

**Sector fiche – IPA National programmes / Component I**

**1. IDENTIFICATION**

<b>Title</b>	Support to Public Administration Reform
<b>CRIS Decision number</b>	2012/022-967
<b>Project no.</b>	04
<b>MIPD Sector Code</b>	1. Public Administration Reform
<b>ELARG Statistical code</b>	01.34
<b>DAC Sector code</b>	15110
<b>Total cost (VAT excluded)<sup>1</sup></b>	EUR 11.915 m
<b>EU contribution</b>	EUR 11.250 m
<b>Management mode</b>	Centralised management for measures 1, 2 and 3.2, and joint management with the Council of Europe for measure 3.1
<i>Centralised mngmt:</i> <b>EU Delegation in charge</b> <i>Decentralised mngmt:</i> <b>Responsible Unit or National Authority/Implementing Agency(ies)</b>	EU Delegation to the Republic of Serbia
<b>Implementation management</b>	Ministry of Justice and State Administration; Ministry of Regional Development and Local Self-government
<b>Implementing modality</b>	Sector Based Approach
<b>Zone benefiting from the action(s)</b>	Republic of Serbia

---

<sup>1</sup> The total cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

## 2. RATIONALE

### 2.1 LINKS WITH NATIONAL SECTOR OBJECTIVE(S) AND MIPD SECTOR OBJECTIVE(S)

In the *Multi-annual Indicative Planning Document (MIPD) 2011-2013 of the Republic of Serbia* public administration reform has been identified as one of seven priority sectors in which the EU wants to concentrate its support. Among others, the following priority objectives of EU support within the sector of public administration were presented:

- To improve efficiency, effectiveness, transparency, commitment to preventing discrimination and accountability of public administration at both on central and local level;
- The rationalisation of administrative resources.

**The Needs of the Republic of Serbia for International Assistance** in the period 2011-2013, considers the sector of Public administration reform by outlining 4 major priorities:

- *Priority 1:* Improvement of professional development and institutional capacity of civil service at all levels;
- *Priority 2:* Improve development and implementation of effective public policies;
- *Priority 3:* Ensure the transparent and accountable functioning of public administration;
- *Priority 4:* Reengineer administrative processes through introduction of new IT solutions.

**The European Partnership** in the public administration reform area defines as one of its Medium term priority to: "*continue full implementation of civil service and public administration laws, implement measures to develop human resources in the civil service, strengthen the policy-making and coordination capacity of the public administration...*"

**Stabilisation and Association Agreement between the EU and the Republic of Serbia**, article 114. (Chapter VIII – Cooperation Policies), dedicated to Public Administration, emphasises that the cooperation between EU and Serbia: "*shall aim at ensuring the development of an efficient and accountable public administration in Serbia, notably to support rule of law implementation and the proper functioning of the state institutions for the benefit of the entire population of Serbia and the smooth development of the relations between the EU and Serbia. Cooperation in this area will mainly focus on institution building, including the development and implementation of transparent and impartial recruitment procedures, human resources management and career development for the public service, continuous training and the promotion of ethics within the public administration. Cooperation shall cover all levels of public administration...*"

The recently published EC's **2011 Serbia Analytical Report SEC(2011) 1208** (October 2011) in the overall conclusions for its part dedicated to Public administration states "*administrative capacity is in general well developed at central level and a strategy for public administration reform is in place under the auspices of a Council reporting to the Prime Minister. There is a need for further alignment of legislation and more effective implementation of the existing legal framework and strategy. Progress remains slow and is affected by a lack of coordination among stakeholders and insufficient managerial capacities. The establishment of a merit-based recruitment and career system is not yet complete and appointments remain vulnerable to politicisation. Public administration is weak at the local level...*"

### 2.2 SECTOR ASSESSMENT – POLICIES AND CHALLENGES

*(1) National sector policy, strategy and context.*

**Strategy of Public Administration Reform in the Republic of Serbia** (adopted by the Government in November 2004.) with the **Action plan** for its implementation is based on general principles of the European Administrative Space and concept of “good governance” and “open government”. Five basic principles of the reform: decentralisation, depoliticisation, professionalisation, rationalisation and modernisation of public administration represent the key areas for reform process.

**Action Plan for implementation of public administration reform for the period from 2009 to 2012** (adopted by the Government in July 2009) sets out planned activities in all areas of public administration reform over a four-year period. The Action plan is a strategic document obligatory for all public administration bodies at all levels. In the part related to decentralisation, the emphasis is on the implementation of measures aimed at establishing mechanisms to coordinate and accelerate the process of decentralisation, and improving the functioning of the local self-governments. In the part related to the professionalisation and depoliticisation, particular attention is on improvement of the civil service system and the regulation of legal status of employees in local government in the upcoming period, as well as creating conditions for the continuous training of civil servants and employees in LSG units through the development relevant strategic documents and their latter implementation. In part related to modernisation, i.e. further development of e-government, the measures and activities related to further improvement of the legal framework in this area have been envisaged, strengthening technical and technological capacities of the state administration and local self-government units and modernisation of administrative processes.

The overarching policy orientation of the Republic of Serbia is contained in the **National Programme for Integration of the Republic of Serbia into the European Union (NPI)** 2009, which sets out a precise plan on how to meet all the criteria necessary for Serbia to become an EU member state, from political and economic, to the most detailed standards. This orientation/benchmark document is underpinned by the **Needs of the Republic of Serbia for International Assistance in the period 20011-2013 (NAD)** which presents detailed needs required for Serbia to meet the short-to-medium term objectives laid down in the NPI. Also reflecting objectives defined in the MIPD, the NAD focuses on these 4 major priorities:

- Improvement of professional development and institutional capacity of civil service at all levels;
- Improve development and implementation of efficient public policies;
- Ensure the transparent and accountable functioning of public administration;
- Reengineer administrative processes through introduction of new IT solutions.

**Strategy for professional training of civil servants in the Republic of Serbia** (adopted by Government in July 2011) sets forth the basic guidelines for establishing a new, comprehensive and sustainable civil servants’ professional training system. Strategy defines tasks related to the identification of training needs, preparation, conduction and supervision of civil servants’ professional training programs. Integral part of this Strategy is Action plan for its implementation which defines, in details, the necessary measures and activities needed for a successful and timely implementation of this strategic document.

The **Strategy for e-Government Development** with the Action Plan for the Strategy implementation in period of 2009 to 2013 sets out the objectives of the introduction of e-

government which should allow more efficient and effective operation of administrative bodies and public authorities in the provision of public services to citizens, companies and other organisations.

*The National Sustainable Development Strategy* underlines that the regional and local aspects of sustainable development should include establishing a better organised and coordinated local government, local administration and public utility companies, the development of local economy on the basis of available natural resources and measures to support the promotion of sustainable use of resources; strengthening the institutional capacity of local self-government and increased capacity of staff in appointed and elected positions in municipal administrations; and promoting the development of local management for sustainable development through the development of local strategic and development plans.

### Context

As part of the overall social reforms, in November 2004 the Government of the Republic of Serbia adopted the Strategy of Public Administration Reform in the Republic of Serbia with the Action plan for its implementation. Strategic-level management of public administration reform has been entrusted to the Public Administration Reform Council of the Government of the Republic of Serbia chaired by the Prime minister, while the Ministry in charge of public administration and local self government has taken over the responsibility for operational-level management of public administration reform, i.e. its implementation in practice. The main objectives of the reform are creation of a democratic state based on the rule of law, accountability, transparency, economy and efficiency as well as creation of a citizen-oriented public administration, capable of offering high quality services to the citizens and private sector, against payment of reasonable costs. The strategy is based on five basic principles of the reform: decentralisation, depoliticisation, professionalisation, rationalisation and modernisation of public administration. These principles can be described as the key areas for reform process and their full compliance can be considered as the ultimate goal of public administration reform, which essentially means creating a "European" public administration in Serbia.

The role and significance of public administration reform within the process of Serbia's accession to the European Union gives it a special place on the Serbia's EU integration agenda, since public administration is the main carrier of the reforms which need to be undertaken in this process. In the past, key initiatives in area of public administration reform have been significantly supported by projects that were primarily financed from EU donations. Concrete results of these projects have enabled the achievement of significant effects in the implementation of these initiatives. For this reason, and because of the need to even more intensify exposure to EU best practice in areas that relate to these initiatives in the future, it is necessary to ensure continuity of support.

Considering the nature of work in the administration and the importance of a strategic approach in the reform process as well as need to ensure continuity and further implementation of the Strategy, the new Action Plan for public administration reform implementation in the Republic of Serbia for the period 2009 – 2012, was adopted by the Government in July 2009. This document, as a result of the intensive participation of ministries, special organisations, services of the Government and independent public institutions, set out planned activities in all areas of public administration reform for this four-year period.

During March 2012. Ministry in charge of public administration and local self government, with the support of ongoing IPA 2010 technical assistance projects, prepared an *Overview of the realization of the Action Plan for public administration reform implementation in the Republic of Serbia for the period 2009 – 2012.*<sup>2</sup> This comprehensive document contains, among other, statistical presentation which provides insight into the general scope of realization of the Action Plan, as well as the realization of its specific parts related to certain areas of public administration reform. Elements, on which this statistical presentation is based, are: status of implementation of activities and level of achievement of results which were envisaged by the Action plan. Regarding the status of implementation of activities it may be concluded that general scope of realization of the Action plan, on the basis of ratio between the total number of activities that were envisaged by the Action Plan (202) and the total number of activities that are implemented or are currently being implemented (156), is 77,2%. Regarding the level of achievement of results it may be concluded that general scope of realization of the Action plan, on the basis of ratio between the total number of results that were envisaged by the Action Plan (78) and the total number of results which were achieved or are in the final stage of achievement (57), is 73,1%. Areas of the Action Plan which distinguish by the extent of implementation of activities and the level of achievement of results are: Control mechanisms, e-Government and Decentralization.

Currently there is ongoing process of preparation of new Strategy of Public Administration reform in the Republic of Serbia. Integral part of the Strategy will be an Action plan for its implementation for mid-term period. Ministry coordinates all stakeholders in this process with the support of two ongoing projects financed from IPA 2010 programme: Project “*Support to Public Administration Reform in the Republic of Serbia*” and Project “*Support for development of e-Government*” (of which first project has a leading role in the process). During April 2012 with the support of previously mentioned projects first draft working version of new Strategy was prepared and currently there are ongoing initial internal consultations on its content. In comparison with previous Strategy first draft working version of new Strategy envisages much broader scope for public administration reform process in accordance with EU standards in this area (by introduction of areas such as public finance management and fight against corruption etc.) and commits special attention to harmonization of PAR process with EU integration process. Also, it envisages line of concrete measures which should be implemented in different areas of PAR. Integral part of the Strategy (as it was case with previous one) will be an Action plan for its implementation which will contain all elements necessary for implementation of envisaged measures (outputs, activities, time frame, responsible institutions etc.). Intention is to, after preparation of new Strategy draft version, organise wide consultative process within the Project Group for Action plan for implementation of Public Administration Reform (which will be reconfigured after establishment of new Government with a more precise scope). According to tentative dynamic of activities on preparation of the new Strategy it is expected that new Strategy will be submitted to the Government for adoption after the completion of consultative process in last quarter of 2012.

---

<sup>2</sup> *Pregled realizacije Akcionog plana za sprovođenje reforme državne uprave u Republici Srbiji za period od 2009 do 2012*, [www.drzavnauprava.gov.rs](http://www.drzavnauprava.gov.rs)

## (2) Sector and donor coordination

Donor coordination within the PAR sector should be considered as integral element of overall donor coordination process in the Republic of Serbia. The coordination and harmonisation of donor activities in Serbia, with a particular focus on country ownership over coordinating aid-funded activities, will be ensured under the leadership of the Serbian European Integration Office (SEIO) – Sector for Planning, Programming, Monitoring and Reporting on EU funds and Development Assistance.

EU Delegation and NIPAC on a monthly basis organise ‘‘bottleneck meetings’’ between EUD, NIPAC and line ministries to discuss the progress of IPA funded projects and to ensure their smooth implementation.

The NIPAC and NIPAC Technical Secretariat have eight Sector Working Groups (SWGs) to work on periodical preparation of *Needs Assessment Document for international assistance*, as the basis for identifying annual IPA I programmes, multi-annual IPA III-V programmes and bilateral donor projects. These SWGs comprise representatives from Line Ministries and other beneficiaries as the main actors in programming and project identification. The SWGs contribute to the identification and prioritisation of projects, ensuring co-financing and analysis of project implementation, and include an SWG for Public Administration Reform.

The Action plan for programming and reporting on international assistance is prepared annually by the NIPAC Technical Secretariat, to ensure synchronisation with national planning and budgeting processes and consider IPA programming specific requirements. By defining activities, timeframe and roles and responsibilities of relevant institutions, it serves as a tool for coordination and instrument for aligning donor activities. ISDAICON, as both a website and database of development assistance and priority projects, serves as a programming, reporting and communication tool.

## (3) Sector budget and medium term perspective

Government of the Republic of Serbia is currently developing integrated approach to planning, budgeting, monitoring and reporting at the central level. Under this approach, an annual operational planning process methodology (‘‘GOP’’) is implemented following up to the definition of mid-term development framework (objectives) against the realisation of long term commitments of the government (national strategies) and the needs assessment for international assistance.

## (4) Sector monitoring system

Sector performance should be monitored by sector outputs and consequent impacts that will be monitored on continuing basis. Sector monitoring is currently under development. For time being sector monitoring for PAR Sector is based on two key mechanisms: system of performance indicators which have been developed to accompany the document *‘‘Needs of the Republic of Serbia for International Assistance 2011-2013’’* and on periodical review of the implementation of the Action Plan for Public Administration Reform.

Result-based system of indicators accompanying document *‘‘Needs of the Republic of Serbia for International Assistance 2011-2013’’* will define baseline and target values (benchmarks) for a three-year period and will be revised annually. These benchmarks will provide a basis

for comparisons and therefore the basis for making a judgement on a quality of sector performance. Using available data is the key to benchmarking and monitoring sector performance. This involves establishing appropriate data collection and reporting systems.

In order to monitor the implementation of the Action Plan for Public Administration Reform, Ministry in charge of public administration and local self-government in the period since 2009 had continuously collected relevant information and data from ministries, other public administration bodies, state bodies and organisations that were in the Action Plan identified as carriers of certain activities, through semi-structured questionnaire. Collected information and data were used for preparation of periodic Reviews of the Action Plan implementation.

#### *(5) Institutional setting*

In broadest terms, public administration reform sector involves a wide range of public sector institutions, including the executive power branch at the central level (ministries, public agencies and special organisations), local government authorities and public utilities. Sector covers on-going process of public administration reform in Serbia, i.e. number of areas related to ensuring effective management and efficient functioning of administration at all administrative levels, financial management and control and other areas that allow undisturbed functioning of public bodies (such as procurement, information management, human resources, e-government and so on). Public administration reform includes and areas that are not covered by the responsibilities of public administration bodies, such as the state audit, protection of citizens' rights, ensuring access to public information, as well as issues related to the employment status of civil servants employed in the legislative and judicial branches of power.

Key elements of overall institutional set up for implementation of public administration reform are:

- Public Administration Reform Council,
- Ministry of Justice and State Administration
- Ministry of Regional Development and Local Self- Government
- Project Group for Action plan for implementation of Public Administration Reform,
- Sector Working Group for Public Administration Reform,

The Public Administration Reform Council is the central strategic body of the Government of the Republic of Serbia for Public Administration Reform (PAR). The role of the Council is to give recommendations for the development of public administration in the Republic of Serbia, initiate and propose to Government measures and activities that are related to PAR, ex ante analyse draft laws which are related to organisation and work of Government, public administration bodies, and other draft laws related to PAR and to give its opinion on those laws to the Government. It is chaired by Prime minister and its members are ministers of several ministries that have competencies which are relevant for public administration reform process. Administrative support for work of Council is provided by the General Secretariat of Government, Ministry in charge of public administration and local self-government and Legislative Secretariat. From its establishment in 2004. Council met for 10 times.

Ministries in charge of public administration and local self-government have the responsibility related to management of public administration reform process on operational level and coordination of all interested and involved stakeholders.

Project Group for Action plan for implementation of Public Administration Reform was established for the first time in 2009. with the purpose to prepare revised Action plan for implementation of public administration reform (the Action plan which was adopted in July 2009). Project group was re-established in August 2011 (in accordance with the reconfiguration of the Government from April 2011) with the purpose to facilitate preparation of new Action plan for forthcoming period. This Project group will be reconfigured and its responsibilities will be updated after the establishment of Government in accordance with 2012. elections. Project group is chaired by the Ministry in charge of public administration and is comprised of representatives of all ministries and several relevant specialised Government services and other state bodies.

The Sector Working Group for Public Administration Reform, established under the auspices of SEIO, comprises of officially appointed representatives of relevant ministries and other public bodies. Representatives of donors, civil society and other key stakeholders are invited to participate in the work of group in specific moments of the development assistance programming and implementation cycle. The task of the Working Group is to ensure inter-ministerial coordination with regards to planning, programming, monitoring and reporting on development assistance at operational level.

#### *(6) Macro-economic context and Public Financial Management.*

In line with the Government of Serbia's Budget Memorandum, the objectives of economic policy in the aftermath of the global economic crisis include macroeconomic stability, sustainable economic growth and development of a competitive economy, increasing employment and living standards of people, and balanced regional development. Key structural reforms will be necessary in the areas of government administration, health, education, pensions and social allowances.

