External review of the 'Institutional Support to the Standing Conference of Towns and Municipalities – Phase 2'

March 2018

External review of the 'Institutional Support to the
Standing Conference of Towns and Municipalities – Phase 2'

Authors:

Daniel Arn

Olivera Puric

Table of Contents

ACRONYMS

AP	Autonomous Province
EU	European Union
LGAP	Law on General Administrative Procedure
LSG	Local Self Government
LSGU	Local Self Government Unit
M&E	Monitoring and Evaluation
MPALSG	Ministry of Public Administration and Local Self Government
PS	Public Servant
ToR	Terms of Reference
SCTM	Standing Conference of Towns and Municipalities
SDC	Swiss Agency for Development and Cooperation
SPS	Serbian Progressive Party

EXECUTIVE SUMMARY

The Swiss Agency for Development and Cooperation (SDC) has been providing support to the Standing Conference of Towns and Municipalities (SCTM) in Serbia since 2010. This assistance has been structured as institutional support provided initially in the period 2010-2014, and after the success of this first phase, extended to phase 2 for 2014-2018. The main aim of SDC support is to strengthen capacities of SCTM for successful advocacy of local government (LG) interests before the provincial and central authorities, as well as improving the capacities of SCTM to extend assistance to LGs in implementing relevant regional and national policies.

The process of decentralization in Serbia is highly demanding and may appear to be lacking full political backing for advancing at an appropriate speed. However, considerable progress has been made in the previous period. The line ministry in charge of decentralization and public administration reform, as well as the functional division of labour between the central and local level, is the Ministry of Public Administration and Local Self Government (MPALSG). Since 2016, SDC has started providing contribution to MPALSG to implement a portion of the action plan for public administration reform. This contribution is a component of a larger package of four projects called Resources for Local Democracy.

Both MPALSG and SCTM are perceived as entities with high-level expertise. The figures and feedback on SCTM obtained in the course of this review have been overwhelmingly positive. SCTM work is deemed independent and impartial, prudent, highly skilled, and socially competent. SCTM is held in high regard by its members, public authorities, and the international community.

SCTM and MPALSG have established successful cooperation over the years, both through the SDC supported initiatives, and independent of them. This review was conducted with the intention of exploring the possible merging of two institutional support initiatives provided by SDC to these two entities by providing guidance on both the current interventions, as well as on the direction of future support.

It was unequivocally established in the course of the review that Switzerland needs to continue its institutional support to both SCTM and the MPALSG. This support is to be provided along two separate tracks, but it is of paramount importance that both initiatives are tightly coordinated under a common programming framework. The review has shown that the role of the SDC in the decentralization process, and in general in the governance area, is highly appreciated. Therefore, SDC should proactively contribute to donor coordination and participate in the policy dialogue on decentralization.

Decentralization is a protracted process, spanning the time frame of 10 to 20 years. If it is to be a success in the long run, SCTM and MPALSG are to develop a concrete model of decentralization (a joint vision), which can be used to give direction to the individual - pragmatic - reform steps. A succession of small, incremental steps requires a holistic approach to give results over time. Such an approach takes into

consideration an optimal manner to execute tasks within a municipality, an optimal model of organization of that municipality, and the optimal division of tasks and the financing responsibilities. All individual actions are then measured against how they contribute to achieving ultimate, overall goals. It is also important to maintain flexibility in this process precisely because of its duration and the constantly changing political and social landscape within which decentralization is taking place. Recalibration of the direction and gradual adjustment are intrinsic to the process.

Due to the constantly shifting circumstances whereby central level authorities often change laws and regulations of vital importance for the functioning of the local self-government units, the municipalities are usually lacking adequate capacities to be able to quickly respond to changes and properly implement the whole legislative portfolio governing their operations. SCTM is already positioned with their members, as well as in general on the market in Serbia, as an excellent service provider of, *inter alia*, good quality training to public servants in LGs. The SCTM should - in cooperation with the MPALSG – further develop a whole range of curricula for the local communities, and deliver training that builds capacities towards fully qualified staff in the municipalities and paves the way for their professional development.

This review tackled the issue of future support, the next phase. However, it would be wrong to already consider and/or decide on reducing, or even completely withdrawing, the SDC support to SCTM. As already stated, decentralisation is a very long process; for this reason, as long as Swiss cooperation is active in Serbia in terms of building capacities of the state, SDC should work with SCTM.

1. ACKNOWLEDGEMENTS

The Review Team would like to thank all staff of the Swiss Agency for Development and Cooperation (SDC) and its Co-operation Office in Belgrade for their assistance during the review, and in the preparation of this report. Particular thanks is due to Petar Vasilev, National Officer, SDC, Saša Mogic, Assistant Minister, Ministry of Public Administration and Local Self Government (MPALSG), and Nikola Tarbuk, Deputy Secretary General, the Standing Conference of Towns and Municipalities (SCTM), who all provided best possible support to the review process. Thanks also to the very dedicated staff of the SCTM.

In addition, the team would like to thank all persons interviewed in the course of the evaluation in Belgrade, including representatives of national and local government, and implementing agencies, as well as donor organizations, for their openness and willingness to share information with us.

2. DESCRIPTION OF THE TASK

2.1 Context

The Swiss Agency for Development and Cooperation (SDC) has been implementing programmes in the Rule of Law and Democracy sector in Serbia since 2007. This includes ensuring enhanced provision of quality services by municipalities to their citizens and the inclusion of civil society and citizens in local decision-making. To this end there is a strong programmatic focus placed on a need for vertical integration and advocacy for municipalities' interests at the central level through the Standing Conference of Towns and Municipalities (SCTM).

Decentralisation is one of the most politically sensitive topics in the Republic of Serbia. There is no consensus among the political parties and general public on the structure of vertical hierarchy of the Serbian government architecture. However, decentralisation is recognized as needed and necessary, and therefore envisaged by the Public Administration Reform Strategy and action plan. These strategic documents indicate that a Decentralization Strategy will be developed (together with an accompanying action plan) and that competencies will be reallocated based on the subsidiarity principle. The line ministry in charge of decentralization and public administration reform is the Ministry of Public Administration and Local Self Government (MPALSG). The Ministry is the initiator of the future decentralization strategy. It is also in charge of coordinating the comprehensive public administration reform process, as well as the functional division of tasks between the central and local level.

2.1.1 Background: The Standing Conference of Towns and Municipalities

The Standing Conference of Towns and Municipalities (SCTM) is the National Association of Local Authorities of Serbia. Due to its role, capacities and its legitimacy stemming from the fact that all towns and municipalities[1] are its members, the SCTM is an important stakeholder in the decentralisation process and local government system reform. The SCTM, as the unique association of LSGs in Serbia, is recognised for its relevance in the policy context, as well as for its outreach towards central and local levels of governance. Its responsibility, as the national association of local authorities, is to advocate the interests of local governments before the central government, support LSGs in their efforts to build their capacities (through various capacity building and technical assistance activities), as well as to cope with the issues related to their everyday functioning. It is also dedicated to fostering co-operation and dialogue among local authorities and is a key information exchange channel on important issues for towns and municipalities.

---

[1] Without Kosovo. This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

In the past four years, cooperation between the SCTM and national authorities has considerably improved. The SCTM has been fully accepted as a partner and a national representative of local governments in many Government working groups and advisory bodies within the EU negotiation process, as well as those tasked with programming and implementing the EU development assistance. During the abovementioned period, SCTM has almost doubled its participation in developing concrete public policies and regulations; the association introduced LSG interests and needs in a large number of national regulations, contributing to the improvement of LSG as the key level of public administration. SCTM has also been very active in supporting LSGs in the development of local capacities and reforming local administration. Since 2014, a significant increase has been observed in the level of advisory support to local administrations and the number of concrete tools and capacity building activities implemented by SCTM. Finally, in the past ten years SCTM has been recognised as a prominent partner to international institutions when it comes to local government reform.

2.1.2 Current SDC Support

It is within this context that SDC is implementing the current project "Institutional Support to SCTM – phase 2 2014-2018." The project is a continuation of a successfully implemented institutional support to SCTM in the period 2010-2014 and has a budget of 2,815,000 Euro. The project provides support to SCTM in advocating and lobbying for LSG interest before central government authorities, and in supporting LSGs in the implementation of adopted legal acts and national policies. The SCTM, supported by SDC and through its advocacy/lobbying activities and support to municipalities, is trying to ensure further decentralization, increased LSG influence on structural reforms, and improved implementation of respective national policy/legislation at the local level.

During the project implementation period, the SCTM has increased its capacities, in large part through the support of the SDC funded institutional support. For example, in the period from 2015-2017, the SCTM took part in the policy-making process for over 40 laws and other policy documents by taking part in working groups appointed by line ministries, meetings, public debates, drafting written proposals and analysis, and developing model legislation. From 2014-2017, SCTM implemented projects with a total budget of EUR 6.75m. It has already signed agreements for projects with a total budget of EUR 8.7m for 2018 and beyond. In the same period, SCTM delivered around 300 local and regional training sessions, with each event attended by 15 to 70 participants, depending on the topic. It also organised an additional 10 e-learning courses thereby introducing a new learning tool, with nearly 4000 LSG representatives having already been trained using the new online course. This is all indicative of the increased capacities of the SCTM.

2.1.3 Local Self Government - Major Reform Developments

In terms of SCTM strategic objectives and in relation to the comprehensive reform of local administration management, reforms concerning local civil servants' system and human resources management have been of particular importance.

First, the Law on the Maximum Number of Public Sector Employees was adopted, launching the process of rationalisation of public administration employees.[2] During the preparation of this Law, SCTM managed to ensure that the specific needs of various LSGs are respected, and particularly that the smallest municipalities in Serbia are protected. SCTM also managed to lobby for the greater protection of 33 small municipalities (10,000-15,000 thousand inhabitants), by proposing the 25% correction of the initial formula (SCTM estimated that this means over 300 employees more than initially envisaged) (Outcome 1). Finally, SCTM advocacy also enabled a takeover of employees between different organisations within the LSG system, which opened the possibility to retain high-quality staff during the rationalization (Outcome 2).

After the preparation of the legal framework for rationalization of public administration, the Law on the System of Salaries in the Public Sector was also adopted, introducing a uniform approach in this area to be further elaborated in the sector. The key issue for local administration was the adoption of the Law on Employees in Autonomous Provinces (AP) and LSG which established a legal framework for introducing a civil servants' system in the local administration, and a modern approach to human resources management. Recognising the importance of and the need for passing the law for the development of local administration, SCTM had not only advocated its adoption (outcome 2), but also implemented numerous activities during the preparation of this law (outcome 1).

At the end of 2017, the following laws were adopted: the Law on National Academy[3], amended Law on AP and LSG Employees following the establishment of the National Academy and the Law on Salaries of AP and LSG Employees. SCTM actively participated in drafting these regulations and advocated for important local government interests (outcome 1). The adoption of these regulations has rounded up the legislative framework on human resources management in local administration and development of a modern civil servants' system.

Through cooperation between MPALG and SCTM, and with financial support of various partners, including SDC, significant support was ensured for the implementation of the new modern human resources management system in the local administration.

With institutional support provided by SDC, a Model Rulebook on Internal Organisation and Job Classification in Town/Municipal Administration was developed (output 3). This model has not only comprehensively regulated and proposed all job positions existing in the local administration, but also provided recommendations and described the procedure of introducing new positions aiming to enhance good governance at the local government level (jobs relating to the issues like Roma

---

[2] In the period from 2014-2017 the number of total public administration employees in Serbia decreased for 39.473 employees (out of which, according to unofficial and unconfirmed estimates, 15 000 of LSG employees)

[3] National Public Administration Academy will be the central institution, which will in cooperation with the Council on Professional Development of LSGs form the institutional framework for managing the process of training LSG employees.

inclusion, gender equality, cooperation with the civil society organisations). The impact analysis of this Model Rulebook has shown that LSGs have used this Model to a large extent (analysis conducted on a sample of 43% of municipalities and 70% of cities shows that, at the level of all organisational units, the LSGs that introduced job posts used the SCTM Model's descriptions for 63% of job posts in municipalities and 66% of job posts in cities).[4] In addition to this document, the SCTM has developed a Model Code of Conduct for LG staff, as well as a Manual for filling in vacancies and evaluation of staff performance.

An important result for the local government system reform was also the adoption of the new Law on General Administrative Procedure (LGAP), with SCTM participating in its drafting (outcome 1). The new LGAP introduces the new concept of administration (modern, more efficient, high quality) that focuses on legitimate interest of citizens and business clients and requires the transformation of the self-centred administration to service- oriented administration. This approach represents the major reform of the functioning of the entire PA, but specifically local administration, which performs the larger share of public administration's administrative tasks (more than 60% of administrative work has been done by local authorities). Supported by SDC, and other donors, and in cooperation with MPALSG and the Prime Minister's Office, SCTM has organised numerous activities aimed at supporting local governments in ensuring harmonisation with the new legislative framework regulating administrative procedures. Fourteen regional workshops were organized and one e-learning course (over 1,080 people trained).

