

*One self-government, two systems:
How to make the system more effective?”*



Latvijas Republikas
Valsts kontrole



THE IDEA BEHIND?

In 2016 we started a new practice - to prepare discussion papers



What is discussion paper?

Discussion paper includes the insights and reflections on challenges gained during the audits by the State Audit Office that would allow prevention of systemic problems and invite the public officials to find better solutions.

1 *Summarize the lessons learned from past audits*

2 *Encourage executive power to an open discussion achieving greater return from audit evidence*

3 *Offer knowledge-based solutions*

4 *Develop a new communication channel - discussion paper*

5 *Venture beyond the limits of auditing standards*

6 *Adapt the «Advise First!» principle*



WHY SELF-GOVERNMENT?

“ ...the way our state is going to be depends on our self-government and rural territories. If the rural territories will be strong, our state will also be strong; if the system in rural territories will be bad, the state will also be weak... ”

Francis Trasūns

...self-government as hostess: no bussiness, no noise, just sleep and pay taxes...





THE PURPOSE OF THE STATE AUDIT OFFICE

Motivation

Self-governments are one of the democracy's cornerstones which cannot exist separately from the central government, a single legal and economic framework.

The aim of the central government is to implement a common national regional policy; however, the desires of inhabitants and the ability of self-governments to satisfy these desires are substantially different.

Does this challenge have meaningful solutions?

Self-government in numbers



119 –
*number of self-
governments in
Latvia (2017)*



619 – *that
many times more
inhabitants live in
the largest self-
government in
comparison to the
smallest self-
government*



2.39 *bn. euro*
–*total budget
expenses of self-
governments in
2016*

Self-government in numbers



94 747 – number of people employed in self-governments and their capital companies in first quarter of 2017



1,67 inhab./km² – the lowest density of population in self-government in 2016



WHAT IS THE SCOPE OF THE DISCUSSION?

Considerations on external and internal factors affecting municipalities



Market factors may be functional enough to ensure benefit to inhabitants or the market is inactive and without sufficient motivation

(economic environment)



The vision on socio-economic development and sustainability may be different for inhabitants of self-governments and the government.

(dominant values)

How does the factors manifest in the problems identified in the audit reports?

External environmental conditions in self-governments dictated by development processes



Structure (and system) of self-government



Balance between planning and financial capabilities



Useful and effective services



Mood of inhabitants which shape the inner environment in the self-government



OFFER A POSSIBLE SOLUTION

Systemic approach

Strategic demand

Conceptually unified approach; consistently refusing to apply temporary and short-term solutions

Solution

*To determine the long-term structural public policy for the development of self-government system in order to create economically equal and self-directed self-governments where possible. As well as **combined self-government** in case of limited availability of resources and development factors*

Better less, but better

Strategic demand

Realistically evaluate self-government's own opportunities to ensure meaningful territorial development planning in line with its own budget possibilities, thus reducing dependency.

Solutions

Reduce the regulatory framework by reviewing the norms of the [Spatial Development Planning Law](#)

Introduce a fully-fledged institutional management planning process and public policy planning in the municipalities that are capable to do it.

Closer to people

Strategic demand

Citizens wish to trace their own resources to see if they have been used efficiently and properly

Solution

Ensure the determination of costs for service provision, and management accounting

Bring self-governments as close as possible to the higher governing standards

What is the expected outcome?



*One level of self-government; however depending on the inhabitants' demand for services, opportunities and available resources, political ambitions and economic opportunities, new type of **combined self-governments** may be formed that would provide vitally important services demanded by the inhabitants.*



***Combined self-government** that provide specific services within the territory organise their work in line with simplified and unified procedures under low-bureaucracy (zero) conditions and comply with challenges related to social responsibility.*

What are the challenges to the proposed by discussion report?

- *The report will intensify the issue's topicality on the political agenda*
- *Report-led recommendations is a view from the outside*
- *Have offered alternatives to public policy makers*

The end

State Audit Office of Latvia