#### *(7) Sector assessment*

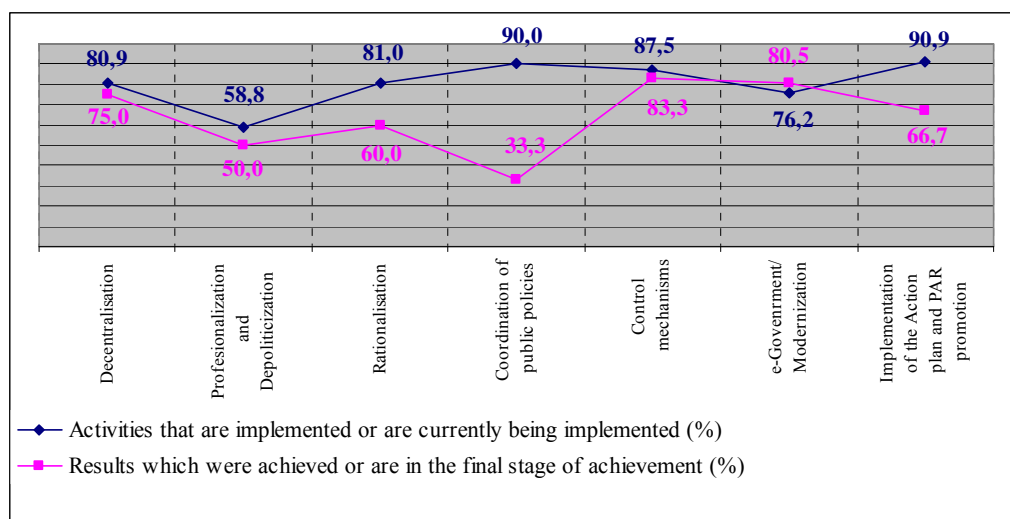
In order to monitor the implementation of the Action Plan, Ministry in charge for public administration and local self-government in the period since 2009 had continuously collected relevant information and data from ministries, other public administration bodies, state bodies and organisations that were in the Action Plan identified as carriers of certain activities, through semi-structured questionnaire. Collected information and data were used for preparation of periodic Reviews of the Action Plan implementation.

These periodic reviews together with direct contacts with representatives of all relevant PA bodies served as an analytical base for the preparation of previously mentioned *Overview of the realization of the Action Plan for public administration reform implementation in the Republic of Serbia for the period 2009 – 2012*. Overview provides in-depth analysis of key achievements, or shortcomings, in all areas of public administration reform process. In area of Decentralization, even besides conduction of all planned legal solutions slow general progress was noted. In area of Professionalisation and Depoliticisation it was noted that progress is made in the establishment of system for civil servants professional training (through adoption of the Strategy and Law on amendments and supplements of the Law of Civil Servants) and system for LSG units employees professional training (through preparation of the relevant strategic document whose adoption is expected in coming period). In area of Rationalisation significant progress was achieved in establishment of Decentralised Management System for EU funds and in preparation of relevant regulations (Law on general administrative procedures, Law on



administrative disputes, Decree on office operations). In area of Public policies coordination a number of planned activities was implemented but achievement of several key results is missing. In area of Control mechanisms most of the planned activates related to establishment of Administrative court and Administrative inspectorate, strengthening of capacities of Ombudsman office and Office of the Commissioner for protection of personal data and information on public interest was implemented. In area of e-Government it was noted that even besides big number of implemented activities and achieved results general development is still on basic level and that is necessary in forthcoming period to commit attention to establishment of electronic registers and provision of electronic services. In area which is related to implementation of the Action plan and PAR promotion almost all envisaged activates were implemented and it was noted that in forthcoming period it will be necessary to commit attention to improvement of the PAR implementation monitoring and reporting system.

General scope of realization of the Action plan regarding the status of implementation of activities is 77,2% and regarding the level of achievement of results is 73,1%. Following diagram<sup>3</sup> presents comparative review of percentage ratio of activities that are implemented or are currently being implemented and results which were achieved or are in the final stage of achievement among different areas of public administration reform.



Preparation of the new Strategy of Public Administration Reform and Action plan for its implementation is currently underway. Previously presented data gained through preparation of *Overview of the realization of the Action Plan for public administration reform implementation in the Republic of Serbia for the period 2009 – 2012* are being dully taken into consideration and feed into this process. As mentioned before, preparation of new Strategy will be based on a wide consultative process which will involve all ministries, number of other public administration and state bodies and other relevant organizations. Ministry in charge of public administration will coordinate all participants in this process with the technical support of two on-going EU funded (IPA 2010) projects – “*Support to public administration reform*” and “*Support for e-Government development*”.

<sup>3</sup> Pregled realizacije Akcionog plana za sprovođenje reforme državne uprave u Republici Srbiji za period od 2009 do 2012, [www.drzavnauprava.gov.rs](http://www.drzavnauprava.gov.rs)

First results of this process are available so they were used during the drafting of this Fiche to anticipate key directions and priorities presented in further text.

Proposed Sector fiche is targeted to support a set of on-going reform initiatives in the area of public administration reform. Implementation of these initiatives, while essentially in the mandate of national institutions, because of their systematic nature, connection with European integrations process and relations with finished and on-going priority development projects, will need securing of appropriate support based on exposure to EU best practice in the period from 2013 onwards.

In order to address needs and priorities of public administration reform process and contribute to the continuity of the key reform initiatives and previous and ongoing assistance in this area<sup>4</sup>, as recognised by relevant national and EU strategic documents and reports, this sector fiche envisages support for<sup>5</sup>:

- full establishment of the systems for professional training of civil servants,
- further development of e-Government,
- establishment of the system for professional training of local self-government (LSG) units' employees and further introduction of human resources management function in LSG units,
- strengthening LSG units' capacities to plan their development and improve service delivery.

Systems relating to the professional training of civil servants and LSG units employees will represent the cornerstone for the human resources management and career development in the public service, thus representing a basis for further development of public administration at all administrative levels. Further, the development of e-Government should contribute to increasing efficiency and accountability of public administration and improving service delivery to citizens, private sector and potential investors. Strengthening LSG units' capacities to plan their development and improve service delivery, as well as to improve the human resource management function in their administrations, considering that they represent the level of authority closest to the citizens should make significant impact on the accountability of the public administration and satisfaction of citizens and their perception of public administration work.

### **3 DESCRIPTION**

#### **3.1 OVERALL OBJECTIVE OF THE IPA SECTOR SUPPORT**

The overall objective of IPA 2012 sector support is **to contribute to establishing an efficient, effective and service oriented public administration, in line with the principles of the Public Administration Reform Strategy and the European Administrative Space.**

#### **3.2 SPECIFIC OBJECTIVE(S) OF THE IPA SECTOR SUPPORT**

---

<sup>4</sup> Elaborated in section 3.5 Overview of past or on-going assistance, lessons learned, mechanisms for donor coordination/sector working group and/or policy dialogue

<sup>5</sup> Detailed Gap assessment and justification for initiatives in the SF, have been provided in section 3.4 Description of the measures

The specific objective of IPA 2012 sector support is **to facilitate implementation of key priority public administration reform initiatives related to the central and local administrative level.**

Through achievement of this objective, following MIPD sector objectives will be attained:

- To improve efficiency, effectiveness, transparency, commitment to preventing discrimination and accountability of public administration at both on central and local level

This objective will be achieved through implementation of proposed Measures which are related to the establishment and functioning of the systems for professional training of civil servants and local self-government units' employees.

- The rationalisation of administrative resources

Significant contribution to the achievement of second priority objective will be provided by the proposed Measure 2 which is related to the further development of e-Government.

### **3.3 RESULTS**

**Result 1: Increased professionalisation of the civil service** through further development of the system for civil servants' professional training as part of the human resources management system, in line with the Strategy for professional training of civil servants in the Republic of Serbia and the Action plan for its implementation.

#### Measure 1: Support for further development of the system for professional training of civil servants

Indicators:

- Provisions of the Action Plan for implementation of the Strategy for professional training of civil servants implemented within the set timeframe,
- Rules and procedures relating to tasks for conduction and evaluation of civil servants professional training (organization and preparation of trainings, selection of training providers, preparation of training curricula, keeping training records, evaluation of trainings, assessment training impact, etc.) are determined and transposed in appropriate legislation.

Assumption:

- Legal and institutional framework of the system for professional training of civil servants is established in accordance with the Strategy for Professional Training of Civil Servants and the Action Plan for it implementation.

**Result 2: Further enhancement of e-Government** through development of e-Government services at central and local levels, data exchange between state bodies, national registers and government ICT infrastructure.

#### Measure 2: Support for further development of e-Government

Indicators:

- At least 3 selected priority e-Government services from the set of 20 basic e-Government services established/improved,
- 10 LSG units supported in the establishment/improvement of "one-stop-shop" locations,

- Unified register of citizens, as a register which incorporates all relevant data on citizens available in various existing electronic registers (registers of citizen's certificates, personal documents, tax obligations etc.) established,
- Preparatory phase for the upgrading and improvement of public bodies ICT infrastructure finalised.

Assumption:

- Systematic approach for provision of e-Government services and state bodies' data exchange is agreed and applied.

**Result 3: Enhancement of effectiveness and administrative capacities in LSG units** through establishment of a professional training system and improved Human Resources Management (HRM) function, local finances and preparation and implementation of local strategic and project planning documents.

Measure 3.1: Strengthening of administrative capacities in area of local self-government and Measure 3.2 Support for further improvement of planning, local finances and service provision on the local level (Exchange 4)

Indicators related to the Measure 3.1 and associated Operation 3.1<sup>6</sup>:

- Provisions of the Action Plan for the Strategy for professional training of LSG units employees implemented within the set timeframe,
- Minimum 20 LSG units supported in establishment/improvement of HRM function in accordance with the Law on LSG units employees (proper organization of HRM tasks, development of internal HRM procedures and templates, capacities of HRM units staff improved, etc.).

Indicators related to the Measure 3.2 and associated Operation 3.2.1<sup>7</sup>:

*CI:*

- Minimum 20 LSG units involved in preparation of sector strategic plans and /or action plans with project pipelines,
- Minimum 10 sector strategies (including action plans) in the areas such as environmental issues and waste management, social protection and local economic development prepared and ready for adoption by the local Assemblies,
- Minimum 10 action plans each including 10 detailed project concepts, financing plans and monitoring systems in the areas such as environmental issues and waste management, social protection and local economic development prepared and ready for adoption by the local Assemblies.
- Improved harmonisation between local, regional and national strategies
- SLAP information system (IS)<sup>8</sup> is functional and used by line ministries in pre-selection of infrastructure projects in the areas of environmental and economic infrastructure; training of staff of LSG and Ministries provided accordingly.

---

<sup>6</sup> Elaborated in more details further in the document

<sup>7</sup> Elaborated in more details further in the document

<sup>8</sup> SLAP IS (information system) is the first and unique online database of public municipal investment projects. The system has now been in existence for about 4 years and during 2009 it was opened to users for uploading projects and for downloading information about the projects. SLAP is managed by the Standing Conference of

### C2:

- At least 80% of targeted LSGs are ready for transition to programme budgeting and alternative sources of financing (such as municipal bonds market),
- All 168 LSG units regularly receive information and counselling on changes to the taxation system
- Minimum 10 LSG has prepared programme budgets ready to be adopted by the local Assemblies
- Minimum 10 LSGs have received support in assessment and ready for issuing of municipal bonds
- Expert support regularly provided to representatives of local authorities in the Intergovernmental Finance Commission

### C3:

- Minimum 1 call for proposals launched,
- High level of EU visibility of the grants ensured,
- Financed municipal projects regularly monitored and progress reports prepared
- Municipal PMUs receive continuous support in implementing projects in line with EC / PRAG procedures.

### Indicators related to the Measure 3.2 and associated Operation 3.2.2<sup>9</sup>:

- Minimum 23 grant municipal projects financed and implemented,
- Management capacities and services to citizens in different thematic areas (such as social protection / welfare issues, waste management - waste separation on local level, environmental protection and local economic development) improved in minimum 23 local government units,
- Minimum 3 projects with high cross-border impact implemented
- Management capacities and services to citizens in the area of environmental protection and waste management improved in between 5 to 9 LSGs through development of LEAP (local environmental action plans), building capacities of local administration, introduction of waste separation systems, etc., thus having maximum positive impact on local environment<sup>10</sup>.
- Management capacities and services to citizens in the area of local economic development (improved in between 4 to 8 LSGs through building capacities of local administration,

---

Towns and Municipalities, with the main objective to provide adequate and efficient support to municipalities and cities in Serbia to plan and identify infrastructural projects and apply for financial support necessary for Feasibility studies preparation and projects implementation.

SLAP was developed / upgraded in cooperation between Municipal Infrastructure Support Programme and Exchange 3 programs (EU funded programmes managed by the Delegation of the European Union to the Republic of Serbia), with the continues support of the Standing Conference of Towns and Municipalities and respective line ministries.

<sup>9</sup> Elaborated in more details further in the document

<sup>10</sup> Proposed thematic areas and number of projects are based on the current needs' assessments and experiences under Exchange 3 grant scheme. Final list of eligible thematic areas and other application criteria will be based on the assessment in the early stage of project implementation and will be defined by the Steering Committee. In this respect additional thematic areas might be added. Also, the final number of projects to be financed under concrete thematic areas will depend on the selection criteria, but also on the interest by LSGs and results of the assessment.

improvement of tourist offer and localities, implementation of specific projects dealing with agricultural development, etc., thus having maximum positive impact on local economy and employment<sup>11</sup>

- Management capacities and services to citizens in the area of social welfare improved in between 3 to 6 LSGs through building capacities of local administration, introduction of alternative services to citizens, etc., thus having maximum positive impact on citizens welfare, especially socially unprivileged groups<sup>12</sup>.

Assumptions related to the Result 3:

- Legal and institutional framework of the system for professional training of LSG units employees is established in accordance with the Strategy for professional training of LSG units employees and Action Plan for its implementation,
- Bylaws related to the implementation of the Law on LSG units employees adopted
- Commission for Local Finances continuous to function
- Municipalities willing to cooperate in preparation of strategic plans/action plans
- LSGs have sufficient financial capacities to co-finance grants.

### **3.4 MEASURES/OPERATIONS TO ACHIEVE RESULTS**

#### **Measure 1: Support for further development of the system for professional training of civil servants**

Current practice related to professional training for civil servants still features certain gaps. The key gap is the lack of a systemic and permanent approach in professional training, as a part of the HRM system in state authorities. In addition, there is a lack of harmonisation and dispersion of responsibilities among different PA bodies in the field of professional training of civil servants. The established civil servants' professional training programs do not fully reflect the strategic documents, i.e. the goals and objectives of state authorities. Finally, in the current practice, certain key elements of the professional training process (such as the procedures and standards for preparation and implementation of professional training programs, the mechanisms for verification of practical effects of implemented trainings, etc.) either do not exist, or they aren't sufficiently developed.

The Strategy for Professional Training of Civil Servants in the Republic of Serbia for the period 2011- 2013 (adopted by the Government in July 2011) sets forth the basic guidelines for establishing a new civil servants' professional training system in this period. The drafting of this document has drawn upon the current situation in the field of professional training of civil servants, with the intent to systematically regulate the issue of professional training of civil servants. Strategy was prepared by Ministry in charge of public administration and local self-government on the basis of wide consultative process which involved Human Resource Management Service, European Integration Office, Ministry in charge of finance, General Secretariat of the Government and other public administration bodies, as well as other relevant organizations (University of Belgrade, other professional organisations etc.). Strategy defines the principles and contents of professional training for all persons who have the status of civil servants, in line with the Law on Civil Servants. The Strategy defines tasks related to

---

<sup>11</sup> ibid

<sup>12</sup> ibid

the identification of training needs, preparation, conduction and supervision of civil servants' professional training programs. Action plan for the implementation of the Strategy is its integral part. The Action Plan defines, in details, the necessary measures and activities needed for a successful and timely implementation of this strategic document.

Dynamic of Strategy and its Action plan implementation envisages two phases. First phase will focus on the development of institutional and organizational framework for tasks related to the identification of training needs and preparation of training programs (on-going PAR IPA 2010 project will provide support for the first phase). Second phase will focus on the establishment of institutional and organizational framework for tasks related to the realisation and evaluation (control) of civil servants professional training. The institutional framework of the system for professional training of civil servants will consist of all public administration bodies that conduct various tasks related to professional training. An important element of this framework will be the central national institution which would carry out the tasks related to the realisation of general professional training programs for civil servants, which does not exclude necessity for preparation of specific professional training programs by each public administration body. This solution has taken inspiration from the system in place in several new EU Member States and candidate countries. It is envisaged by the Strategy that the implementation of the second phase will start from 2013 onwards and it would be necessary to timely provide adequate technical assistance for the development of appropriate standards, procedures and capacity building.

This measure supports second phase of implementation of the Strategy for Professional Training of Civil Servants (2011-2013) and its Action plan. Measure will be implemented through one service contract. Contract should cover following activities: development of standards and detailed procedures relating to conduction of civil servants professional training programs (organization and preparation of trainings, selection of training providers, keeping training records) and to their evaluation (trainings evaluation, assessment training impact, etc.); preparation of appropriate legislation in order to introduce developed standards and procedures relating to conduction and evaluation of civil servants professional training programs; development and establishment of system of records related to conduction of civil servants professional training programmes (participants, training providers, programmes); preparation and implementation of plan for development of institutional capacities within the institutional framework for civil servants professional training (as set by the Strategy); establishment of cooperation with institutions responsible for civil servants professional training in EU countries; etc. By covering these activities service contract will actually represent continuation of on-going IPA 2010 project and will provide support that the necessary conditions for the system of civil servants' professional training are made operational and in place in line with the Action Plan for the implementation of the Strategy for professional training of civil servants.

