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**THE COUNCIL OF  
LOCAL GOVERNMENT ASSOCIATIONS  
AN ASSESSMENT**

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**BY**

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## PART I

### ***Background***

The impetus for this assessment was the signing of a Memorandum of Understanding (MOU) by the United States Agency for International Development (USAID), the International City\County Management Association (ICMA) and the Council of Local Government Associations (CLGA) that pledged their cooperation in the development of the Council as a “strong, self-sustaining association which is recognized as the voice of local government in Hungary”. To achieve the goal the three organizations agreed to:

- develop a strong, effective advocacy program to present the positions of local government,
- enhance the Council's ability to effectively serve its members, and
- strengthen the Council's ability to become financially self-sufficient.

ICMA, as a contractor to USAID, agreed to several specific activities:

- fund assistance activities for specific projects as set forth in the Council's adopted strategic and business plans,
- provide advisors and consultants as mutually agreed upon,
- provide training or study tour opportunities for Council leadership and staff as appropriate,
- work closely and cooperatively with the Council to provide assistance
- give on-going assistance as agreed upon through the duration of the agreement.

In order to fulfill its commitments under the Agreement, ICMA sought an assessment of the current strengths and weaknesses of the Council and the development of a work plan that would achieve its commitments. All parties agreed to identify an early, first project and begin implementation of the work plan within two months. This report strives to provide that assessment and present a 6-12 month work plan for ICMA and the Council to complete in order to achieve the goal of the Agreement.

### ***Approach to the Assessment***

The Council of Local Government Associations is one year old. It has just begun to develop operating procedures and is moving toward the development of a strategic plan. The Board of the Council, representatives from the seven associations that comprise the Council, is still testing its own rules of operation and striving to reach a shared vision of its future. While there is agreement on the need for local government to speak clearly and with a single tongue, the Council has not been able to become the "voice" in part because of its own immaturity but also because of the dynamic circumstances of Hungarian local government. The structure of sub-national government in Hungary is not yet firmly established; the scope and relationship among local governments and their associations are unsettled. The donor community, responding to these conditions, is likewise seeking to determine the "best" way it can assist local governments in Hungary to become vital, effective partners in governance.

These factors suggested that the starting point of the assessment should begin with each member association of the Council and with some of the active donors. The member associations have committed themselves to work together in the Council, while at the same time are searching for their own roles and their relationships with each other outside the immediate context of the Council. Some donors are prepared to offer assistance (several have been helping local governments and individual associations) to the Council but are unsure of the Council's stability and capacities. The assessment, therefore, focused on the member associations through a series of interviews with leaders of the individual associations: The interviews explored several questions: What are the association's structure, activities and goals; its relationship to the other associations?

What does the association see as the role and activity of the Council? Is the Council fulfilling the association's expectations? How can the Council be improved?

Some representatives of the donor community were also interviewed. These interviews explored the donor's perception of the Council, but, additionally, probed their views on the dynamics of Hungarian governmental structure, the relationships among the associations and the impact of accession to the European Union would have on local government in Hungary. The assessment also was able to get some sense of the support the donors are providing to the Council or are contemplating giving it.

Both the interviews and the background materials would give us information on the general level of support and services each association was providing to its members. This information would be useful in defining the areas of service the Council might be able to provide both to the associations and directly to individual local governments. The interviews with the association leaders would give us a sense of the "agenda" of each association—how it saw its future, its membership potential, its relationship with the other associations and with the Council. Again, an understanding of the vision each association had of its future would be instructive in fashioning a realistic role for the Council.

### ***Report Content***

This report is divided into four parts. Part I provides a background note to the assessment and a description of the approach used to conduct the assessment. Part II covers three areas: (1) a profile of each member association of the Council as revealed through interviews and background materials, including notes on the dynamics of the association and its relationship with the other associations and the Council; (2) commentary on local government associations and the Council from several donor/international organizations; (3) an analysis of several aspects of the Council's structure, organization, activities and relationships. Part III identifies several "options" both for the associations (and, by implication, the Council) and for USAID/ICMA. Part IV sets forth the recommendations for USAID/ICMA action along with some targets, milestones and suggested time frames for completion.

## **PART II**

### ***The Associations, Donors/International Organizations and The Council of Local Government Associations***

Between Monday, June 9, 1997 and Wednesday June 18, the writer and local ICMA-Hungary staff met with the leaders of each of the seven municipal associations and the Council. Attachment B of this report lists the individuals interviewed. As noted earlier, each interview addressed several questions: What are the association's structure,

activities and goals (this information supplemented the background materials prepared by ICMA staff); its relationship to the other associations? What does the association see as the role and activity of the Council? Is the Council fulfilling the association's expectations? How can the Council be improved? In addition, a one-page questionnaire (see Attachment C) was sent to each organization to gather basic data about the organization and its activities.

The seven national associations have a total of 2,088 members, or about 66% of the total local governments. There is some overlap, however, but probably not more than 10%. From the survey data, the total staff is 22 full-time and 2 part-time; 8 paid advisors and 67 non-paid, on the average. The total budgets (1996 data) of the seven is 95 million HUF with member dues accounting for an average of 70% (range: 37-90%) of the revenues and donor support ranging from 0-39%. Staff/advisor expenses average 31% (range: 12-33%). The practice of having standing committees varies widely among the associations with three having only one, another has two and three of the associations have from 10-24. As noted below, in addition to standing committees, some of the associations operate through working groups.

In general, the associations share some common characteristics—1) some staff capacity ranging from part-time staff support from the current chairpersons local government staff to full-fledged operations as in TOOSZ, 2) a policy-making/advocacy apparatus from straight forward consultation among the leadership based on informal understandings to a structured system involving the Board, leadership, committees, staff and paid/unpaid advisors, 3) fairly constant leadership from the days of formation to the present, 4) partisan political biases—on the Right, the Left Center and the Left. On the later point, all those interviewed spoke of the partisan biases of the others but disavowed any bias in the organization for which they were speaking. Some expressed suspicion of those organizations created before “change”, like TOOSZ and MFSZ, that have their roots in the old system. Others noted that the leadership of some of the other associations were fairly high-profile in party organizations. Still others commented on the close connection some association leaders had with elements of the present government. These comments revealed what each disclaimed: partisan politics does have an impact on the policy positions taken by the respective associations. Under these circumstances, the interests of the membership of each association may be modified by partisan political interests in some, if not all, policy positions taken by each association.

A profile of each of the seven national associations is presented below. They are presented in the order in which they were interviewed.

### **Hungarian National Association of Local Authorities (TOOSZ)**

#### *Association Structure, Function and Goals*

Located in Budapest, TOOSZ was founded in 1989 and is the largest of the seven associations. It has 1,240 members from among the 3,169 units of Hungarian local

government. The association is governed by a General Assembly, which meets twice a year, a nine member Board, the Supervisory Committee, responsible for overseeing the financial condition of the association and 10 standing committees. The association has "chambers" that provide a venue for the village, county and city members. There are four officers: Chairman, two co-chairmen and the Secretary General. There are 10 full-time and one part-time staff, two paid "advisors" and an average of 16 non-paid advisors. Most of the work of the association is performed through the 10 standing committees most of which are organized around the substantive functions of local government—finance, education, etc.

