

External Review of the Institutional Support to the Standing Conference of Towns and Municipalities - Phase 3

Authors:

Daniel Arn
Olivera Purić

September 2022

Contents

EXECUTIVE SUMMARY.....	4
1. ACKNOWLEDGEMENTS	6
2. DESCRIPTION OF THE TASK	7
2.1. Political Context.....	7
2.2. Major reform developments	7
2.3. Objectives of the Forward-Looking External Review	8
2.3.1. Methodology	8
2.4. Overview of the 'Institutional Support to SCTM, Phase 3.....	9
3. FACTS AND FIGURES	13
3.1. Quantitative analysis on the Basis of the Log frame	13
3.2. Facts and Figures Related to SCTM Resources.....	13
3.3. Return of investment	15
3.4. Composition of SCTM Bodies	16
3.4.1. Political Composition of the Presidency.....	16
4. QUALITATIVE ASSESSMENT	17
4.1. Testimonials.....	17
4.2. General Impressions.....	17
4.3. Change compared to the review on 2018 (phase 2)	17
4.4. Cross cutting issues	18
4.5. Success Factors of SCTM	18
4.6. SCTM and Ministries.....	19
4.7. SCTM and Donors	19
4.8. SCTM's expertise	20
4.9. Advocacy and Service Delivery	20
4.10. Conflicts among the Municipalities	20
5. WHERE IS THE JOURNEY HEADING?	21
5.1. Local Government Reform Programme (LGRP).....	21
5.2. SCTM: Strategic Plan 2022 - 2025	21
5.3. A shared vision, a shared conviction - basis for continuing cooperation.....	22
5.4. Next Phase: More of the same, or different?.....	23
5.5. Entry points of a possible cooperation.....	24
5.6. Cooperation with MPALSG and SCTM.....	26
5.7. Degression for the topic Memory: A new intergovernmental level	26
6. RECOMMENDATIONS	28
ANNEXES.....	29

Annex 1: Terms of Reference	29
Annex 2: SCTM – External review Phase 3 - Planning of the Evaluation Process - internal only.....	34
Annex 3: Cross Cutting Issues - Examples	38

EXECUTIVE SUMMARY

Overall, the Standing Conference of Towns and Municipalities is a partner that is highly in demand, mastering the promotion of the interests of local governance. It has showcased its value proposition to all relevant partners, both with the representatives of the Government and local self-governments, as well as with the development partners, setting high standards for taking action and engagement with reform of local governance and decentralization.

The reviews find that in a nutshell the project has continued to foster decentralisation through advocating for local governments and their capacity building. Particular successes include the adoption of the strategic framework for systemic LG reform, Improvement of local electoral procedures, support to rural infrastructure improvement, support to improvement of local governments human resource management system, support to implementation of local government tasks in the area of public health and enhanced SCTM mechanism for local governments capacity building support.

The review team finds that the SCTM achieved all indicators at the impact, outcome and output level defined in the project log frame. Return to Swiss Development Cooperation investment was very high as evidenced in increased number of laws in whose preparation SCTM took part, implemented projects, training events and municipality support packages.

The Swiss contribution remains a very important one to the SCTM's mission and programming since the SDC has become the largest contributor to the SCTM (the 35 % of total donor funds in 2018 – 2021 period in relation to the following two projects: "Institutional Support to SCTM – Phase 3" and SwissPRO (in partnership with UNOPS)) and the largest source of income for the SCTM (some 25.45% of its income).

The second largest source of income was from membership fees, accounting for 23, 31 % of income with the collection level of 99, 75 % in 2021 and 100 % of the collection in the first quarter of the 2022.

The study of the documents and the meetings held lead to the conclusion that SCTM is a key partner for all stakeholders, has a high level of expertise and is exclusively oriented towards the needs of the communities. When it was emphasised during the talks that SCTM is THE BRIDGE BUILDER, this brings something very important to the point: SCTM is a stabilising organisation at the level of the municipalities, but also in cooperation with the ministries, even in times of political instability (which unfortunately can be assumed in Serbia at the moment). SCTM operates at a very high organisational and technical level and is financially sustainable. The goals set (log frame) were consistently achieved or exceeded. Despite the pandemic and the resulting restriction of mobility, activities were largely carried out as planned. The expanded possibilities for communication will also contribute to an improvement in the exchange, opinion-forming and information of the communities after the pandemic. SCTM and the communities are convinced that the cross-cutting issues are important, comply with a legal mandate and are being worked on and improved in their own interest (and not only in the interest of the donors). SCTM always succeeds in mediating between the different interests of the communities and finding acceptable solutions. SCTM's activities in advocacy, community services and project implementation do not lead to conflicts of interest; on the contrary, they complement each other and lead to greater benefits for all.