## **Measure 2: Support for further development of e-Government**

In the light of public administration reform objectives, e-Government should be considered as a primary tool for increasing efficiency and effectiveness of public electronic services with acknowledgment of user's different needs and maximisation of public value, thus supporting the transition of Serbia to knowledge based economy. This means to empower citizens and businesses with e-Government services designed around their needs as users, to increase volume of access to public information, strengthen transparency and establish effective means for involvement of all stakeholders in the governing process. Efficiency and effectiveness

must be enabled by a constant effort to use e-Government to reduce the administrative burden, improve organisational processes and promote a sustainable economy.

Action Plan for the implementation of public administration reform contains detailed overview of all results and activities in the area of e-Government development in mid-term period. IPA 2010 project “*Support to e-Government Development*” provided support for implementation of priority activities in this area. Project conducted activities which are, inter alia, related to: a) preparation of planning documents for forthcoming period; b) identification of standards regarding the exchange of relevant electronic data between the state bodies; c) articulation of appropriate legislative solutions through preparation and/or revision of relevant regulations and d) improvement of selected e-Government services. Technical equipment, procured from the EU IPA 2010 project supply component was installed in the GSP PTT Serbia (*GSP - “Government Service Provider”*) providing the “basic cloud” ICT infrastructure for development and deployment activities of the 20 e-Government G2C and G2B e-Services<sup>13</sup>.

Within the previously mentioned projects in area of e-government certain results were achieved but a lot more needs to be done so this measure is committed to the continuation of key on-going initiatives in area of e-Government development. This relates to establishment of new or further improvement of existing priority e-government services, improvement of means for e-government services delivery through application of “one-stop-shop” concept in local self-government units (as administrative level which is most accessible to the citizens), further development of system of national electronic registers and national e-government infrastructure.

Measure will be implemented through one service contract which should cover following activities: provision of support for establishment/quality improvement of at least 3 selected G2C and G2B e-Services from the set of 20 basic e-Government services (beyond the 3 e-services supported under ongoing IPA 2010 project) and their deployment on existing “basic cloud” ICT infrastructure; definition of resources needed from the administrative bodies at all levels to perform tasks related to the functioning of the G2C, G2B and G2G e-Services; provision of background legislation for e-Services practical implementation as well as best case practices and recommendations; integration of existing G2C and G2B e-Services into the “basic cloud” ICT infrastructure integrating them also with the G2G services; definition of standards for the establishment of a single “one-stop-e-shop” in LSG units; definition of criteria for selection and selection of LSG units to which support for the establishment of “one-stop-e-shop” will be provided; preparation of necessary legislative framework relating to the functioning of Unified Registry of Citizens in accordance with conceptual model developed under project from IPA 2010; development of adequate procedures and software for functioning of Unified Registry of Citizens (keeping, managing and using of data); integration of Unified Registry of Citizens into the “basic cloud” ICT infrastructure; analysis of the usage of existing local networks and means of connection of state bodies and propose solutions for their consolidation and improvement; identification of current state of network resources and equipment in the networks of state bodies with recommendations on necessary highway infrastructure and necessary ICT equipment. Having Service contract as an operation

---

<sup>13</sup> as defined by relevant EU strategic documents



for this measure is most appropriate solution because of the specific nature of activities which this measure should cover and related institutional framework within PA system.

### **Measure 3.1: Strengthening of administrative capacities in area of local self-government**

At the end of 2010, Ministry in charge of public administration and local self-government conducted Analysis of medium-term needs in the area of strengthening the institutional capacities in local self-government units<sup>14</sup>. The analysis was based on research in which 102 municipal/city administrations participated. According to the analysis, local self-government units, which took part in the research, gave the greatest importance to the need that is related to the improvement of employees' capacities through training, sharing experiences, learning about good practice. In this way Analysis confirms that even beside huge donor support and big number of projects in previous period that were committed to the issue of professional training of LSG units' employees, this still represents a high priority issue for LSG units. In order to systematically approach to this, Ministry prepared the Strategy for professional training of LSG units' employees. Support for the preparation of this document was provided from on-going EU funded project "*Support to municipalities IPA 2007 - good governance, planning and service provision*". Strategy determines basic principles and elements of the system for training LSG units' employees. Integral part of the Strategy is Action plan for its implementation<sup>15</sup>. Strategy is currently in the process of adoption by the Government. After its adoption it will be necessary to provide support for its full implementation in forthcoming period. Support should be concentrated on the preparation of necessary changes in legislative framework, establishment of institutional and organisational framework, development of appropriate standards, procedures, records systems, etc.

In order to establish functional system for professional training of employees in LSG units particular attention needs to be committed parallel to the improvement of the HRM function in the administrations of LSG units. Legislative framework for this will be circled out during 2012, with the adoption of Law on employees in LSG units (currently in parliamentary procedure) and Law on salary system for employees in LSG units. In that sense it would be necessary to provide support for the development of appropriate standards and procedures for tasks related to HRM function in the administrations of LSG units.

This measure will be implemented through joint management with the Council of Europe. The Council of Europe has long experience in the design and implementation of successful technical assistance and cooperation projects in the field of local self-government, in the Western Balkans region and more specifically in Serbia. Council of Europe's unique approach involves linking technical co-operation with monitoring mechanisms and standard setting. Experience from monitoring mechanisms and key conventions and Council of Europe's *acquis* in the field of local government complement the purpose of this measure. Implementation should cover following activities: preparation of new and revision of existing

---

<sup>14</sup> Available on website of the Ministry of Justice and State Administration ([www.drzavnauprava.gov.rs](http://www.drzavnauprava.gov.rs))

<sup>15</sup> Action plan, *inter alia*, contains a column which presents basic information on principal financial sources for each activity. Regarding to this, it envisages that most of the activities will be primarily financed from the national budget, but as it was noted in the part of the Strategy for professional training of LSG units employees related to assessment of financial impact (VIII IMPLEMENTATION PLAN AND ASSESEMENT OF FINANCIAL IMPACT), this does not exclude necessity and possibility to provide additional technical assistance through project financed from donations for implantation of activities that are presented in the Action plan.

regulations in accordance with the Action plan for the implementation of the Strategy for professional training of LSG units employees; provision of support for establishment of institutional framework of the system for professional training of LSG units employees; definition of procedures for conduction of training needs analysis, preparation of professional training programs, keeping of records, conduction and evaluation of trainings; provision of support for policy making in area related to HRM in LSG units; provision of support to the Ministry in charge for local self-government for monitoring of application of new regulations (laws, bylaws, etc.) and monitoring establishment of functions (groups of tasks) which are related to HRM in LSG units; provision of support to the Ministry in identification and introduction of potential improvements and preparation and application of additional HRM models and tools in LSG units; provision of support to LSG units in application of models related to key HRM tasks (preparation of job description, enrolment in service, performance assessment, etc.) which were developed in ongoing IPA 2007 CoE project; provision of support for promotion of objectives and principles of reforms in area of HRM in LSG units, with emphasis on issues of ethics and transparency, etc.

*For more information on suitability of CoE for implementation of operation please see Annex 6.*

### **Measure 3.2 Support for further improvement of planning, local finances and service provision on the local level (Exchange 4)**

The role of the local self-government units in the process of EU integration is significant. Even though there is no specific EU policy on local self-government, the EU acquis affects local communities and depends on the institutional capacities of local administrations to implement them. EU membership requires higher level of independence of local administrations in managing local budgets, their property and decision-making on priorities that are important for their citizens. This means new knowledge and capacities that they need to acquire and apply on the one side, but also on the other side opening new opportunities for supporting local priorities through access to European funds. It is important to stress that more than 60% of EU legislations are implemented by the LSGs. Therefore, continued cooperation between central and local level is key for ensuring preconditions and adequate capacity for effective implementation of all obligations stemming from EU integration process.

Over the last few years the EU and other donors have supported numerous projects to enable reforms and support towns and municipalities. However further support is still needed as also noted in the last EC Progress Report since "domestic investment has been declining as local sources have been scarce and FDI has also lost momentum given the globally unfavourable economic conditions"(p.29.). In addition, the Commission points out: "As regards local self-government, decentralisation has continued and a number of competencies have been transferred to the local level. However, this was done without ensuring sufficient capacity and resources at the local level. There has been insufficient consultation with local authorities in the decision-making process relating to the development of new legislation or amendments to existing laws that have implications at the local level. The law required by the Constitution to restore public property at the municipal level has not been adopted.

Key problems at the local level are high unemployment, poor municipal services and infrastructure, poor social features and insufficient planning and resources to improve the situation. The capacity of municipalities to manage service provision and promote the local

economy is weak. Therefore the capacity building aspect prevails in the coming support programmes to Serbian local government units. Detailed sector analysis of the local self-government reforms were carried out through the national planning workshop - Needs assessment of local-self-government for international assistance 2011-2013, jointly organised by the European Integration Office and SCTM in November 2010, that served as input for preparation of a national strategic document, Needs Assessment Document (NAD) of the Government of Serbia for international assistance for a three years period.

This measure will be implemented through two Operations: through a Direct Grant to Standing Conference of Towns and Municipalities (operation 3.2.1.) and through Exchange 4 Grant Scheme to LSGs selected through an open call (operation 3.2.2.). Standing Conference of Towns and Municipalities has long experience in designing and implementation of successful assistance and cooperation projects in the field of local self-government in Serbia. Further, as a national association, SCTM can in full capacity use resources to cover nationwide territory which is very important for the proposed measure and expected results. It is also important to stress that SCTM has also developed internal capacities for coordinating grant schemes and provision of direct expert support to local governments, which makes SCTM preferred partner for implementation of this measure.

This measure will tackle following specific issues:

**1. Municipal planning** - There have been a number of initiatives to introduce strategic municipal planning and enhance its quality, largely through the interventions of the EU and donor community. As the results of the workshop and consultation process have shown, there is still a high demand for support in developing sector plans. Though some LSGs have sector plans most of them are outdated and/or expired and do not take into account the latest changes in legal requirements and/or EU standards. Key identified areas include social services, waste management, local economic development and rural development. Further, the last EC Progress Report in particularly noted that the waste management plans at regional and local levels have to be developed.

Concrete *result* to be achieved under support in the area of municipal planning: ensured conditions for sustainable development at the local level through preparation and effective implementation of local strategic planning documents based on community priorities and harmonised with national planning framework, sector strategies and standards.

Specifically, measure will support preparation of 20 sector strategies and/or action plans with project-pipeline and project concepts. In the area of support to formulation of infrastructure projects, further development and maintenance of SLAP information system (infrastructure projects pipe-line) will be supported through (i) serving as a liaison between line ministries (at the moment, line ministries responsible for environmental and economic infrastructure are using the system) and LSGs and (ii) providing direct support to stakeholders on the local and regional level in preparing and entering data related to infrastructure projects.

**2. Local finances** - Serbia has in the past years taken several steps to strengthen municipal finance, including fiscal decentralisation and enhancing the financial base of municipal government and establishment of the Commission for Intergovernmental Finances (CIF) to ensure the integrity and efficiency of transfers between central and local government and propose recommendations for the system's improvement. On the revenue side, municipalities do not fully use the potential of resources available to increase their revenues. Not only is

there large space for increased local revenues (through improved local tax management and collection), but also there are many alternative sources of financing which are not tapped into (grants, loans, etc.), mainly due to an absence of knowledge and information about such opportunities.

There are several relevant regulations whose implementation significantly affects the budget of local self-government units. Law on public debt (Official Gazette RS no. 61/05 and 107/09) has the special place on the list of mentioned regulations since it envisages the possibility of securing funds in the LSG units' budget through the issuance of municipal bonds. This is the new method that is applied when there is the necessity to ensure the funds for the implementation of sustainable LSG projects. Other relevant regulations and laws related to the mentioned issue are listed in the Annex 3. On the expenditure side, the most significant development in the medium term is the move from 'line-item' budgeting to programme budgeting, which was introduced into the 2008 Budget Law. As a response on direct demand from LSGs, this measure includes support in the areas of ***programme budgeting and issuing of municipal bonds*** as part of ***assistance to local self-governments to implement existing laws regulating local finances, as well as improving planning and transparency of financing on the local level.***

Among other, a challenge for municipalities is how to implement these developed strategies for which funding is needed. While programme budgeting as a tool to mobilise internal financial resources is useful, without other financial resources implementation of priority projects identified in municipal strategies will be difficult, especially in view of the current economic crisis that has resulted in significant lower revenues for municipalities from central government transfers.

Concrete *result* to be achieved under support in the area of local finances: improved organisational capacities of municipal administrations, through improved work of local tax administrations, increased use of programme budgeting and improved access to alternative sources of financing.

Concretely, measure will support 20 local governments in preparing for introducing programme budgeting or issuing municipal bonds. All 168 local self-governments will be supported through the work with the network of local tax administrations and the Intergovernmental Finance Commission.

**3. Grant scheme** – on-going EXCHANGE 3 awarded 11 million EUR for grants for municipal projects. In total 67 projects are supported. The absorption capacity for the grants scheme proved to be highly satisfactory- the last Call for proposals launched in June 2010 received around 105 applications with a total budget exceeding 20 mil EUR. Further support in the form of financing municipal projects based on their priorities and strategic documents was identified as a key priority measure of donor support by LSGs participating on two workshops (problem identification and national consultations). It is expected that the next phase of grant support be slightly modified in terms of thematic areas to be supported in line with the identified priorities at local level, linked to the national strategies and legislation implementation and respective EU requirements.

Concrete *result* to be achieved under support to selected LSGs projects: improved municipal services, strengthened municipal management, implementation of municipal strategic development priorities and promotion of local economic development, through implementation of at least one Call for Proposals of the Exchange 4 grant scheme.

Through this measure financing for minimum 23 municipal projects (Exchange 4 grant scheme) will be provided. It is foreseen to disburse funds through minimum one Call for Proposals with all LSGs from the territory of Serbia eligible as applicants in partnership with other Serbian and/or EU local government units. Within the same Call for Proposals, 600.000EUR [separate lot] will be allocated for supporting projects with cross-border impact submitted by LSGs from Pčinjski and Jablanički district. In line with the recent assessments, probable areas of support include: social protection / welfare issues, waste management (waste separation on local level), environmental protection and local economic development, while the final list of areas and other criteria will be additionally assessed at the beginning of project implementation and will be subject to endorsement by the Steering Committee.

*For more information on specific activities to be implemented and links with the previous / on-going projects, please see Annex 7.*

### **3.5 OVERVIEW OF PAST OR ON-GOING ASSISTANCE, LESSONS LEARNED, MECHANISMS FOR DONOR COORDINATION/SECTOR WORKING GROUP AND/OR POLICY DIALOGUE**

#### **Overview of past or on-going assistance**

A brief overview of key implemented and on-going projects within the areas that are going to be covered by this Fiche and their linkages to Fiche is presented below.

#### **Professional training of civil servants**

In 2010, the Ministry in charge of public administration and local self-government, in collaboration with the Human Resource Management Service, the EU Integration Office, with Norwegian government financial assistance implemented the project “**Support for Further Improvement of Civil Servants Professional Training Process**”. The project was dedicated to systematically addressing the issue of professional training of civil servants in the Republic of Serbia. In the scope of the project, the Proposal of the Civil Servants Professional Training Strategy in the Republic of Serbia with the Action plan for its implementation was prepared.

This project basically initiated the sequence of projects related to the issue of professional training of civil servants with preparation of the Strategy. Second project in this sequence is the on-going PAR IPA 2010 project which is dedicated to the first phase of implementation of the Strategy, and the service contract within Measure 1. with its activities dedicated to the second phase of implementation of the Strategy and will hence be the last one in this sequence.

The Project “**Support to Public Administration Reform**” started in May 2011 and will last until the third quarter of 2012. Project is being implemented from the EU donation (IPA 2010) and has three components. The first component relates to the framework for the implementation of the PAR Strategy and includes activities related to coordination, monitoring and reporting, public administration reform information and promotion. The second component is dedicated to establishing and implementing a standardised approach to

strategic and operational planning of public administration bodies. The third component is related to the providing of support to the implementation of the Action Plan for the implementation of the Strategy for professional training of civil servants and will practically provide support for first phase of implementation of the adopted Strategy for professional training of civil servants.

Measure 1 of this fiche relates to continuation of support in area of professional training of civil servants which should be based on results achieved within on-going IPA 2010 project.

### **E-Government development**

The Project “*Support to e-Government Development*“, started in February 2011 and is planned to last for 18 months, is being implemented from the EU donation (IPA 2010). The Project includes activities related to the arranging of the strategic and legal framework in the area of further development of e-government, development of standards for interoperability, strengthening of administrative capacities of the public administration bodies for performing task in relation to the implementation of e-government, development of concrete priority electronic services for citizens and businesses.

In parallel with this project, procurement and installation of IT equipment worth approximately 2,5 M€ was conducted in the end of 2011, (installed in PTT Serbia). This equipment provides technical infrastructure for further development of e-Government services and electronic registers of state bodies.

Measure 2. of this fiche relates to further steps in e-Government development. Basic input for the implementation of the measure should be provided through on-going IPA 2010 project, especially regarding the selection of e-Government services and registers which should be further developed or established in forthcoming period.