2.2 Understanding of the Review Mandate

Since 2016, SDC has been providing contribution to the MPALSG to implement a smaller segment of the action plan for public administration reform. This support is provided along the two objectives set by the Ministry:

1. Local Self Governments' (LGs) policy making, budget and service delivery are more efficient, transparent, evidence-based, and responsive to the needs of vulnerable or gender discriminated groups, and in line with LGs' clearly defined competences. Ultimately, citizens and business have better access to services of improved quality and are in a better position to hold LG accountable and compare their living standard & business environment with other LGs.

2. The Government of Serbia's new decentralisation strategy (to be adopted in the following years with the corresponding Action plan) will be guided by the principle of subsidiarity and will establish mechanisms that will ensure further decentralisation, more clear and functional division of tasks and competences between different tiers of government, adequate and predictable financing of LG competences, and more efficient provision of services to citizens and businesses. MPALSG will establish mechanisms for continuous support to LG for implementation of the new strategy.

The contribution to the Ministry is a component of a larger package of four projects

---

[4] SCTM descriptions were used in full for 45% of workplaces in municipalities and 40% in towns, while they were used partly for 17.5% in municipalities and 26% in towns.

called Resources for Local Democracy. The support will help the Ministry to establish and populate a database containing all relevant indicators/ information for the local level policy makers. The functional analysis to be carried out through this Project will examine the potential for further decentralization of competencies, propose models for inter-municipal sharing of competencies or suggest for recentralization of certain competencies that contravene the subsidiarity principle. The contribution also supports more efficient internal organization of local governments by promoting model administrative procedures developed by the national association of municipalities, the SCTM (supported by SDC with institutional support). In addition, the Ministry provides the help line to LG when they face a problem in the law or policy implementation.

The current review was forward looking and tasked with investigating the possible merger of the two interventions in the evolved context. The review provides guidance to SDC on what should be changed with regard to the current intervention and how to continue in the future. The review also evaluates relevance and effectiveness of the institutional contributions to SCTM and the programme/project contributions to MPALSG. The evaluators have tried to capture the results, focusing on what has changed for LGs as a result of these contributions. The reviewers have outlined lessons learned from the current phases, also based on the self-assessment of the SCTM and MPALSG (What are their lessons learned? Which results are they proud of? Where they have faced setbacks or obstacles?), and have provided recommendations for the future intervention.

2.3 Methodology

The review followed a simple design based on the analysis of the programme's contribution to identified or plausible development results.[5] The time available only allowed for a series of interviews with key stakeholders and beneficiaries without any additional sophisticated data gathering methods besides the already prepared data extracted from the Projects M&E system and further documentation provided by the Project, prior to, and during the evaluation mission.

Semi-structured interviews were conducted with representatives of the SCTM, municipalities, the MPALSG and line ministries, former employees of SCTM, representatives of SDC, and the international donor community. These interviews were intended to verify what was stated in the programme's documents, as well as to capture other aspects possibly missing in the programme's reporting. The interviews were conducted using exploratory techniques, and pointed questions on specific issues that have been identified during the document analysis stage, as well as the specific questions detailed in the review team's ToRs (see Annex 1). Information received was triangulated as much as possible. The interviewees were chosen according to the Project activities implemented and covered practically all areas of interest. The interviews were conducted over a period of eight days, divided into two

---

5 Following an initial desk analysis of strategic project documents, progress reports and secondary sources, primary data was gathered through structured and semi-structured, open-ended, individual and group interviews. Field time constraints did not allow full quantitative verification of the large variety and number of activities. Hence, focus of the field visits was on processes, sustainability and possible impact expectations.

missions in Serbia. Due to the limited time available, the interviews with selected project partners at the national, regional and local level were limited in number and selected by the project. An additional 3 meetings were conducted via Skype and telephone, with LSG units, chosen at random to enhance the validity and integrity of the review. A full list of stakeholders interviewed is presented in Annex 2.

Most information on the progress in the fulfilment of indicators come from the programme's elaborate M&E system, which is focused, on the one hand, on measuring the progress against the indicators on a semi-annual basis, and is being used, on the other hand, specifically for steering purposes in the coordination council. This allows management to make timely decisions regarding possible adaptations to on-going challenges in the implementation. The data quality of the M&E system is considered to be sufficiently accurate and delivers quality information relevant and useful to management, as well as to the reviewers.

3. FACTS AND FIGURES

3.1 Quantitative Analysis on the Basis of the Logframe[6]

Although the project has not yet been fully implemented, it has contributed fully to reaching both designated outcomes, outlined below, all results within which have been clearly achieved as a consequence of the project activities:

Outcome 1. Local self-governments (LSGs) are actively involved in, and have influence on, the decentralisation process (including EU accession implications) and development of related national policies and regulations; their interests are represented in national bodies and social and political forums.

Outcome 2. SCTM is actively advocating for the implementation of adopted national policies and regulations with LSGs and provides them with documented good practices, guidelines and expert support for implementation.

The visibility of SCTM has risen exponentially since the period covered by the Project's first phase, and even more so since 2010. According to the SCTM statistics and press clipping records, in 2011 SCTM activities were mentioned in around 170 press articles and website news feeds and around 60 times in electronic media (TV and radio). It can be concluded that SCTM's media visibility largely increased throughout implementation of the two phases of the SDC-funded project. In total, **in the period late 2014 – 2017, over 3000 SCTM related media reports, articles, interviews etc. were published** (2015: electronic media – 190, print media/web – 860; 2016: electronic media – 141, print media/web – 650; 2017: electronic media – 191, print media – 1390). **Information was disseminated through various communication channels: public events and meetings, electronic and printed media, SCTM website and social networks (SCTM Facebook and Twitter accounts), leaflets, brochures etc. E-bulletin comprising the most important information concerning SCTM current**

---

[6] Unless otherwise stipulated, the quantitative analysis in this section covers the period up to 31 January 2018.

activities was sent to towns and municipalities twice a month. Every year SCTM prepares a leaflet on its most important achievements to be disseminated at the SCTM General Assembly. A number of secondary materials provided by SCTM (photos and media records) testify to the above presented conclusions.

3.2. Facts and Figures Related to SCTM Resources

The quantitative analysis employed techniques of breaking down, examining, comparing, and conceptualizing available data relevant to the project. Such overall quantitative analysis of the numbers and figures found (all shown below) determined that this project showed no discrepancies or issues that warrant concern.

Overall the annual budget allocations were evenly spread and match the projected activities. The relationship between expenditure used for administrative versus programme activities also seems favourable as detailed below:

1. Project Team – 30.00% (the share within the original/initial project budget amounted to 31.40%);

2. Administrative costs – 5.75% (the share within the original/initial project budget amounted to 5.85%);

3. Implemented project activities – 62.5%.

Note: During the project implementation, one budget modification was made when the funds saved on the budget heading for Project Team salaries were reallocated to the budget headings for project activities. This structure of budget expenditures is mostly similar for other SCTM projects, as well (depending on the content and the type of a concrete project).

Donations to the SCTM throughout the project implementation period continued to be numerous. This funding diversification illustrates the good strategic position of SCTM, whereby it is more likely to preserve its development orientation and priorities, rather than being donor-driven in its development. On the other hand, the SDC project has become the largest contributor to the SCTM. SDC funding makes up 35.38% of donor contributions, as well as 25.52% of the SCTM's overall incomes for the period 2014-2016. The Swiss contribution is thus obviously a very important one to the SCTM's mission and programming.

It is interesting to note that the collection of membership fees rose from 76% in 2015 to 90% in 2017. The collection of membership fees has not been completed for 2017 as it is expected that some member towns and municipalities will make a payment in beginning of 2018. Therefore, the percentage of paid membership fee is likely to be higher than presented. In the period 2014-2016, the largest source of income for the SCTM was from membership fees - some 27% of its income. The second largest source of income was from SDC support, accounting for 26% of income. This is a remarkable achievement and indicates that the SCTM is advancing on its path to achieving some degree of financial sustainability. A deeper analysis conducted by the review mission

showed that this indicates that the level of ownership of SCTM is the same across all LSG units. Virtually all LSGUs pay their membership fees.

3.2.1. SCTM Budget

In the table below, each annual total budget includes the amounts spent from projects. The rest of the funds, which remain in each project's account, are not included in the SCTM budget (operational and program costs), because these are donor funds at the SCTM disposal, but which are to be returned to donors in case they are not spent. Operational-administrative costs include the salaries of all SCTM employees, including those coming from the projects. Total estimated budget for advocacy and services also include salaries of SCTM employees from these sectors.

YEAR	TOTAL SCTM BUDGET	MEMBERSHIP FEE		DONATIONS SIDA		DONATIONS EU		DONATIONS SWISS		SCTM SERVICES		Other donors	
	EUR	EUR	% of total	EUR	% of total	EUR	% of total	EUR	% of total	EUR	% of total	EUR	% of total
2014	2,539,100	662,772	26.10%	329,136	12.96%	566,586	22.31%	430,395	16.95%	8,285	0.33%	541,926	21.34%
2015	2,581,233	627,827	24.32%	301,757	11.69%	438,060	16.97%	742,119	28.75%	14,538	0.56%	456,932	17.70%
2016	1,875,167	582,849	31.08%	181,701	9.69%	181,474	9.68%	612,529	32.67%	53,933	2.88%	262,681	14.01%

Table 1: Breakdown of financial contributions in the total annual SCTM budget 2014-2016

3.2.2. Overview Administrative Costs versus Programme Costs (Institutional support to SCTM)

1. Project Team – 30.00% (the share within the original/initial project budget amounted to 31.40%);
2. Administrative costs – 5.75% (the share within the original/initial project budget amounted to 5.85%);
3. Project activities – 62.5%.

The proportion of administrative costs versus programme costs is in line with that envisaged in the original credit proposal and project document.

3.2.3. Donor Funding Structure 2014-2016

The table below indicates that SDC is the largest individual donor of the SCTM, comprising a total of 35% of its donor contributions.

DONOR FUNDING STRUCTURE 2014-2016

SWISS, 35.38%
EU, 23.51%
SIDA, 16.11%
Other donors, 25.00%
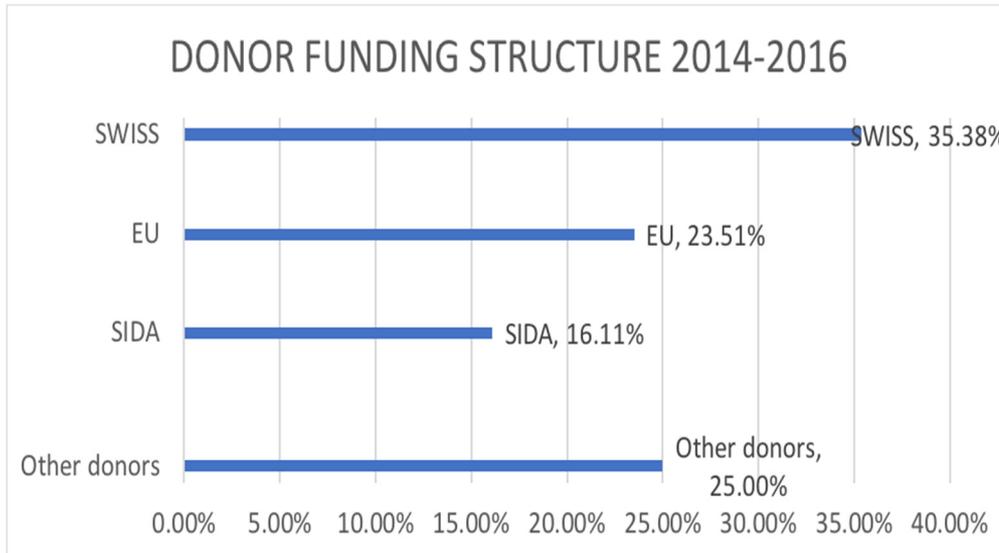
Chart 1: Donor funding structure 2014-2016

3.2.4. Membership Fees in Relation to Donors' Support

The percentage of paid membership fees has been increasing every year and is expected to exceed 90% when the total payments for 2017 are collected, with a further increase expected for 2018.

% of paid membership fee

Year 2014: 75.68%
Year 2015: 83.15%
Year 2016: 88.99%
Year 2017: 89.54%

Chart 2: Percentage of paid membership fee

When considered in relation to donor contributions, it can be seen that in the years 2014-2016, membership fees accounted for a total of 27% of the SCTM's income and were in fact, the largest source of income. This trend is expected to continue in the upcoming period.

