

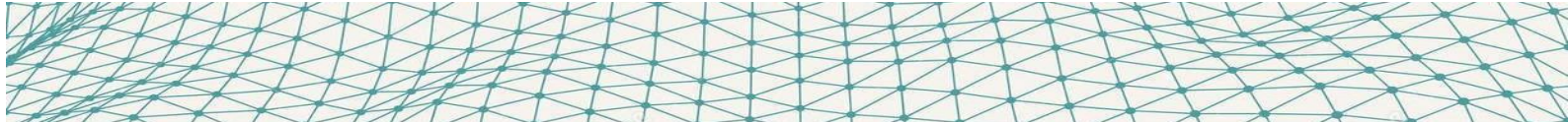


Institute for Public Finance and Good Governance
In partnership with
Lithuanian Free Market Institute



A Municipal Performance Index for Albania



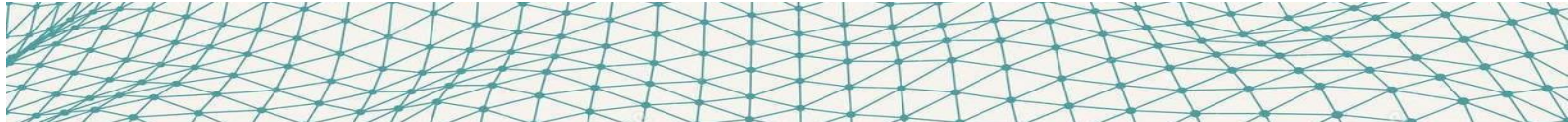


Institute for Public Policy and Good Governance in cooperation with Lithuanian Free Market Institute aims to bring in Albania the Municipal Performance Index, the 2014 Templeton Freedom Award-winning Project. The IPPM considers this Index to be an efficient instrument in fostering public debate on transparency and good governance targeting the quality of Local Governance.

The need for measuring performance of municipalities in Albania

Local governance in Albania continues to be distant and difficult to be perceived by citizens in every of its' functioning level. The present gap between local governance institutions and citizens in all administrative areas of the country remains significant and constitutes one of the main barriers to impede the much needed synergy and mutual cooperation among Municipalities and citizens. Absence of certain communication, information exchange, experience and expertise, produces multidimensional negative consequences reflected in a poor local governance quality, low efficiency in offering public services and weak advocacy of citizens' rights relating to decision-making local institutions. But if we count negative consequences stemming from present situation in Albania's poor municipalities performance some of these would be:

- Poor public transparency related to decision-making processes in local level caused by lack of efficient mechanisms that would grant access to citizens.
- Citizens not represented in policy-making debates related to local public investments.
- Uninformed public, as a consequence disengaged to contribute in improving public services provided by municipality.
- Poor public funds governance and not realization of foreseen planned public investments.



A considerable amount of public expenditures and investments in Albania, are spent from the local government, but lack of a transparent well-referenced public debate on the quality of municipalities governance based on qualitative indicators, open for the public and produced under the same comparative metrics, causes considerable shortcomings in public and social welfare.

Present situation of poor municipalities performance and lack of an open public and transparent platform that would make possible comparative analysis of municipalities performances, leaves practically no room for encouraging public debates under the scope of improving level of service delivery quality in a local governance context in Albania. Measuring municipalities performance and comparing results of local administrative units in a national scale under an effective research-based methodology would create a solid ground for wide inclusive citizens' informative system, transparency that would induce continuous improvements in terms of public services quality.

Civil Society Organizations, media, business groups and the general public miss a wide inclusive understanding of local public finances management in all its' complexity. Being in these conditions the active role that these key stakeholders might play in fostering the public debate and accelerate sound transparency budget implementation in the country is absent, thus there is no synergy among the Civil Society, media and general public when it comes to coordinating engagement serving to a greater common progress. Key stakeholders on local governance such as CSOs, media and the general public should be more informed on municipal budgetary processes, costs of mismanagement and lack of transparency as well as challenges rising in this perspective. It is important that the relevant information on municipal budget to be available for free, easily accessible from the public and an awareness as well wide inclusive awareness campaign should be launched towards this end.

At the IPPM, we have set an ambitious goal to reframe the discourse in public policy debates by orienting and building credibility for citizens-focused solutions. We are committed to develop an effective tool to provide a credible, evidence-based framework to evaluate and steer policies affecting citizens as well as businesses.



Benefits of Performance Measurement for Municipalities?

Helping Municipalities Developing, implementing and using performance measures remains at the forefront of IPPM's mission to support good governance in Albania. However this requires also a firm commitment from the side of elected municipal officials. Once this commitment is made, the benefits of performance measurement can be realized.

First, performance measurement can help a municipality set effective priorities. Activities can be prioritized and resources allocated according to the contributions they make toward meeting client needs and expectations.