With the enactment of the Local Government Reform Program (LGRP) by the government and the Strategic Plan 2022 - 2025 by the SCTM, two strategic policy documents exist that largely coincide. On these foundations, the immediate future can be addressed, within the framework

of a shared vision and conviction. This perspective can be easily shared by SDC, a cooperation with SCTM in the coming years seems very important and successful. While phase 3 can be described as a consolidation phase, future cooperation should have a somewhat more strategic orientation: There are many important and challenging questions on the agenda regarding decentralisation, these are to be answered within the framework of clear principles and criteria, a rather emotional approach should be refrained from. The log frames should rather be provided with impact targets (municipalities, population), the activities alone are not a guarantee for the expected impact. A simple and effective political monitoring system should ensure that improvements (especially towards the population) and deteriorations (especially of the democratic system in Serbia) are identified.

Finally, the review team provided set of the recommends that will help steer the project going into the next programmatic phase as follows:

- Cooperation should focus on LGRP themes; engagement in sectoral policies should be avoided (unless it is about the application of LGRP themes).
- The cooperation with the SCTM should continue to be designed as institutional cooperation. The log frame should focus more on the effects on the population (focus on impact), and a monitoring system should make the changes plausible. The current flexibility must be maintained in any case.
- The cooperation with both SCTM and MPALSG should be continued on separate tracks. A permanent discussion on all activities should be held on an informal, more technical platform to ensure the exchange of information and coordination.
- SDC should define a clear exit strategy (e.g. further deterioration of the political situation).

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 are due to Petar Vasilev, National Officer, SDC and Nikola Tarbuk, 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. Political Context

Serbia has been experiencing a decline in freedoms and democracy for some years. According to a report by the International Institute for Democracy and Electoral Support (IDEA), Serbia “ceased to be [a democracy] in 2020”¹. The V-Dem Institute’s 2021 annual report ranks Serbia among the five countries that are sliding the fastest into autocracy², while Freedom House’s annual report for 2020 classified Serbia as a “hybrid regime” – as opposed to a democracy – for the first time since 2003³.

The April 2022 presidential, parliamentary and local elections (in 14 self-governments, including the capital city of Belgrade) confirmed the political dominance of President Aleksandar Vucic and his Serbian Progressive Party (SNS). It is expected that the political landscape will to a certain extent be more diverse than after the 2020 elections while political alliances are still in negotiation⁴.

Further, the development context of Serbia is dominated by the European Integration process. Democratic governance remains as the one of the important pillars of the EU accession agenda, which places a strong focus on changing the way in which policy-making processes and public administration in general are functioning. It is also common understanding that EU accession process leads to unavoidable transformation of the overall system of public administration, resulting in more complex obligations, powers and responsibilities

As per EU Report on Serbia for 2021⁵ Serbia is moderately prepared in the area of public administration reform. Limited progress was made overall during the reporting period. Serbia still needs to ensure (i) merit-based recruitment and a reduction in the excessive number of acting senior manager positions, (ii) a strong quality control role for the Public Policy Secretariat in policy development and coordination, and (iii) a single mechanism for prioritising all investments regardless of the type and source of financing Strategic framework for public administration reform.

2.2. Major reform developments

In April 2021, the government adopted a new public administration reform (PAR) strategy 2021–2030, with its action plan 2021-2025. The new strategy consists of six pillars covering the areas of the EU Principles on Public Administration. It includes, for the first time, a pillar dedicated to local self- government reforms.

In 2021 the Serbian Government adopted the Local Government Reform Programme (for the period 2021-2025), the first ever national strategic document defining reform processes related to the LG development. The adoption of a strategic paper providing further functional decentralization of public administration had been advocated for a decade by SCTM.

In addition, there are considerable improvements of the fundamental legal framework for LG functioning. The SCTM took a very active role in drafting one the key pieces of legislation for

¹ https://www.idea.int/gsod/sites/default/files/2021-11/the-global-state-of-democracy-2021_1.pdf

² https://www.v-dem.net/static/website/files/dr/dr_2021.pdf

³ <https://freedomhouse.org/country/serbia/freedom-world/2020>

⁴ According to the Law on Elections of Members of Parliament (Official Gazette of RS, No.14/2022), the constitutive session of the Assembly of Serbia should be held no later than 30 days from the announcement of the final results, while the Government must be formed 90 days from the announcement of the voting results.