**Improvement of capacities in LSG units** (professional training, human resources management, strategic planning, local finances, project implementation)

In the area of local self-government "*Municipal Support Programme*" is currently being implemented from the EU donation (IPA 2007). This project includes the following sub-projects:

- Project “*Strengthening local self-government in Serbia, phase 2*“, implemented through direct grant to the Council of Europe, started in May 2009 and will last until end of 2012. Project aims to “support Serbian authorities at central and local level in the elaboration of a decentralisation strategy and in the implementation of institutional and legal reforms in the field of local self-government”. In the implementation of this project so far, among other things, support has been provided to the Ministry in charge of public administration and local self-government regarding the preparation of the Law on local self-government unit’s employees, HRM models were prepared and piloted in selected municipalities and currently HRM manual is being prepared. During the remaining period of implementation the project will, inter alia, provide support to the Ministry for promotion and explanation of key elements defined in the Law on local self-government units.

- Project “*Municipal Support Programme IPA 2007 - Good Local Governance, Planning and Service Delivery*”

The project commenced in January 2010 and will last until January 2013. Under this project support is foreseen for direct work with local tax administrations, preparation of models in the area of multi-annual budgeting, capital budgeting, piloting models of municipal sector strategies, action plans and project outlines, implementing functional analysis in 15 local self-government units, developing of standardised models for the organisation of administration in local self-government units, preparation of strategy document in the field of professional training of employees in LSG units, enhancement communication between central and local government etc. Models / methodological approaches in the areas of sector and action planning, programme budgeting and municipal bonds will be further disseminated through Exchange 4 in the form of direct assistance to LSGs and through SCTM committees and working groups;

- Project "**Exchange 3**", commenced in the first quarter of 2011 and is planned to be completed in the first quarter of 2013. The project is dedicated to the continuation of previously started initiatives of SCTM in the areas of improvement of planning, financial management and training of employees in local self-government units<sup>16</sup>. In addition project supports Scheme of distribution of grants with the total value of 10 million euro through SCTM to local self-government units to implement their own projects. Models / methodological approaches in the areas of sector and action planning, programme budgeting and municipal bonds developed in cooperation with MSP IPA07 project will be further disseminated through Exchange 4 in the form of direct assistance to LSGs and through SCTM committees and working groups.

Measure 3.1. of this fiche will be strongly based on results achieved within the project "*Strengthening local self-government in Serbia, phase 2*" and practically provide support to the Ministry in charge for local self-government, LSG units and other stakeholders for full implementation of the adopted Law on local self-government unit's employees, further elaboration of HRM models and their application in LSG units. In addition third measure of the sector fiche will provide support for full implementation of the Strategy for professional training of LSG unit's employees which is being prepared under the on-going project "*Municipal Support Programme IPA 2007 - Good Local Governance, Planning and Service Delivery*" and will be adopted by the Government in beginning of 2012. Measure 3.2 of the Sector fiche will make possible continuation of positive effects achieved in Exchange projects sequence. The new phase of the Exchange programme will cover a larger scope of activities, based on past experiences, newly developed tools within on-going or recently finalised EU programmes that have to be field-tested or to be rolled out further, as well as activities aimed at strengthening the service delivery function of the SCTM. The objective of the Exchange 4 programme will be to increase capacities for good governance, better service delivery and to ensure preconditions for financial sustainability and effectiveness at local level, as well as to strengthen SCTM to raise number and quality of services to its members and to enhance cooperation between stakeholders in decentralisation process. All measure components are designed in a way to use best-practices and models of on-going project, to further improve them and support larger group of local self-government units.

**"European Partnership with Municipalities Programme – PROGRES"** (implementation July 2010 - 01 July 2013)

---

<sup>16</sup> EXCHANGE 1 grant programme, donor EU, November 2004 – December 2007 and EXCHANGE 2 programme, donor EU, March 2008-March 2010.

PROGRES is a joint development Programme of the EU and the Governments of Switzerland and Serbia, working in 25 poorest municipalities in the South and South West of Serbia. The basic drivers of the PROGRES are: the need to reduce differences between the richer and poorer parts of Serbia, and the need to enable local institutions to better use current and future investment funds from a range of sources. PROGRES is conceived as an area based project, with an aim to strengthen local governance. This will be done by addressing: performance of the local authorities and management of public resources; participation of organised civil society groups and individual citizens in public sector decision making; partnerships between local authorities, civil society, and private sector units. By focussing on four components: (1) good governance, which is a cross-cutting theme underpinning all components, (2) municipal management and development planning, (3) social, economic and environment infrastructure, as well as on (4) public awareness and branding of areas, the Programme will, in a holistic manner, endeavour to accelerate growth and improve the overall living conditions in the focussed areas. The Programme's goal is to contribute to enhanced stability and socio-economic development in Serbia's poorest and most conflict-potential regions: the South and South West Serbia. The PROGRES purpose is to enhance governance, municipal and inter-municipal management capacity and social, economic and physical infrastructure in a holistic, area-focused fashion.

***Municipal Infrastructure Support Programmes*** (MISP- CARDS 2006, IPA2008, IPA2010) – financed by EU and managed by the Delegation of the European Union to the Republic of Serbia, assists municipalities in Serbia in the preparation of project documentation and implementation of municipal infrastructure projects. Municipalities will benefit from having better quality of services in: (i) water supply, waste water, solid waste management and district heating, (ii) sheltered housing, facilities for the disabled and education facilities, (iii) tourist sites, urban renewal and industrial parks. Since 2005, more than 20 projects with a total value of over 68 million Euros have been implemented.

The main goal of MISP is the improvement of the infrastructure services management in municipalities and to increase investment in the infrastructure, in order to meet EU standards on environmental protection and sustainable economic development. MISP is also assisting municipalities and PUC's throughout the complete process of infrastructure projects realization – from funding application, feasibility studies (SLAP Information System), budget management to projects implementation.

***European Commission CBC/Neighbourhood Programmes*** focus on promotion of sustainable economic and social development, protection of the environment, fight against organised crime, improvement of border control and promotion of people-to-people actions on both sides of the borders concerned. The Programme aims at reducing differences in the levels of development between regions on both sides of the EU external borders, and at promoting contacts between local communities in cultural, social and economic co-operation. With this regard the crucial support required by the local communities is in developing their absorption capacity for successful participation in EC CBC programmes through strengthening their skills in developing project proposals.

Project “***Support to Local Self-Governments in Serbia in the EU Integration Process***” (implementation period 2011- 2014) - Standing Conference of Towns and Municipalities, National Association of Local Authorities in Serbia, with support of Swedish International Development Cooperation Agency (Sida) and in cooperation with Swedish Association of Local Authorities and Regions (SALAR), implements the programme focused on creating



better overall framework for strengthening the local government sector in the process of Serbia's integration into EU. The Programme aims to contributing to strengthened democracy, equitable and sustainable development in relation to local governance and closer ties between Serbia and EU. It is expected that Programme will, by the end of its implementation, contribute substantially to the EU integration process at the level of local government.

***Exchange 2*** – The programme consisted of two parts: a services contract for TA and an operational grant for the SCTM. The Exchange 2 TA aimed to: (a) Strengthen the SCTM through carrying out a member needs analysis, providing, training, assistance in developing action plans for services and advocacy, and development of documents for the SCTM's international affairs, (b) Develop a legal review of legislation relevant to LG and sector analyses, (c) Develop a methodological framework for strategic planning at the local level (LSDS) and assisting 25 municipalities in developing such LSDS and (d) Strengthen the capacities of 10 municipalities through Municipal Support Packages (technical assistance).

The operational grant aimed to support the SCTM in its transition to a more service-oriented organization focusing on member needs and to support Serbian municipalities in development of LSDS and includes following components: (i) Strengthening administration function of the SCTM Secretariat, (ii) Strengthening information and communication function of the SCTM, (iii) Strengthening advocacy function of the SCTM and (iv) Strengthening service provision function of the SCTM.

### **Lessons learned**

The following lessons were learned on the basis of relevant reports of previously implemented projects and analysis in areas that are relevant for this project:

- Further efforts are needed towards policy coordination as well as the uninterrupted support for the implementation of the PAR Action Plan and for monitoring and evaluation of the PAR Strategy implementation.
- Strong political, resource and time commitments by all directly or indirectly involved stakeholders in implementation of adopted strategic documents is of absolute necessity.

It is important to state that such learnt lessons are fully reflected in the processes of finished/ongoing preparation/implementation of strategies that deal with issue of professional training of civil servants and employees in LSG units. Main instrument for this is establishment of specialised working groups which involve representatives of all interested parties in these processes. Organisation of public consultations processes is another instrument that was (and will be) often applied in order to achieve best possible coverage of all interested parties (LSG units, specialised organisations, etc.). In order to achieve best possible effects in this it is very good to properly involve and use technical assistance made available through projects. Good example is ongoing revision of the PAR strategy. Indeed this will be based on a wide consultative process which will involve all ministries, number of other public administration and state bodies and other relevant organisations. Ministries in charge of public administration and local self-government will coordinate all participants in this process through already established working groups, with the technical support of two on-going EU funded (IPA 2010) projects. These principles are going to be applied during the implementation of measures which are envisaged by the proposed Fiche.

- The efficiency and effectiveness of the performance of the public administration bodies and administrations of LSG units is directly dependent on an encouraging working environment for civil servants and employees in LSG units, which, among other, understands proper systematisation and arrangement of all activities that are related to their professional training.

Having in mind the importance of the issue of professional training and development of civil servants and employees in local self-government units and the implications that this issue has in terms of work efficiency and effectiveness of authorities at all administrative levels, Ministry in charge of public administration and local self-government in previous period began extensive work in establishing a system of professional training of civil servants and employees of local self-government units. Initial results in this process are the preparation and adoption of the Strategy for Professional Training of Civil Servants and the beginning of its implementation, as well as preparation of the Strategy for Professional Training of LSG unit's employees which is currently in the Government adoption procedure (final draft Strategy on the begging of May 2012 submitted to the Government for adoption). The implementation of these strategic documents is one of the key elements of the proposed Sector Fiche.

**Mechanisms for donor coordination/sector working group and/or policy dialogue**

Key mechanism for donor coordination in the area of Public Administration Reform is the Sector Working Group for Public Administration Reform. This group formally comprises of officially appointed representatives of key public administration bodies, specialised government services and other state bodies that have responsibilities which are relevant for the implementation of public administration reform. Wider composition of the working group understands the involvement of representatives of donors, civil society and other key stakeholders, which are invited to participate in the work of group in specific moments of the development assistance programming and implementation cycle. Sector working groups meet regularly at least four times a year but often more frequently (with regards to drafting of Needs Assessment document, consultations with donors and CSO representatives, programming of development aid, etc.). Their task is to ensure inter-ministerial coordination of the relevant institution(s) with regards to planning, programming, monitoring and reporting on development assistance at operational level and improve programming of IPA Funds.

**3.6 SUSTAINABILITY**

From the aspect of institutional sustainability it is intended that all achieved results related to the development of institutional and organisational framework, development of appropriate procedures, development of specific services, etc. are going to be institutionalised in an appropriate manner (through their introduction in relevant acts on state level or on local level, through their introduction in regular tasks of involved public administration bodies or LSG units, through preparation of manuals, etc.). Development of the system for professional training of civil servants is conceived in a way to ensure sustainability. The system will be aligned with the adopted Strategy for Professional Training of Civil Servants in the Republic of Serbia. As mentioned already in this fiche, the strategy aims at establishing a new, comprehensive and sustainable civil servants' professional training system.

Regarding the aspect of policy sustainability it is envisaged that project will include activities which are exclusively committed to the provision of support for policy making and preparation of relevant legislation that is necessary for securing future application of standards and procedures developed under the project (good example is Measure 3.1 and its group of activities dedicated to enhancement of human resource management in LSG units).

Measure related to the further development of e-Government, implicitly address optimisation and rationalisation (hence the sustainability) of public administration functions. However, the introduction of “cloud computing” which is of course oriented to optimisation and rationalisation would require a parallel effort in strengthening the institutional capacity of state bodies and other entities, and strengthening the capacity of employees to perform tasks that the system will cover.

Grant scheme (which is foreseen to finance a number municipal projects aimed at improving municipal capacities, municipal service delivery, and living environment) is a typical hands-on replication of best practices (introducing best practices from EU partner municipalities or other Serbian municipalities).

## **3.7 ASSUMPTIONS AND PRECONDITIONS**

### **3.7.1 Assumptions**

Identified assumptions which are relevant at the level of specific sector support objective are:

- Political relations with EU consolidated and strengthened,
- Government remains committed to the implementation of public administration reform,
- Completed strategic and legislative framework in the areas covered by the project activities.

Assumptions which are relevant on the level of sector support results are:

- Legal and institutional framework of the system for professional training of civil servants is established in accordance with the Strategy for professional training of civil servants and Action Plan for it implementation,
- Systematic approach for provision of e-Government services and state bodies data exchange is agreed and applied,
- Legal and institutional framework of the system for professional training of LSG units employees is established in accordance with the Strategy for Professional Training of LSG units employees and Action Plan for it implementation in accordance with planned dynamic,
- Bylaws related to the implementation of the Law on LSG units employees adopted,
- Commission for Local Finances continuous to function
- Municipalities willing to cooperate in preparation of strategic plans/action plans
- LSGs have sufficient financial capacities to co-finance grants.

Assumption related to the first sector support result is that a legal and institutional framework of the system for professional training of civil servants is established in accordance with the Strategy for Professional Training of Civil Servants and Action Plan for it implementation. According to the Strategy institutional framework of the system for professional training of civil servants will include all public administration bodies that conduct various tasks related to professional training. The basic element of the institutional framework is the organisational unit within the Ministry in charge of public administration, responsible for preparation of the general training programs and monitoring of their implementation. In accordance with the Action plan for the implementation of the Strategy this organisational unit is already established as department within the Sector for Public Administration in the Ministry. Another important element of the institutional framework will be the Standing Body for Professional Training of civil servants, comprised of professionals with different specialisation (civil servants with appropriate working experience and professionals from scientific and research institutions), which will provide professional support in identification of general programs for professional training and guidelines for improvement of programs. This body will be established by the adoption of the Law on Amendments and Supplements of Law of civil servants, which is currently being prepared. The last important element of the institutional framework will be National Central Institution for conducting professional training of civil servants. In accordance with the Action plan for the implementation of the Strategy this institution will be fully established in first quarter of 2013 (with responsibilities related only to professional training of civil servants) on the basis of the appropriate Act prepared in the last quarter of 2012 by a Working group formed for that purpose.

Until the establishment of the National Central Institution tasks related to conduction of general professional training programs will be undertaken by the Ministry (in regards to the training related to professional state exam) and Human resource management service (in regards to the conduction of general program for civil servants professional training). In the course of the implementation of the on-going PAR IPA 2010 project Ministry will be capacitated to overtake all responsibilities in regards to the professional training of civil servants.

General assumptions that are relevant on the level of sector support measures are:

- Commitment of all public administration bodies, state bodies and other organisations involved in implementing project activities,
- The existence of adequate institutional capacities to implement project activities,
- Availability of relevant information and data related to project activities,
- Willingness of LSG units to apply and implement grants.

### **3.7.2 Preconditions**

Measure 2:

Serbian authorities adopt and implement a plan to address the necessary requirements for the implementation of priority e-services to fully achieve results based on the outputs produced by the TA and supplies provided under IPA 2010 project.

Measure 3.1 (to be realised through joint management with the Council of Europe):

- 1) Adoption of the Strategy for professional training of LSG units' employees,
- 2) Adoption of the Law on local self-government unit's employees,
- 3) Adoption of the Law on salaries of employees in local self-government units.

In terms of the precondition related to the adoption and implementation of a plan to address the necessary requirements for the implementation of priority e-services to fully achieve results based on the outputs produced by the TA and supplies provided under IPA 2010 project several activities which are going to be implemented in forthcoming period should provide fulfilment of this precondition. Work on the preparation of the Rulebook for the use of ICT equipment provided from EU donation began during first months of 2012. This Rulebook will, among other, determine how aforementioned ICT equipment will be managed in order to establish a national infrastructure for the provision of public electronic services in the Republic of Serbia. In this regard, consultations between the relevant state bodies regarding the determination of the appropriate body to be responsible for the management of ICT equipment are underway. It is envisaged that this Rulebook will be adopted by the Government in the form of appropriate act. Public enterprise "PTT Serbia" in whose premises the ICT equipment is installed and that takes care of the technical conditions for the functioning of the equipment, in previous period took steps to strengthen its capacity to perform tasks related to the operation of equipment (assigned employees have received appropriate training, there are plans to hire an additional number of employees, etc). Ministry in charge of public administration will conduct transfer of electronic service related to the issuance of citizen's certificates on new ICT equipment in forthcoming period, after completion of the necessary technical requirements and in order to induce by example other state bodies. Preparation of the new Strategy for Public Administration Reform is currently underway with the support of projects financed from the EU donation (IPA 2010).

A part of the new strategy relating to the development of e-Government will, among other things, pay special attention to the establishment of strategic directions and standards for further development of e-Government services and, in this regard, future ways of using existing technical resources and needs for providing additional technical resources. The strategy is being prepared through a broad consultative process involving all ministries and number of public administration bodies, state bodies and other relevant organizations. Purpose of the aforementioned activities is to create all necessary conditions in order to make the ICT equipment provided from EU donation fully functional and properly used, thus ensuring integration of all electronic services provided by public authorities to citizens and businesses. Given the dynamics of implementation of these activities and the importance of the EU Delegation support in this area in previous period, it would be expedient and valuable to provide additional relevant professional technical assistance with the support of the EU Delegation in the Republic of Serbia through the implementation of a short focused project in a form of Framework Contract.