In 1996 TOOSZ had total revenues and expenses around 48 million HUF. Some 54% of the revenues came from member fees, almost matched by 52% of the expenses for member services. Staff and advisors accounted for 31% of the expenditures (9.5% for advisors). The association publishes a magazine, maintains a "hot line" to respond to member inquiries, holds some 25 regional "issue" meetings, and its standing committees review legislative and regulatory proposals from government and parliament.

#### *Relationship to Other Associations*

In early June, 1997 TOOSZ amended its bylaws to allow for an expanded membership base. Regions, counties, smaller regional groups of local governments, Budapest city and region, other associations can now become members. In the case of other associations, they may become members either by dissolving themselves with their membership becoming individual members of TOOSZ or the association could remain a legal entity, becoming a corporate member. Clearly, this change in bylaws is intended to enable TOOSZ to become the broad-based national organization for all local governments should the Council fail in this objective. Recently two other associations have indicated interest in becoming members in TOOSZ. Later interviews verified that other associations are exploring a variety of arrangements with each other, including the possibility of joining TOOSZ in some fashion.

#### *Association View of Council*

The Council is impeded by at least three factors: the "consensus" provision of the Council's bylaws which inhibits action; the "political" biases of some of the other associations (TOOSZ claims to be rigorously non-partisan); some personality differences on the Council Board. Until these issues are resolved, the Council will remain indecisive. As it is now ineffective, the Council is not fulfilling the association's expectations.

If the Council's goal of creating a national association of local governments is to be met, it should be structured along the lines now possible for TOOSZ—a general assembly, chambers reflecting the interests of the several types of local government, a strong leadership that takes positions and advocates them, an able staff that serves the membership structure for policy-making/advocacy and provide technical services (the entrepreneurial function) in such areas as publishing, audit and legal services, and advisory services in the administrative and technical areas of local government.

Presumably, a new national association would take the place of the Council and TOOSZ should be ready to assume the role of the new association.

## **Association of Cities with County Rights (MJVSZ)**

### Association Structure, Function and Goals

There are 22 cities in Hungary with populations of over 50,000 that compose the membership of the association. It was founded in 1991 and its headquarters is in Debrecen, where the Chairman, Mr Hevessy, is Mayor. The leadership of the association is a president, four vice-presidents and a co-president. The Managing Secretary, two full-time and 14 part-time staff serve the officers, the General Assembly and the Board and the 12 standing committees. On the average during the year, some 10-15 paid advisors give consultation to the committees, officers and staff in selected areas of current concern. Each standing committee is responsible for a substantive area of local government and is composed mostly of professional and technical staff from the member cities and is always chaired by a mayor.

The association has an established "policy-making/advocacy process". Each vice-president has a portfolio of standing committees through which the association develops its policy positions. There is also a "managing president" who coordinates the lobbying effort but overall direction is in the hands of the president and managing secretary. The association usually "reacts" to legislative proposals made by government and parliament rather than initiate positions. The lack of good data and a small staff prevent the association from being more "proactive" in the policy area. In addition to looking after the interests of its members, MJVSZ provides other services to its members: publications, workshops and conferences, training and technical service programs.

The association operates on an annual budget of some 19,000,000 HUF (1996 data). Over 84% of the revenues come from member fees with the balance coming from interest earnings and other sources. Staff salaries account for 11.3% of the expenditures, advisors-10%, general administration-10%, member services-30% and special projects-16.3%.

### Relationship to Other Associations

Recently the MJVSZ has decided to place one-two staff persons in Budapest to represent the association. The staff would be housed in the Council's offices. Discussions are underway with the Association of Small Cities to share the cost of the Budapest-based staff since the two associations have much in common as the representatives of the cities. The proposed joint undertaking reinforces the idea that the two "cities" associations should work more closely together, including in Council affairs. On another issue—having sound data on cities, the MJVSZ has waited for the Council to collect such data but must now consider whether to move forward on its own or wait for the Council.

There is a critical need for reliable data and information on cities' needs and programs in order to effectively represent their interests.

#### Association View of Council

There is a sense that "patience is running out" on the part of the member associations in the Council. The Council's lack of organization and performance has led to several opinions as to what should be done. For example, a) there must be proportional representation on the Council (meaning ?), b) the two "city" associations must work closely together on the Council, c) the MJVSZ, and presumably the other member associations should be able to speak for themselves [there is a Council policy that members should not speak on issues when the Council has taken a position], and d) the Council should remain an inclusive organization with all national associations as members.

### **National Association of Small Towns Local Government (KOOSZ)**

#### Association Structure, Function and Goals

The cities and towns of under 50,000 population are eligible members of KOOSZ. Presently 75 of the 183 towns are members of the association. Founded in 1990, KOOSZ is governed by the General Assembly which meets twice a year, a nine member Board of Directors, Finance and Audit Committee, the President and Vice-Presidents. There is a secretariat with one full-time and one part-time staff. Most of the association's work is done through working groups of the membership. The association has developed a limited data base on small towns that enables members to compare budget and other information. It represents the interests of its members to government and within the Council, publishes information, conducts workshops and twice-a-year General Assembly meetings accompanied by a substantive program and family social functions.

The most recent budget of the association indicates revenues of 5.2 million HUF and expenditures of 6.1 million HUF. Member dues account for 67% of the revenue, followed by interest-22%, other fees-9% and donor support of 2%. On the expense side, 12% is for staff salaries, 8% for special projects and 80% for member services.

#### Association View of Council

Since the formation of the Council of Local Government Associations, KOOSZ has tried to incorporate its policy positions into those of the Council. This decision has been taken in part to reflect the need to have a strong, single voice for local government and, partly, because the association simply does not have enough resources to initiate its own policy positions. The Council consensus procedure often leaves member associations on their own if they want to be heard at all.

KOOSZ welcomed the formation of the Council; the KOOSZ president became the first chairman of the Council. The Council was created to 1) represent local governments, 2)

provide services to members, 3) represent Hungarian local governments internationally. To achieve its objectives, the Council must have a stable financial condition; eventually most of its income must be "own source" revenues. One of the issues facing the Council, therefor, is how to generate "own source" revenues while, at the same time, maintaining its focus on the purposes for which it was created.

A primary goal of the Council is to work toward a single national association as the "voice" of local government in Hungary. There are impediments to reaching the Council's goal, however. There are "territorial" issues on which the Council has a divided members as the issues significantly and variably affect each of the member associations. These territorial issues continue to harass the Council as the structure of sub-national government continues to unfold. Some of the member associations serve more than one type of local government making it difficult to forge a single voice. Issues of partisan politics (some associations have a partisan "tilt", even going back to the pre-change era) and personal ambitions among the associations leaders also contribute to weakening the resolve of the Council to act. Whether these obstacles can be overcome to create a national association remains to be seen.

If there is to be a single national association, it must have chambers representing the interests of the villages, cities and counties and each local government must have equal voting rights in the Council. At the moment, there appear to be two options before local governments in Hungary: 1) three separate associations, each representing the interests of villages, cities and counties, or 2) one association with three chambers through which the three classes of local government can be represented.