⁵ https://ec.europa.eu/neighbourhood-enlargement/serbia-report-2021_en

LG functioning which was adopted during implementation of the project that was the Law Amending the Law on Local Government. The amendments to the Law advocated by SCTM mainly referred to the following: 1) citizen participation in the work of local self-government; 2) introduction of new competences of the Municipal/City Council 3) further and detailed regulation of the work, functioning and supervising local community councils (mesna zajednica) 4) defining frame-work for establishment of inter-municipal cooperation. In addition, the Law on Employees in Autonomous Provinces and Local Government was adopted in 2016, which was one of the main advocacy goals of SCTM, oriented towards depolarization and professionalization of local administration. The association was one of the main partners of the line Ministry in the process of drafting and then of amending the Law. The Law represent the key legal framework for implementation of the modern human resources management system in Serbia's local administration. Besides, SCTM prevented severe downsizing of employees in LGs, foreseen through rationalization of the number of employees in public administration. Due to SCTM involvement, app. 3000 LG employees were excluded from the rationalization criteria, the minimum number of employees in one LG was set at 50, and the possibility for moving employees within the LG administration was enabled. This was particularly important for smaller, less capacitated LGs.

2.3. Objectives of the Forward-Looking External Review

As envisaged by the ToR, the Review has two major objectives. On one hand the Review was expected to draw lessons of the third phase of SDC the institutional support to the SCTM and on other hand the Review is to be forward looking, investigating the future potential and orientation of the planned strategic partnership between the SCTM and SDC.

More specifically, the Review should provide guidance to SDC on what kind of adaptations need to be made in future cooperation with the SCTM learning from the current intervention (three phases). The reviewers were also invited to outline lessons learned from the current phases, also based on the self-reflections of the SCTM and relevant stakeholders, thus providing recommendations for the future intervention.

2.3.1. Methodology

The Review was guided by the basic methodology as set out in the ToR and the overall objective of the Project Phase 3 defined as National policies and legislation better address the needs of LGs which are more efficient, accountable and responsive to all citizens (**please see Annex 1**).

In line with the eight core principles derived from the international OECD DAC, ALNAP and SEVAL quality standards for evaluation: usefulness, feasibility, correctness, quality and reliability, participation, impartiality and independence, transparency and partnership the evaluation will assess the relevance, coherence, effectiveness and sustainability of the project.

The Review was multi-faceted, and the methodological approach used mixed (qualitative and quantitative) methods, as the best vehicle for meeting the evaluation needs. The evaluation team ensured that the Review was conducted through a participatory and consultative process, which includes all relevant national stakeholders at central and local level and the international development partners. During the inception phase, the methodological approach was synthesised into a set of evaluation questions, which guided the evaluation team and provided an analytical framework for conducting the Review. The initial set of questions and sub questions were further adapted to the different types of partnership and level of engagement.

The analytical framework also considered the data sources, data collection methods/tools, indicators and methods for data analysis, as well as the distribution of tasks among the evaluation team.

The Reviews principal guide was the project document for the “Institutional Support to SCTM – Phase 3” project and in particular its log frame, which contains indicators, targets and “means of verification” (i.e. data and documents) for the hierarchy of the outcomes and outputs as well as existing monitoring and evaluation mechanisms. This allowed the reviewers to conduct a critical analysis of the institutional support.

The review team identified a cross-section of data sources in order to optimise data collection and ensure triangulation. A large focus of the Review was on obtaining qualitative data through interviews and workshop discussions with relevant stakeholders. These included, the SCTM representatives, project staff, the representatives of the Ministry of Public

Administration and Local Self Government as well as local governments, the representatives of the SDC and other international development partners **(please see Annex 2)**.

In order to ensure the integrity and the comprehensiveness of the Review wherever possible data gathered, both qualitative and quantitative were triangulated, through cross verification from more than two sources. For interviews, this was done through posing a similar set of questions to the multiple interviewees. For the document review it was accomplished through crosschecking data and information from multiple sources to increase the credibility and validity of the material.