STRUCTURE of SCTM INCOMES
2014 - 2016
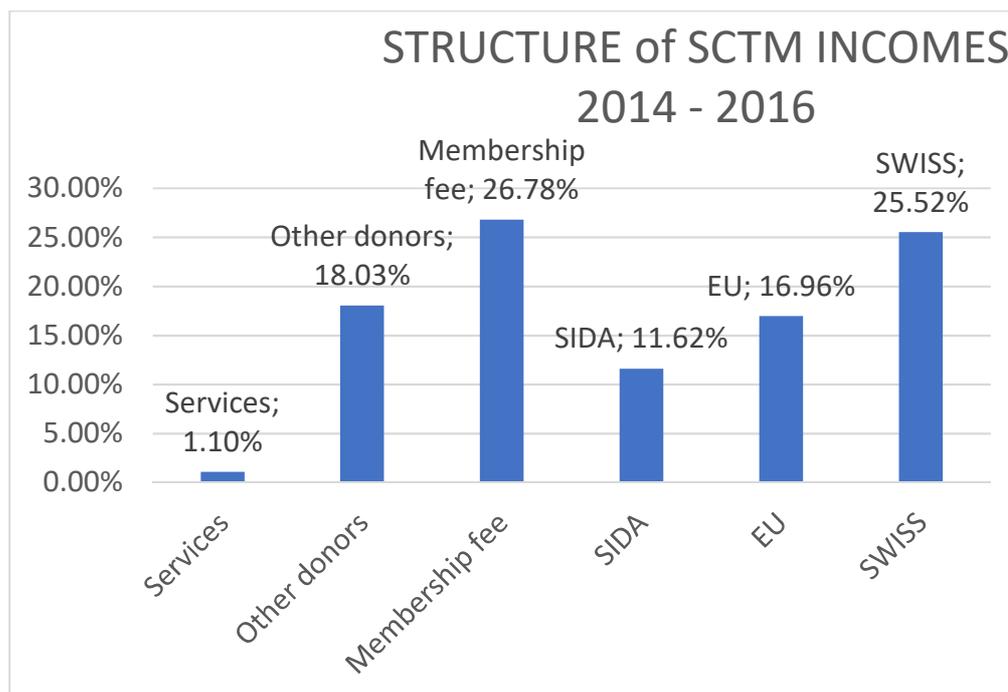
Chart 3: Structure of SCTM income 2014-2016

3.3. Return of Investment

The resources invested by SDC in this institutional capacity building initiative provided an amount of EUR 2,815,000 to SCTM. Currently, the total of SDC's transfers to the SCTM amount to EUR 2,420,000

The following are a part of the results in the form of a financial gain to the benefit of the LSGU budgets for which a plausible estimate of financial effects can be made and which are fully attributable to the SCTM advocacy interventions supported by the SDC project:

- Due to its intensive advocacy engagement, SCTM succeeded to save up to RSD 3.2 billion more in local budgets in 2017 than would have been the case if it had been foreseen by the draft Law on LSG Financing proposed by the Ministry; this comprises around 1 % of total LSGs budget in 2016.

- SCTM significantly contributed to developing the Law on Legalisation of Illegally Constructed Buildings, which regulated the 'legalisation' of the vast number of housing and other facilities constructed during previous decades without necessary construction permits. Among other things, the Law includes SCTM-proposed clauses, which enabled adequate and realistic deadlines for LSGs to register all such facilities, using a more efficient system. SCTM intervention also ensured that, by the end of the legalisation process, LSGs will collect up to RSD 1 billion more in taxes related to this process than envisaged by the initial Draft Law. This amounts to approximately 0.3% of the total LSGs budget in 2016.

- SCTM very actively supported the implementation of the new laws through preparation of model local documents needed for the implementation of a concrete law. The models prepared by SCTM were used by a considerable number of LSGs in the preparation of their local acts. It is important to emphasize that the preliminary SCTM analysis concerning the financial impact of such two models (Model decision on local public attorney and Model decision on construction land contribution) demonstrated savings for all LSGs amounting up to EUR 650.000. In addition to financial savings, the utilization of these two model documents offered to LSGs by SCTM also had impact on savings in time and human resources needed for the preparation of local regulations.

On the other hand, due to the specifics of implemented activities, it is not always easy to measure the financial impact of certain SCTM interventions. It is, however, obvious that considerable savings for LSG budget were made by providing model local acts that were usually used by a large number of LSGs. For example, the cost-benefit of project contribution is also obvious in the domain of Public Property transfer and registering.

3.4 Composition of SCTM Bodies

3.4.1. Political Composition of the Presidency

The political structure of the SCTM Presidency is as follows:

1. 2015-2017 – 87% Serbian Progressive Party (SPS); 13% other parties (1 SDP Sandžak, 1 United Peasant Party; and 1 Coalition for Pirot)
2. 2018-2019 – 91% Serbian Progressive Party; 9% (1 Serbian Socialist Party; 1 United Peasant Party).

This clearly shows the political dominance of the SPS; the Secretary General is also a member of the SPS.

3.4.2. Geographical/Size Membership in SCTM's Committees

Most if not all LSGU appointed at least one representative into one of the committees of SCTM during the project implementation period. There appears to be a good balance of large, mid-sized, and small LSGUs, as well as equal geographical representation: there are LSGUs from five parts of the country - Vojvodina, Belgrade, Central Serbia, South-eastern Serbia, and Western Serbia.

3.4.3 System of elections for SCTM Presidency (the main executive organ)

The Presidency has 24 members (compulsory and elected), out of which 23 members are towns and municipalities elected by the SCTM General Assembly. SCTM Secretary General is the *ex officio* Presidency member.

The criteria for compulsory members (9 seats in total) are stipulated by the electoral procedures:
- 4 seats – the biggest LSGs in Serbia (Belgrade, Novi Sad, Kragujevac, Niš);

- 2 seats – 2 LSGs with the lowest budget incomes *per capita* in the year that precedes the year of SCTM elections (according to data of the Statistical Office of the Republic of Serbia);

- 2 seats – LSGs with the highest absolute number of citizens belonging to one of the two most numerous national minorities (according to data of the Statistical Office of the Republic of Serbia), excluding the 4 biggest LSGs in Serbia;

- 1 seat – LSG with woman mayor with the longest mandate.

Elected members – 14 seats, elected from towns and municipalities who submitted their candidature for a Presidency member according to the following criteria:

I. 4 seats for towns and municipalities from the Statistical Region of Vojvodina:
- 1 municipality under 30.000 inhabitants;
- 2 towns or municipalities under 100.000 inhabitants;
- 1 town over 100.000 inhabitants.

II. 4 seats for towns and municipalities from the Statistical Regions of Sumadija and Western Serbia:
- 1 municipality under 30.000 inhabitants;
- 2 towns or municipalities under 100.000 inhabitants;
- 1 town over 100.000 inhabitants.

III. 4 seats for towns and municipalities from the Statistical Regions of Southern and Eastern Serbia:
- 1 municipality under 30.000 inhabitants;
- 2 towns or municipalities under 100.000 inhabitants;
- 1 town over 100.000 inhabitants.

IV. 2 seats for towns and municipalities from the Belgrade Statistical Regions

4. QUALITATIVE ASSESSMENT

4.1 Testimonials

In the course of numerous interviews, our interlocutors have in general spoken very positively about the work of the SCTM. Here are some select remarks in their „original tone":

- *SCTM is the mother of all the municipalities.*
- *SCTM is a very neutral and independent organization.*
- *SCTM is a very old organization, a very good reputation.*
- *A great team … they feel the municipalities and are very well networked.*
- *The parties have changed, the SCTM is still there.*
- *Professionalism, openness, willingness to help, good communication, always in the middle between the different interest groups.*

4.2 General Impression

All interviewed partners are very positive about the work of the SCTM. Both the interviewed representatives of municipalities and the representatives of different ministries appreciate the high-quality, tailor-made expertise, political independence, and the excellent work of the SCTM in general. Also, the representatives of the international donor community have scored the SCTM with the best marks.

4.3 Changes compared to the mid-term review of 2012

Beside shifts in the wider political context, the following changes can be observed overall compared to the situation during the mid-term review from 2012:

- The expertise of the SCTM has been improved;
- The cooperation with the ministries, especially with MPALSG has significantly improved, the expertise of the ministries boosted also;
- Small steps have improved the situation in the municipalities, the financing of the municipal tasks has been improved through new taxes and levies - although it is still at a very low level.

4.4 Why is SCTM so successful?

In the light of a very positive evaluation of the activities of the SCTM, a question came up: why is this organization so successful?

Here are the main reasons:

- ***Neutrality****:* SCTM is still operating without attachment to any political party (politically neutral), even though its bodies are constituted from the members of the governing coalition. A rather technical than political approach to the open issues provides a guarantee that SCTM can proceed in a straightforward manner and thus remain politically respectable.

- **In house expertise**: Whereas in other organizations the expertise has to be obtained to a large extent externally, the SCTM is in the position to tackle the problems with its own resources and to solve them. If external experts are engaged, they receive clear guidance and instructions. There is no danger that external experts would only do what they personally can do well.

- **Openness and Self-Criticism**: SCTM appears to be an open organization that is ready both to question the processes at any point of time and to search for new solutions. Despite the great success SCTM has remained self-critical and strives for constant improvements (for example in the new SCTM strategy even greater attention is devoted to the empowerment of the staff through further delegation of the responsibilities

- **Accountability towards its members**: SCTM aligns its activities consequently with the needs of its members. In view of the fact that only one part of the SCTM activities is financed from the membership fees, there is a danger that an organization financed this way might primarily cater to the needs of the donors, whereas the needs of the members (municipalities in this case) could fade into the background. This is however not the case; SCTM orientates itself constantly and exclusively towards sensitivities and requirements of its members.

- **Leadership / HR Management**: The management of the SCTM conducts a very thoughtful staff selection and support. A clear management structure guarantees an efficient implementation of the envisaged activities. SCTM has a very pronounced togetherness ("We-feeling"), which has a positive impact on the performance of the organization.

- **Motivation and dedication**: The SCTM bodies and the employees are highly motivated and unconditionally dedicated to the goals of the organization. A predominantly positive feedback is able to strengthen the organization and to motivate the persons in charge again and again.

4.5 SCTM and Ministries

The cooperation between the SCTM and the ministries functions generally very well. The MPALSG has a high level of expertise and is aware of its role. The very good cooperation with SCTM leads to good results, while at the same time, both partners are aware of their roles. Both institutions realize that despite their proximity, the Ministry must act towards municipalities (members of SCTM) also in the capacity of a watchdog, while the SCTM must demonstrate conviction and even possibly toughness towards the central state (and possibly also towards the Ministry) within the legislation processes. Coordination of the ministries seems problematic when it comes to "cross-cutting issues" particularly regarding questions about financing and equalizing. What is presumably lacking in this regard is the willingness on the higher level of the political management to implement a unique decentralization strategy across all ministries.

4.6 SCTM and Donors

SCTM cooperates with different donors and is highly respected among them. Whereas SDC is providing institutional support to SCTM, other donors provide support through projects. It would be desirable if donor projects in the area of decentralization and local self-governance could be better coordinated, so the activities could be better aligned with a joint goal. It would be desirable, if the proactive donor coordination would formally be handled by the MPALSG and if the SDC would support the Ministry with these activities rather in the background (see also 6.6 below).

4.7 SCTM's Expertise

Expertise of SCTM is greatly appreciated by all the interviewees. SCTM differs from other organizations through its expertise in the area of decentralization, with a very general mandate in good governance. It possesses substantial theoretic knowledge on the one hand, while constantly verifying its findings with the base (municipalities, but also ministries) on the other had. Therefore, SCTM is able to adapt its course in order for results to build on the necessary practical feedback. The high-quality expertise of SCTM is based as much on its long experience as it is on the very good, carefully selected staff. SCTM has a very comprehensive approach to the arising issues and is able at all times to tackle the problems from a system-level perspective. Also, SCTM is sometimes using external expert knowledge, but is at all times in the position to provide leadership and guidance to experts without being dependant on or unconditionally accepting of findings and recommendations.

4.8 Advocacy and Service Delivery

The foundation of SCTM organization today is comprised of these two 'business areas'. SCTM is considering bringing these two sectors possibly closer together or merging them in order to use synergies even more effectively. While this intention is understandable, SCTM has to preserve its independence towards the ministries and third parties (donors, other associations) at any cost. The excellent quality of the services of SCTM and its proximity to the municipalities motivates numerous third parties solicit their assistance (such as the Ministry of Education for example, in the context of the implementation of the dual education system). On the one hand, these requests for assistance are suitable for increasing general and also policy-area related knowledge of the SCTM. On the other hand, there is a danger in maintaining the independence that SCTM needs for its advocacy, as well as of not becoming too reliant on third parties. However, the benefits of a very broad Service Delivery – Activity prevail, since considerable know-how needed for effective advocacy can be obtained in this way. The services provided in the context of the Service Delivery – Mandates lead to a constant dialogue with the SCTM members. This in turn leads to a very pronounced "need-orientation." SCTM is really lobbying in the interest of the municipalities since it knows what they need.

4.9 SCTM's Independence

It is known that most mayors are members of the parties comprising the ruling coalition. Therefore, it could be assumed that SCTM and its bodies are (too) strongly influenced by governing parties and could lose their political independence. SCTM has

already been successful for a long time now and has witnessed many changes of government. Nevertheless, everyone, especially its members, confirm that SCTM is unconditionally supporting their interests and possesses the necessary neutrality and independence. The focus of SCTM should stay on the technical and not socio-political issues, as envisaged in the SCTM Strategy 2018 – 2021, so the independence can also be secured in future.

4.10 Conflict of Interests among the Municipalities

It is obvious that the interests of municipalities (and therefore also the members of SCTM) are different on different issues. SCTM is aware of that and is refraining from acting as an arbiter in such cases. If it is a matter of which municipality is entitled to which funds from the central state, SCTM cannot let itself be involved with the interests of the single municipalities. However, SCTM also has an important task here: it has to advocate for a system of distribution of funds which is transparent, based on objective criteria, and provides equal and possibly simple allocation of means. The same also goes for all horizontal and vertical systems of compensation (financial and burden equalization).