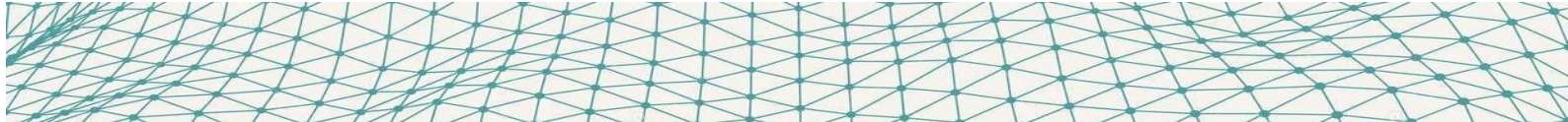
Second, performance measurement changes a municipality's whole outlook. Results become the focus, rather than the activities conducted in the past. Service delivery can be regularly altered or tuned to respond to current resident needs. A focus on client needs causes organizations to rely more on co-operation and partnership.

Third, performance measurement encourages innovation. The primary focus for managers is not on how the job is done but rather on what is achieved. This frees managers to truly manage and motivates employees to develop or try new ideas that will achieve the stated objectives.

Fourth, accountability in front of citizens and their representatives in Councils is improved because stakeholders can be informed regularly about service area's achievements. Municipal officials, therefore, have an enhanced ability to make more informed decisions. Performance measurement helps to improve municipal performance in local service delivery. It helps to set targets and allows those targets to be monitored effectively.

Why a Municipal Performance Index?

Our team at IPPM together with our partners of Lithuanian Free Market Institute, believe that by implementing successfully the Municipal Performance Index MPI, we will actively contribute in creating the preconditions for a dynamic changing governance environment based on performance indicators, that will increase effectiveness of major reforms that are ongoing and intended to be implemented in municipal level under the new Law for



Administrative Reform. More specifically in details, the Municipal Performance Index (MPI) brings a wide array of benefits for policy advocacy and public opinion making. In particular, the index:

- facilitates access to, and use of, reliable research-based data on municipal performance;
- provides a clear-cut picture of the state of municipal governance at a particular time and serves as a convenient tool to evaluate the impact of economic and social policies of municipal governments on citizens' lives and businesses;
- appeals to different political parties and stakeholders, including policy and decision makers, policy analysts and researchers, civil society groups, local communities, and journalists;
- offers a valuable reference and strengthens the grounds for data-informed policy debates by different stakeholder groups;
- offers a comprehensive, evidence-based framework for driving sound policy solutions;
- helps to build strong, broad-based policy advocacy alliances to promote the cause for greater individual and economic freedom by increasing public awareness of, and support for, policy change.

As this kind of initiative is still missing in the country, we believe that thanks to the support of Atlas Network the MPI will become a flagship mechanism to guide the substantial improvement of the quality of local governance for enterprises and the people.

What is the methodology behind the Municipality Performance Index?

The Index is built around three overarching criteria, including the quality of life for citizens, the conditions for business and investment, and the municipal governance and administration. These criteria fall into ten broad categories which are assessed based on a total of more than 50 indicators.

UTILITIES TRANSPORT EDUCATION HEALTH WELFARE INVESTMENT TAXES BUDGET ASSETS MANAGEMENT



Indicators are measured on a hundred-point scale, and the indicator scores are then combined to derive a scaled score for each category. Each category is weighted and contributes to the municipality's rankings in the three core categories and an aggregate score and overall ranking (with 0 as the worst rating and 100 as the best).

A wide range of questions having at the epicentre main issues related to Albania's local governance context are formulated to compile a score for each municipality by each indicator.

How will be communicated the results?

The IPPM will launch each annual edition of the Index at an open and interactive Press Conference and IPPM experts will be providing the full set of results featuring the Index and rankings to journalists, analysts, researchers, academics, think-tanks and other interested participants aiming to facilitate related commentaries, media releases and editorials with dedicated focus on local good governance.

IPPM will send a detailed report to each municipality and provide feedback on their individual rankings.

Overall, will be distributed electronic and hard copies of the Municipal Performance Index to mayors, municipality directors, political parties, foreign diplomatic missions in Albania, international partners, business organizations, local community leaders, journalists, and researchers.

As part of the promotional campaign for the MFI also a number of external platforms to promote the index will be organized in national and local level. These will include high-profile conferences, presentations to political parties, youth organizations and private-sector companies, and round-table discussions with municipal authorities.



The MPI, a success story

The Municipal Performance Index is a success story of the Lithuanian Free Market Institute firstly implemented in 2011. To build the methodology for MPI, LFMI extensively consulted local communities and investors to figure out what they valued in a municipality. We also relied on a broad-based expert contribution through a series of meetings and discussions with relevant institutions, including municipal administrations, the Competition Council, the Ministry of Education and Science, the Ministry of the Interior, the Vilnius City Carriers Association, the National Commission for Energy Control and Prices, Invest Lithuania, and others.

LFMI has just released its fifth annual edition of the Municipal Performance Index, paired with a large, nation-wide policy and public opinion campaign. Over the time that the MPI has been in operation, the initiative has successfully mobilized different stakeholder groups and expanded the network of allies in building the case for meaningful policy change and to stimulate significant policy changes in favor of lower taxes, privatization, welfare reform, and more transparent and efficient local budgets.

International recognition

While being implemented in different countries, in recognition of the impact that the Municipal Performance Index project has exerted on policy changes and public perceptions and attitudes, the innovative approaches involved and the exceptional contribution of the project to the cause of freedom and free enterprise, in 2014 LFMI was awarded a prestigious Templeton Freedom Award by the Atlas Network.