Cognizant of the long-term nature and complexity of the public administration reform and decentralization reform assistance and the economic and political policy environment and the related changes during the project implementation, the review team also analysed how to improve the relevance, coherence, effectiveness and sustainability of the SDC support to the SCTM. Against that backdrop, the review team also examined recommendations for the design of new SDC support to SCTM in terms of addressing ongoing challenges and needs for additional action.

Further, the review team was aware that, it is widely accepted that progress in the decentralisation sector does not follow a linear trajectory. The evolution of change in the sector is complicated and often unpredictable given the huge complexity that is inherent to it, even more so in contexts such as Serbia. Public administration reform including decentralisation, by its nature, is multi-faceted, having multiple causes, various possible solutions, different potential outcomes and multiple stakeholders. A linear approach to the external review based on the benchmark of results against indicators is insufficient to grasp the nature of the results produced and to identify the key facilitating and constraining factors. Thus, the methodological approach selected by the review team allowed for a non-linear approach, which enables an evidence-based analysis of the relevance, coherence, effectiveness and sustainability of the intervention.

2.4. Overview of the 'Institutional Support to SCTM, Phase 3

In the period 2010-2018 SCTM implemented two phases of the “Institutional Support to SCTM” Project. During the implementation of these two phases SCTM was supported in strengthening its institutional capacities mainly oriented towards its advocacy function. Strengthening the already existing and development of new SCTM institutional mechanisms significantly contributed to better positioning of the association versus central government organs and its increased recognition and accountability to its members – towns and municipalities in the Republic of Serbia.

Due to the identified need for further support to SCTM in the process of implementing LG reforms and intensification of the decentralization process, "Institutional Support to SCTM – Phase 3" Project is based on and considered as an upgrade of the results achieved during the previous two phases. The Phase 3 is designed in line with the SCTM Strategic Plan for the period 2018-2021 and the Swiss Cooperation Strategy for Serbia for the period 2018-2021, on one side, and the national Public Administration Reform Strategic Plan and accompanying Action Plan, on the other.

Institutional support to SCTM phase 3 focused on two outcomes with the associated outputs as follows:

1. LGs influence national policy making and Government increasingly considers interests of LGs which ensure rights and services to all citizens, men and women at the local level

Output 1.1: SCTM continuously and in a participatory manner identifies LGs' needs and advocates for the improvement of relevant policy and legislative framework

Output 1.2: SCTM capacities, mechanisms and tools for efficient advocacy, consultations with members and promotion of LG positions within the national reform and EU accession processes further improved

2. LGs strengthen their capacity to implement public policies/ legislation and key local competences, leading to more accountable, efficient and better managed LG that ensures rights and provide adequate and inclusive services

Output 2.1: SCTM continuously provides systemic capacity building support to LGs for the implementation of their competences

Output 2.2: SCTM capacities, mechanisms and tools for supporting LGs in implementing public policies and regulations are improved

Both Project outcomes are connected with three outcomes defined within the Governance section of the Swiss Cooperation Strategy Serbia 2018-2021. The first outcome of institutional support to SCTM directly contributes to realisation of Outcome 2: Strengthened institutional representation of all citizens and municipalities: The National Assembly and local parliaments are more responsive to the needs and interests of their constituencies and engage in informed and constructive debate. Local governments' interests are better taken into account in national policies. The second outcome of institutional support to SCTM contributes to the realisation of Outcome 1: Responsive and accountable local governments for better services: Local authorities improve their management capacities and provide better and inclusive services in response to people's and the private sector's needs and demands and Outcome 3: Informed citizen and CSO engagement: Informed citizens and CSOs engage in local decision-making, contribute to collaborative local governance initiatives and hold the government accountable.

Key results within the "Institutional Support to SCTM – Phase 3" Project (2018-2022) are achieved in relation to both advocacy and capacity building as follows

Advocating for LG interest:

Adoption of the strategic framework for systemic LG reform. Adoption of the Local Government Reform System Programme (for the period 2021-2025) as a separate strategic paper providing further functional and sustainable decentralization of public administration has been advocated for a decade by SCTM. More importantly SCTM was the key partner of the line Ministry in preparing the Programme, and one of the main implementor of the activities defined in the accompanying Action Plan (2021-2023). The most important reform directions, that is, the objectives of LGRP are: 1) Improvement of the position and responsibilities of the

local government; 2) Improvement of the local government financing system; 3) Improvement of local government organisation and capacity; and 4) Improvement of quality and availability of services of local government authorities, utility services, and public institution services. The full implementation of this document should, among other things, ensure greater importance of local government in managing public affairs, further delegation of public affairs to local communities and citizens, and thus the enhancement of quality and scope of local government services to citizens and businesses.

