

## **Policy paper**

# **Benchmarking in local authorities – The way for Bosnia and Herzegovina?**

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### **Executive summary**

The actual concept of local governance has still visible traces of the past communal system and is still at the beginning of its transition. The reform of local governance in Bosnia and Herzegovina has taken place *simultaneously* with other transition processes, disturbed with terrible consequences of the war. Realising good governance concept is one of the key goals of reform in governance in transition countries. It implies in-depth changes and introduction of user-orientation rather than a bureaucratic approach, transparency and openness, rule of law, and a new meaning related to effectiveness and efficiency. It should be mentioned that the purpose of this paper is to find a mechanism that will broaden the range of current reform efforts and make it more effective without questioning current organisation of local governments and legal solutions.

The state, entities, cantons or institutions at different levels, responsible for organisation and functioning of local authorities, have not had any significant influence on the

transformation of local authorities having in mind problems that have occurred after the war. Beside some individual efforts, transition of local authorities in Bosnia and Herzegovina toward good governance concept has until now been an ad hoc process based on the “project approach”, or a way of redesigning local governments by various projects created, sponsored and conducted mostly by international donors/agencies. However, these reform efforts have created unexpected outcomes of the reform process. Inertia of the current project approach in the transition in local governments without wider inclusion of domestic players that are more familiar with the current situation, has created gaps between different authorities/groups of authorities, their unequal development and conflict situations. Lack of coordination, lack of knowledge and skills, no participation in projects and ad hoc approaches are often blamed for slow and unequal transition toward good governance concept.

Certainly, transition could be guided from the higher level of government. However, would that lead to positive results in transition, in general? The feeling is that there is no single model applicable to all local authorities, but that there are sufficient analysis and cross-fertilisation mechanisms which should have to be put in place if local authorities do not want to “reinvent the wheel” or make the same mistakes as the others who have tried these methods before them.

Reforming the performance and accountability systems in local governments is being increasingly recognised as a learning process rather than a quick fix. While it is a process that evolves and changes over time, local authorities still call for a guiding “framework” setting out the fundamental principles of each element of the reform. Thus, the policy alternative could be an introduction of benchmarking in transition of local governments.

It will complement current positive results in the process of reform in local governments and disseminate them to the wider population.

Benchmarking has been the focus of much attention in recent years as a means to managing and controlling organisations. However, more recently, this has been extended to public sector organizations, especially local governments. As a result, the developments in this field have resulted in concepts such as “new performance management” or “New Public Management” emerging. In many Anglo-Saxon countries and Scandinavia the public services have come under increasing pressure to improve the delivery of services while reducing demands on the taxpayers. Local governments have been subsequently adopting and adapting various ‘private sector’ models and techniques, such as benchmarking.

There are numerous definitions of benchmarking, but essentially it involves learning, sharing information and adopting best practices to bring about step changes in performance. So, at its simplest, benchmarking means: *“Improving ourselves by learning from others”*. In practice, benchmarking usually includes: regularly comparing aspects of performance (functions, processes or results) with best practitioners; identifying gaps in performance; seeking fresh approaches to bring about improvements in performance; following through with implementing improvements; and following up by monitoring progress and reviewing the benefits.

In broader sense, benchmarking is synonymous of comparative performance assessment. In narrow sense, benchmarking is defined as a process of identifying and importing best practices to improve performance. This study analyses a few worldwide benchmarking projects (in the United Kingdom, in Sweden, in Norway and in Spain) in order to draw conclusion on future possibility to establish benchmarking project in Bosnia and Herzegovina and its consequences on reform efforts. These countries were selected since

they are leaders in introducing New Performance/Public Management in governmental bodies. We have analysed findings from these projects in order to draw conclusions and create policy recommendations related to the Bosnia and Herzegovina context.

On the basis of conducted research it can be concluded that:

- Benchmarking will decrease gaps among local authorities and increase overall performance of local governments in Bosnia and Herzegovina
- Benchmarking is the most logical step in the reform of local governance having in mind current situation. It will complement current positive results in the process of reform in local governments in Bosnia and Herzegovina and disseminate them to the wider population. By giving the transition more in the hands of local administration, the problem of ownership of reforms and the problem of coordination will be solved.
- Benchmarking should be established while the activity within existing local governance framework is ongoing and it should include all local authorities in the country.
- The benchmarking project should be introduced during or slightly after the CAF project, which will create the foundation for performance measurement indicators and the best practice database.
- Local authorities associations, which will be coupled with basic knowledge for advocacy and new performance management by the GAP project, and relevant NGOs in the field of local government reform, should actively advocate the future benchmarking project.
- The upper level of government will be more responsible in the future for local government reform since they will put the public administration reform at the top of their agendas, as stated in the Public Administration Reform (PAR) Agenda,

supported by the Office of the High Representative and the State Ministry for Justice. The upper government level support is necessary in order to overcome resistances from some local authorities that will be particularly affected (in which benchmarking will show all incompetence and poor practices).

- Eventually, local authorities will start to use benchmarking as regular activity in order to improve their services and provide “best value for money”. In most of evaluation tools (interviews, questionnaires, etc.) from conducted workshops and published reports, officials have reported that knowledge and experiences from other local authorities as well as established contacts and networks represent the most valuable consequence of those projects.