## **Alliance of Hungarian Villages (MFSZ)**

### Association Structure, Function and Goals

The association was formed in 1989 with 136 members. There are now 202 dues paying members or just under 50% of its potential membership. The association is governed by a General Assembly that usually meets twice a year, or the Assembly of Delegates when the Alliance reaches over 200 members, the seven member Presidium, a Chairman and Vice-Chairman, and a Supervisory Board, which oversees the operation and finances of the alliance. The staff is part-time from the village of Tar, where the Chairman is mayor and where the Alliance has its headquarters. There are 8 unpaid advisors and 2 standing committees. The Alliance has a budget of 1.2 million HUF with revenues divided between member dues, fees, and donors (37%, 24% and 39% respectively); expenses are distributed between staff, general administration and member services (27%, 25% and 48% respectively).

The most important function of the association is to review proposed laws and regulations. Usually, the Chairman refers a proposal to one or more mayors, vice mayors or notaries for comment before the association decides its position. The alliance also conducts workshops or conferences and training programs, sometimes in cooperation with donors. There is an active relationship with counterpart associations in Finland, France, The Netherlands, United Kingdom and particularly with the Swiss Association of Large Villages. Among the associations, the Alliance has recently found it works most often with TOOSZ and KOSZ, the Association of Local Governments of Medium Size Towns. This is reflected in the activities of the Council where the three organizations frequently express similar positions.

### Association View of Council

As for the Council, often there are issues over which the members disagree such as redistribution of state tax revenues. The Council goal of forming a national association by 1998 is not realistic at the moment. An interim step might be the clustering of the present seven associations into three groups—the villages and large villages, the small cities and cities with country rank and the counties.

## **The Association of Local Governments of Medium Size Towns (KOSZ):**

### Association Structure, Function and Goals

KOSZ was founded in 1990 with 15 members. It now has 420 members (about 40 of which also hold membership in TOOSZ). The association has a General Assembly, Steering Committee, Control Board and "sections" and committees. The General Assembly meets twice a year for a two day meeting that covers substantive and technical

items the first day and association business affairs the second day. The Steering Committee is composed of the President, two Vice Presidents, General Secretary, and a representative elected by the towns in each of the 19 counties. The Steering Committee convenes at least every two months to direct the affairs of the association between meetings of the General Assembly. There is a Control Board but not other standing committees. Policy positions are developed by ad hoc committees, usually of 6-8 member, who are assigned an issue by the President. The ad hoc committees are assisted by technicians from member towns and/or by paid advisors (in 1996 4-5 paid advisors). The association has its headquarters in the town of the President and is staffed by one full-time person, plus a fee legal counsel retained on a task basis.

The current budget is at 4.5 HUF, 77% of the revenues come from member dues. The expenditures are mostly for member services-63% and staff/advisors-31%. The association conducts training programs, conferences and workshops, provides technical services and publishes materials as member services. For the first time the association has made application for donor support; there is an application pending with PHARE. Among the recent activities of the association has been the publication of a pamphlet on the history, purposes, activities and accomplishments of the association.

#### Relationship with Other Associations

Recently the General Assembly authorized the President to push for mergers among the associations, including the creation of a single association. But at a recent meeting of the TOOSZ General Assembly, an effort to support one association with three chambers was defeated. Moreover, the county association has opted not to seek the merger of the seven associations.

#### Association View of Council

The Council suffers from personal differences among its Board and partisan political interests affect the actions of most of the member associations. These problems and a lack of leadership prevent the Council from being the unifying, effective voice for local government interests before the central government. But, putting aside the "representational" role of the Council, it could still provide a quick, effective information network for local governments. The present information system is not fast enough. As for the near future, it is not clear what direction the associations or the Council will take.

### **National Association of County Local Governments (MOOSZ):**

#### Association Structure, Function and Goals

The association, organized in March 1991, has 19 members representing each of the counties in Hungary. All of the counties joined as of the first General Assembly. The Presidium/General Assembly--the membership is identical-- comprised of the Presidents of the 19 counties is the governing body of the Association. The Association has a President, three Deputy Presidents and a Secretary General. In

addition to the General Secretary, the association has a full time assistant, a fee accountant, one permanent advisor-a university professor and, occasionally, other advisors to the standing committees.

The Presidium meets 6-8 times a year but often meets more frequently because the Country Presidents who comprise the Presidium, are also chairmen of the regional development agencies and serve on the regional security (public safety) board. Thus these occasions are convenient times for the Presidium to convene as well. There are 24 standing committees, most of which are organized around the functional areas of local government. The chairman of each committee is responsible for the management and operation of the committee. And each committee prepares its recommendations for consideration by the Presidium. The committees meet formally 1-2 times a year and more frequently via telephone.

The association is financed largely by member dues (90% of revenues) which are levied HUF 600,000 per county. Other revenues are derived from investment earnings and fees earned from private businesses for which the association arranges product/service marketing meetings with members. Currently the budget stands at 10.4 million HUF; over 90% of the revenues come from member dues. On the expense side, the association publishes a magazine, holds an annual conference, pays salaries and professional fees for service and general operating costs. General administration accounts for 40.3% and member services, 59.7% of the expenses (no break down was provided for these figures in the survey). The association maintains international contacts with counterpart organizations in Italy, Germany and France and have arrangements pending with Sweden and Denmark.

#### Association View of Council

The association has stated that it no longer shares the commitment to one association, it although it continues to support the Council. The Council has some organizational and management problems. Sometimes, for example, issues are deliberately raised before the Council on which consensus is not possible. The Council should focus on areas where consensus is possible. The role of the Council should be to provide selected services to local governments: training, reliable information (not from official sources), good practices, information systems, publishing and conferences. The Council should help local governments with international relations.

### **Association of Hungarian Local Governments (MOSZ)**

#### Association Structure, Function and Goals

MOSZ was founded in 1990. Currently it has 110 local government members and 30 individual members (mayors, council members, etc.). The corporate and individual members have different voting rights. The corporate members range in size from 300-10,000 population. Its seven member Presidium meets monthly and there is a

supervisory committee of three members. The General Assembly meets twice a year for a 2 day meeting divided between program and business. There are several standing committees each of which focuses on specific areas of local governance. Currently there is one ad hoc committee dedicated to "information technology".

MOSZ takes policy positions "acceptable to the range of members" and occasionally publishes its positions for distribution to the members. A new service is the "public information network", a kind of electronic, non-interactive information system operated by a non-profit to which the association subscribes for its members. In addition, the association has conducted some training programs (on regional economic development, for example) that have been funded by German Foundations.

The association has twinning relations with counterparts in Germany, France and The Netherlands.

The association has two full time staff. The current budget runs at 6.0 million HUF. Revenues come from member dues (75%), 20% from donors and the balance from interest earnings. Expenses are evenly divided among staff salaries, member services and special projects.

#### Association View of Council

A year ago, there was general agreement that the Council should be created. The notion of a merger might be stimulated if a law were passed that provided incentives for joint efforts and positions. On the whole, however, the idea of several local government associations has merit—many voices may be heard more often. Unfortunately, the several associations have political "tilts" that make it difficult to take common positions and often, when speaking sound only as Babel.