Improvement of local electoral procedures – The Law on Local Elections embedded ¾ of SCTM proposals, defined in the special document SCTM prepared and advocated in the process of amending the legal framework (30 proposals for improvement of local electoral procedures) with the aim of simplifying the electoral process, improving the transparency and democratic nature of the entire process. Due to SCTM involvement the organization and work of electoral bodies (election commissions and polling station committees) has been stipulated in more detailed and clearer manner, the rules on their composition in case of simultaneous national and local elections have been precised, the position of national minorities in the election process has been emphasized, procedures and deadlines for protection of suffrage have been specified, as well as the jurisdiction for deciding on appeals.

Support to rural infrastructure improvement – SCTM takes an active role in the process of accreditation of certain LG relevant measures within the IPARD 3 programme. SCTM particularly emphasize and advocates for accreditation of the Measure 6 of IPARD 3 - Investments in rural public infrastructure. The line Ministry used the data from the comprehensive analysis carried out by SCTM (on the current state of various types of rural infrastructure and existing LG capacity to implement the Measure 6) in the process of programming the Measure 6 of IPARD 3 owing to which Serbia will have 70 million EUR available for improvement of rural infrastructure in the future, upon accreditation of this measure.

Building LG capacities:

Support to improvement of LG HRM system - Together with the line national institutions (Ministry of Public Administration and Local Self-Government, Council for Professional Development of Local Employees, National Academy for Public Administration), SCTM was involved from the very beginning in the process of designing and establishing the new modern system of professional development of local employees in order to ensure build more capacitated, professional and depoliticized local administration. On the other hand, SCTM implements the HRM system as accredited provider of trainings which are main segment of newly introduced system enabling professional development of local employees and more organized and consistent HR system in LGs. As of the introduction of this system (2019), through IS SCTM3 SCTM provided over 120 trainings for implementation of tasks in many areas of local competence. Through this training courses over 3000 LG employees were trained, i.e. received an official certificate and thus introduced in the system for professional development.

Support to implementation of LG tasks in the area of public health –The Law on Public Health (adopted in 2016), stipulated considerable responsibilities for LGs. Having in mind this piece of law provides for establishment of a new local institutional mechanism in charge of implementing public health actions at the local level, SCTM designed a comprehensive and continuous support enabling LGs to implement their legal obligations (model local acts for establishment of the Local Health Council, Manual for Drafting Health Plans, workshops, advisory support, peer-to-peer meetings etc.). The situation analyses in the area of public health indicates that the level of LG capacity to implement the competence in this area are correlated with the level of systemic and continuous support provided by SCTM. Only in the period 2021/2022, due to comprehensive SCTM support, almost 30 LGs developed their Public

Health Plans, local strategic paper ensuring improvement of public health based on identified local needs in this area.

Enhanced SCTM mechanism for LG CB support – Due to the institutional support, SCTM strengthened some already existing and created new innovative mechanisms for LG capacity building. Besides the training courses, regional workshops, instructional materials etc. SCTM introduced several new mechanisms thus enhancing the extent and variety of its support to LGs. Namely, SCTM established new platform for information and exchange with LGs – network of local professionals (employees). At this moment, SCTM coordinates work of 28 networks gathering over 4000 representatives of all towns and municipalities. In addition, SCTM introduced new advisory tool - E-question. This system involves the provision of relevant and expert answers and advice from various areas of LG competence in a very short time (up to 7 business days on average). This service enables SCTM to act in two ways: SCTM provides support to LGs to properly implement the relevant statutory obligations on one hand, identifies the shortcomings within the primary and secondary legislative framework regulating various areas of LG competence, and also gets insight into the LG capacity for exercising their competences. In the period mid 2019 (when the system was introduced) – March 2022 over 1120 questions were sent by LGs through the system, and SCTM answered 96.3% questions. So far, almost 150 out of 170 cities and municipalities have submitted inquiries through the system. SCTM regularly informs LGs on newly adopted legislation via another newly established e-tool – Law Alert Newsletter distributed to relevant SCTM networks of LG professionals.

3. FACTS AND FIGURES

3.1. Quantitative analysis on the Basis of the Log frame

The review team finds that the monitoring and evaluation systems utilised were able to ensure effective and efficient project management.