In terms of the precondition related to the adoption of the Strategy for Professional Training of LSG units' employees, Ministry in charged of public administration and local-self government formed a Special working group in April 2011, comprised by representatives of Ministry, Office for European Integrations and Standing Conference of Towns and Municipalities, with the mandate to prepare the Strategy. Support for the finalisation of the Strategy is provided from the on-going MSP IPA 2007 project. In accordance with the Plan of activities, the Strategy accompanied with the Action plan for it implementation was finalised in the first quarter of 2012. After finalisation, the Strategy was submitted to the Government for adoption. Implementation of the Strategy will start immediately after it adoption. The strategy, inter alia, defines basic principles and contents of local self-government units' employees' professional training, tasks related to the identification of training needs, preparation, conduction and supervision of LSG units employees professional training programs, legal and institutional framework of the system, etc.

In relation to the precondition of the adoption of the Law on local self-government unit's employees and, linked to this, also the adoption of the Law on salaries of employees in local self-government units, the Draft Law on local self-government unit's employees is prepared and adopted by the Government and forwarded to the National Parliament for adoption procedure. It is envisaged by the Law that its implementation will start after a certain intermediate period. This period will be used for preparation of relevant by-laws and consultations with LSG units on implementation issues Likewise, it is the case that specific provisions of the Law on local self government unit's employees already impose on preparation and adoption of the Law on salaries, while the implementation of both laws is envisaged to start simultaneously. Preparation of the Law on salaries is in responsibility of the Ministry in charge of finance, and in accordance with the envisaged dynamic it is going to be prepared and adopted during the intermediate period before the start of application of the Law on local self government unit's employees.

### **3.1. IMPLEMENTATION ISSUES**

Partners in the implementation of all the envisaged measures/operations will be the Ministry in charge of public administration and local self-government. Ministries will involve all relevant public administration bodies and other partners in implementation of measures/operations.

Measures/operations will be implemented through two Service contracts, joint management (a contribution agreement) with the Council of Europe, a direct grant agreement and a grant scheme for LSGs.

Steering committee responsible for steering and monitoring the process of implementation of all envisaged contracts/agreements will be established by the Ministries in charge of public administration and local self- government, with an involvement of representatives of all relevant public administration bodies and other partners.

For each contract/agreement additional appropriate managing structures within beneficiary institution (Special working groups, Project groups, project implementation unit, etc.) will be established in order to secure their smooth implementation.

#### 4.1 INDICATIVE BUDGET (amounts in EUR)

SECTOR TITLE			TOTAL EXPENDITURE	SOURCES OF FUNDING								
				IPA CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
<b>Measure 1</b>												
Operation 1	X		1,500,000	1,500,000	100							
<b>Measure 2</b>												
Operation 2	X		2,000,000	2,000,000	100							
<b>Measure 3</b>												
Operation 3	X		2,000,000	1,800,000	90						200,000	10
<b>Measure 3.2</b>												
Operation 3.2.1	X		1,300,000	1,300,000	100							
Operation 3.2.2 <sup>1</sup>	X		5,115,000	4,650,000	90	465,000	10		465,000			
TOTAL IB			11,915,000	11,250,000	94.4	465,000	4		465,000		200,000	1.6
<b>TOTAL SECTOR SUPPORT</b>			<b>11,915,000</b>	<b>11,250,000</b>	<b>94.4</b>	<b>465,000</b>	<b>4</b>		<b>465,000</b>		<b>200,000</b>	<b>1.6</b>

<sup>1</sup> Within the Measure 3.2 a grant scheme is envisaged as it is explained in the text of the SF, i.e. funds totaling 4.65 million euro will be distributed through an Open Call to finance LSGs projects (600.000 EUR will be allocated to finance projects with cross-border effects and submitted by LSGs from Peinjski and Jablanicki administrative district). It is estimated that minimum 23 projects will be financed, whereby for each grant beneficiary minimum 10% of co-financing is envisaged in accordance with IPA Implementing Regulation.



## 4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN PER QUARTER)

Operations	Start of Tendering/ Call(s) for proposals	Signature of contract(s)	Activity Completion
Operation 1.1 (Service)	T+1Q	T+3Q	T+11Q
Operation 2.1 (Service)	T+1Q	T+3Q	T+15Q
Operation 3.1 (Contribution agreement with CoE)	-	T+1Q	T+13Q
Operation 3.2.1 (Direct Grant SCTM)	-	T+3Q	T+15Q
Operation 3.2.2 (Grant Scheme)	T+4Q	T+6Q	T+15Q

Procurement/grant award dossiers (terms of reference and detailed description of action for direct grant) for contracts/agreements will be prepared in close cooperation with EUD, whereby it is expected that it will be possible to provide for additional expertise in the modality of framework contracts. All procurement/grant award dossiers will be approved by Ministries in charge of public administration and local self-government and other project partners.

First Service contract (Operation 1.1), worth 1.5 million euro, will relate to the provision of technical assistance for the implementation of activities within Measure 1.  
 Second Service contract (Operation 2.1), worth 2 million euro, will relate to the provision of technical assistance for the implementation of activities within Measure 2.  
 A contribution agreement (Operation 3.1), worth 2 million euro (out of which 1.8 million euro of IPA funds), should be provided to the Council of Europe for the implementation of activities within Measure 3.1.  
 A direct grant agreement (Operation 3.2.1), worth 1.3 million euro, should be provided to the Standing Conference of Towns and Municipalities for the implementation of certain activities within Measure 3.2 (i.e. for the LSGs to have know-how and capacities to improve strategic planning, financial management including programme budgeting and improved access to alternative sources of financing, grant-scheme management). Grant-scheme (Operation 3.2.2) totalling 4.65 million euro from IPA funds, as an element of measure 3.2, will be distributed through an Open Call to finance LSGs projects. SCTM will operationally manage this grant which is estimated to finance a minimum of 23 projects.

## 4.3 CROSS CUTTING ISSUES

### 4.3.1 *Equal Opportunities and non-discrimination*

Government of Serbia is committed to respect differences and the principle of equal opportunity for all citizens regardless of their gender, religion, race, nationality, etc. This is going to be highly respected in implementation of measures/operations envisaged within the Fiche.

### 4.3.2 *Environment and climate change*

Measures/operation envisaged by the Fiche will be implemented in a way that is as environmentally friendly as possible and this in particular includes the use of re-cycled paper.

Measure 3.2 foresees continued role out of local sustainable development strategies, whose important element are environmental issues. Under the Measure 3.2. (grant scheme implementation) specific attention will be paid to environmental issues during the evaluation of submitted LSG unit's project proposals.

#### **4.3.3 Minorities and vulnerable groups**

In line with the principle of equal opportunity Project will fully promote inclusion of minority and vulnerable groups. Through the development of local sector strategies and action plans under the Measure 3.2. (strategic planning) ethnic minorities and socially vulnerable groups will be included into strategic planning process, while under Measure 3.2. (grant scheme implementation) specific attention will be paid to these issues during evaluation of submitted LSG unit's project proposals.

The EU defines Gender Mainstreaming as *“the integration of the gender perspective into every stage of policy process – design, implementation, monitoring and evaluation with a view to promoting equality between women and men. It means assessing how policies impact on the life and position of both women and men – and taking responsibility to re-address them if necessary. This is the way to make gender equality a concrete reality in the lives of women and men creating space for everyone within the organisations as well as in communities – to contribute to the process of articulating a shared vision of sustainable human development and translating it into reality”*.

Due care will be taken with regard to any possible environmental impact related to the activities covered by the programme. A special attention will be given under Measure 3.2, under the process of sustainable planning on the local level – sustainable development and planning is based on three pillars: economic, social and environmental development. All local sustainable development strategies (LSDS) will include environmental dimension and number of projects in this area. Lastly, environmental and social aspects will also be addressed through grant scheme (selection and/or evaluation criteria).

#### **4.3.4 Civil Society/Stakeholders involvement**

The involvement of civil society organisations and other relevant stakeholders has already been ensured notably in the design phase of the Fiche throughout the work of the Working group for projects in the Sector of Public Administration Reform and in line with the Action Plan for IPA programming proposed by SEIO. In accordance with the steps agreed in the respective Plan, and using a new mechanism of consultations with members of the CSOs' network for PAR Sector, some useful inputs have been obtained and subsequently integrated in the text of the project proposal. Likewise, the concept of work within Sector groups allowed for verification on the usefulness and timeliness of the project proposal by other relevant stakeholders from the Government and Donor Community. Moreover, as a precursor for IPA 2012 proposal on support to local level administration, a particular national planning workshop on *Needs assessment of local self-government for international assistance 2011-2013* has been carried out (November 2010) in joint organisation by SEIO and SCTM.

Over 50 representatives of LSG units have identified key problems at the local level including poor municipal services and infrastructure, poor social features and insufficient planning and resources to improve the situation, as well as limited capacity of municipalities to manage service provision and promote the local economy. Majority of the aspects defined thereby is encompassed in the present project proposal and will be further emphasised in the moment of detailed designing of ToRs for service contracts as well as for the description of activities (DoA) in a contribution agreement and a direct grant and for the subsequent Call for Proposals for the *EXCHANGE 4* grant scheme.

## ANNEXES

- 1. Log frame**
- 2. Description of Institutional Framework**
- 3. Legal framework**
- 4. Details per EU funded operation(\*) where applicable**
- 5. Visibility activities**
- 6. Questionnaire on appropriates of working with Council of Europe**
- 7. Justification for a direct grant to the SCTM and elaboration of activities, links with the previous phases and elements of sustainability (Exchange 4)**

## ANNEX 1: Logical framework matrix for sector support in standard format

LOG FRAME PLANNING MATRIX FOR PAR Sector Fiche		Sector support name and number	Public Administration Reform
		Contracting period expires 3 years after the signing of the Financing Agreement	Execution period expires 5 years after the signing of the Financing Agreement
		Total budget	11.915.000 EUR
		IPA budget:	11.250.000 EUR
<b>National sector or sub sector objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of verification</b>	
To contribute to establishing an efficient, effective and service oriented public administration, in line with the principles of the Public Administration Reform Strategy and the European Administrative Space.	<ul style="list-style-type: none"> <li>Positive evaluation of progress in implementation of Public Administration Reform process</li> </ul>	<ul style="list-style-type: none"> <li>Government work reports,</li> <li>EC annual progress reports</li> </ul>	
<b>Sector support objective within the MIPD sector</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
To facilitate implementation of key priority public administration reform initiatives related to central and local administrative level	<ul style="list-style-type: none"> <li>The level of fulfilment/achievement of the Action Plan for implementation of public administration reform in the Republic of Serbia</li> </ul>	<ul style="list-style-type: none"> <li>Government work reports;</li> <li>Periodical overviews of the implementation of the PAR Action plan</li> </ul>	<ul style="list-style-type: none"> <li>Political relations with EU consolidated and strengthened,</li> <li>Government remains committed to the implementation of public administration reform,</li> <li>Completed strategic and legislative framework in the areas covered by the project activities</li> </ul>
<b>Results of the sector support</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>	
<b>Result 1. Increased professionalisation of the civil service</b> through further development of the system for civil servants' professional training as part of the human resources management system, in line with the Strategy for professional training of civil servants in the Republic of Serbia and the Action plan for it implementation	<ul style="list-style-type: none"> <li>Provisions of the Action Plan for the Strategy for professional training of civil servants implemented within the set timeframe,</li> <li>Rules and procedures relating to tasks for conduction and evaluation of civil servants professional training (organization and preparation of trainings, selection of training providers, preparation of training curricula, keeping training records, evaluation of trainings, assessment training impact, etc.) are determined and transposed in appropriate legislation.</li> </ul>	<ul style="list-style-type: none"> <li>Reports on implementation of the Action plan for the Strategy for professional training of civil servants;</li> <li>Analysis, studies and other documents related to e-Government development;</li> <li>Reports on implementation of the Action plan for the Strategy for professional training of LSG units employees,</li> <li>Analysis of implementation of the Law</li> </ul>	<ul style="list-style-type: none"> <li>Legal and institutional framework of the system for professional training of civil servants is established in accordance with the Strategy for professional training of civil servants and Action Plan for it implementation,</li> </ul>
<b>Result 2: Further enhancement of e-Government</b> through development of e-Government services at central and local levels, data exchange between state bodies, national registers and government ICT infrastructure	<ul style="list-style-type: none"> <li>At least 3 selected priority e-Government services from the set of 20 basic e-Government services established/improved,</li> <li>10 LSG units supported in the establishment/improvement of "one-stop-shop" locations,</li> <li>Unified register of citizens, as a register which incorporates all relevant data on citizens available in various existing electronic registers</li> </ul>		<ul style="list-style-type: none"> <li>Systematic approach for provision of e-Government services and state bodies data exchange is agreed and applied,</li> </ul>

	<p>(registers of citizen's certificates, personal documents, tax obligations etc.) established,</p> <ul style="list-style-type: none"> <li>• Preparatory phase for the upgrading and improvement of public bodies ICT infrastructure finalised.</li> </ul>	<p>on LSG units employees,</p> <ul style="list-style-type: none"> <li>• Annual work reports of Ministries in charge of public administration and local self-government,</li> </ul>	
<p><b>Result 3: Enhancement of effectiveness and administrative capacities in LSG units</b> through establishment of a professional training system and improved Human Resources Management (HRM) function, local finances financial management and preparation and implementation of local strategic and project planning documents.</p>	<p><b>Indicators related to the Measure 3.1 and associated Operation 3.1:</b></p> <ul style="list-style-type: none"> <li>• Provisions of the Action Plan for the Strategy for professional training of LSG units employees implemented within the set timeframe,</li> <li>• Minimum 20 LSG units supported in establishment/improvement of HRM function in accordance with the Law on LSG units employees (proper organization of HRM tasks, development of internal HRM procedures and templates, capacities of HRM units staff improved, etc.).</li> </ul> <p><b>Indicators related to the Measure 3.2 and associated Operation 3.2.1:</b></p> <p>C1:</p> <ul style="list-style-type: none"> <li>• Minimum 20 LSG units involved in preparation of sector strategic plans and /or action plans with project pipelines,</li> <li>• Minimum 10 sector strategies (including action plans) in the areas such as environmental issues and waste management, social protection and local economic development prepared and ready for adoption by the local Assemblies,</li> <li>• Minimum 10 action plans each including 10 detailed project concepts, financing plans and monitoring systems in the areas such as environmental issues and waste management, social protection and local economic development prepared and ready for adoption by the local Assemblies.</li> <li>• Improved harmonisation between local, regional and national strategies</li> <li>• SLAP information system (IS) is functional and used by line ministries in pre-selection of infrastructure projects in the areas of environmental and economic infrastructure; training of staff of LSG and Ministries provided accordingly.</li> </ul> <p>C2:</p> <ul style="list-style-type: none"> <li>• At least 80% of targeted LSGs are ready for transition to programme budgeting and alternative sources of financing (such as municipal bonds market),</li> <li>• All 168 LSG units regularly receive information and counselling on changes to the taxation system</li> <li>• Minimum 10 LSG has prepared programme budgets ready to be adopted by the local Assemblies</li> <li>• Minimum 10 LSGs have received support in assessment and ready for issuing of municipal bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Interim and final reports on implementation of financed municipal projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Legal and institutional framework of the system for professional training of LSG units employees is established in accordance with the Strategy for professional training of LSG units employees and Action Plan for it implementation,</li> <li>• Bylaws related to the implementation of the Law on LSG units employees adopted,</li> <li>• Commission for Local Finances continuous to function</li> <li>• Municipalities willing to cooperate in preparation of strategic plans/action plans</li> <li>• LSGs have sufficient financial capacities to co-finance grants.</li> </ul>