4.11 SCTM's Strategic Plan 2018 – 2021

The following main activities are emphasized in the Strategic Plan 2018 – 2021:

- General reform of the LSG system;
- Management in LSG;
- Social development;
- Economic development;
- Urban Development and Environment.

It can be debated whether an area such as that of social development should be presented as in the focus of strategic activities of an association of municipalities. This can be perceived as if SCTM were taking part in the political competition for resource distribution and would decide e.g. against certain political areas which should be addressed and pushed ahead in the upcoming years. At least as a matter of outside perception the question is arising why subjects such as "education", "security" or "health" could not be included as strategic benchmarks. A detailed discussion with SCTM and also with other partners has shown however that these issues are really in the focus of and requested by the municipalities. These subjects are not "donor-driven"; they are in line with the needs of the municipalities and have thus been included in the list of strategic priorities for the coming years. Additionally, they are also in line with the orientation of the EU-integration process.

4.12 Feedback to MPALSG

The strategic orientation of the ministry is clearly visible and can be outlined as follows:

- Understanding of the decentralization challenges and complexities;
- Decentralization strategy to be finalized in 2019;
- Ongoing consultations with all stakeholders in the LSG field;

- High-level expertise;
- Holistic policy making capacity in cooperation with the Republic Secretariat for Public Policies.

Good and intensive cooperation with the SCTM can be characterized as follows:

- Complementary competencies and expertise;
- Common understanding of issues and priorities;
- Formal and informal contact between institution (institutional and personal trust);
- Common strong focus on the needs of municipalities.

The ministry is providing i. a. the following important services:

- Information System/Database of Local Self-Government Units;
- Indicators in the field of finance, social security services within the responsibility of LSGUs, economic activity and financial performance of companies and sole traders based on data available to the Business Registers Agency (BRA) and financial indicators of public utility companies based on data available to the BRA;
- Decision information /making tool in policy discussion

It is an interesting approach whereby a large portion of data is delivered "bottom up" from the municipalities. This requires that the municipalities are cautious with the data delivery and that the data transfer and recording are conducted responsibly. The quality of data has to be checked constantly, in order to use the database in a sustainable manner. For the development of a consistent decentralization strategy it seems essential that all the finance flows, especially from the central state to the municipalities, but also all the finance flows within the municipalities are recorded and analysed centrally. A new division of tasks can be successful only if also the consideration on financing of the tasks and to the equalization of different financial strengths and burdens can be made.

5. EXCURSUS: DECENTRALISATION

5.1 The Current Debate

In general, an impression can be created that in view of the lacking political will on the part of the government, the decentralization process is somehow blocked. However, it should be not that all relevant stakeholders, including the ministries, are working continuously on the decentralization process and align many of their activities with this process. It is a declared goal of the SCTM, and also of the MPALSG, to develop a decentralization strategy in the upcoming years and to implement it. Many activities are envisaged and discussed in detail. Additionally, collection of new data is providing a great opportunity to back up the possible decentralization models with the necessary numbers, which will make the discussion more objective. Only decentralization with the necessary accompanying transparency will result in a success.

It should also be noted that the discussion about possible decentralization models is rather blurred and barely conducted within a business model. Decentralization appears as the Loch Ness Monster: Everybody is talking about it, but no one has actually seen it. Therefore it would be necessary for the concrete decentralization models to make the whole picture "more tangible."[7]

5.2 Elements and Principles – A Holistic Model

Decentralization is not a strategic process that is implemented once and claims to be constantly valid. The division of tasks between the central state and the municipalities (if needed also with a level in between) is a very dynamic process, which is constantly shifting and depending on the social, economic and political development and it can advance in with a different pace.

In Switzerland, the municipalities were in charge of providing for hospitals for a long time. Since hospitals had to be accessible by the population either on foot or by a means of transportation, the population went to *their* hospital. The society has become very mobile today, however, and one does not have to go the hospital in his/her municipality only; people can access any hospital of their choosing. In view of this development, the task "providing for hospitals" was transferred from the municipalities to the central state, which has turned out to be positive. This shows already that the term "decentralization" could also fall short – it is also possible that the shifting of tasks can go in the other direction.

Additionally, it is very seldom that a task is performed either only by the central state or only by the municipalities. As a rule, the delegated tasks are joint tasks, performed jointly by the central state and the municipalities. In this manner, the central state imposes limits on the regulation (laws, by-laws, general instructions), co-financing, controlling and supervision. The municipalities handle the organization of the task division in the implementation (conduct on their own, delegate to others, possibly intermunicipal cooperation), internal management, co-financing and building up relations to the civil society (inhabitants, economy, NGO, etc.). This delicate interaction is different for each subset of tasks, as no tasks can be performed

---

[7] see also on the Homepage the publications showing progress

schematically in view of the task division. In sum, the following elements have to be considered in the discussion about the "right" division of tasks:

- Detailed division of tasks (who plays which role);

- Organization (who decides about what);

- Finances (who finances what), financial equalization system with different financial strength and different limitations;

- Steering (reporting, adjustments) and supervision (sovereign intervention);

- Enable the performer of the task to conduct it correctly, efficiently and effectively.

Possible models showing the elements stated above (holistic models) can be evaluated based on the following principles:

Subsidiarity: This principle states that a task should be performed as close to the population as possible, under the assumption that state services are better and more efficient in this case than when there are performed by a superordinate state instance. However, this direction goes along with an assumption that the lower level (here the municipalities) are better suited for this role than the superordinate level. If this is not the case, the task should be performed on the central level. The subsidiarity can also mean that, due to the changed conditions, a task that used to be performed by the municipalities now has to be centralized.

Fiscal Equivalence: This principle requires (in somewhat simplified terms) an equivalence between "order" and "pay" (the ordering party pays/ the payer gives orders (commands)). If the central state specifies everything down to the smallest detail, then it has to provide necessary finances, too. If the scope of action of the municipalities is considerable, and the local funds are substantial, the central state can refrain from the allocation of funds. It should be decided in each case what kind of financing is to be provided in view of the particular division of tasks at stake. Meanwhile, it is crucial to address and decide also about the financing issue in each concrete discussion about the division of tasks. The determination of the new division of tasks without determining the financing mechanisms at the same time is never effective.

Accountability: In the discussion on decentralization, the question that has to be resolved permanently is that of who is accountable to whom and who can demand responsibility towards whom. The central state and municipalities are respectively democratically structured organizations, thus all the more accountable to their eligible voter. A municipality is not an agency of the central state – it is primarily accountable to its voters and in general its inhabitants. Municipalities as organizations are accountable to the central state for their "orders" within the legislative basis. The central state has to refrain from steering the implementation of the tasks of the operative work – internal municipal accountability applies here. This aspect has to be considered within the detailed discussion on decentralization.

European Charter of Local Self Government: The European Charter of Local Self Government of the Council of Europe represents in general a good guideline for distributing the tasks and the financing of the public tasks properly on different state

levels. It is therefore also recommended to take the guiding principles of the Charter into account when developing a model applicable in Serbia.

6. NEXT PHASE OF DECENTRALIZATION

6.1 One or two interventions?

At first glance, it seems promising and therefore also necessary to merge both interventions for SCTM and MPALSG, in order to simplify the steering and better coordinate the achieving of what essentially are the same or similar goals. The first discussion has shown, however, that merging does not seem to be appropriate for the following reasons:

- Different political interest;
- Different institutional capacities;
- Different project dynamics.

Although SCTM and MPALSG are already coordinating their activities, and go through many processes together, it seems important for the public appearance that both parties are observed as independent, autonomous units. Depending on their dynamics, situations can occur in which the parties have to act fully independently and possibly act contrary to each other. Therefore it does not seem reasonable to merge both interventions.

However, it seems useful to further improve the cooperation and the coordination and simplify the processes and procedures. SDC can assume an important role in this. The following measures could contribute to that:

- Joint Program board as the instrument for policy lobbying and influencing, to provide the systemic approach in the area of the reform of LSG for all stakeholders in the group (SDC, SCTM, MPALSG, PS);
- Overall goals to be designed in the same manner in both project documents (harmonization of logframes, if possible and meaningful);
- Consider some kind of "official" paper between the parties (Memorandum of Understanding);
- Formal and substantial support and continuous harmonization of the activities of SCTM and the ministries.

6.2 Continue with institutional support to SCTM?

In the course of the following phase an answer should be provided to the question whether institutional support should still be provided in the future, or a move should be made in the direction of classical project financing. The findings of the discussion are clear: continue with institutional support. This form of support is extremely successful in the present case and definitely has to be maintained. Why is this so?

- The implementation is non-bureaucratic, without burdening the resource allocation with complex steering and monitoring procedures.
- The resources are directly used for the benefit of strengthening the municipalities and therefore also for the benefit of population and the economy.

- The overhead of SCTM is modest, the institutional support is passed on without extensive bureaucracy to the end-user.
- The relation between the donor (SDC) and the implementing agency (SCTM) is characterized by mutual respect and trust enabling the institutional support to create space for action, which would not be possible within classical project financing

6.3. Continue with project support to MPALSG?

Additionally, an answer should be also provided to the question whether support should still be provided in the future to the MPALSG. The findings of the discussion are equally clear: in case of MPALSG, continue with the programme/project support.

Current SDC support to MPALSG within the ongoing Resources for Local Democracy Programme 2015 – 2019 has good results[8]. Progress was observed in terms of both outcomes: a) improved efficiency of LSG policy making, budget and service delivery; and b) increased efficiency of LSG services with clear functional division of tasks/competences and support to pending DS (LSG Reform Program).

However, the continuation of the programme/project support should address the following challenges

- The ownership of the MPALSG –the current programme implementation is led exclusively by the Assistant Minister Mogic, i.e. the Sector for the Local Self-Government. Political commitment at the ministerial level would advance the needed horizontal coordination and raise the programme/project profile and relevance.
- The coordination with the Ministry of Finance - MPALSG needs to proactively coordinate with the Ministry of Finance in order to plan and implement effective decentralization. Future programming should consider appropriate mechanisms of regular data exchange and synchronization.
- The next phase of programming should go beyond the piloting towards sustainability of the results - envisaged instruments (i.e. the Data Base, Fund for Inter municipal Cooperation, Call Centre etc.) could potentially have a significant impact on the implementation of the decentralisation agenda so it is important to learn of their functioning in real terms (i.e. potential users, funding, oversight mechanisms, etc.). The next phase of programming should reflect a fully-fledged functioning of such instruments.
- The MPALSG capacity to lead the LSG Reform agenda - while no problems are expected in relation to replacement of existing implementation arrangements (Deposit Insurance Agency to be replaced by a PIU within the Public Policy Secretariat) it would require a smooth transition. Furthermore, with such an implementation modality there is a recurring issue of a capacity substitution instead of capacity building. Thus, it is of utmost importance that MPALSG showcases the capacity to spearheading the LSG reform policy dialogue, upgrading from compliance to performance modality.

---

[8] **Mladen Momcilovic**, *Resources for Local Democracy (RLD) Program 2015-2019 - External Monitoring Report March 2018*

6.4 Developing a Common Vision of Decentralization

<u>Target models lead to the best analysis</u>

During the review of the project papers, it was noticeable that many analyses have been conducted. It is certainly correct and important to show what is specifically going on and where the weak points are. However, there is always a danger of putting too many resources into the analysis leaving in the end barely any energy to develop and evaluate good target models.

Therefore, it is recommended to base any future discussions primarily on the target models of decentralization and reform of the LSG in general. The best analysis is that conducted constantly and continuously in the discussion of target models and their evaluation.

<u>Patience: Small steps lead to a great model</u>

Development cooperation is prone to search for a fast success, in order to be able to deliver justification on the inner political level. It is tempting to measure and show the context between input and impact. In selected cases this can be possible and meaningful.

In the state-building projects, decentralization being an unquestionable part of it, this is as a rule not possible, since we are talking about time horizons of at least 10 to 20 years. It seems, however, essential that the partners agree on what model should be strived for in this long period. Single project steps may seem modest and pragmatic, but they always have to align with the joint vision of the greater change, of the model. The assumption that the next step is suitable for reaching a larger goal (the model) has to be considered at all times. Since the decentralization processes are always subject to a greater dynamic (what is relevant today does not have to be relevant tomorrow), the vision has to be adapted in the course of the years.

Eventually it has to be pointed out again that an engagement in the governance area always bears risks for the donor. The success of the project always depends on the political willingness of the state, which is the recipient of the subvention. It would, however, be wrong to give up the investment in the governance area because of these substantial risks. Without a functioning state there is also no sustainable development of the society and the economy.

<u>Developing a holistic model</u>

It is very simple: Decentralization is possible only if the entities in charge of the new delegated tasks (i.e. municipalities) are able to fulfil these tasks properly, equally, efficiently, and effectively. If decentralization leads to more corruption, disregard of minorities, and nepotism, then it does not seem to be a project worth striving for. At the same time, in many states with a high degree of decentralization, it is observed that the services for the population and the economy are very good and the cost/benefit ratio better than in cases when the central state is the provider of these services. This positive effect occurs only when a municipality is perceived as the holder of the decentralized task and not only as an "agency" of the central state, serving without any protection for operative interventions of the state bodies. The system functions only when the accountability occurs primarily within the municipality, and

the responsibility can be requested and enforced. As shown already in the Chapter 5.2, a successful decentralization requires four elements that have to function in their mutual dependency.