#### **Donors/International Organizations:**

There are several donor programs dealing with local government in Hungary. Among the more active are USAID, German Federal and Lander governments and the political foundations on twinning, etc., the British Know How Fund. Other involved include the Dutch Association (VNG), the French in training, the Swiss and Belgians and recently the Austrians along the border. The Know How Fund has entered an agreement with the Council of Local Government Associations to assist the Council in several areas: survey of local government training needs, pilot studies on local environmental and citizen access programs, dissemination of "good practices", preparation of a manual on local government audits, data base on communal and utility services, the development of a "Local Government Service and Development Centre".

The EU PHARE program has developed a new orientation strategy for countries that are candidates for EU membership, such as Hungary. The new strategy is to build on indigenous, self-sustaining institutions such as the Council. A EU-PHARE commissioned study recommended that PHARE channel its local government programs through the

Council, rather than the Ministry of Interior as it had been doing. EU-PHARE has begun operating on the basis of the study. The decision to work with the Council is based on the desire to see local government associations come together, something the Council is dedicated to seek. If the Council is functioning properly, it can more effectively and efficiently deliver services to local governments than a series of associations. However, there is substantial concern that the Council is soundly managed and its members are working together effectively. If the Council wants to play the role of the channel through which EU-PHARE local government programs flow, then it must show that it is able to perform effectively.

The World Bank-Hungary is preparing a "local government strategy", which is to be completed by the end of July, 1997. The strategy will focus on entities that are sub-national running from micro to mid-micro in sized. They should be existing institutions with programs that are feasible. The World Bank is looking for pilot projects to fund that could be replicated in other areas of Hungary. The focus appears to be on institutions that are regional in size, such as the recently created groupings of counties—North/Northwest, Southwest, Northwest border tier and the Southeast. It appears that the structural and institutional framework that the EU favors is a force shaping the direction of the World Bank's strategy.

Accession to the European Union will carry with it commitments on the structure and division of responsibilities among local governments in Hungary. In turn, the expectation of these changes have a profound impact on the organization and relationships of Hungary's local government associations.

### **The Council of Local Government Associations (OSZT):**

The Council of Local Government Associations is only one year old; it is hardly formed yet. It is a bold concept with a daunting action agenda—to be the handmaiden to the creation of a new, single national association of local governments in Hungary. The dream of a single voice representing local government is not new; attempts at creating one stretch back six years to May, 1991. While the dream has remained, the obstacles to its formation have increased. In 1989 there were two national associations; in 1997 there are seven. No matter the many reasons for the proliferation of associations, the task of bringing them together on priorities, programs and issues is complex and tedious. It is a minor miracle that the seven agreed to form the Council, even more impressive that they continue to work together for its stability and growth. The hope continues that the Council will somehow complete its handmaiden responsibility—the creation of a single, national association for local governments.

For the better part of its short life, the leadership and staff have concentrated on the development of a "strategy" for the Council. Working groups have diligently developed detailed proposals for components of a strategy, experts have prepared background papers, the staff and the Board of Directors, called the Council of Associations, have reviewed several draft statements on a "Strategy and Action Plan". More recently, the

staff has concentrated on the preparation of management and operation procedures. Concurrent with these tasks, the staff and leadership have held many meetings with prospective donors from the international community and individual governments. These discussions have led to the execution of at least two agreements, one with the USAID/ICMA and the other with the British Know How Fund. The leadership has met at least once a month on both procedural and substantive matters. The range of activities is typical of a new organization—conducting current business, developing long-term plans, searching for financial support.

The Council was organized in May, 1996 by the seven national local government associations. It is governed by the Council of Associations composed of the Chairpersons of each of the seven associations, or their designee. In addition, there is an Audit Committee responsible for the financial management of the Council and, from time to time, temporary committees to fulfill specific tasks. The leadership is vested in a Chairperson, occupied on a rotating basis by the Chairpersons of the member associations, and two Co-Chairpersons elected by the Council. The Secretariat performs the administrative functions of the Council.

The Council of Associations, the governing body, operates on a consensus basis. If a consensus cannot be reached through negotiation no decision can be taken and the individual members may take their own positions in any forum. This “consensus” requirement has been a hindrance to the Council taking decisions on important policy issues facing local government.

The current budget has balanced revenue and expenses of 30,901, 000 HUF. Most of the revenue, according to our survey, is derived from “other” sources (87%) and member fees at 11%. Over 40% of the expenses go to staff salaries (31%) and advisor fees (10%), 26% for general administration and member services. 32% is expended on special projects.

There are five full-time and two part-time staff plus two paid and 16 non-paid advisors. The staff is directed by The Head, Secretariat who is responsible for the day-to-day administration and financial affairs of the Council. He/she is appointed by the governing body; other staff is appointed by the Chairperson with the preliminary approval of the Council of Associations. However, within the Secretariat, there is an Office for International Relations, the head of which is appointed by the Council of Associations. While, this arrangement recognizes the special significance attached to the international activities of the Council, it is an unusual administrative arrangement that under different circumstances could create management difficulties.

As has been reported elsewhere in this report, there is some dissatisfaction with the pace of development in the Council. In part, the apparent slowness reflects the demands on any new organization to develop its internal operating policies and procedures and do the institutional planning that is a necessary step to becoming a sound, stable institution. In part, the pace is dictated by the decision making policies set in the bylaws of the Council.

The requirement that decisions can only be taken by "consensus" is evidence that the founders granted to each association an absolute veto on any decision or position with which it disagreed. It is a policy that dooms the Council to inaction, a policy based on mistrust, and must be abolished if the Council is to function in this transition period. Finally, the pace of Council activity is dictated by management issues that affects delivery even when delivery is possible.

The unsettled state of local government, the competition for members, the personal ambitions and the partisan perspectives make resolute action on substantive policy issues, to say nothing of institutional merger, practically impossible for the Council to achieve. Present management organization and experience contributes to the perception that the Council is moving too slowly.

There are large areas of agreement on the Council's functions. The leadership must focus on those areas of service that the Council can perform that compliment the activities of the member associations. Not focus, as some have observed, on raising issues that divide, that force confrontation among and between the members, either as institutions or the representatives thereof. The members widely agree that there are urgent needs to be met and that the Council can meet them. The Council must focus on near-term, achievable projects that give visible support to the members and to local governments. The recommendations made in this report are directed precisely at a limited number of activities that produce tangible, early benefits.

### **PART III**

#### ***Options:***

The local government associations and the Council have choices to make in this period of transition for local government in Hungary. USAID/ICMA must also make choices as they negotiate the implementation of the April, 1997 Memorandum of Agreement with the Council. There are several options available to local governments in Hungary and to USAID/ICMA.

Options available to local governments:

1. The seven associations collapse into three representing the villages, the cities and the counties.
2. Form a new association by the merger of the existing associations into a new structure, perhaps the Council, with at least three chambers through which the villages, cities and counties can express their unique perspectives.

3. One of the existing associations, TOOSZ, for example, reshapes itself into an organization that encompasses all the local government types.
4. Re-focus the Council to provide "shared services" functions for local government associations of whatever configuration.