	<ul style="list-style-type: none"> <li>Expert support regularly provided to representatives of local authorities in the Intergovernmental Finance Commission</li> </ul> <p>C3:</p> <ul style="list-style-type: none"> <li>Minimum 1 call for proposals launched,</li> <li>High level of EU visibility of the grants ensured,</li> <li>Financed municipal projects regularly monitored and progress reports prepared,</li> <li>Municipal PMUs receive continuous support in implementing projects in line with EC / PRAG procedures.</li> </ul> <p><b>Indicators related to the Measure 3.2 and associated Operation 3.2.2:</b></p> <ul style="list-style-type: none"> <li>Minimum 23 grant municipal projects financed and implemented,</li> <li>Management capacities and services to citizens in different thematic areas (such as social protection / welfare issues, waste management - waste separation on local level, environmental protection and local economic development) improved in minimum 23 local government units,</li> <li>Minimum 3 projects with high cross-border impact implemented,</li> <li>Management capacities and services to citizens in the area of environmental protection and waste management improved in between 5 to 9 LSGs through development of LEAP (local environmental action plans), building capacities of local administration, introduction of waste separation systems, etc., thus having maximum positive impact on local environment,</li> <li>Management capacities and services to citizens in the area of local economic development (improved in between 4 to 8 LSGs through building capacities of local administration, improvement of tourist offer and localities, implementation of specific projects dealing with agricultural development, etc., thus having maximum positive impact on local economy and employment,</li> <li>Management capacities and services to citizens in the area of social welfare improved in between 3 to 6 LSGs through building capacities of local administration, introduction of alternative services to citizens, etc., thus having maximum positive impact on citizens welfare, especially socially unprivileged groups.</li> </ul>		
Measures to achieve results	Means / operations	Costs	Assumptions
<b>Measure 1.:</b> Support for further development of the system for professional training of civil servants	Indicative EU contribution: Operation 1.1 - Service (TA) contract:	EUR 1.5 m EUR 1.5 m	<ul style="list-style-type: none"> <li>Commitment of all public administration bodies, state bodies and other organisations involved in implementing project activities,</li> <li>The existence of adequate institutional capacities to implement project activities,</li> </ul>
<b>Measure 2.:</b> Support for further development of e-Government	Indicative EU contribution: Operation 2.1 - Service (TA) contract:	EUR 2.0 m EUR 2.0 m	
<b>Measure 3.1:</b> Strengthening of administrative	Indicative EU contribution:	EUR 1.8 m	

capacities in area of local self-government	Operation 3.1 - A contribution agreement with CoE:	EUR 2.0 m	<ul style="list-style-type: none"> <li>• Availability of relevant information and data related to project activities,</li> <li>• Willingness of LSG units to apply and implement grants.</li> </ul>
<b>Measure 3.2:</b> Support for further improvement of planning, local finances and service provision on the local level (Exchange 4)	Indicative EU contribution: Operation 3.2.1 - Direct Grant SCTM: Operation 3.2.2 –Grant Scheme	EUR 5.95 m EUR 1.3 m EUR 5.115 m (with national contribution of 0.465 m)	
<p><b>Preconditions :</b></p> <p>Measure 2: Serbian authorities adopt and implement an plan to address the necessary requirements for the implementation of priority e-services to fully achieve results based on the outputs produced by the TA and supplies provided under IPA 2010 project.</p> <p>Measure 3.1:</p> <ol style="list-style-type: none"> <li>1) Adoption of the Strategy for professional training of LSG units' employees</li> <li>2) Adoption of the Law on local self-government unit's employees.,</li> <li>3) Adoption of the Law on salaries of employees in local self-government units.</li> </ol>			



## **ANNEX 2: Description of Institutional Framework**

The **Public Administration Reform Council** is the central strategic body of the Government of the Republic of Serbia for Public administration reform (PAR). The role of the Council is to give recommendations for the development of public administration in the Republic of Serbia, initiate and propose to Government measures and activities that are related to PAR, ex ante analyse draft laws which are related to organisation and work of Government, public administration bodies, and other draft laws related to PAR and to give its opinion on those laws to the Government. It is chaired by Prime minister and its members are ministers of several ministries that have competencies which are relevant for public administration reform process. Administrative support for work of Council is provided by the General Secretariat of Government, Ministry in charge for public administration and local government and Legislative Secretariat.

**Ministry of Justice and State administration**, among other competences, is in charge of state administration affairs related to: state administration system and organization and work of ministries and administrative bodies; Ombudsman; administrative inspection; administrative proceedings and administrative disputes; elections for republic organs; labour relations in state administration; professional trainings of employees in state administration; record books; official use of language and letter; seals, political and other forms of association, save unions; direct express of citizens' will; integrated voter registration list, providing the conditions for access to and implementation of the projects within the scope of the Ministry being financed by the European Union pre-accession funds, grants and other forms of development assistance as well as other affairs stipulated by law.

**Ministry of Regional Development and Local Self-Government** is in charge of state administration affairs related to: regional development; analysis of available resources and potentials for local, regional and national development; methodology for measuring level of local self-government and regions development, system of local self-government and territorial autonomy; providing assistance to local self-government units in implementation of projects for local economic development; promotion and coordination of cooperation of local self-government, professional trainings of employees of organs of local self-government units; labour relations in units of local self-government and autonomous provinces; territorial organization of the Republic of Serbia; providing material and other conditions for development and promotion of local self-governments and regions, providing the conditions for access to and implementation of the projects within the scope of the Ministry being financed by the European Union pre-accession funds, grants and other forms of development assistance; planning, programming and proposing of development projects in the local and regional development domain and projects of interest for the Republic of Serbia as well as other affairs stipulated by law.

Pursuant to the Decision on the Administration for Common Affairs of Republic Bodies (Official Gazette RS no. 67/91, 79/02,13/04), **the Administration for Common Affairs of Republic Bodies** is competent, inter alia, for the automatic data processing affairs, comprising:

preparing and implementation of projects for automation of administrative and other operational tasks performed in the Administration and Republic bodies, designing and organisation of documentation and other databases as needed for the work of Republic bodies, other information affairs relating to ensuring information system operation and development. Information affairs in the Administration are conducted in the Department for Information, Internet and Telecommunications.

The main task of the **Council of Europe** in Serbia is to assist the country in its process of democratic reforms and its progress towards European integration. Council of Europe office in Belgrade works on various projects in the fields of human rights, rule of law and democracy since its official opening in March 2001. Projects, mainly funded by the European Union, the Council of Europe itself, but also from bilateral donations, ranged from supporting the parliamentary and institutional reform, local self-government, judicial and legislative reform, reform of the prison system, higher education, economic transparency, media and civil sector. Council of Europe in Serbia has an important role as a guaranty of the European Charter of Local Self-Government and provides general support to local self-government reform in Serbia, as well as specific support to responsible stakeholders in particular areas of reform (the CoE is the sole international organisation which has been involved in all dimensions of the reform in the field of the status of local self-government staff). The CoE has a wide experience in the field of HRM and CoE HRM tools are already in use in several European countries.

The **Standing Conference of Towns and Municipalities (SCTM)** is an independent, non-partisan, non-governmental and non-profit association which gathers towns and municipalities from the Republic of Serbia, with the purpose of development and improvement of local self-government, its protection and realisation of common interests. SCTM goals are: development, promotion and protection of the local self-government in Serbia, in accordance with the principles of the European Charter of Local Self-Government, realisation of common interests of municipalities and towns and improvement of their capacities to exercise authority and provide services to citizens. To achieve its goals, SCTM acts to improve the legal framework and general conditions for the development of local self-government in Serbia, represents common interests that its members have agreed upon, and provides them with services aimed to improve their work, in accordance with European standards. SCTM implemented number of projects in area of local self-government development with the support from various donors.

Steering comitee responsible for steering and monitoring the process of implementation of all contracts/agreements envisaged by project fiche will be established by project beneficiaries – Ministry of Justice and State Administration and Minisitry of Regional Development and Local Self-Government, with an involmnet of representatives of all relevant public administration bodies and other partners.

For each contract/agreement additional appropriate managing structures within beneficiary institution (Special working groups, Project groups, project implementation unit, etc.) will be established in order to secure their smooth implementation.

### **ANNEX 3: Legal framework**

Reference list of relevant laws and regulations:

- Law on Ministries (“Official gazette RS”, nr. 16/2011);
- Law on civil servants (“Official gazette RS”, nr. 79/2005, 81/2005, 83/2005, 64/2007, 67/2007, 116/2008, 104/2009);
- Decision of forming PAR Council (“Official gazette RS”, nr. 73/04);
- Decision on appointing president, vice-presidents and members of PAR Council (“Official gazette RS”, nr. 82/08);
- Law on the Information System of the Republic of Serbia (Official Gazette RS no. 12/96);
- Law on civil registers (“Official gazette RS”, no. 20/2009);
- Law on local self-government (“Official gazette RS”, nr. 129/2007)
- Law on value added tax (“Official Gazette RS”, no. 84/04, 86/04, 61/05, 61/07)
- Personal income tax law (“Official Gazette RS”, no. 24/01, 80/02, 80/02, 135/04, 62/06, 65/06, 31/09, 44/09, 18/10)
- Law on environmental protection (“Official Gazette RS”, no. 135/04, 36/09)
- Law on tax procedure and tax administration (“Official Gazette RS”, no. 80/02, 84/02, 23/03, 70/03, 55/04, 61/05, 85/05, 62/06, 61/07, 20/09, 72/09).

**ANNEX 4: Details per EU funded operation (\*) where applicable:**

**Measure 1: Support for further development of the system for professional training of civil servants**

Operation 1 - Service (TA) contract

<b>Contract # and Name</b>	<b>Description</b>	<b>Cost Estimates (EUR m)</b>
<b>Service contract 1</b>	Service contract relates to Measure 1 <i>“Support for further development of the system for professional training of civil servants”</i>	<b>1.5</b>

**Measure 2: Support for further development of e-Government**

Operation 2 – Service (TA) Contract

<b>Contract # and Name</b>	<b>Description</b>	<b>Cost Estimates (EUR m)</b>
<b>Service Contract 2</b>	Service Contract 2 relates to Measure 2 <i>“Support for further development of e-Government”</i>	<b>2.0</b>

**Measure 3.1: Strengthening of administrative capacities in area of local self-government**

Operation 3.1 - A contribution agreement

<b>Contract # and Name</b>	<b>Description</b>	<b>Cost Estimates (EUR m)</b>
<b>Direct Grant Agreement with CoE</b>	A contribution agreement with the Council of Europe relates to Measure 3.1 “ <i>Strengthening of administrative capacities in area of local self-government</i> ”	<b>2.0 (1.8 IPA; 0.2 CoE)</b>

The calculation of budget for the above Direct Grant Agreement has been approximated taking into consideration the tasks expected to be performed and the basic required inputs in terms of man/days. Tentative calculation is presented as follows:

<b>Direct Grant Agreement with CoE</b>		
<b>List of experts</b>	<b>Required Input (days)</b>	<b>Total Fees</b>
<i>Team Leader</i>	600	480,000.00 €
<i>Key Expert 2.</i>	500	400,000.00 €
<i>Senior Non-key experts</i>	700	560,000.00 €
<i>Junior Non-key experts</i>	900	360,000.00 €
<b>Total Fees</b>	<b>2700</b>	<b>1,800,000.00 €</b>
<b>Incidental expenditure</b>		<b>200,000.00 €</b>
<b>TOTAL EXPENDITURE</b>		<b>2,000,000.00 €</b>

## Measure 3.2. Exchange 4

### Operation 3.2.1 - Direct Grant Agreement with SCTM

Contract # and Name	Description	Cost Estimates (EUR m)
<b>Direct Agreement SCTM “Exchange 4”</b> <b>Grant with</b>	Direct grant agreement with the Standing Conference of Towns and Municipalities for implementation of activities encompassed within the Operation 3.2.1 and for management of grant scheme envisaged within the Operation 3.2.2	<b>1.3</b>

The calculation of budget for the above Direct Grant Agreement has been approximated taking into consideration the tasks expected to be performed and the basic required inputs in terms of man/days and activities organisational costs (template Grant Agreement budget). Tentative calculation is presented as follows:

<b>Direct Grant to the Standing Conference of Towns and Municipalities (to cover 3 components : on municipal planning; municipal finances; and on management of grant scheme for EXCHANGE 4)</b>	
<b>Costs</b>	<b>Sub-totals</b>
<b>Human resources</b> Project team ( <i>Programme Manager, Coordinator Component 1, PO Action Planning, SLAP Manager, Manager for Municipal Infrastructure, Coordinator Component 2, PO Local Taxes and Municipal Bonds, PO Programme Budgeting and Grants, Coordinator Component 3, PO monitoring (3), Communication Coordinator (50% time) and Financial Administrator</i> ) Local experts (ca. 1000 days) Per diems – international and local travel	829,300.00 €
<b>Travel</b> (international and local)	19,200.00 €
<b>Equipment and supplies</b> (equipment and spare parts)	15,000€
<b>Local office</b> (vehicle costs, office supplies, office running costs)	57,600.00 €
<b>Other costs, services</b> Publications (leaflets, grant scheme implementation manual, newsletter and final brochure) Expenditure verification (project) Training events (all components), info days (all components), two annual conferences Visibility items (Exchange 4 and financed municipal projects)	225,500€
Other (CEMR membership)	5,400€
<b>Contingency reserve</b>	57,000€
<b>Administrative costs</b>	91,000€
	<b>1,300,000.00 €</b>

**Distribution of total budget per planned components:**

**Component 1: Municipal planning – planned funds 386,000EUR \***

**Component 2: Municipal finances – planned funds 441,000 EUR \***

**Component 3: Support to Exchange 4 grant scheme implementation 325,000EUR \***

**Contingency reserve and administrative overhead: 148,00078,000 EUR \*\***

*\*Proposed total include costs of project team, experts, costs of planned activities under concrete component (training, conference) and 1/3 of the “joint” costs (travel, per diems, equipment, local office costs, office supplies, publication, expenditure verification, translation and organisation of final conference).*

*\*\* Proposed total includes: 7% administrative overhead ( 91,000 EUR) and 4,95% contingency reserve (57,000 EUR)*

Details on content and type of support for each of components within the Direct Grant for SCTM are presented in the section 3.4 on Measures/operations to achieve results in the PF and in the Annex 7

Second Direct grant agreement should be provided to the Standing Conference of Towns and Municipalities as a continuation of Exchange series of projects. None of the proposed activities belong to the regular SCTM operations. In terms of internal SCTM classification of operations, majority of activities proposed to the service sector (components 1, 3 and most of component 2) and do not belong to services that SCTM would cover from the member fees, i.e. implementation of similar activities so far was financed under projects and, pending on availability of funding, co-financed from municipal funds (such as co-financing of municipal projects, financing of local visibility events related to strategic planning, printing of developed strategies, etc.).

In terms of an additional assurance of division between regular and Action activities, a detailed ToR for each team member will be prepared outlining project related responsibilities and linked with the proposed percentage of time to be charged to the project. Further, during project implementation, team members will prepare detailed time-sheet outlining tasks implemented on a daily basis.

Operation 3.2.2 – Grant scheme

<b>Contract # and Name</b>	<b>Description</b>	<b>Cost Estimates (EUR m)</b>
<b>Grant scheme</b>	Minimum 23 Grant Agreements to LSGs selected through an open Call for implementation of activities encompassed within the Operation 3.2.2. Average estimated project size is 200.000 EUR. Proposed average size can be modified in accordance with findings of Exchange 1 and 3 evaluation (autumn 2012), while the final decision on the application criteria, including minimum and maximum size of projects will be made by the project Steering Committee. Priority will be given to projects that are implemented by municipalities applying jointly in a group and forming partnerships.	<b>5,115(4,65 from IPA; 0.465 from local national contribution to grant scheme)</b>

## **ANNEX 5 –Visibility activities**

Implementation of each service/agreement which falls within this Fiche will include preparation of the visibility plan/communication strategy in accordance with EU Visibility guidelines (in order to make possible greater promotion of European values, positive aspects of the reform processes and of the EU-accession). More particularly, with regards to the implementation sector support measure 3.1 it is planned that public hearings, debates and media campaign shall be organised within the scope of the project in order to promote goals of the reform notably in the field of HRM, highlighting ethics and transparency. When it comes to sector support measure 3.2, organisation of informative and promotional activities is planned (such as publishing of a newsletter, launching of a competition for the Best Municipal Project financed under the EXCHANGE 4, disseminating best practice examples, etc.). With the view of grant scheme implementation, preparatory and promotional events shall be organised such as “info-days”, preparation and distribution of PCM training grant scheme implementation manual, etc. Municipalities receiving grants should put visibility signs at the entrance of municipalities and other appropriate locations.



## ANNEX 6

### **Questionnaire on appropriateness of working with Council of Europe**

#### **Strengthening of administrative capacities in area of local self-government**

\* \* \*

Council of Europe (CoE) has its own, internationally recognised instruments, developed mechanisms and network of qualified experts. As an intergovernmental organisation, the Council of Europe draws upon the experience of its 47 Member States and normative framework of more than 200 European treaties, notably concerning the rule of law. The CoE standards on democracy, human rights and rule of law serve as a basis for the country's path towards European integration and CoE therefore provides an indispensable contribution to this process.

The Council of Europe has long experience in the design and implementation of successful technical assistance and cooperation projects in the field of local self-government, in the Western Balkans region and more specifically in Serbia.

Programme (Operation 3.1 of the Sector Fiche) currently under negotiation in the framework of IPA 2012, is a proposed follow-up to the successful on-going cooperation programme between the Council of Europe and the European Commission aimed at strengthening local self-government in Serbia, both as regards assistance to local government reform and strengthening the capacity of Serbian local authorities, and related joint activities implemented since 2006. In its most recent phase it includes, among other, an assistance for preparation of the Law on LSG units employees and respected bylaws, as well as the development of modern HRM tools tested in several pilot municipalities. Since the programme's inception, close ties have also been developed with key local stakeholders such as the Ministry in charge of public administration and local self-government, Ministry in charge of Finance (MF) and the Standing Conference of Towns and Municipalities (SCTM).

The main objective of the programme would be to assist development in Serbian LSG units of specific tasks related to professional training of LSG units employees and HRM tools adapted to their needs, and support their effective implementation, on the basis of adopted Law on LSG units employees and respected bylaws and adopted Strategy for professional training of LSG units employees.

Council of Europe's unique approach involves linking technical co-operation with monitoring mechanisms and standard setting. Experience from monitoring mechanisms and key conventions and Council of Europe's acquis in the field of local government complement the purposes and the overall objective of this project.

In this regard, if local democracy is a familiar concept in the definition of policies in Europe and at national level, it is useful to recall that it was created and developed within the Council of Europe which is the only European intergovernmental

Organisation fully competent to deal with it in all its facets (institutions, competences, finance, citizen participation, etc.).

For years, the Council of Europe has been promoting the concept of local democracy which, in any democratic state, could be described as comprising two series of separate but interconnected fundamental relationships: the relationship between central and local authorities on the one hand, and relations between citizens and local communities, on the other.