Examples:

- Without legislatively incorporated citizens' rights (participation, referendum, initiative), and without a transparent election procedure (to be elected and recalled), responsibility and the responsiveness of the policy cannot be claimed.
- Without a detailed discussion and answering the question how to fulfil the task (Make or buy? Intermunicipal cooperation? etc.), successful decentralization can barely be attained.
- Preconditions for a successful decentralization include also technical skills and instruments of the administration (accounting, ICT, e-governance, etc.).

A functioning municipality that is able to take over the tasks includes as a rule the capability of the employees and the politicians to deal with the available instruments and to be able to provide answers to arising questions within a reasonable term (see also the following Chapter 6.5).

It would be of great importance if the parties could agree about a joint holistic model, a joint vision of how to achieve an optimal execution of tasks in the municipality, an optimal organization of the municipality, and the optimal division of tasks and the financing responsibility. Based on this vision, all the small steps could be measured in future. It should constantly be indicated which contribution a particular action would make to the achievement of the ultimate goal.

6.5 Lacking Capacities: Tools, Training, and Education

Municipalities are in general suffering from the lack of capacities. This disadvantage is further deepened by constantly changing legislation which impacts municipalities. That is why SCTM (in cooperation with the MPALSG and other ministries) has to develop different tools, and, similar to the municipalities, provide intensive support to the changing legal provisions. Employees have to be qualified to implement the directives from the central state within the shortest time frame. They also have to undergo basic and advanced training in a wide range of areas in order to be able to tackle these significant challenges.

The National Training Academy for Civil Servants has been established within the framework of Public Administration Reform and is managed on equal terms by the state and the municipalities. It can, however, hardly be assumed that this academy will be able to fulfil the basic and advanced training needs of the municipalities. In the current situation, any provider of training for the municipalities can get certified. Certification should guarantee minimum standards of the provider. Actually, SCTM as a certified provider conducts approximately 70% of the trainings and is present on the market with this activity as any other "regular" provider. It would be necessary for SCTM to intensify its activities in this area, in order to design the basic and advanced training based on the needs of the municipalities (who can explore better the needs of the municipalities than SCTM?).

Additionally, when one single provider covers the training needs, it guarantees consistency of the curriculum across the board. Surely it is unacceptable to have different training content depending on the provider. In addition, SCTM has to consider a broad general education of the municipal staff in its training concept, as it is the case e.g. in the municipalities of Bern Canton (Switzerland) (see Annex 3, Presentation on "Training and Capacity Building in the Municipalities of the Canton of Bern", for the potential solutions to be considered).

An in-service basic training program is offered here for all the employees of the municipal administration with certification at the end. On this basis, a rather general managerial training is offered for the employees/servants. Only after obtaining this certificate, one can begin the specialist training (head of administration, finance, construction, etc.), which is finalized after two semesters with a diploma. This diploma is consequently as a rule also a precondition to get employment in a certain function in a municipality at all.

6.6 The Role of SDC

SDC is traditionally keeping rather in the background, which generally can be explained with the Swiss self-concept (do well and do not talk about it, be always modest and pragmatic). The interviews have shown that the role of the SDC in the decentralization process, and in general in the governance area, is highly appreciated. Especially the often practical and pragmatic approach can contribute a lot to the implementation. It was noted that in this area the donor coordination was neglected, and that there was a need for improvement. Therefore it seems appropriate if SDC as an important donor would act more proactively as a coordinator for the subjects that are to be discussed.

Moreover, SDC should make a more active influence in the policy dialogue and, in particular, along with SCTM and MPALSG, advocate for a properly understood decentralization process in front of the government and the international community. Switzerland has to decide whether it will take a proactive role in the decentralization process. Its involvement would be beneficial for this process and could contribute to it with many practical and successful examples from the constitutional Swiss reality. Based on its neutrality and a very successful decentralization, Switzerland has a great reputation. On the other hand, Switzerland has to be careful not to expose itself to the accusation that it would want to interfere in the Serbian politics with a too active position. A wrongly understood and simplified decentralization can foster corruption and strengthen the forces that want to weaken the central state and push the situation towards further fragmentation. Minorities that newly arise with each decentralization would be weakened that way, too. Switzerland could expose itself to a risk of wanting to support such a process.

Actually there is only one way out of this "dilemma": Switzerland has to agree with the MPSALG about a joint decentralization vision with a strong inclusion of SCTM. The vision has to include all aspects in order to understand the decentralization properly and equip it with all the necessary tools (see below). Additionally, SDC should not campaign for decentralization too strongly externally and engage proactively for coordination with the donors, but rather support MPALSLG with these efforts. If the MPALSG stands up for a differentiated and balanced decentralization with support, in

turn striving for a coordination with other ministries, as well as coordinate the backing of all donors for this vision, it would be a greater win than if the SDC would stand up for these ideas on its own. The projects that are to be supported by SDC for the benefit of MPALSG have to aim at this direction.

6.7 Sustainability or What comes next?

In the context of the cooperation with SCTM, a question is raised whether this organization is able in the mid-term to keep up its operations in a successful manner on its own and without the support from donors. More concretely, the answer is sought whether the support after the next phase should be ended or, if necessary, cut down.

It can be said in advance that SCTM would be able to fulfil its tasks on its own even now, albeit to a substantially reduced degree. It has increased the membership fees and is able to increase them further in the upcoming years. Municipalities see the great benefit in their association and are accordingly willing to provide more funds. SCTM takes over many tasks today – thanks to the great support of the donors – that would actually have to be financed in another way. In summary form, an alternative financing model in a well-functioning state could be presented like this:

Task	performed by	financed by
Advocacy	SCTM	Membership fees
General service delivery • Tools Model processes • Manuals • Model contracts • Model legal bases • etc.	SCTM Other providers	Central state • Responsible for the implementation • Inclusion of SCTM in all the working groups • Guarantee that the offers are suitable for the practice
Individual service delivery	SCTM Other providers	Purchaser/ordering party (municipality)
Training and Education	SCTM Other providers	Educational subjects (costs are partly covered by the municipality as the employer)

As stated in chapter 6.3, the decentralization process is a very protracted process. If SDC is considering to cut down the financing of the SCTM for overriding reasons, it seems important that this is performed in a pre-determined manner, leaving SCTM the necessary time to prepare, adopt, and implement the necessary decisions. In principle, it seems necessary that SCTM gets further support also in the upcoming phase, provided that the performance remains as high as in the present situation. It is not so that cutting down the support would jeopardize a sustainable functioning of SCTM, but it would be desirable to have the support continue. SCTM is providing many services in the implementation of the state reforms, which would actually have to be

provided by the central state. It cannot be foreseen that the state would be able to accomplish the necessary measures on its own in the mid-term. Therefore, it is recommended to keep up the support of the SCTM for the time being.

ANNEXES

Annex 1: Terms of Reference (B Mandate and Local Mandate)
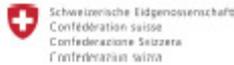
Federal Department of Foreign Affairs FDFA
the Swiss Agency for Development and Cooperation

Terms of references

Contract no. 81052679 (B Mandate)

External review of the 'Institutional Support to the Standing Conference of Towns and Municipalities – Phase 2

---

1. CONTEXT OF THE REVIEW

During the last 15 years, the Republic of Serbia has undergone political, economic, administrative and social reforms aimed at fulfilling EU membership standards. Decentralization and local governance reforms are parallel processes, and the big share of reforms relates to the local level. Although there are major improvements in the work, functioning and competencies of LGs in comparison to the period before 2000, some significant challenges persist. Large share of competencies and financial resources is still at the central level. Lack of adequate human and financial resources in LGs; varying level of capacities across the country; inefficient democratic mechanisms and problems in horizontal and vertical coordination of the government institutions contribute to wide regional disparities. This makes the citizens feel disconnected from the decision centres. The full capacity of LGs is not equally utilised in all parts of Serbia.

Historical events of the dissolution of the Yugoslav Federation in 1990s put decentralisation among the most politically sensitive topics in the Republic of Serbia. There is no consensus among the political parties and general public on the structure of vertical hierarchy of the Serbian government architecture. However, decentralisation is recognized as needed and necessary, and therefore envisaged by the Public Administration Reform Strategy and action plan for its implementation. These strategic documents indicate that Decentralization Strategy will be developed (together with its action plan) and that competencies will be reallocated based on the subsidiarity principle.

The line ministry in charge of decentralization and public administration reform is the Ministry of Public Administration and Local Self Government (MPALSG). The Ministry is the initiator of the future decentralization strategy. It is also in charge of coordinating the comprehensive public administration reform process, as well as the functional division of labour between the central and local level. Since 2016, SDC has started to provide contribution to the Ministry to implement a smaller segment of the action plan for public administration reform. Support is provided along the two objectives set by the Ministry:

> 1. Local Self Governments (LGs) policy making, budget and service delivery are more efficient, transparent, evidence based, responsive to the needs of vulnerable or gender discriminated groups and in line with LGs' clearly defined competences. Ultimately, citizens and business have better access to improved quality services and have better possibility to hold LG accountable and compare their living standard & business environment with other LG.

> 2. The Government of Serbia's new decentralisation strategy (to be adopted in the following years with the respective Action plan) will be guided by the principle of subsidiarity and will establish mechanisms that will ensure further decentralisation, more clear and functional division of tasks and competences between different tiers of government and adequate and predictable financing of LG competences and more efficient provision of services to citizens and businesses, MPALSG will establish mechanisms for continuous support to LG for implementation of the new strategy.

The contribution to the Ministry is a component of a larger package of four projects called Resources for Local Democracy. The support will help the Ministry to establish and populate a database containing all relevant indicators/information for the local level policy makers. Functional analysis carried out through this Project will examine the potential for further decentralization of competencies, propose models for inter-municipal sharing of competencies or suggest for recentralization of certain competencies that contravene the subsidiarity principle. The contribution also supports more efficient internal organization of local governments by promoting model administrative procedures developed by the national association of municipalities, the Standing Conference of Towns and Municipalities (SCTM). In addition, the Ministry provides the help line to LG when they face a problem in the law or policy implementation.

In the framework of another project, SDC is also providing support to SCTM, which is a key stakeholder in the process of LG reforms. SCTM is a true advocator of LGs' interests primarily in the policy and law making processes. It also provides capacity building and various forms of support to LGs for carrying out their competencies. SDC has recognised SCTM's genuine interest to represent and support the municipalities in the decentralisation process. After a successful collaboration with the SCTM in the

implementation of the first phase of Institutional Support to the SCTM (2010-2014), SDC continued its engagement through "Institutional Support to SCTM – Phase 2" covering the period 2014-2018 with the budget of CHF 3.6 Mio.

This institutional support helps SCTM: (a) to advocate before central and provincial authorities for LGs' interests by actively involving LGs (b) to support LGs to implement relevant national policies and regulations along the following objectives set by the SCTM and SDC:

1. LGs are actively involved and influence the decentralisation process (including implications of the EU integration process) and drafting of relevant national policies and regulations; their interests are represented before state authorities and in political forums.

2. SCTM actively advocates implementation of adopted national policies and regulations in LGs and ensures examples of good practice, guidebooks and expert support for their enforcement.

MPALSG and SCTM currently experience intensive cooperation on LGs reform issues. They maintain regular contacts and involve each other in planning processes (annual planning, decentralization workshop etc.).

2. OBJECTIVES OF THE REVIEW

The review will be forward looking, investigating the possible merger of two interventions in the evolved context. The review paper should provide guidance to SDC on what should be changed with regard to the current intervention and how to continue in the future. The review will also evaluate relevance and effectiveness of both institutional contributions, SCTM and MPALSG. The evaluators should try to capture the results, focusing on what has changed for LGs as a result of the two institutional contributions. The reviewers shall also outline lessons learned from the current phases, also based on the self-reflections of the SCTM and MPALSG (What are their lessons learned? Which results are they proud of? Where they have faced setbacks or obstacles?), and provide recommendations for the future intervention.

More specifically, the review should address the following set of questions:

1) Relevance of the approaches in the given context of decentralisation:

For SCTM part:

a)   To what extent have the key stakeholders (LGs) of the SCTM institutional contribution been taken into consideration, participated or have become involved in the SCTM's intervention strategies?

b)   Do the members perceive SCTM advocacy activities as relevant and do they feel that SCTM represents their interests well?

c) Did the SCTM through the institutional support take up priorities of LGs and do the advocacy efforts "make a difference" in the context of LGs? Was the SCTM able to respond to opportunities in the context?

d) Has the SCTM managed to incorporate LG interests in the national preparation and consultation process when the legal and financial framework of decentralisation has been defined, and how? (outline several examples)

e) Did SCTM actively advocate for the implementation of national public policies at the local level and did it succeed in providing the basic support to LGs in implementing the existing and, especially, new regulations? What has changed at the local level since? Is it plausible to conclude that SDC support to the SCTM contributed to the changes in the LGs service delivery to citizens and private sector?