There are symptoms of each of these options in the present circumstances. Several of the association leaders mentioned the possibility that three associations could be created by the joining of the two village associations, the two city groups and the counties organization remaining substantially as it is. TOOSZ has just recently amended its bylaws to embrace regions, regional groups, and other corporate bodies such as other associations either as legal entities or, by dissolving itself and its members become individual members of TOOSZ. The Council is struggling to develop an operational strategy for the creation of a single national association and, at the same time, a strategy for providing selected services for the associations and local governments. The "agreement in principle" by the two city associations, MJVSZ and KOOSZ, to support a staff operation in Budapest reflects a willingness to join in a common activity, largely representational, that reveals the current doubts about the likelihood of creating a single national association. There is evidence that TOOSZ and MFSZ have discussed the latter becoming a member of TOOSZ and that TOOSZ has made overtures to at least one other organization to join it. And the village associations, MFSZ and KOSZ, have opined about the strength they could muster if they were to join forces.

As with each of the other trends, the movement toward collapsing the seven associations into three faces major obstacles. Neither TOOSZ nor MOSZ, both of which have members from the villages and cities, are likely to see their membership bases trimmed without a major struggle. The counties, through MOOSZ, have already indicated that they no longer support the formation of a single association, a move that throws a cloud over TOOSZ' effort to incorporate all local government interests. The Council, thus far, has only been able to muster a consensus on a few "policy" issues; its goal to form a single national association languishes for lack of an agreed implementation strategy and its effort to define a service role just now being realized, without, however, facing the test of competing with the growing member services offered by the existing associations.

In the background, stands the issue of "regional" government and other territorial changes that make for a dynamic but unstable environment for local governments and the associations that represent them. All in all, the change that has the broadest support may be the movement toward three associations. The counties have already stated that a single association is not in their interest; the cities' organizations propose joint undertakings; the villages, while in consultation with TOOSZ, also talk with one another about joining forces. The only obstacles are TOOSZ and MOSZ but they face the same problems now apparent in the Council: how to find common ground on issues and thus speak a common voice. The strength of kinship among the villages, cities and counties may outweigh the desire and the commitment to find their common bonds.

## Options available to USAID/ICMA:

1. Do not “rush” the situation—let the current dynamics among the associations unfold into a new configuration. At the same time, give a minimum level of support to the Council to keep it functioning until the new arrangements among the associations becomes clear and the role of the Council is reaffirmed or revised.
2. Force an early merger—condition substantial support for Council on the merger into a single national local government association within the target time suggested in the Council’s mandate;
3. Limited support for “policy-making”—provide support to build the policy-making capacity of selected associations (the likely winners representing the villages, cities and counties) and to the Council.
4. Facilitate the transition in local government structures/functions by strengthening a focused/re-focused Council—support targeted development of Council into local government resource and service center: data and information systems, monitoring and convening re public policy, policy analyses; publications: Policy Bulletin and Local Government in Hungary: both publications covering issues, projects, practices and trends in local government in Hungary and, occasionally, abroad; international: EU, international organizations and associations, twinning, other. Assist Council to improve its internal management policies, procedures and staff capabilities.

The basic consideration for USAID/ICMA is time. The end date is in sight for USAID and ICMA in Hungary. Assistance to local government associations is an effective, efficient way to provide maximum support for local self-government and democratic traditions. It also strengthens indigenous institutions, giving more assurance that sustainable democratic traditions will have a successful life after USAID and ICMA leave Hungary. Each of the options has risks and benefits; each runs along slightly different time lines. Other factors may alter the choices available, but it is essential to act if USAID and ICMA are to have any broad, long-term impact on local self-government in Hungary. Which course to choose; which option has the best chance to produce lasting results?

Not “rushing” has the advantage of supporting current trends and not forcing a fluid situation. The Council is an accepted vehicle for working together among the associations, albeit there is impatience with its performance to date and substantial skepticism that it can create a single, national voice for local government. There is considerable support for the Council to provide services but no firm agreement on what the services should be. Support that would sustain the Council and give some direction and substance to its service role would be widely accepted. At the same time, the associations are beginning to move on re-structuring themselves. Not only are the associations hedging their bets on the creation of a single national association, they are

moving toward some form of consolidation both to strengthen their presence on the national scene and adjust to potential changes in the structure of sub-national government in Hungary. There are legitimate reasons for the present distinctions the associations see among themselves but not so many as the present alignment portrays. The movements underway will soon resolve some of the distinctions and, thus, clarify for whom and for what assistance may be provided. The wait will not be long, but worth it.

Forcing a merger is a messy course. It puts USAID/ICMA in the midst of a very dynamic and sensitive situation. As appealing as it may seem to have a single voice for local government in Hungary, there are in fact several "local governments" in Hungary and likely to be more as accession to the European Union progresses, with its requirements on the general structure of sub-national government. At the moment, local governments are sorting out their interests and sooner than later they will come to their own conclusions. The outcome will likely be fewer associations but not without some internecine warfare as TOOSZ and MOSZ struggle to prevent their domains from shrinking or disappearing, or attempt to capture the sorting-out process. A posture of non-interference coupled with support to the provision of essential common services moves forward steps to strengthen local government while standing aside as the personalities and politics sort out an interim structure for local government associations.

All the associations want to enlarge the voice of local government in shaping national policies on local government. The creation of the Council was motivated by this goal. All of the associations have developed some capacity to formulate policy positions and advocate them. The capacity varies according to the resources available, the "policy-making/advocacy" processes employed in each organization and the skill, or experience, each has in participating in the legislative and regulatory arenas. Some associations are older, larger and, therefore, more resourceful and experienced. Yet each organization has legitimate interests to represent. A plausible argument can be made that USAID/ICMA should assist the less resourceful and experienced associations to become more effective as the representative of their members' interests. Certainly, a case could be made to lend support to the village and city associations and the counties as together they represent the three types of local government. This option requires USAID/ICMA to "pick and choose" among the associations. However rational the selection may be, even farsighted, if those selected become the collapsed or merged association(s), USAID/ICMA would again be placed in the middle of this very dynamic situation.

Another side of this option is to assist the Council to become more involved in the policy-making/advocacy area. This aspect of the option has more pluses. It strengthens the Council in precisely the area where the members want its influence expanded. On the other hand, it also must rely on the willingness of the Council members to come to a common policy position, a condition that has not been a hallmark of the Council so far. This portion of the option may be better served as a part of option #4.

The Council is in the process of adopting a long-term strategy for itself. Helping the Council to focus, even re-focus itself is an option for USAID/ICMA. Even this option has

some risks. It is by no means clear or certain the services the Council may provide that do not compete with the those provided by one or more associations to their members. Nor is it clear whether the Council's services should be targeted only to the member associations or to the individual units of local government, or to both. A major factor that will affect the services to be provided is the ability to make the service financially feasible, that is, self-sustainable. The decisions on how services are to be financed may well affect the over-all focus of the Council: is it to be a primarily a member service organization or will its need to generate income overcome its "member service" orientation?