On the one hand, the Council of Europe has developed the guiding principle of subsidiarity, which governs the relationship between central and local government for the distribution of tasks across the legal and institutional structure of local and regional authorities, but also through the allocation of fiscal and financial capacity and specific tasks, including in particular the provision of public services. The subsidiarity principle reflects an optimum allocation of responsibilities and resources and allows for decisions to be taken at the level closest to the citizens.

This relationship finds its legal expression in *the European Charter of Local Self Government*, the only international legal instrument in the field. On 6 September 2007, the Serbian authorities ratified this very important legal instrument, becoming the 44th State undertaking to respect the European rules on local democracy in general, and the very important relationship between the central and local in particular.

In this regard, it should be pointed that the principles of professionalisation, modernisation and decentralisation of public administration, whose establishment is a key objective of the programme on “Strengthening of administrative capacities in area of local self-government” under negotiation, are closely linked with the key principles of good democratic governance and innovation as defined by the *Council of Europe Strategy for Good Governance and Innovation at local level*. They are also essential to the full and effective implementation of the *European Charter for Local Self-Government*.

The Principle 7 of the Strategy is dealing with “competence and capacity” of local authorities while the Article 6 of the Charter covers “the appropriate administrative structures and resources for the tasks of local authorities”.

The Strategy principle 7 is insisting in particular on the need to make sure that professional skills of local government staff are continuously maintained and strengthened in order to improve their output and impact, develop their performance and produce better results.

Article 6 of the European Charter is highlighting that local authorities should be able to adapt them to local needs and ensure effective management and that “conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided”. This approach and experience represent a clear added value that only the Council of Europe can ensure.

\* \* \*

**Basic data:**

- **Total size of programme:** 1 650 000€
- **Commission contribution (as a % of total programme):** 90% (1 500 000€)
- **Contribution of IO:** 10% (150 000 €)
- **Contributions of other donors:** no
- **Trust Fund and Trust Fund reference (where appropriate):** NA
- **Has the 4 pillar review been completed ?** Yes

**Aid Effectiveness**

**How will the IO:**

- **Support the partner country involved to exercise effective leadership and ownership over their programmes?**

Programme will be implemented in close collaboration with the Ministry of Regional Development and Local Self-Government of the Republic of Serbia and the Standing Conference of Towns and Municipalities (SCTM). Their involvement in the implementation of the project will insure ownership and effective leadership and constructive dialogue with Serbian local authorities, which will be final beneficiaries of most activities envisaged within the programme.

- **Fit the program in the context of a joint donor assistance strategies (if it exists); and ensure that the programme is complementary to other donors' work (taking into account division of labour, programme based approaches and joint and coordinated in-country missions)?**

The respective programme is developed as a follow-up to the on-going Joint Programme between the Council of Europe and the European Commission on “Strengthening local self-government in Serbia” Phase II (2009-2012), and more especially its activities dealing with the assistance to the reform of status of local government officials and the promotion of modern management of human resources (HRM) at LSG level with the developments of related HRM models and bylaws.

New programme will aim to assist development in Serbian LSG units of specific tasks related to professional training of LSG unit’s employees and HRM tools adapted to their needs, and support their effective implementation, on the basis of adopted Law on LSG unit’s employees and respected bylaws and adopted Strategy for professional training of LSG unit’s employees.

These HRM models, developed under the current joint programme, are dealing with three specific areas of key importance:

- job profile definition;
- procedures of selection and recruitment and;
- the mechanisms of evaluation of staff performance, with the definition of training needs.

Overall, it should be pointed out that CoE is one of numerous key international stakeholders supporting local self-government reform in Serbia, alongside the OSCE, UNDP, KS (Norwegian Association of Local and Regional Authorities), SIDA (Swedish Development Cooperation Agency), SDC (Swiss Cooperation Development Agency) and many others. However, given its conventions, available tools and long term experience, it has clearly an important.

- **Make use of country systems for public financial management and procurement (on the basis of available joint assessments and analytical work with other donors)? Provide a rationale when country systems are not used (including an explanation for the use of parallel Project Implementation Units (PIUs)?**

Subcontracting in this programme will be done in collaboration with the local partners who will use public financing management.

- **Coordinate and align capacity development and technical cooperation?**

The programme team will ensure proper coordination with the local partners who will use public financial management.

- **Ensure full and timely information any conditions attached to the programmes as well as on commitments and disbursement on an annual and multi-annual basis (predictability and transparency)?**

CoE will report on an annual basis on funds received, commitments and disbursement. It will also provide a progress report every six months which are going to be considered/approved by Programme Steering Committee established by Ministries in charge of public administration and local self-government to steer the process of implementation.

#### **Why we work with Ios**

- **Why have international organisations been considered to manage this programme in preference to working directly with the government or with NGOs – e.g. request from government, absence of alternatives, capacity, normative or policy considerations, etc.**

Being a Council of Europe (CoE) member state and also a signatory of the European Charter of Local Self-Government whose Article 6, as mentioned above, is dealing with “the appropriate administrative structures and resources for the tasks of local authorities”, Serbia, through direct technical assistance by the CoE to the relevant Serbian Government institutions and partners, would attain sufficient capacities to fully implement relevant international standards and further improve their implementation.

The Council of Europe is pursuing, through the European Charter of Local Self-Government and more especially through the European Strategy for Innovation and Good Governance at local level, a comprehensive approach to improving the quality of local service provided to citizen and developing concrete tools and mechanisms for reinforcing local administrative structures, including the management of staff, in particular through the exchanges of good practices at European level.

On the one hand, local self-government standards’ setting set by the European Charter of Local Self-Government, and to a certain extent, the European Strategy for Innovation and Good Governance at local level, are monitored through the work of the Council of Europe Congress of Local and Regional Authorities as well as of the European Committee on Local and Regional Democracy;

On the other hand, the Council of Europe has at its disposal, in addition to existing conventions, an effective structure of technical assistance to local authorities such as the Centre of Expertise for Local Reform, based in Strasbourg. The Centre was created in 2006 by the Third Summit of Council of Europe Heads of State and Government in order to develop the capacity of local authorities of 47 member states of the Organisation.

Its work is based on European experiences and its objective are to encourage the transfer of best practices on good governance, develop practical tools and help local authorities to use them to improve in the short to medium term, their results in such areas as performance management at the local level, leadership, public ethics, public participation, training of local officials, and of management of human resources. The know-how gained through the work of the Centre of Expertise is therefore of clear added value.

- **Why has this particular international organisation been selected in preference to other IOs – e.g. experience in the country/region, expertise, neutrality/security reasons, absence of alternatives, coordination ability, etc.**

The Council of Europe present the following clear advantages:

- long experience in the design and implementation of successful technical assistance and cooperation projects in the field of local self-government reform, both in the field of legal assistance and local authorities’ capacity building;
- internationally recognised monitoring mechanisms (Congress of Local and Regional Authorities as well as the European Committee on Local and Regional Democracy:)

- a unique project methodology that links technical co-operation with monitoring mechanisms and standard setting on respect of key local government principles stated in the European Charter on Local Self-Government and to a certain extent the European Strategy for Innovation and Good Governance at local level;
- access to an international network of qualified experts on local self-government reform as well as best practices from European local authorities (300 000 in the whole of CoE member states) in particular through the work of the Council of Europe Centre of Expertise for Local Government Reform set up in 2006;
- **What is the expected added value of working with this IO in this particular context - e.g. speed of delivery, quality, etc.**

CoE's added values to this particular project are mainly its professionalism, competence, and rigor in implementation of JPs, as proven by more than 100 JPs already implemented with the EC, and more especially the ones implemented in Serbia in the field of local self-government since 2006.

In this regard, the fact that the programme currently under negotiation is a follow-up to the very successful on-going cooperation programme between the Council of Europe and the European Commission aimed at strengthening local self-government in Serbia, since 2006, is also a guarantee of efficiency in implementing foreseen activities; the Council of Europe having already established close ties with key stakeholders and having experts in place as well as already tools at disposal.

In addition, the Council of Europe, given its long term experience in the country, has a very good understanding of key issues at stake in the field of local self-government in Serbia, in particular with regards to the building of administrative structures of Serbian local authorities. It knows how to approach the promotion of modern tools and mechanisms of HRM at LSG level, a very sensitive topic, which will require, in particular, a change of mentality of those in charge, regarding key aspects such as transparency and efficiency.

- **Is the programme financially significant or does it address issues that are important in political, normative or policy terms. By financially significant, the following is understood:**

Having in mind nature of envisaged activities and expected results it can be stated that programme is important in normative and policy terms.

- **Relevant experience with this IO, either in this country/region or elsewhere**

CoE has already implemented several technical assistance in country projects on local self-government in Serbia, and more specifically:

- Joint Programme on Strengthening Local Self-Government in Serbia, Phase I (2006-2008)
- Joint Programme on Strengthening Local Self-Government in Serbia, Phase II (2009-2012) – on-going.

It has implemented or is implementing major projects in other countries from Western Balkans, Eastern Europe and South Caucasus:

- Programme on “Reinforcing local and regional structures in Albania (2009-2012), financed by the Swiss authorities;
  - Joint EU-CoE Joint Programme on “Strengthening local self-government in Montenegro” (2009-2011);
  - Joint EU-CoE Joint Programme to “Strengthening local self-government in Georgia” (2005-2006);
  - Programme on “Strengthening Local Democracy and Support for Local Government Reforms in Ukraine” (2010-2013), financed by SIDA.
  - Programme on “Strengthening the capacity of local authorities in Ukraine” (2011-2014) financed by the Danish and Swiss governments (SDC)
- **Assessment of the expected and actual impact and performance of the IO in this programme.**

The expected impact of this project is an improvement of administrative capacities of Serbian local authorities, and as a consequence, an improvement of the quality of municipal services provided to the citizens, thanks to the development of a modern and effective human resource management and enhanced professional training of employees, linked to the implementation of effective HRM tools.

Overall, Serbian local authorities would, as a result of the programme, be better equipped to make optimal use of the competences and financial resources, whether own, delegated or newly transferred by the Serbian government through the on-going process of decentralisation, supported in particular by the Council of Europe.

### **Implementation issues**

- **Will the IO implement the programme using its own staff only or will it work with implementing partners? A list of the intended partners and the amounts granted should be provided. This can then be updated when reports are received.**

The Council of Europe uses its own subject matter specialised staff and also engages when necessary experts depending on the particular needs of the programme.

Moreover, the Council of Europe makes use of its presence in the field in order to ensure the political and administrative support of its actions in terms of activity implementation on the day to day basis approach.

Additionally, in most of cases and subject to contractual agreements with donor and national authorities, the CoE ensures accommodation within its premises of the Project’s Implementation Unit which usually comprises on the one hand one programme coordinator based in Strasbourg, and on the other hand one programme

adviser, two programmes administrative assistants, and one financial assistant based in Belgrade.

The justification for the programme coordinator based in Strasbourg is the need to maintain close ties with the work of the Centre of Expertise for Local Government Reform as well as of the key monitoring bodies in the field of local self-government which are the Congress of Local and Regional Authorities of the Council of Europe and the European Committee on Local Self-Government, whose networks and know-how are essential for the success of the project.

- **Has the IO been able to confirm that implementation by partners is more effective than implementation with its own staff? The IO should be able to provide a guarantee that the use of implementing partners is appropriate – i.e. that it is the best way to implement the programme and that issues of cost effectiveness have been considered. A series of options could be proposed – cost-benefit analysis carried out, speed and quality of delivery, etc.**

N/A

- **Will the IO conclude procurement contracts?**

Yes

#### **Contractual issues**

- **Is joint management being used – if not, what is being used and why? (see instruction note 4916 of 27 March 2007, chapter 7 of the updated version of PRAG 2008 and instruction note 29599 of 10 February 2009)**

Joint management is being used.

- **Is a framework agreement in force?**

Yes, the Framework Administrative Agreement entered into force in August 2004.

- **Is the agreement to be concluded in conformity with the relevant framework agreement and the standard contribution agreement or the administration agreement (for the World Bank).**

N/A

- **Are any special conditions included which derogate from the standard contribution agreement or the administration agreement? If so a thorough justification needs to be provided.**

CoE uses standard contribution agreements

#### **Governance, reporting and monitoring**



- **What will be the respective role of the IO, the partner country, the EC and other donors in the governance bodies of the programme?**

CoE will provide necessary technical and logistical assistance for implementation of envisaged activities. Ministry of Justice and State Administration and Ministry of Regional Development and Local Self-Government will establish Steering Committee at the beginning of implementation. SC will be chaired by representatives of mentioned Ministries and will involve representatives of all relevant institutions. The SC will closely follow aspects of the project's implementation and its political dynamics as well as addresses any major issue that the project may face. It shall have regular meetings (every six months) and shall have the following responsibilities:

- To make an assessment of emerging needs for sound project implementation.
- To approve the overall work plan and the annual work plans.
- To recommend strategies in the light of national anti-corruption priorities
- To make recommendations on the translation of newly developed strategies into policy.
- To conduct reviews of project reports and other documentation.
- To conduct a final review of the implementation.
- To recommend strategies for sustainability and follow up activities.

- **What are the reporting arrangements in place for this specific programme? e.g. as provided in the UN joint reporting guidelines, Standard Contribution Agreement or supplementary requirements.**

Reporting arrangements are defined by the General Conditions applicable to European Community contribution agreements with international organisations. These are minimum requirements, however, in normal circumstances, these arrangements are considered as sufficient.

- **Is it intended to carry out a verification of this programme?**

Verification will be conducted through bodies established for implementation of the programme (SC and other operational bodies). Work of experts involved in the implementation of envisaged activities will be verified in accordance with standard procedures (work reports, time sheets, etc.).

- **What are the monitoring arrangements in place for this specific programme? e.g. regular reporting, ROM, field missions by EC staff, evaluation performed by the IO, evaluation commissioned by EC.**

The project's implementation aspects will be monitored by the Steering Committee and structures established for programme implementation (e.g. special working

groups), while different evaluations and audits may take place and they usually consist of the following types:

- Council of Europe's own (commissioned) independent evaluation/assessment;
- EC independent evaluation in accordance to the Standard General Provisions of the Framework agreement;
- ROM will be applied to this programme, as it is the case for all CoE/EU Joint Programmes exceeding certain threshold;
- Internal and external Auditing of the Council of Europe (in terms of financial management).

As concerns the evaluation organised and commissioned by the Council of Europe, such evaluations provide an assessment of the overall progress of the project during its implementation against the project's objectives and its activities, as set out in the project document, and its value-added and impact. The assessment will describe the findings and include proposals to the Council of Europe, which then shall be provided to the donor, the contracting authority and the beneficiary institution.

## ANNEX 7

### **Justification for a direct grant to the SCTM and elaboration of activities, links with the previous phases and elements of sustainability (Exchange 4)**

#### **Justification for direct grant**

The **Standing Conference of Towns and Municipalities (SCTM)** is an independent, non-partisan, non-governmental and non-profit association which gathers towns and municipalities from the Republic of Serbia, with the purpose of development and improvement of local self-government, its protection and realisation of common interests. SCTM goals are: development, promotion and protection of the local self-government in Serbia, in accordance with the principles of the European Charter of Local Self-Government, realisation of common interests of municipalities and towns and improvement of their capacities to exercise authority and provide services to citizens. To achieve its goals, SCTM acts to improve the legal framework and general conditions for the development of local self-government in Serbia, represents common interests that its members have agreed upon, and provides them with services aimed to improve their work, in accordance with European standards. SCTM implemented number of projects in area of local self-government development with the support from various donors.

Within the present fiche it is envisaged that the Direct grant agreement is awarded to the Standing Conference of Towns and Municipalities as a continuation of Exchange 1, 2 and 3 projects.

Standing Conference of Towns and Municipalities has long experience in the design and implementation of successful assistance and cooperation projects in the field of local self-government in Serbia. Over the past ten years, SCTM has implemented numerous projects (size up to 2 million EUR) and has developed internal capacities and created a network of partners and experts involved in implementation of SCTM core and project activities.

Moreover, Standing Conference of Towns and Municipalities is a national association and can in full capacity use resources to cover nation-wide territory which is very important for the proposed project and expected results. Amongst other resources, SCTM coordinates network of municipal liaison officers (contact persons in each of 168 LSGs), SLAP coordinators (over 100 municipal coordinators) and has very good cooperation with RDAs and local development offices through its regular activities, including work of 10 thematic committees gathering representatives of local self-government units.

Related to component 3 – implementation of grant scheme, SCTM has proven record of successful grant scheme implementation with Exchange 1 and Exchange 3 projects (grant fund utilisation ratio under Exchange 1 was over 93%). The organisation has built internal capacities for grant scheme management and, as a national association, uses all available communication resources to timely inform and prepare local

governments (for example, over 100 application, our 168 LSG units, received under each call for proposals).

Specifically, related to activities planned under the Exchange 4 projects, Standing Conference of Towns and Municipalities, was coordinating processes of developing tools in the area of municipal strategic planning and municipal finances to be further disseminated to local government units under Exchange 4. SCTM has initiated and coordinated process of developing and piloting sustainable planning methodological approach developed under the Exchange 2 projects, which were further applied and adjusted in the areas of local sector and action planning under the Exchange 3 and MSP IPA07 projects. In the area of municipal finances, SCTM is currently involved in the processes of developing program budgeting model and has contributed to issuing of the first municipal bond in Serbia (direct support through Exchange 3 project). It is also important to stress that SCTM has also developed internal capacities for coordinating of these activities and provision of direct expert support to local governments, which makes SCTM preferred partner for future dissemination of these models.

