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City and country

From Barcelona to Hamburg, senior city executives are coming together in Europe's City Economic and Financial Governance Group to share learning and examine common public finance issues



Barcelona: EIPA's centre in the city is responsible for managing the group

Discussions on fiscal and financial management issues from a cross-border perspective and at city level were first held when the European City Economic and Financial Governance Group (CEFG Group, www.cefg.eu) was set up in June 2014. It was founded by the European Institute of Public Administration (EIPA), through its centre in Barcelona, and the City Council of Barcelona. Currently, its membership is made up of eight major European cities: Amsterdam, Barcelona, Bordeaux, Dublin, Hamburg, the City of London, Milan and Vilnius, which together are home to 30 million people. The cities are committed to high-quality management, sustainable public finances, social policies and, ultimately, the wellbeing of citizens. The CEFG Group is supported and recognised by the European Commission. Overall responsibility and management of the group has been entrusted to EIPA Barcelona.

Its prime mission is to establish a space for mutual learning in economic and financial governance at city level. It aims to generate comparable financial and accounting data – a challenge when public accounting practices across the EU and even within member states lack integration and consistency. Constructive collaboration between areas and a rethink of local economic governance at city level are therefore issues the CEFG Group works to promote.

The group intends to foster economic competitiveness and sustainability by advocating sound financial management and transparency in all European cities. We maintain robust links with European policy development and formulation by demonstrating strong local experiences.

In practice, the CEFG Group functions as a high-level partnership of city chief executives (responsible for economy and finance) and chief finance officers. Together with EIPA's network of internal and external academic and practitioner experts, they meet twice a year to discuss burning issues such as budgeting and financial accounting practices, macro fiscal planning and IPSAS/EPAS orientation, infrastructure financing and public-private partnership models. Joint lessons emerge, are captured and shared with the aim to increasingly boost economic and financial governance at city level and ensure a sophisticated local but cross-border view of fiscal and financial management issues.

A key achievement was the joint production and now annual update of the standardised financial reports and financial health key

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performance indicators for city governments in Europe for the eight group members. This provides a set of agreed financial indicators, based on accrual accounting, and combines items such as the statement of operating performance, capital operations, financial flow, cash statements and debt as well as data on 10 financial health KPIs. Other cities are able to use these reports as a template to produce financial balance sheets so they can harmonise accounting practices and reliably compare financial information.

The CEFG Group is increasingly recognised as a European reference group in sound financial management thanks to its tangible results and problem-solving approach. It has also led EIPA – a centre of excellence and learning in European public management – to develop a learning path on good financial management.

Bringing local financial and economic realities and concerns to the attention of the European Commission is not only essential for efficient European policymaking and knowledge transfer, but also helps foster sound policy implementation in the public sector.

To this end, the road to 2020 and upcoming issues including EPSAS will be discussed at the eighth CEFG meeting in Bordeaux in October. ●