Still, the option has major advantages. There are clearly services that the associations want—solid, reliable data on local government, information on the status of laws and regulations, assistance in forging international relations, dissemination of information and ideas on local government issues and practices. In the policy area, the Council may provide services that facilitate the policy-making/advocacy activities of the member association without colliding with the positions of the individual associations or its own "consensus" rule. The principal advantage is that the Council is strengthened as an visible provider of important services. It bolsters the chances for the Council to become a vital institution as viewed in local government circles, among international institutions and central government organs. Lastly, the option builds the internal capability of the Council as an institution able to play one or more roles within the fraternity of associations now and after the transition in sub-national government structure.

## **PART IV**

### **Recommendation, targets, milestones and time frames and Resource Requirements**

#### **Recommended Option:**

**It is recommended that USAID/ICMA adopt option #4: "*Facilitate the transition in local government structure/functions by strengthening a focused/re-focused Council*".** This course of action will, it is believed, most likely serve the needs of local government reform in Hungary and the USAID-Budapest mission for local government. Much of the rationale for this recommendation has been covered in Part III of this report. For the sake of emphasis, the major points are restated here:

- A. The present situation—personalities, next year elections, the current mood suggest that now is an opportune time for USAID/ICMA to become more fully engaged with the associations and the Council.

1. The situation is unstable. Yet there remains a stubborn desire to find a way to give voice to local government's common interests. It is important to give new life and support to this universal aim among the associations.
  2. While the urge to force an early merger might suit the limited time that is available to USAID/ICMA, it would involve an unacceptable risk, and could incite strong negative reaction. Other donors do not appear ready to support "advocacy" activities, hence the risk of letting others jump in is rather small.
  3. There is widespread recognition among the associations of the need for good data on local government, for policy analyses, for effective "lobbying", for frequent and reliable information about local government, for accommodating the changes inevitable with accession to the European Union.
  4. It is time to develop a "state of readiness" within the Council to enable it to take initiatives as well as respond to the transition in local government and local government associations.
- B. The Council itself—despite some loss of patience and frustration among the members concerning the Council's performance to date, there remains a desire to make it work. But the problem is to make it effective, as the members jockey for dominant positions, or compete for members, or, sometimes not so subtly, further partisan political agendas or personal ambitions. The solution is to define shared needs and interests of the members (1) that are not confrontational, (2) upon which there is broad recognition that they can best be met through the Council. There are such needs and interests, as noted above, that would receive the support of a majority of the Council, particularly were it made known that USAID/ICMA are ready to give technical and financial support. Moreover, a targeted, well designed and executed program would facilitate the eventual establishment of a common, if not convergent, lobbying effort among the local government groups.

**Recommended targets, milestones, time frames and resource requirements:**

The Memorandum of Understanding (MOU), dated April 21, 1997 between the Council of Local Government Associations and the USAID/ICMA states that the parties will develop an implementation scheme. The scope of Option #4 above suggests some initiatives that fit well within the scope of the MOU. This section further describes a series of actions that meet the intent of the MOU and also serve to strengthen the Council as it delivers specific and desired services to its members.

These recommendations focus on internal management organization improvements and (3) three target service areas: (1) Information and data services, (2) Publications and communications, and (3) international assistance. For each of the target areas one or more specific activities/products is identified along with key stages, or steps, and time

frames toward their accomplishment (all time frames are estimated from the signing of the implementation agreement between the USAID/ICMA and the Council). At the conclusion of this section are some observations on the resources required to carry out the activities that are proposed. It is recommended that all of the activities be initiated over the next 6-8 months and completed within 15 months. USAID/ICMA should support these activities, in whole or in part, with technical and financial assistance. [In one instance, it is recommended that the activity be undertaken, if possible, as a joint effort of USAID/ICMA, the Council and the British Know How Fund].

- (a) Internal organizational and management issues: The first element of implementation of the MOU should be directed toward assisting the Council to improve its internal organizational and management operations. Note as been made of the problems caused by the current policies of the Council of Associations, e.g. "consensus" requirement, and reference has been made to the potential for confusion and conflict caused by the distinction between the International operations and the remainder of the administrative structure.

As a prerequisite to other technical and financial assistance under the MOU, USAID/ICMA should provide technical support to the Council to undertake an immediate review of all management and administrative policies and procedures. The purpose of the review would be to help the Council develop and adopt clear policies and procedures in such areas as (1) operating policies and procedures for the Council of Associations, (2) relationship between the Council and the staff, particularly the Head, Secretariat, (3) the "representational" responsibilities of the Council, Chairperson and , the Head, Secretariat, (3) the roles of the Chairperson and the Head, Secretariat in the administration of the Council operations, including such areas as personnel policy, organizational structure, financial management—financial accounts and controls, the preparation and administration of the budget and financial affairs of the Council [in financial matters the relationships among the Control Board, Chairperson, Head, Secretariat and the Council], (4) performance reporting and review in order to assure compliance with adopted policies and procedures. The aim of this review is to provide the Council with a "streamlined" set of policies and procedures that (a) will enable the Council of Associations and the Chairperson to effectively provide policy direction and control of the Council and (b) give the staff the policy framework and operating responsibility and authority to administer the affairs of the Council.

It is recommended that USAID/ICMA and the Council immediately initiate the above review as the first action under the MOU. The short-term engagement of a experienced association/non-profit manager to work with the Council in the review of present policies and procedures and recommend specific adjustments and additions to them that would provide the Council with a workable and effective set of policies and procedures to serve the Council of Associations, the Chairperson, the Control Board and the Head, Secretariat and staff.

- b. Service areas: The recommendations for the three service areas are outlined below.
2. Information and data services: Virtually all of the associations cited the need for additional, reliable and current information on local government in Hungary. It is proposed that USAID/ICMA support two major activities in this target area within the next 15 months.

A. Design and establish a municipal data base: the objective is to create a data base of information about local government that is reliable, consistent and current. The information in the data base should be interactively accessible to the members of the Council—ideally to their individual members as well—and should cover local revenues and expenses, capital requirements, personnel levels, and basic demographic and economic characteristics, for example.

Significant steps/time frames:

1. Enter tripartite discussions and agreement, if possible, with the Council and the British Know How Fund on the scope and timing of the work, the division of support, including cost-sharing, between the donors. Time frame—completion 60 days out.
2. Select Technical Advisory Committee, mostly from technical and professional staff of Council members. Time frame—completion 50 days out.
3. Prepare and offer tender for consultant services on an “open” or “pre-qualified” competition for the (a) design and installation, or (b) design, with installation under a separate contract of the data base. Time frame—completion 90 days out.
4. Select consultant and sign contract. Time frame—completion 120 days out.
5. Design data base, including cost/revenue estimates for development, installation, maintenance and access. Time frame—completion 200-240 days out.
6. Testing, data collection, installation and initial operation. Time frame—after 240 days out and depending on decision in step 3 above.

B. Legislation and Regulation Tracking and Reporting System: the objective is to make available to Council members current information on the status of pending and proposed laws and regulations relating to local government. The Tracking and Reporting System should include the subject, current status in the legislative and/or regulatory process and where to go to obtain additional information (See Policy Bulletin and Action Networks recommendation below)

Significant steps/time frames:

1. Select Advisory Team composed of officials, staff of Council members. Time frame—completion 15-30 days out.
2. Review existing data sources and systems. Time frame—completion 75 days out.