The Institutional Support to the SCTM, Phase 3 project document is accompanied by the Monitoring and Evaluation plan that was followed throughout the project implementation period. Both the project document and its Monitoring and Evaluation Plan, including the Log frame, were well drafted with logical and inter-connected outcomes and outputs. The Log frame used both qualitative and quantitative indicators appropriate for the impact/ outcome / output level, well defined baselines and specific sources of verification.

Monitoring of the project was implemented through the following mechanisms:

- Monitoring of indicators

Indicators from the log frame were monitored regularly and accordingly noted in the log frame status overview for the 2018 – 2021 period as well as discussed with the SDC.

- Monitoring of the risks

The risks were also monitored regularly. Recognized potential risks didn't influence the project implementation, the project is finished smoothly in the agreed timeline, which was a particular challenge given the complexity of the results to be achieved.

The review team finds that the SCTM (over) achieved all indicators at the impact, outcome and output level.

Further, the SCTM has systematic mechanism to capture lessons learned and incorporate them into both project implementation and next programmatic cycle, especially with regards to risk assessment and context analysis.

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 below⁶:

- Project Team – 32%
- Administrative costs – 6%

⁶ 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).

- Implemented project activities – 62%

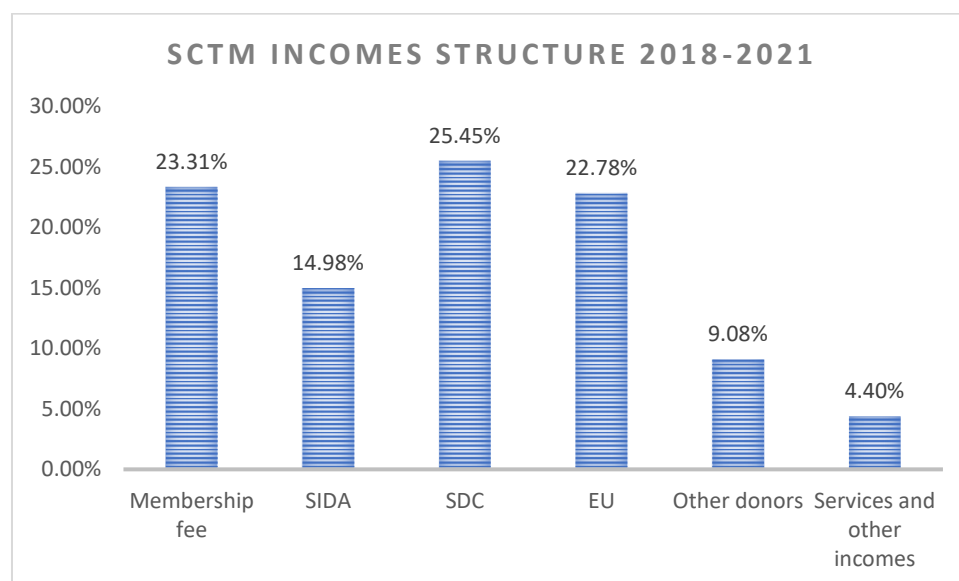
Further, due to the organizational structure and systematization of job posts that has been modified, without division of staff into advocacy/services/ related position SCTM does not record Personal Advocacy / Service – Development data anymore. In line with this, SCTM provided the following overview of the current structure of SCTM staff:

- Management (SG, DSGs) – 4%
- Programme staff – 70%
- Supporting – administrative staff (logistics, finance, it, legal, procurement, etc.) -26%

Contributions to the SCTM, throughout the project implementation period, continued to be significant. 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. The SDC has become the largest contributor to the SCTM. Namely, the SDC contribution represents the 35 % of total donor funds in 2018 – 2021 period in relation to the following two projects: “Institutional Support to SCTM – Phase 3” and SwissPRO(in partnership with UNOPS).