#### **Exchange 4 – results and activities**

Concrete results to be achieved under this measure include:

4.1. Ensured conditions for sustainable development at the local level through preparation and effective implementation of local strategic planning documents, based on community priorities and harmonised with national planning framework, sector strategies and standards.

4.2. Improved organisational capacities of municipal administrations, through improved work of local tax administrations, increased use of programme budgeting (multi-annual financial planning) and improved access to alternative sources of financing.

4.3 Improved municipal services, strengthened municipal management, implementation of municipal strategic development priorities and promotion of local economic development, through implementation of at least one Call for Proposals of the Exchange 4 grant scheme

These results will be achieved through the following groups of sub-activities:

4.1.1 Provide direct support to LSGs in developing identified priority sector strategic plans and the action plans for implementation of strategies and related pipelines in line with the national strategic framework – initial step under this group of activities will be assessment of priority thematic areas for support in the area of sector planning which will be based on the results and recommendations of analysis conducted under Exchange 3 and overview of existing municipal strategies (SCTM maintained data-base). Once thematic areas for sector strategies are endorsed by the SC, project will launch an open call for interested LSGs to apply for assistance in the area of sector planning or development of action plans with project pipeline.

In terms of methodology applied, Exchange 4 will use approach piloted under MSP IPA07 project. It is foreseen that around 20 towns and municipalities will be supported in this area and this support will include: training of members of municipal WG in the area of sector / action planning , identification and mobilisation of local partners, facilitation of strategies / action plans / projects development and expert support in specific areas covered by the strategies and. It is expected that all 20 strategies / action plans with project pipelines will be adopted by the Municipal / Town Assemblies by the end of the project thus becoming official planning documents.

4.1.2 Support to SLAP infrastructure projects pipeline – including regular coordination with the line ministries on the use of SLAP system, system maintenance, coordination and direct support to municipal SLAP coordinators.

4.1.3 Participate in preparation and promote inputs to development of regional and national strategies of line ministries, - project will continue organising meetings of the SLDS working group including representatives of line ministries, RDAs, LSGs and projects which serves as arena for exchange of information on planning processes on all levels focusing on (i) priorities identified on the national level influencing planning processes and priorities to be tackled on the local level and (ii) general priorities on the local level to be included in the regional / national strategies. Exchange 4 experts will be involved in planning working groups and the National Forum on Sustainable Development.

4.2.1 Provide direct support to LSGs in implementing new financial regulations and related models, including support LSGs in the process of programme budgeting, improvement of work of tax administrations, alternative sources of financing –

(a) *Programme budgeting* –Taking into account legal requirements that all LSGs should introduce this type of budgeting model from 2015 (preparation of budgets in new formats have to be initiated in 2014), it is proposed to continue with support in the area of programme budgeting under Exchange 4, including direct support to LSGs and dissemination of a model through SCTM committees and working groups. Once selection criteria are confirmed by the project SC, a Call for expression of interest for support in the area of programmes budgeting will be launched. It is expected that around 10 municipalities will receive support in this area during 2014, including training of core team members, facilitation of programme budgets preparation and direct expert support in analysing financial data and preparing of draft budget proposals. It expected that all programme budgets will be adopted by the Municipal / Town Assemblies by the end of project. Further, in cooperation with the Ministry of Finance and Economy, SCTM will disseminate information related to preparation of programme budgets to all local government units in Serbia.

(b) *Work of local tax administrations (LTA)* – under Exchange 3 project, the work of network of LTAs and creation of a working group consisting of lead regional representatives was supported.

Considering of importance of functioning of LTA for local finances and the fact that there are frequent legal changes in this area, it is planned to continue supporting LTA WG under Exchange 4 by providing expert support in analysing new legal regulations and preparing recommendations for improved functioning of LTAs. The project will not provide direct support to a selected group of LSGs, but it is foreseen to provide support to all through LTA WG and network.

(c) Alternative sources of financing – Exchange 3 and MSP IPA07 have supported piloting of municipal bonds in 4 LSGs. It is planned that the project provides support to around 10 LSGs in issuing bonds and this group of municipalities will be selected through an open call for expression of interest (most probably to be launched at the same time as the call for support in the area of programme budgeting). Direct support in the area of programme budgeting will include expert support in preparing financial data, facilitation of process of preliminary negotiations and final evaluation of offers and it is foreseen that this could become major source for financing and/or co-financing of municipal infrastructure projects.

4.2.2 Provide support to functioning of the Intergovernmental Finance Commission - role of IFC is designed as a major focal point for all decisions related to municipal finances. Though there were serious delays in organising regular meetings of the IFC, taking into account decisions made / confirmed by this body in the previous period, it is important to continue providing demand-driven expert support to the representatives of LSGs in the body. The project will provide expert support (number of days will be defined in the project proposal) in analysing proposals and preparing recommendations for the IFC.

4.3.1. Identification of specific sectors / measures to be covered by the grant scheme on the basis of identified priorities at local level, linked to the national strategies and legislation implementation and respective EU requirements – Based on the findings of nation-wide consultation process (involving few rounds of workshops organised in 2010/11), following areas are identified as priorities at this moment: social protection / welfare issues, waste management (waste separation on local level), environmental protection and local economic development. Prior to launching a call for proposals, project will conduct an additional analysis and identification of specific sectors / measures to be covered by the grant scheme on the basis of identified priorities at local level, linked to the national strategies and legislation implementation and respective EU requirements. On the basis of this analysis, a draft Guidelines will be prepared and presented to the SC members. Once endorsed by the SC members, draft application package will be submitted to the delegation of the European Union to the Republic of Serbia.

4.3.2. Organise preparatory and promotional events for grant scheme implementation (PCM training grant scheme implementation manual, “info-days”, etc.) - upon launching a Call for Proposals, 5 regional info days will be organised. The main purpose of these events will be to present criteria of the call (morning sessions) and to present main elements of application package (afternoon session).

All LSGs will be invited to these events (regional distribution) and besides info leaflets and application packages (CDs), manuals for project development and implementation will be distributed to all participants (CDs).

4.3.3. Support to the Contracting authority in the Call for Proposals, procedure (assessment of proposals, monitoring of projects selected, assistance with implementation (finances, procurement, reporting); - Exchange 4 project will provide administrative and technical assessors to be included in the evaluation process, and will also provide administrative support to the Evaluation panel. Once projects are selected, Exchange 4 team will provide following support:

(a) organise two rounds of 2-day training on project implementation for all beneficiaries covering rules and procedures related to implementation of EU financed projects including finances, procurement, reporting, contract amendments and visibility.

(b) organise demand-driven training sessions on procurement, preparation of reports (interim and final), etc.

(c) organise regular bi-monthly visits to all projects and additional missions if needed (specific activities, delays in project implementation, etc.)

(d) advise on procurement issues and endorse tender dossiers and evaluation reports (above 10.000EUR).

(e) advise on financial issues and assist with VAT requests, financial reports, etc.

(f) advise on reporting issues (narrative and financial) and endorse reports prior to submission to donor

(g) advise on contract amendments and endorse requests prior to submitting to donor

(h) advise on visibility issues and endorse visibility proposals.

(i) advise / support in specific implementation issues and cooperation with local / EU partners.

4.3.4. Organise informative and promotional activities ( promote EU values / EU visibility, newsletter, competition for the Best Municipal Project financed under the EXCHANGE 4, best practice examples). – following sub-activities are planned:

(a) publishing of a bi-monthly newsletter on financed projects

(b) preparing of a joint visibility elements for the grant scheme – brochures, posters, etc.

(c) organisation of a competition for the best project financed under Exchange 4 grant scheme

(d) organisation of the final project conference promoting all financed projects (billboards, publications, presentations).

#### **Exchange 4 – Links with previous project phases / MSP projects**

New phase of Exchange programme will cover a larger scope of activities, based on past experiences, newly developed tools within on-going or recently finalised EU programmes that have to be field-tested or to be rolled out further, as well as activities aimed at strengthening the service delivery function of the SCTM and the coordination/platform function of the SCTM. The objective of the Exchange 4 programme will be to increase capacities for good governance, better service delivery and to ensure preconditions for financial sustainability and effectiveness at local level, as well as to strengthen SCTM to raise number and quality of services to its members and to enhance cooperation between stakeholders in decentralisation process.

All three components are designed in a way to use best-practices and models of on-going project, to further improve them and support larger group of local self-governments:

***Component I: Planning and project pipelines*** – SCTM has under Exchange 2 projects, supported with TA and in coordination with large group of national stakeholders (SLDS WG), developed and piloted new concept of planning on the local level and supported 25 municipalities in developing framework community development strategies - local sustainable development strategies (SLDS). This type of support has continued under Exchange 3 and 15 new LSGs are supported in preparing and/or revising framework strategies. In parallel, SCTM has worked with MSP IPA07 project on piloting SLDS approach in the area of sector planning and action planning (around 25 LSGs are supported in developing specific sector strategies or developing detailed action plans with project pipelines).

Considering that (i) limited number of LSGs will receive support under MSP IPA07 in developing sector strategies / action plans (same type of sector strategy will be piloted in up to 3 LSGs) and (ii) taking into account the need expressed by LSGs to receive additional support in developing sector strategies (including also legal requirements) and action plans / project pipe-lines, we are proposing to provide support to around 20 LSGs in the area of sector and action planning under Exchange 4. This is a step further in support in the area of municipal planning compared with Exchange 3: from framework community development strategies we will go deeper and deal with sector and project planning. At the same time, this approach will allow more LSGs to be supported using methodological approach that has shown good results under MSP IPA07 project.

Lastly, though list of proposed thematic areas might vary in line with specific demands of LSGs at the time of project implementation and recommendations by the project SC, key areas of support in the area of sector planning would include: social issues, waste management, local environmental action plans and local economic development plans (including SME development, rural development).



Regarding SLAP information system, it was initially developed under the EU-funded MISP project and over the years further developed in cooperation between SCTM and this project. Latest revision of the system is being supported under the on-going Exchange 3 and MISP IPA07 projects and it serves as a basis for more direct cooperation with line ministries, including commitment on using the system in preselecting of projects. Considering that further development of infrastructure is among three top ranked priorities for majority of LSGs there is a growing need to assist them in acquiring knowledge on EU requirements related to infrastructure development (through municipal SLAP coordinators' network) and support in preparing and entering projects in SLAP IS.

**Component II: Municipal finance** – again, the main initiatives / areas of support under this component are based on the pilot models currently developed under MSP IPA07 and Exchange 3 projects:

(a) *Programme budgeting* – at the moment two projects are jointly with the WG preparing a model of programme budgeting, which will be piloted in 10 local government units. Taking into account legal requirements that all LSGs should introduce this type of budgeting model from 2015, it is proposed to continue with support in the area of programme budgeting under Exchange 4, including direct support to LSGs and dissemination of a model through SCTM committees and working groups.

(b) *Work of local tax administrations (LTA)* – under Exchange 3 project, SCTM has supported the work of network of LTAs and creation of a working group consisting of lead regional representatives. Considering of importance of functioning of LTA for local finances and the fact that there are constant legal changes in this area, it is planned to continue supporting LTA WG under Exchange 4 by providing expert support in analysing new legal regulations and preparing recommendations for improved functioning of LTAs.

(c) *Alternative sources of financing* – Exchange 3 and MSP IPA07 have supported piloting of municipal bonds in 4 LSGs. Taking into account (i) increased demand for alternative sources of financing of municipal projects, (ii) conditions for taking bank loans and limitations imposed by the law in this area, as well as (iii) recent changes in the Law on Public Debt allowing for public placement of municipal bonds which has additionally boost interest for this type of project financing, we are proposing continuing providing support to LSGs in issuing municipal bonds. This support will include expert support in preparing financial data, facilitation of process of preliminary negotiations and final evaluation of offers and it is foreseen that this could become major source for financing and/or co-financing of municipal infrastructure projects.

**Component III: Grant scheme** – Fund for financing of municipal projects was an integral part of the Exchange 1 and Exchange 3 projects and proved to be excellent capacity building tool in terms quality and number of projects financed, as well as knowledge gained – specific and in the area of EU project management. In line with outcomes of two previous phases and needs assessments (outcomes of planning workshops), we are proposing to include Fund for financing of municipal projects

under Exchange 4 project. Funding criteria will include some of already tested and confirmed segments, such as obligatory partnership, linking of projects with existing municipal strategies, but will at the same time include new elements, most importantly, focusing of assistance (eligible thematic areas) to priorities identified in the national strategies and PAR. Similar to the final list of areas for sector strategies, final list of thematic areas for grant scheme will be based on additional assessment at the beginning of project implementation and decision by the SC members, but at this point following priority areas are identified: social issues, waste management (waste separation on local level), environmental protection and local economic development.

### **Sustainability of project components**

All phases of Exchange programme (1,2, and 3) are designed to include elements of **exchange and sharing of best practices** – including introducing best practices from EU partner municipalities or other Serbian municipalities, introduction of best EU practices in the area of local planning.

Concrete elements related to past grant schemes implemented (Exchange 1 and 3) have shown that after grant projects have finished, towns and municipalities around Serbia have improved their management and services provided to the citizens, as well as knowledge:

- In the project specific area of support - under Exchange 1, municipal projects in the following thematic areas were financed: (i) local economic development (support to establishment of LED offices, tourism and rural development ) – 7 projects, (ii) communal services (housing and management) – 3 projects, (iii) social issues (Centres for Social Services, Youth Offices) – 3 projects, (iv) municipal services (establishment of CAC, CIC, unified payment of services, e-government) – 19 projects, (v) living environment and environmental protection (LEAP development, establishment of systems for waste separation and primary recycling) – 8 projects, (vi) spatial planning / GIS – 3 projects and (vii) municipal management (Project Offices, ISO standardisation) 0 6 projects.

Under the on-going Exchange 3 grant scheme, thematic areas slightly differ and there is a notable shift towards more specialised services: (i) communal issues (waste separation, energy efficiency) – 14 projects, (ii) local economic development (rural, agriculture and tourism development, improvement of business climate) – 15 projects, (iii) municipal management (HR, e-government, finances) – 11 projects, (iv) services (CAC) – 8 projects, (v) social services – 2 projects and (vi) spatial planning (GIS, planning documentation) – 17 projects.

- In project preparation and implementation in line with the EU standards.
- Majority of local self-governments have continued cooperation with partners from the EU countries (for example, partners from Exchange 1 have applied again for funding of projects under Exchange 3), as well as with partner

municipalities from Serbia. It is also interesting that most have also continued cooperation with local NGOs established during project.

Knowledge and experiences gained during implementation of projects financed under Exchange 1 and 3, as well as best-practices and manuals develop under this and other SCTM-implemented projects, proved to be very useful for participating local self-governments when applying for and implementing EU-funded projects under other grant schemes.

Ever since launching Exchange 1, SCTM has continually working on promotion of EU support to local self-governments. Exchange and other EU projects in the area of local community support have been regularly presented on all major SCTM events (for example, contract signing and promotion of Exchange 3 was organised during the 2009 SCTM Assembly with highest representatives of the Government and over 130 municipal representatives), web site and newsletters. As a part of Exchange 3, SCTM has designed unified visibility materials for all 67 participating LSGs (brochures, posters, info-boards), and additional attention to visibility was given by municipal teams, including heavy promotion on local media throughout Serbia.

Exchange 4 will include following sustainability elements:

**Policy support** – The project will contribute to development and implementation of policies on the local level (through projects financed under grant scheme), as well as implementation of national policies on the local level (all components). Further, strategies and documents to be developed under components 1 and 2 will become official municipal documents. Influence on the national level will be reached through active support to IFC (4.2.2.), thus contributing to the improvement of general conditional for LG functioning. Lastly, the SCTM is an organisation well respected and supported by its members, ministries, the EU and international donor community working in the field of local government and has in the past years become increasingly more involved in and seen as a reliable and necessary partner by central government in issues dealing with local government.

**Appropriate technology** - A sustainability risk regarding appropriate technology occurs when a beneficiaries does not have the technical capacity or the financial means to operate and maintain an asset or IT infrastructure properly and effectively. Through grant scheme, project supporting development of ICT technologies, software that will improve and modernise municipal services within the given framework (appropriate quality standards and assurance mechanisms) will be supported.

**Environmental protection measures** - Due care will be taken with regard to any possible environmental impact related to the activities covered by the programme. Further it should be mentioned that under component 1 (planning) sustainable approach in sector and action planning will be implemented and environmental issues taken into due account. In component 3 (grant scheme implementation) specific attention will be paid through proposed fields of support and during evaluation of submitted proposals to environmental issues

**Social aspects** - Addressing cross-cutting issues is an integral part of the activities of this programme. Through the development of strategies and action plans / project pipelines in component 1 gender issues, ethnic minorities and socially vulnerable groups will be integrated into strategic planning in 20 municipalities, while in component 3 (grant scheme implementation) specific attention will be paid through proposed fields of support and during evaluation of submitted proposals to these issues.

**Financial sustainability** - financing of future operational and maintenance costs of newly introduced / improved services and functions in local self-governments will be financed from the municipal budgets (this conclusion is supported by experiences of Exchange 1, 2 and 3 grant schemes and TA). Further, LSGs will, in more general terms, also be enhanced through project interventions under 4.2.1. group of sub-activities (programme budgeting, LTAs and alternative sources of financing).