3. Design system of tracking and reporting. (may engage consultant services or employ technical team from Council member's staff). Time frame—completion 120 days out.
4. Install system; conduct member training on system use. Time frame—completion 200 days out.

II. Publications and Communications: A major function of the Council is to disseminate information on local government developments—innovations in local government operations, management, services; policy trends and issues, the legal framework in Hungary and abroad. Over the next few months, the Council should investigate, and launch if appropriate, two periodical publications and at least two occasional papers/study reports. Both the periodicals and the occasional papers are a service which the Council is uniquely positioned to undertake. The Council should also initiate two “communication” activities to facilitate local government participation in the national policy process and stimulate discussion on local government policy.

A. Publications—There is a need for current information on local government policy developments. Local officials are eager to help shape public policy dealing with the responsibilities and authorities of local government. Several of the associations publish very useful periodical materials. The Council can publish a “Policy Bulletin” by building upon the “tracking and reporting”, “network” and “data base” programs recommended in this report. The Policy Bulletin may be delivered in electronic and hard copy forms. There is a need among local officials and staff for information on new developments and innovations in local government practices in management, policy, service delivery, public information and access, etc. Similarly, the broader community of academics, ngos, central government officials for information on local government developments. The Council should assess the need for one or more periodic publications to disseminate information in these areas. Finally, the Council should undertake two special studies to support the policy-making/advocacy and networking activities of the Council itself and its member organizations.

1. Policy Bulletin—a BI-monthly bulletin that reports on the status of all pending laws and regulations dealing with local government. The bulletin would identify the pending action, its status in the process, how to find more information and suggest how local officials may express their views on the proposal.

Significant steps/time frames:

- a. Design content, format, and distribution systems; identify cost/revenue sources for development and operation of the bulletin. Time frame—completion 120-150 days out.
- b. Initiate service, Test basis late 1997; regular service just in advance of the next legislative session. Time frame—begin 150 days out.

1. Local Government Current Affairs: a periodic publication that reports and reviews significant projects, programs, technologies, policies, events and people about and in local government in Hungary and abroad.

Significant steps/time frames:

- a. Assess need among members and other potential users. Time frame—completion 180 days out.
- b. Design content, layout, distribution system(s); estimate development and operating costs, potential revenue sources. Time frame—completion 240 days out.
- c. Test market; take decision on publication. Time frame—begin 220 days out; complete 340 days out.

1. Occasional publications: two research and publication projects on (1) guidebook on the legislative and regulatory processes in Hungary, and (2) survey and resource directory on local government associations—local and regional general government and special purpose entities, technical and professional organizations serving local governments and staff.

Significant steps/time frames:

- a. for the guidebook: (1) select researcher/author. Time frame—complete 45 days out. (2) conduct research/write. Time frame start/completion 50-90 days out; (3) edit, design and publish. Time frame—completion 120 days out.
- b. for the resource directory: (1) scope task, assign work. Time frame—completion 90 days out. (2) conduct research, input data base. Time frame—complete 180 days out. (3) design, edit and publish resource directory. Time frame—completion 240 days out. (4) update data base. Time frame—annually.

- B. Communications: The Council should organize and produce several on-going services that support the development of leadership and participation in policy-making/advocacy by its members and local officials. These services are designed to support the initiatives of the Council members and to build broad-based exposure to, understanding and support for effective, responsive local government.

1. Create a legislative and regulatory “action” network: local government associations and their members must be kept currently informed about proposed laws and regulations. An “action” network operated through the combined efforts of the Council and its members should be developed to enable the organized engagement of local officials in the legislative and regulatory processes.

Significant steps/time frames:

- a. Establish a “Capitol Connection” office—an operational center that monitors national legislative and regulatory activity and alerts Council members (and their members) how and when to participate in the

processes. [Perhaps build upon the new initiative of MJVSZ and KOOSZ for a Budapest presence].

- Create a working group to define the scope of services, staffing requirements, operational needs/requirements, expense/revenue estimates for the office. Time frame—completion 75 days out.

- Review similar existing structures and resources used. Time frame—completion 120 days out.

- Define scope of services, staff requirements, operating requirements; costs therefor and sources of revenue for development and operations. Time frame—completion 180 days out.

- Take decision on working group report. Time frame—completion 200 days out.

- Retain staff; equip and furnish office. Time frame—completion 250 days out.

- Begin operations. Time frame—completion 280 days out.

b. Establish a legislative/regulation “action network”—a structured system within and among the member associations to engage local elected officials and the associations in advocating the policy positions of the associations.

- create a working group from among the officials and staff of the members to define the network and its operating procedures. Time frame—completion 120 days out.

- Define the network structure and operating procedures. Time frame—completion 180 days out.

- Conduct orientation and training of associations’ members on the functions and operation of the “network”. Time frame—240 days out.

- Begin network operations. Time frame—post parliamentary elections; beginning of legislative session.

B. Produce Policy Forums: The Council should develop a series of policy forums on major local government policy issues, conditions, innovations and possible solutions. Within the next 15 months, the Council should deliver 10-12 fora. The basic format should be the preparation of topical papers on selected priority areas by qualified experts. The expert papers would form the basis of a dialogue and/or debate among local officials, experts, academics, and user-group representatives at the conclusion each forum would issue “recommendations for action”.

Significant steps/time frames-(A series of 10-12 forums each of which is devoted to a single topic. They should be conceived, developed and delivered as a package between months 5-15 out)

1. Retain technical advisor. Time frame—completion 60 days out.

2. Select advisory/organizing committee. Time frame—75 days out.

3. Select topics, engage authors, presenters and discussants. Time frame—130 days out.
4. Promote policy forum package, individual forum. Time frame—begin 130 days out.
5. Hold fora. Time frame—begin 150 days out, complete 450 days out.
6. Publish forum proceedings. Time frame—complete 45 days after each forum.
7. Distribute “Recommendations for Action” from each forum. Time frame—complete 25 days following each forum.
8. Meet with “actors” involved in implementing the recommendations. Time frame—begin 60 days after each forum and repeat as necessary.
9. Monitor performance/results. Time frame—variable depending on recommendations for action produced by each forum. Begin not later than 90 days after each forum.

C. Policy Briefings: The Council should organize detailed, “professional” briefings for Council members on major pending or proposed legislation and/or regulations dealing with local government—5-8 briefings per legislative session. The briefings should describe the legislation/regulation, present expert viewpoints, including those of local government officials, discuss the likely consequences (for local governments) of the proposals, identify areas of agreement and differences among the members and suggest ways to resolve the differences.

3. Adopt procedures for identifying “major” issues suitable as “policy briefing” topics. Time frame—complete well in advance of the next parliamentary session.
4. Organize briefing sessions. Time frame—various but sufficiently in advance of passage of a law or publication of a regulation/decre to enable members to articulate informed views on the proposal.

**Resource requirements:** As noted earlier in the report, the Council must improve its management capabilities and practices. The scope of activities outlined above requires both competent management and a range of technical and professional skills and experience. It is assumed that the total of the recommendations will constitute the “core” activities of the Council during the project period; that USAID/ICMA financial support along with the member fees will enable the Council to carry-out these activities and explore other opportunities for long-term self-sufficiency.

