through interest rate and lending policy; special subsidised credit lines; restructuring municipal borrowing (from loans to bonds); issuing local government guarantees; easing national control over local borrowing decisions; transparent regulations on local debt and insolvency; special measures for debt recovery, support to smooth cash flow
- development of public-private partnerships: are they in decline; have there been delays or cancellations of PPP projects; how stable is the revenue stream for PPP projects?;

3.3.2. Improving project preparation and management: developing a bank of small scale infrastructural construction and repair projects which might qualify for fiscal stimulus funding.

3.4 Promoting indirect measures for local economic development through:

- Business promotion, attracting/keeping inward investments
- SME development
- Better targeting regulations
- Devolution of public property, improved asset management, land development policies

3.5 Benefitting from national economic stimulus programmes designed for local governments in improving energy efficiency and using environmentally-friendly solutions. Local actions in urban transportation, improving facility management of local service organisations, employment, urban planning, etc.

#### **4. Targeting social expenditures**

4.1. Have any measures been taken or proposed to local governments for reducing the costs of social expenditures by modifying the system of social benefits or services?

4.2. Is the cost to local government of social benefits and services rising as a result of the economic downturn? Which of such cost increases has been the most prominent?

4.3. Have any policies been put in place in response to the crisis to improve the targeting of social assistance to the needs of the poorest and most affected households?

4.4 What measures have been taken to alleviate possible legal and procedural obstacles to access to social assistance by low income households?

4.5. Is any encouragement being given to increasing the role of voluntary and community care to lessen costs of local government provision for social services?

#### **5. Local government action and innovation**

5.1. Did the local government assume the role of an anti-crisis actor through its own fiscal, social or other policies; to what extent did it become a "part of the solution"?

5.2. Have innovative policies been designed or implemented at the local level to address the consequences of the fiscal, economic and social crisis?

## Annex 2

### Questionnaire on Financial Data<sup>1</sup>

**You are asked to respond to the following questions in relation to your own country and submit the data in the Excel format for the first half of the year 2010 by 20 August 2010.**

National-level data on sub-national finance execution, comparing:

- The year 2009 with year 2008 (actual)
- Year 2009 by half years (actual)
- Half year 1 10 with half year 1 09;

As much as possible, the datasets should be broken down by main categories of revenues:

- a) Own taxes and fees (with their main components shown, if possible)
- b) Major shared revenues (explaining the allocation mechanisms)
- c) General-purpose transfers from the central government
- d) Earmarked transfers from central government to finance social functions (education, health, social welfare)
- e) Other earmarked transfers, specific grants
- f) Funds for capital investments in the local budgets<sup>2</sup>

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<sup>1</sup> Precise scope might be adjusted for individual countries based on data availability.

<sup>2</sup> European Commission, other international, central budget, special extra-budgetary, loans, private, asses sales, operational surplus, bonds, preferential loans, domestic and foreign bank credits ...