For MPALSG part:

f) Do the LGs and government institutions think that information provided by the MPALSG is relevant for their work? (through the database supporting policy making developed by MPALSG and other instruments supported through the SDC contribution)

g) How has the context evolved with regard to decentralization agenda relevant to the SDC contribution provided to the Ministry?

h) Has the division of labour between central and local government level become any clearer thanks to the support provided to MPALSG?

i) Is the support to MPALSG relevant for promoting further the notion of decentralization and clear division of labour between the central and the local level? (outline several examples)

General:

j) Is it plausible to state that SDC support has contributed to gender equality and the needs of excluded population through the two interventions? (please give examples)

2) Effectiveness of the intervention strategy and approaches for the achievement of the set objectives:

General:

a) To what extent have the initial intervention strategies evolved? If there are deviations from the initial strategies, what are the reasons for it? Has the evolution of the political context in the country been taken into consideration? What is the status and what should be changed in future?

b) To what extent do the actual activities contribute to the fulfillment of outcomes? Are interventions heading in the right direction to reach the set objectives?

For SCTM:

c) To what extent is SCTM effective in advocating implementation of adopted national policies and regulations at the local level i.e. the impact of the support provided to LGs in this domain? Give an example of the action carried out via intervention contributing to the achievement of the respective objective. (To which extent are mechanisms used for this usable, practice-based and relevant from the point of view of LGs? (outline several examples)

d) What is the assessment of the SCTM's institutional capacity to engage in advocacy efforts on behalf of the LGs? Has the project contributed to further increase the institutional capacities? For MPALSG:

e) To what extent are the activities of MPALSG developed through SDC support effective in achieving set objectives? (informed policy making system, online assistance to LGs, model procedures shared with LGs through MPALSG etc.) (outline several examples)

f) What is the assessment of MPALSG institutional capacity to support LGs reforms, further decentralization and/ or clear division of labour between central and local level?

3) Other relevant questions:

For SCTM:

a) What are the prospects of SCTM's institutional sustainability independent from external support? What is the evolution of all external support and mandates given to SCTM? What is the evolution of SCTM membership fees? For MPALSG:

b) What are the prospects for sustainability of the IT system developed to provide informed policy making for local decision-makers? General:

c) What are the lessons learned in the current phases?

d) What are the contributions of other stakeholders? (financial and in kind)

e) What are the steering implications for the remaining period?

f) Please provide several examples of the cost benefit for the two interventions if possible due to the nature of the intervention. How do the interventions rate in terms of efficiency?

3. RECOMMENDATIONS FOR FUTURE SUPPORT

Based on the assessment of the achieved results, the review team shall present recommendations for the continuation of the two interventions and options for merger.

The idea of a merger stems from the new Cooperation Strategy 2018-2021, which requires some restructuring in the Governance portfolio. The intervention supporting the Ministry will no longer be continued in the current set-up. However continuing to support the Ministry in its efforts for implementing Decentralisation is important. As the SCTM works for the same purpose, joining the two interventions, but keeping enough flexibility in management and administration of the both appears as a logical option. This solution is also supported by the SDC requirement of having larger size projects. In case a merger is the chosen option, there will be two clearly separate components, with their own log frame (but possibly an overall common objective).

The recommendations will also take into consideration other Swiss programmes as well as other donors programmes.

For SCTM:

a)   Should SDC continue to support the SCTM in the same way or support needs to be modified to better fit the needs of SCTM and LGs' interests? Are some adaptations necessary?

For MPALSG:

b)   What are the priorities of the Ministry in the coming period in the field of LGs which could be potentially supported, also considering the scope of other Swiss funded projects? (SwissPRO and Property Tax Program)

General:

c)   What would be the arguments for and against merging two interventions into one? What would be an added value of a merged intervention?

d)   Would the merger of two interventions have positive effects on the support to decentralization in Serbia?

e)   In case of merger what could be the overall objective?

f)   How would a merged project be administered?

g)   Are there specific recommendations to better address gender equality and inclusion of excluded population?

h)   In view of the sustainability and duration of the future support, for how long should SDC continue to support SCTM and MPALSG? Could a decreasing support be envisaged for a following phase (after the coming one)?

i)   What could be financial / in kind contribution of SCTM and MPALSG for the next phase versus possible volume of Swiss support?

j)   What are the plans of other donors regarding SCTM?

4. SCOPE AND METHOD OF WORK

The review team will consist of an international consultant acting as a team leader and a local expert[1]. Consultants bidding for the mandate will be expected to respond to the following profiles:

International consultant: Experience in conducting reviews in the field of governance and decentralisation in the region and international context, experience in projects that target support to municipal associations and representation and advocacy of municipal interests by associations. Major asset would be experience, insight and awareness of the current process of transition in Serbia and/or the region. It will be a distinct advantage if the consultant possesses previous experience in the activities of LG associations. Some experience in cost benefit analysis.

Local consultant: Economic, legal or social sciences background, demonstrated experience in projects that target governance reforms, decentralisation and/ or offer institutional support, as well as knowledge of the political, economic, social context and local governance in Serbia. Excellent command of Serbian and English is compulsory, ability to interpret during the field visits. All experience completing the team's profile according to the international consultant's description above would be an advantage.

The team will make use of information given by the SCTM and SDC staff, representatives of municipalities, line ministries, government bodies, international organisations and programs working in the field of local governance reforms.

The main tasks

a) Desk research (information collection and analysis)

> Documents in question include:

- Credit proposal
- Project document
- Operational reports
- SCTM Program documents and strategies
- Swiss Cooperation Strategy 2014-2017
- Draft logframe of future Swiss Cooperation Strategy 2018-2021
- Mapping of Swiss Governance Projects

b) Briefing at Swiss Cooperation Office (SCO) in Serbia with the Head of Governance Domain and National Program Officer at the beginning of mission

---

[1] The present ToR are valid both for the international consultant (team leader) and the local consultant.

c) Meetings with the representatives of at least 5 municipalities (political representatives, managers/experts from local administration or members of SCTM bodies/professional networks)

d) Meetings with the representatives of the line ministry - Ministry of Public Administration and Local Self Government, Public Policy Secretariat and E-Governance Office

e) Meetings with the representatives of respective programs and international organisations working in the domain of governance reforms:

- • EU Delegation
- • Project "Human Resource Management in LSG" (CoE)
- • Project "Rural & Regional Development Support to Serbia" (NIRAS)
- • Program "Property Tax Reform" (IMG)

f) Debriefing at Swiss Cooperation Office in Serbia, structured in 3 parts (max. 1 hour):

- • Perception of the review by the representatives of SCTM and MPALSG
- • Presentation of the preliminary findings and recommendations of the review team
- • Wrap up lessons learned and discussion concerning the steering implications in the forthcoming period

5. REPORTING DELIVERABLES

The international consultant is expected to produce the following deliverables:

 • Presentation of the findings and recommendations to be discussed during a debriefing session in the Swiss Cooperation Office (SCO).

 • Draft report to be submitted electronically within 15 working days after the mission to Serbia to SCO in Serbia. The SCO shall forward draft report to the implementing partner for questions and comments.

 • Final review report reflecting all prospects to be reviewed as mentioned in Chapter 2. It shall contain a brief description of the applied work methodology as well as separate chapters dedicated to the key findings and recommendations. The part dedicated to recommendations for the future support should at least take 5 pages. The report shall be written in English (Arial 11) and not exceed 20 pages (without executive summary and annexes). This electronic copy of the report is to be submitted to the SCO in Serbia not later than 14 working days after the debriefing.

6. DURATION, TIMETABLE AND IMPLEMENTATION ARRANGEMENT

The external review will take place in January 2018. The following table gives an indicative overview of the work schedule and allocated time:

Task / Activity	No. of days
Research & analysis of relevant documents	4
Other preparatory activities	2
Field assessments and elaboration of draft findings	9
Briefing and debriefing at SCO in Serbia	1
Report writing	4
International travel	0
Total amount (maximum) National consultant	up to 20
International travel	up to 2
Total amount (maximum) International consultant	up to 22

The beginning of the mandate is scheduled for December 2017, with the field mission to be accomplished by the end of the February next year.

The exact work schedule and time allocation is subject to negotiations between SCO and the International Consultant when concluding the contract.

The SCTM in oversight by SCO will provide all logistical support for the mission in Serbia (hotel booking, transport, interpretation services, scheduling meetings in Serbia, etc).

Date: ……………………………….   Date: ………………………………….

Signature: ……………………………   Signature: ……………………………

Terms of references

Contract no. 81052678 (Local Mandate)

External review of the 'Institutional Support to the Standing Conference of Towns and Municipalities – Phase 2'

1. CONTEXT OF THE REVIEW

During the last 15 years, the Republic of Serbia has undergone political, economic, administrative and social reforms aimed at fulfilling EU membership standards. Decentralization and local governance reforms are parallel processes, and the big share of reforms relates to the local level. Although there are major improvements in the work, functioning and competencies of LGs in comparison to the period before 2000, some significant challenges persist. Large share of competencies and financial resources is still at the central level. Lack of adequate human and financial resources in LGs; varying level of capacities across the country; inefficient democratic mechanisms and problems in horizontal and vertical coordination of the government institutions contribute to wide regional disparities. This makes the citizens feel disconnected from the decision centers. The full capacity of LGs is not equally utilised in all parts of Serbia.

Historical events of the dissolution of the Yugoslav Federation in 1990s put decentralisation among the most politically sensitive topics in the Republic of Serbia. There is no consensus among the political parties and general public on the structure of vertical hierarchy of the Serbian government architecture. However, decentralisation is recognized as needed and necessary, and therefore envisaged by the Public Administration Reform Strategy and action plan for its implementation. These strategic documents indicate that Decentralization Strategy will be developed (together with its action plan) and that competencies will be reallocated based on the subsidiarity principle.

The line ministry in charge of decentralization and public administration reform is the Ministry of Public Administration and Local Self Government (MPALSG). The Ministry is the initiator of the future decentralization strategy. It is also in charge of coordinating the comprehensive public administration reform process, as well as the functional division of labour between the central and local level. Since 2016, SDC has started to provide contribution to the Ministry to implement a smaller segment of the action plan for public administration reform. Support is provided along the two objectives set by the Ministry:

> 1. Local Self Governments (LGs) policy making, budget and service delivery are more efficient, transparent, evidence based, responsive to the needs of

vulnerable or gender discriminated groups and in line with LGs' clearly defined competences. Ultimately, citizens and business have better access to improved quality services and have better possibility to hold LG accountable and compare their living standard & business environment with other LG.

2. The Government of Serbia's new decentralisation strategy (to be adopted in the following years with the respective Action plan) will be guided by the principle of subsidiarity and will establish mechanisms that will ensure further decentralisation, more clear and functional division of tasks and competences between different tiers of government and adequate and predictable financing of LG competences and more efficient provision of services to citizens and businesses, MPALSG will establish mechanisms for continuous support to LG for implementation of the new strategy.

The contribution to the Ministry is a component of a larger package of four projects called Resources for Local Democracy. The support will help the Ministry to establish and populate a database containing all relevant indicators/information for the local level policy makers. Functional analysis carried out through this Project will examine the potential for further decentralization of competencies, propose models for inter-municipal sharing of competencies or suggest for recentralization of certain competencies that contravene the subsidiarity principle. The contribution also supports more efficient internal organization of local governments by promoting model administrative procedures developed by the national association of municipalities, the Standing Conference of Towns and Municipalities (SCTM). In addition, the Ministry provides the help line to LG when they face a problem in the law or policy implementation.

In the framework of another project, SDC is also providing support to SCTM, which is a key stakeholder in the process of LG reforms. SCTM is a true advocator of LGs' interests primarily in the policy and law making processes. It also provides capacity building and various forms of support to LGs for carrying out their competencies. SDC has recognised SCTM's genuine interest to represent and support the municipalities in the decentralisation process. After a successful collaboration with the SCTM in the implementation of the first phase of Institutional Support to the SCTM (2010-2014), SDC continued its engagement through ''Institutional Support to SCTM – Phase 2'' covering the period 2014-2018 with the budget of CHF 3.6 Mio.

This institutional support helps SCTM: *(a)* to advocate before central and provincial authorities for LGs' interests by actively involving LGs *(b)* to support LGs to implement relevant national policies and regulations along the following objectives set by the SCTM and SDC:

1. LGs are actively involved and influence the decentralisation process (including implications of the EU integration process) and drafting of relevant national policies and regulations; their interests are represented before state authorities and in political forums.
2. SCTM actively advocates implementation of adopted national policies and regulations in LGs and ensures examples of good practice, guidebooks and expert support for their enforcement.

MPALSG and SCTM currently experience intensive cooperation on LGs reform issues. They maintain regular contacts and involve each other in planning processes (annual planning, decentralization workshop etc.).

2. OBJECTIVES OF THE REVIEW

The review will be forward looking, investigating the possible merger of two interventions in the evolved context. The review paper should provide guidance to SDC on what should be changed with regard to the current intervention and how to continue in the future. The review will also evaluate relevance and effectiveness of both institutional contributions, SCTM and MPALSG. The evaluators should try to capture the results, focusing on what has changed for LGs as a result of the two institutional contributions. The reviewers shall also outline lessons learned from the current phases, also based on the self-reflections of the SCTM and MPALSG (What are their lessons learned? Which results are they proud of? Where they have faced setbacks or obstacles?), and provide recommendations for the future intervention.