Some of the activities can be undertaken with the assistance of outside advisors or consultants. Several require the establishment of advisory bodies and must be provided staff services. Most of the proposed activities require specific kinds of knowledge, skills and experience, some or all of which the present staff does not possess. Clearly, the scope and schedule of the proposed activities require additions to the Council staff. Budget estimates must be made of resources required for the entire package of proposed activities. A full statement of the resources required must await detailed

discussions between USAID/ICMA and the Council leadership/staff. The suggestions below are indicative, sometimes specific, but not necessarily inclusive.

1. Personal Services:

- a. Staff—USAID/ICMA support must be conditioned on an understanding that a thorough review of existing organizational and management capabilities must be undertaken and agreed upon. At a minimum, additional staff will be required in the a) “policy monitoring, analyses, convening function, b) data/information/publications/communication fields, c) administrative support activities.
- b. Professional Services—to design the data/information systems, local experts in the field of data base design, input and maintenance should be retained; in the “policy-making” field; professional assistance from a person experienced in public interest legislative/regulatory analyses and advocacy should be retained to assist the development of communications and training activities; the policy forums will require professional support as well,
- c. ICMA should engage an advisor to the project who would be available for the initial development of the work plan and schedule, say 6-8 weeks, and remain available on a regular, periodic basis throughout the project both to render technical advice and train local ICMA staff in association and organizational development and operations. ICMA may also provide several short-term advisors—four to six—over the life of the project. An experienced public interest advocacy specialist has already been noted. Other publications and communications activities may also require experts as well, either from abroad or indigenous.

1. Equipment, materials, supplies—To support these activities it will be necessary to add technical capacity to the Council office. The precise requirements must flow from the detailed discussions between USAID/ICMA and the Council. At the least increased technical capacity will be necessary to serve the additional staff and to meet the requirements of the data, information, publications and communications systems to be developed.
2. Timing—It is urgent that USAID/ICMA and the Council begin detailed discussions on the implementation of these recommendations. The circumstances around the Council (and local government) will continue to unfold—association reconfigurations, the process of accession to the EU, changes in the local government structure; it is essential that the Council be strengthened as quickly—but effectively, as possible, if Hungary is to be ready and equipped to meet the inevitable changes wrought by the transition to full-fledged participation in the world economy and political structure.

## ATTACHMENT A

### LIST OF DOCUMENTS REVIEWED

1. **"Memorandum of Understanding"**, April 21, 1997, between USAID, ICMA and the Council of Local Government Associations of Hungary.
2. **"Programme of the Council of Association of Local Government"**, Summary of Long Term Objectives and Short Term Tasks, No Date
3. **"Programme, Council of the Association of Local Governments"**, First Draft, Budapest, February, 1997
4. **"Programme of the Council of Local Government Associations: Strategy and Action Plan"**, No Date, 70 pages
5. **"Extension of Interest Representation for Local Governments"**, Dr. Ferenc Csefko, November 1996, 33 pages, a paper prepared for the Council of Local Government Associations.
6. **"The Tasks of CALG [Council of Local Government Associations] in Local Government Interest Representation"**, commentary of the National Association of County General Assemblies, dated November 22, 1996, Dr. Otto Dombovari, General Secretary
7. **Minutes, Meeting of March 25, 1997**, Council of Local Government Associations, Council Meeting
8. **"The Organizational and Operational Code of the Secretariat of the Council of Municipal Associations"**, Draft version submitted at June 13-14, 1997, Meeting of the Board of the Council of Local Government Associations. (Adopted with amendments)
9. **"Articles of Association of the National Association of County Local Governments"**. (MOOZ), No Date
10. **"Constitution of the Association of Cities of County Rank"** (MJVSZ), Dated May 16, 1995.
11. **"Statutes of the Association of Local Governments of Medium Size Towns"**, (KOSZ), No Date.
12. **"Statutes of the Alliance of Hungarian Villages"**, Dated June 30 1995.
13. **"Statute, Hungarian National Association of Local Authorities"** Dated April 20, 1994, (TOOSZ)
14. **"Report of the TOOSZ Presidium on Its Activity Since the Last Assembly of Delegates"**, Dated May 21, 1997, 11 pages, including Appendix 1, "TOOSZ CHRONICLE"—May 22, 1996 till May 30, 1997
15. **"Final Accounts for TOOSZ"** for fiscal years 1996 and 1997
16. **"Various Reports on Individual Local Government Associations"**, prepared by the respective associations at the request of ICMA for this Association: Association of Hungarian Local Governments and Local Government Representatives, (MOSZ); National Association of Provincial (small town) Governments, (KOOSZ)

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17. **“ Act LXV, of 1990 on Local Governments as Amended by Act LV. of 1992 on the Modification of the Statutes Related to the Laws on Entrepreneurial Assets of the State and by the Act LXIII. Of 1994”**
18. **Annex 1. to the government proposal No. 6-448/1997, ‘Act of-----1997, on the Association and Cooperation of Local Governments”**
19. **“Local Government Associations in Hungary”**, Eva Meszaros & Gabor Peteri, Council of Local Government Associations, Report prepared for Regional Seminar on “Fiscal Decentralization Initiative for Central and Eastern Europe.
20. **“Memorandum of Understanding between the “Local Government Know How Programme of the British Know How Fund and the Council of Local Government Associations”**, dated May 22, 1997, Budapest
21. **“Report no. 3 IT-Strategic scenarios”**, PHARE project HU9207-03-02, Information development of the Hungarian Public Administration, Component II: Local Self Government, Kommunedata, 1995, 66 pages

## **ATTACHMENT B**

### **LIST OF CONTACTS**

1. Mr. Michael Jackson, Project Director, ICMA-Budapest
2. Ms Judit Deilinger, Assistant Project Manager, ICMA-Budapest
3. Mr. Lawrence Birch, USAID-Budapest
4. Mr. Jozsef Ott, President of the Hungarian National Association of Local Governments, (TOOSZ)
5. Mr. Ferenc Kollner, dr. Secretary General of TOOSZ
6. Mr. Janos Domokos, Secretary, Association of Cities with County Rank (MJVSZ)
7. Ms. Krisztina Kocsis, Coordinator, Know How Fund, Hungary
8. Mr. Levente Magyar, President, National Association of Small Towns Local Governments (KOOSZ)
9. Mr. Lajos Becze, President, Hungarian Village Association, (MFSZ)
10. Mr. Mihaly Kopanyi, Sr. Financial & Enterprise Specialist, Regional Office-Hungary, World Bank
11. Mrs. Rudolf Nador, President, Association of Local Governments of Medium Size Towns (KOSZ)
12. Mr. Otto Dombovari, General Secretary, National Association of County Local Governments (MOOZ)
13. Mr. Zoltan Szemereki, Mayor of Budakeszi, Member of Presidium, Association of Hungarian Local Governments (MOSZ)
14. Mr. Peter Karsai, President, Council of Local Government Associations (OSZT)
16. Mr. Mihaly Baczo, Secretary, OSZT
17. Mr. Gabor Peteri, President, International Bureau, OSZT

18. Mr. Gunter Raad, Counsellor, European Union, Delegation of the European Commission to Hungary

19. Mr. Nils Blunck, Adviser, European Union, Delegation of the European Commission to Hungary