

Third SEE Good Governance Report

THE WAY FORWARD: REDUCING THE RISKS FROM CLIENTELISTIC INTERGOVERNMENTAL TRANSFERS

Several policy measures could reduce the risks of discriminatory and biased funding from the central towards the local level and the misuse or mismanagement of national and foreign donors' funds.



Establish a regular public-private mechanism for monitoring funding decisions for a combination of corruption and fiscal risks

The review of the budget transfer decisions should:

- » Consider the choice between unconditional transfers and conditional transfers;
- » Search for risks in formula-based transfers, such as manipulation of the criteria, data falsification, formula complexity and political interference in design;
- » Recommend steps towards the reduction of formula complexity and the increase of transparency during and after its implementation;
- » Assess the links between political affiliation and fiscal transfers from a historical perspective.



Apply regular corruption risk assessment methods

These could include the following state-of-the-art tools developed by R2G4P partners:

- » The Monitoring Anticorruption Policy Implementation (MACPI) tool, which assesses monitors and facilitates the enforcement of anticorruption measures and policies at the level of individual public bodies, including municipalities;
- » The State Capture Assessment Diagnostics (SCAD), as well as the State Capture Assessment Diagnostics at Sectoral Level Integrated Tool (SCAD-SLIT);
- » The Corruption Risk Indicators (CRIs);
- » The Corruption Monitoring System (CMS);
- » The corruption proofing of legislation (CPL) and anti-corruption tools related to asset declarations.



Increase the integrity of public procurement at the local level

The following measures could help improve the integrity of local-level public procurement:

- » State clear commitments and set deadlines for public procurement reforms in strategic documents (e.g., National Recovery and Resilience Plans);
- » Establish regular and systematic monitoring of political favouritism between the national and local governments in public procurement;
- » Improve e-procurement data collection and publication, collecting more comprehensive data by lowering reporting thresholds and making public data more readily accessible for societal actors;
- » Strengthen the policies for transparent and fair allocation of public procurement contracts by increasing publication of calls for tender, diminishing non-open procedure types, and eliminating preferential treatment of incumbent firms with strong political connections;
- » Improve oversight of public procurement at the local level, including a comprehensive review of anti-competitive tendering terms.



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