More specifically, the review should address the following set of questions:

1) Relevance of the approaches in the given context of decentralisation:

For SCTM part:

> a) To what extent have the key stakeholders (LGs) of the SCTM institutional contribution been taken into consideration, participated or have become involved in the SCTM's intervention strategies?

> b) Do the members perceive SCTM advocacy activities as relevant and do they feel that SCTM represents their interests well?

> c) Did the SCTM through the institutional support take up priorities of LGs and do the advocacy efforts "make a difference" in the context of LGs? Was the SCTM able to respond to opportunities in the context?

> d) Has the SCTM managed to incorporate LG interests in the national preparation and consultation process when the legal and financial framework of decentralisation has been defined, and how? (outline several examples)

> e) Did SCTM actively advocate for the implementation of national public policies at the local level and did it succeed in providing the basic support to LGs in implementing the existing and, especially, new regulations? What has changed at the local level since? Is it plausible to conclude that SDC support to the SCTM contributed to the changes in the LGs service delivery to citizens and private sector?

For MPALSG part:

> f) Do the LGs and government institutions think that information provided by the MPALSG is relevant for their work? (through the database supporting policy making developed by MPALSG and other instruments supported through the SDC contribution)

> g) How has the context evolved with regard to decentralization agenda relevant to the SDC contribution provided to the Ministry?

h) Has the division of labour between central and local government level become any clearer thanks to the support provided to MPALSG?

i) Is the support to MPALSG relevant for promoting further the notion of decentralization and clear division of labour between the central and the local level? (outline several examples)

General:

j) Is it plausible to state that SDC support has contributed to gender equality and the needs of excluded population through the two interventions? (please give examples)

2) Effectiveness of the intervention strategy and approaches for the achievement of the set objectives:

General:

a) To what extent have the initial intervention strategies evolved? If there are deviations from the initial strategies, what are the reasons for it? Has the evolution of the political context in the country been taken into consideration? What is the status and what should be changed in future?

b) To what extent do the actual activities contribute to the fulfillment of outcomes? Are interventions heading in the right direction to reach the set objectives?

For SCTM:

c) To what extent is SCTM effective in advocating implementation of adopted national policies and regulations at the local level i.e. the impact of the support provided to LGs in this domain? Give an example of the action carried out via intervention contributing to the achievement of the respective objective. (To which extent are mechanisms used for this usable, practice-based and relevant from the point of view of LGs? (outline several examples)

d) What is the assessment of the SCTM's institutional capacity to engage in advocacy efforts on behalf of the LGs? Has the project contributed to further increase the institutional capacities?

For MPALSG:

e) To what extent are the activities of MPALSG developed through SDC support effective in achieving set objectives? (informed policy making system, online assistance to LGs, model procedures shared with LGs through MPALSG etc.) (outline several examples)

f) What is the assessment of MPALSG institutional capacity to support LGs reforms, further decentralization and/ or clear division of labour between central and local level?

3) Other relevant questions:

For SCTM:

a) What are the prospects of SCTM's institutional sustainability independent from external support? What is the evolution of all external support and mandates given to SCTM? What is the evolution of SCTM membership fees?

For MPALSG:

b) What are the prospects for sustainability of the IT system developed to provide informed policy making for local decision-makers?

General:

c) What are the lessons learned in the current phases?

d) What are the contributions of other stakeholders? (financial and in kind)

e) What are the steering implications for the remaining period?

f) Please provide several examples of the cost benefit for the two interventions if possible due to the nature of the intervention. How do the interventions rate in terms of efficiency?

3. RECOMMENDATIONS FOR FUTURE SUPPORT

Based on the assessment of the achieved results, the review team shall present recommendations for the continuation of the two interventions and options for merger. The idea of a merger stems from the new Cooperation Strategy 2018-2021, which requires some restructuring in the Governance portfolio. The intervention supporting the Ministry will no longer be continued in the current set-up. However continuing to support the Ministry in its efforts for implementing Decentralisation is important. As the SCTM works for the same purpose, joining the two interventions, but keeping enough flexibility in management and administration of the both appears as a logical option. This solution is also supported by the SDC requirement of having larger size projects. In case a merger is the chosen option, there will be two clearly separate components, with their own log frame (but possibly an overall common objective).

The recommendations will also take into consideration other Swiss programmes as well as other donors programmes.

For SCTM:

a) Should SDC continue to support the SCTM in the same way or support needs to be modified to better fit the needs of SCTM and LGs' interests? Are some adaptations necessary?

For MPALSG:

b) What are the priorities of the Ministry in the coming period in the field of LGs which could be potentially supported, also considering the scope of other Swiss funded projects? (SwissPRO and Property Tax Program)

General:

c) What would be the arguments for and against merging two interventions into one? What would be an added value of a merged intervention?

d) Would the merger of two interventions have positive effects on the support to decentralization in Serbia?

e) In case of merger what could be the overall objective?

f) How would a merged project be administered?

g) Are there specific recommendations to better address gender equality and inclusion of excluded population?

h) In view of the sustainability and duration of the future support, for how long should SDC continue to support SCTM and MPALSG? Could a decreasing support be envisaged for a following phase (after the coming one)?

i) What could be financial / in kind contribution of SCTM and MPALSG for the next phase versus possible volume of Swiss support?

j) What are the plans of other donors regarding SCTM?

4. SCOPE AND METHOD OF WORK

The review team will consist of an international consultant acting as a team leader and a local expert[2]. Consultants bidding for the mandate will be expected to respond to the following profiles:

International consultant: Experience in conducting reviews in the field of governance and decentralisation in the region and international context, experience in projects that target support to municipal associations and representation and advocacy of municipal interests by associations. Major asset would be experience, insight and awareness of the current process of transition in Serbia and/or the region. It will be a distinct advantage if the consultant possesses previous experience in the activities of LG associations. Some experience in cost benefit analysis.

Local consultant: Economic, legal or social sciences background, demonstrated experience in projects that target governance reforms, decentralisation and/ or offer institutional support, as well as knowledge of the political, economic, social context and local governance in Serbia. Excellent command of Serbian and English is compulsory, ability to interpret during the field visits. All experience completing the team's profile according to the international consultant's description above would be an advantage.

The team will make use of information given by the SCTM and SDC staff, representatives of municipalities, line ministries, government bodies, international organisations and programs working in the field of local governance reforms.

The main tasks:

a) Desk research (information collection and analysis)
   Documents in question include:
      · Credit proposal
      · Project document
      · Operational reports
      · SCTM Program documents and strategies
      · Swiss Cooperation Strategy 2014-2017

---

[2] The present ToR are valid both for the international consultant (team leader) and the local consultant.

· Draft logframe of future Swiss Cooperation Strategy 2018-2021
· Mapping of Swiss Governance Projects

b) Briefing at Swiss Cooperation Office (SCO) in Serbia with the Head of Governance Domain and National Program Officer at the beginning of mission

c) Meetings with the representatives of at least 5 municipalities (political representatives, managers/experts from local administration or members of SCTM bodies/professional networks)

d) Meetings with the representatives of the line ministry - Ministry of Public Administration and Local Self Government, Public Policy Secretariat and E-Governance Office

e) Meetings with the representatives of respective programs and international organisations working in the domain of governance reforms:

- EU Delegation

- Project "Human Resource Management in LSG" (CoE)

- Project "Rural & Regional Development Support to Serbia" (NIRAS)

- Program "Property Tax Reform" (IMG)

f) Debriefing at Swiss Cooperation Office in Serbia, structured in 3 parts (max. 1 hour):

- Perception of the review by the representatives of SCTM and MPALSG
- Presentation of the preliminary findings and recommendations of the review team
- Wrap up lessons learned and discussion concerning the steering implications in the forthcoming period

5. REPORTING DELIVERABLES

The international consultant is expected to produce the following deliverables:

- Presentation of the findings and recommendations to be discussed during a debriefing session in the Swiss Cooperation Office (SCO).

- Draft report to be submitted electronically within 15 working days after the mission to Serbia to SCO in Serbia. The SCO shall forward draft report to the implementing partner for questions and comments.

- Final review report reflecting all prospects to be reviewed as mentioned in Chapter 2. It shall contain a brief description of the applied work methodology as well as separate chapters dedicated to the key findings and recommendations. The part dedicated to recommendations for the future support should at least take 5 pages. The report shall be written in English (Arial 11) and not exceed 20 pages (without executive summary and annexes). This electronic copy of the report is to be submitted to the SCO in Serbia not later than 14 working days after the debriefing.

6. DURATION, TIMETABLE AND IMPLEMENTATION ARRANGEMENT

The external review will take place in January 2018.

The following table gives an indicative overview of the work schedule and allocated time:

Task / Activity	No. of days
Research & analysis of relevant documents	4
Other preparatory activities	2
Field assessments and elaboration of draft findings	9
Briefing and debriefing at SCO in Serbia	1
Report writing	4
International travel	0
Total amount (maximum) National consultant	up to 20
International travel	up to 2
Total amount (maximum) International consultant	up to 22

The beginning of the mandate is scheduled for December 2017, with the field mission to be accomplished by the end of the February next year.

The exact work schedule and time allocation is subject to negotiations between SCO and the International Consultant when concluding the contract.

The SCTM in oversight by SCO will provide all logistical support for the mission in Serbia (hotel booking, transport, interpretation services, scheduling meetings in Serbia, etc).

Date: ……………………………..   Date: ……………………………..
Signature: ……………………………   Signature: ……………………………

Annex 2: Mission Agenda

SCTM / External Review of the Phase 2
Mission I

What	When	Who	Where	Participants
Arrival Belgrade	21.1.2018. 15.00	Arn		
Preliminary discussion	21.1.2018. 17.00	Arn / Puric	City Savoy Hotel, Cetinjska 3	
Interview SCTM	22.1.2018. 09.30 – 12.30	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5th Floor	• Djordje Stanicic, SCTM Secretary General • Nikola Tarbuk, Assistant Secretary General (Project Manager), SCTM • Ivan Milivojevic, Assistant Secretary General, SCTM • Milena Vojinovic, Project Officer, the SCTM Advocacy Sector • Other SCTM employees (if needed)
Interviews Municipalities	22.1.2018. 13.00 – 14.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5th Floor	• Nebojsa Arsic, Mayor of Municipality of Medvedja
Briefing SDC	22.1.2018. 14.30 – 16.30	Arn / Puric	SDC Office, Francuska 6, 2 Floor	• Representatives of the SDC
Ministry of public administration and local self-government (MPALSG)	23.1.2018. 08.00 – 10.30	Arn / Puric	MPALSG, Koce Popovica Street,	• Sasa Mogic, Assistant Minister • Dusanka Jovanovic, Adviser, MPALSG

				• Irena Posin, Head of Department, MPALSG
Interviews Municipalities	23.1.2018. 11.30 – 12.30	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5th Floor	• Predrag Terzic, Mayor of City of Kraljevo
Interviews Municipalities (2)	23.1.2018. 13.30 – 15.30	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5th Floor	• Municipality of Knjaževac: Emilija Tasić, Head of Municipal Administration • City of Kragujevac : Minja Obradovic, Member of the City Council and Jelena Bojovic, Head of City Administration for Mayor's and City Council's Affairs
MPALSG	24.1.2018. 08.30 – 09.30	Arn / Puric	MPALSG - Bircaninova 6	• Ivana Antic, Assistant Minister, MPALSG
Ministry of Education	24.1.2018. 10.00 – 11.00	Arn / Puric	Ministry of Education - Nemanjina 22-26	• Gabrijela Grujic, Assistant Minister, Ministry of Education
Interviews Municipalities (4)	24.1.2018. 13.00 – 16.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5th Floor	• Katarina Ostojic Ilic, Head of Municipal Administration, Municipality of Beocin • Almir Lekovic, Head of City Administration, City of Novi Pazar • Sandra Pantelic, Head of City Administration, City of Belgrade

First internal conclusions	25.1.2018. 10.30 – 14.00	Arn / Puric	SDC office , Francuska 6, 2 Floor	
Departure Belgrade	25.1.2018. 14.40	Arn		

SCTM – External review Phase 2

Planning of the Evaluation Process

<u>Mission II</u>

What	When	Who	Where	Participants
Arrival Belgrade	18.2.2018, 15.00	Arn		
Internal Consultations	19.2.2018 , 8.30 – 10.00	Arn/Puric	Savoy City Hotel , Cetinjska 3	
Presentation of the LSG database	19.2.2018, 10.00 – 12.00	Arn / Puric	Republican Secretariat for the Public Polices , Vlajkoviceva 10	To be confirmed • Nikola Tarbuk, Deputy Secretary General (Project Manager), SCTM • Dusanka Jovanovic, MPALSG, • Irena Posin, MPALSG • Ursula Laubli, SDC • Representatives of Republican Secretariat for Public Policies • Representative of the SDC
Interviews with SCTM partners and ex employes	19.2.2018, 12.00-13.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5 Floor	• Aleksandar Bucic, Director, Advisory Public Sector & Development Cooperation, KPMG (Ex Assistant Secretary General in SCTM)

Interviews Program / internat. Org. (3)	19.2.2018, 14.00 – 17.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5 Floor	- Aleksandar Jovanovic. Council of Europe - Danka Bogetic, Delegation of EU - Alexander Grunauer, IMG (SDC project) - Milica Milosevic, GIZ - Branko Milić, PRRDS - Snezana Nenadovic, SIDA - Jelena Manic, UNDP
Meeting with the MPLSG	20.2.2018, 8.30 – 9.30	Arn / Puric	MPLSG, Koce Popovica 3	Sasa Mogic , Ministry Assistant and Dusanka Jovanovic, Adviser MPALSG
Internal conclusions, draft PP	20.2.2018, 8.30 – 12.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5 Floor	
Discussion and presentation of findings to SCTM	20.2.2018, 13.30 – 17.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5 Floor	- Nikola Tarbuk, Deputy Secretary General (Project Manager), SCTM - Ivan Milivojevic, Deputy Secretary General, SCTM
Workshop with SCTM / MPALSG	21.2.2018, 09.00 – 12.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 8 Floor	Representatives of the SCTM, MPALSG, Republican Secretariat for the Public Polices and SDC

Discussion report	21.2.2018, 13.00 – 17.00	Arn / Puric	SCTM Office, Meeting Room, Makedonska 22, 5 Floor	
Debriefing SDC	22.2.2018, 9.30 – 11.00	Arn / Puric	SDC office, Francuska 6 , 2 Floor	Representatives of the SDC
Departure Belgrade	22.2.2018, 14.40	Arn		

8.2.18, 14.15

Verband Bernischer Gemeinden VBG
Association des Communes Bernoises ACB

BGK
Bernisches Gemeindekader

Training and Capacity Building in the Municipalities of the Canton of Bern

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

Verband Bernischer Gemeinden VBG
Association des Communes Bernoises ACB

BGK
Bernisches Gemeindekader

Situation

- Daniel Arn: acting as director of the VBG (as a mandate)
- Offers of training and education since 1968 (vocational training and further education)
- VBG & BGK organise capacity building involving employers (municipalities) and "*Gemeindekader*" (employees in local administration)
- thus, employees themselves influence the decision on what they "have to know"
- Involvement of the Canton (as far as content of trainings is concerned), however no financial contribution
- Involvement of practicioners in commissions and as lecturers (no teachers)

Aus- und Weiterbildung bernische Gemeinden - 18.12.17
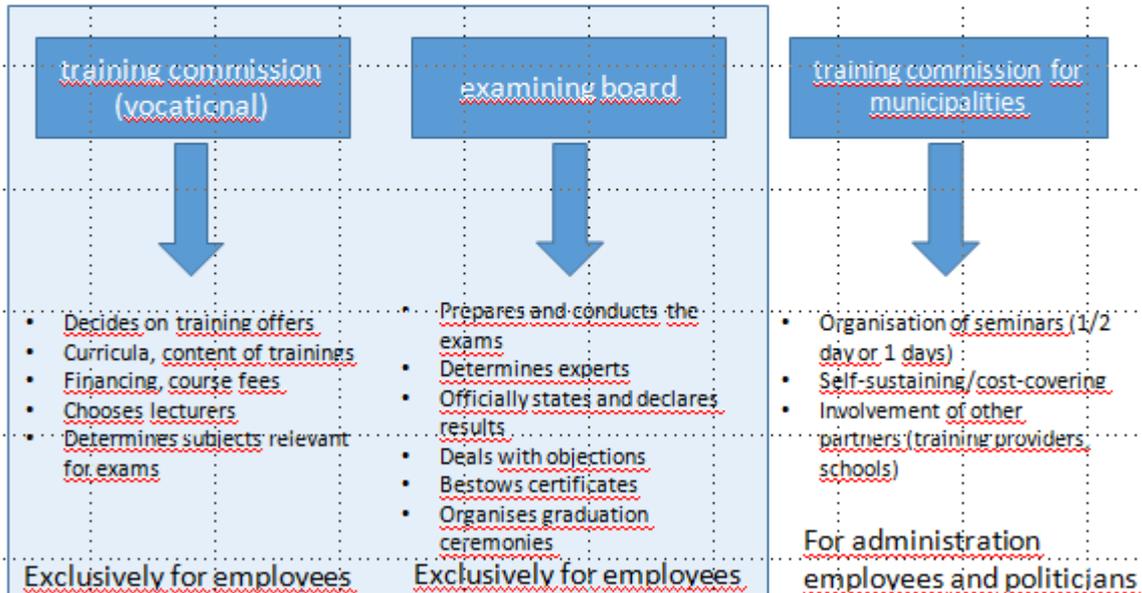
Legal Foundations & Organisation

Ausbildungs- und Prüfungsreglement für die Fach- und Diplomaus-
bildung des bernischen Gemeindepersonals

Das Bernische Gemeindekader (BGK) und der Verband Bernischer Gemeinden
(VBG) erlassen das nachstehende Reglement:

	1. Allgemeines
Träger	Art. 1 Das „Bernische Gemeindekader" und der „Verband Berni-scher Gemeinden" sind Träger der Ausbildung und der Berufs- und Diplomprüfungen für das bernische Gemeindepersonal.
Ausbildung	Art. 2 Die Ausbildung gliedert sich in zwei Ausbildungsstufen: a. Erwerb des Fachausweises „Bernische Gemeindefachfrau / Bernischer Gemeindefachmann" b. Erwerb des Diploms folgender Fachrichtungen: 1) „Bernische Gemeindeschreiberin / Bernischer Gemeinde-schreiber" 2) „Bernische Finanzverwalterin / Bernischer Finanzverwalter" 3) „Bernische Bauverwalterin / Bernischer Bauverwalter";
Prüfungen	Art. 3 Mit den Berufs- und Diplomprüfungen erwerben die Absolvie-renden den Fachausweis bzw. das Diplom für die entsprechenden Lehrgänge.
Ziel der Ausbildung	Art. 4 [1] Die Ausbildung zur/zum „Bernischen Gemeindefachfrau / Bernischer Gemeindefachmann" hat zum Ziel, die nötigen Fähigkei-ten zu erwerben und mit dem Fachausweis abzuschliessen, um in der Verwaltung einer Gemeinde eine berufliche Tätigkeit erfolgreich ausüben zu können. [2] Die Ausbildung nach Art. 2 Bst. b hat zum Ziel, qualifizierten Fach-kräften die Möglichkeit zur Vertiefung ihrer Fähigkeiten zwecks Be-fähigung zur Ausübung der erwähnten drei Berufe zu bieten und diese mit Diplom abzuschliessen.

- BGK and VBG are responsible for the organisation of training
- bwd is the school providing the training
- Regulations and contract as basis of the training
- Responsibilities of the different organs / commissions
- Regulations of admission to the trainings
- Regulations of admission to the examinations
- Conditions for passing the exams
- Organisation, procedures, deadlines
- Legal remedies

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

53

Organisation – Structure of commissions

training commission (vocational)	examining board	training commission for municipalities

- Decides on training offers
- Curricula, content of trainings
- Financing, course fees
- Chooses lecturers
- Determines subjects relevant for exams

- Prepares and conducts the exams
- Determines experts
- Officially states and declares results
- Deals with objections
- Bestows certificates
- Organises graduation ceremonies

- Organisation of seminars (1/2 day or 1 days)
- Self-sustaining/cost-covering
- Involvement of other partners (training providers, schools)

For administration employees and politicians

Exclusively for employees   Exclusively for employees

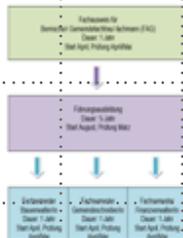Aus- und Weiterbildung bernische Gemeinden - 18.12.17

54

Offers

- Training for administrative clerks and senior clerks
- Refresher courses für senior general administration officials, public finance officials and construction officials
- Seminar "Administration for Building and Construction"
- Seminar "Public/Administrative Law in Practice"
- Training for supervisors (of trainees in the administration)
- Introductory course for politicians on the local level
- Conference for municipal senior officials ("*Gemeindekadertag*")
- Courses (1/2 – 1 day) for municipal employees and municipal administrations
- New offers on demand

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

Verband Bernischer Gemeinden VBG
Association des Communes Bernoises ACB

BGK
Bernisches Gemeindekader

Modular organisation: Training for employees of the municipalities

Diploma ("*Fachausweis*"): administrative clerk ("*FAG*")
Duration: 1 year
Start: April, exam: April/May

Leadership training (senior clerk)
Duration: 1/2 year
Start: August, exam: March

Specialisation "construction official"
Duration: 1 year
Start: April, Exam: April/ May

Specialisation "Municipal secretary" / senior administration official
Duration: 1 year
Start: April, Exam April/ May

Specialisation "Public Finance official"
Duration: 1 year
Start: April, Exam: April/May

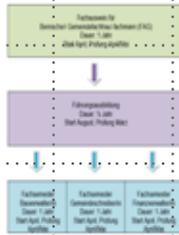Aus- und Weiterbildung bernische Gemeinden - 18.12.17

Diploma ("Fachausweis"): administrative clerk

- 248 training units = more than 30 training days, 2 semesters
- Training content includes:
  - Legal basics
  - Political structures
  - Organisation (e.g. cooperation of municipalities)
  - Municipal budget/ municipal finances
  - Particular municipal tasks: Construction oversight, taxes etc.
  - Keeping of minutes, archive administration
- Admission to exam, if training attendance is at 80% (or more)
- Written exam, ca. 10 hrs.
- Award of diploma «Gemeindefachmann» (administrative clerk)

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

57

Leadership training ("senior clerk")

- Admission to training only with successful completion of diploma ("*Fachausweis*"): administrative clerk
- 152 training units = almost 20 training days, 1 semester
- Training content includes :
  - (Public) Management
  - Media competences
  - Financial management
  - Project management
  - Human Resource Management, Leadership
  - IT management
- Admission to exam, if training attendance is at 80% (or more)
- Written and oral exam, approx. 5 hrs. written and 2 x 30 min. oral.

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

58

Specialised training
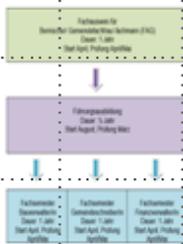
- Approx. 280 training units = 35 training days, 2 semesters

- Specific training contents according to specialisation, varying focus on legal subjects

- Admission to exam, if training attendance is at 80% (or more)

- Written and oral exam of all training content (comprehensive), approx. 8 hrs. written exam as well as an oral "defense" / colloquium (case presentation incl. questions regarding the comprehensive training content)

- Diploma/certificate acording to specialisation

- More than one diploma can be obtained

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

Introductory Courses for Local Politicians

CONTENT:
The course provides an overview and comprises 16 lessons / two course days.

- Topic 1: Political Leadership (leadership instruments, Vision & Mission, strategy, etc.)
- Topic 2: Municipal finances (financial leadership, operating numbers, etc.)
- Topic 3: Law (organisational law, public personnel law, human resource management)
- Topic 4: Local Government Departments (Overview and organisational interfaces)
- Topic 5: thinking in networks/linkages in the political every day life

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

60

Further offers

- Training for administrative clerks and senior clerks
- Refresher courses für senior general administration officials, public finance officials and construction officials
- Seminar "Administration for Building and Construction"
- Seminar "Public/Administrative Law in Practice"
- Training for supervisors (of trainees in the administration)
- Introductory course for Politicians on the Local Level
- Conference for municipal senior officials ("*Gemeindekadertag*")
- Courses (1/2 – 1 day) for municipal staff and municipal administrations
- New offers on demand

Further education

WEITERBILDUNG GEMEINDEN
Kursprogramm 2. Halbjahr 2017

Gemeinde

- Course programme is published twice per year
- ½-day and 1-day courses for senior clerks, administrative staff and "*Behördenmitglieder*."
- Topics which are of interest especially or exclusively for municipalities and which are not offered by other (commercial) providers on the market!
- Comprehensive content for all policy areas e.g.
  - Staff recruitment and management
  - Tax accounting
  - Real estate management
  - Working in construction permit procedures
  - Public Procurement
  - Data Protection in the Municipality
  - Administration of naturalisation procedures
  - VAT obligation of the municipality

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

Finances/funding

- Responsible associations, BGK und VBG, commission bwd (training school)
- Training and education programmes are cost-covering – no contributions by associations (and their members) or tax-payer money
- Affordable offers for the municipalities (training fees are lower than those of private providers on the market)
- Surplus/profit is being re-invested in training/capacity building programmes:
  - product development
  - organisation of seminars that are not cost-covering/economically viable
  - "cross-subsidisation" between seminars
- No direct "return of investment" for associations, but in part financing for related projects ("*Personalratgeber*", image campaigns for municipalities)

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

Statistics 2016

- Yearly turnover: CHF 1'039'065
- Surplus/Profit: CHF 70'353
- Assets per 31.12.2016: CHF 920'458
- Number of participants: 1'084 persons
- Conducted courses: 1'561

Aus- und Weiterbildung bernische Gemeinden - 18.12.17

Questions / Discussion

Thank you very much for your attention!