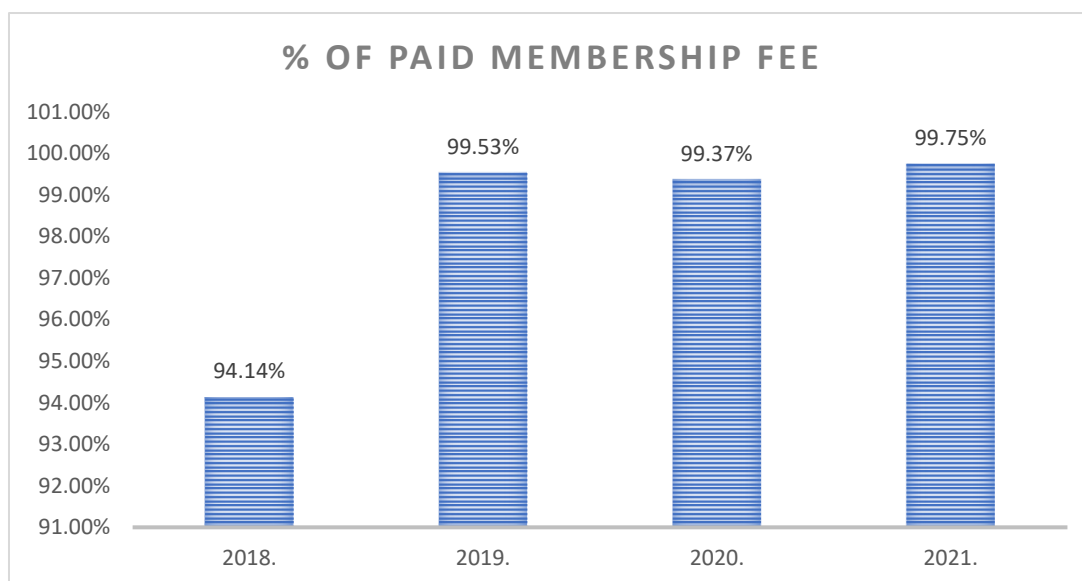
Also In the same period 2018-2021, the largest source of income for the SCTM was from SDC support - some 25.45% of its income. The second largest source of income was from membership fees, accounting for 23, 31 % of income.

The Swiss contribution is thus obviously a very important one to the SCTM's mission and programming.



Note: The Income Structure 2018 -2021 is provided by the SCTM

The collection of membership fees is on the constantly high level, and it went from 94, 14 % in 2018 to 99, 75 in 2021. It is interesting to note that the collection level in Q1 2022 reached 100 with the positive projections for the rest of the year.



Note: Percentage of paid membership fees overview is provided by SCTM

3.3. Return of investment

It is obvious that there is return of the SDC investment across both advocacy and support to municipalities that could be tracked through programmatic increments as follows:

- Increase in a number of laws in whose preparation SCTM took part (within ministries' working groups, through meetings, public debates, written proposals and analysis, development of model legislations etc.) from over 40 laws and policy documents in the period 2015-2017 to over 45 adopted laws, 6 laws in preparation and more than 20 adopted or drafted policy/strategic documents in the period 2018-2021.

- Increase in project implementation from implemented projects with the total budget amounting to 8.6 million EUR in the period 2013-2017 to implemented projects with the total budget amounting to 10.2 million EUR In the period 2018-2021 SCTM

- Increase in number of Municipal support packages (MSPs) from 39 MSPs in the period 2014-2017 to 125 MSPs (implemented through project financed by EU, SIDA, SDC, GIZ etc.) in the period 2018-2021

- Increase in number of training courses from around 300 local and regional training were delivered (attended by 15 to 70 participants per each, depending on the topic) and additional 10 e-learning courses as a new learning tool (nearly 4000 LSG representatives have been trained within these online courses) in the period 2014-2017 to 330 workshops, regional trainings, webinars, conferences or e-learning events (the total number of attendees/trained local employees was over 10 00) and over 220 training events and e-learning courses organized in accordance with the new national system for professional development (over 5000 of trainees received national training certificates) in the period 2018 – 2021.

Further, within the MSPs SCTM implemented around 500 seminars, workshops or training events were carried out that gathered over 5000 LG representatives.

3.4. Composition of SCTM Bodies

3.4.1. Political Composition of the Presidency

The political structure of the SCTM Presidency evolved during the project implementation as follows:

In 2018-2019 – 91% Serbian progressive Party; 9% other parties (1 United Peasant Party; and 1 – Serbian Socialist Party)

In 2020-2021 – 87% Serbian progressive Party; 13% other parties (2 – Serbian Socialist Party; 1 – Democratic Party – Albanian Minority Party).

In 2022-2023 – 91% Serbian progressive Party; 9% other parties (1 United Peasant Party; and 1 – Serbian Socialist Party)

The political composition of the Presidency clearly shows the political dominance of the Serbian Progressive Party. However, it is important to note that SCTM remains political neutral. The SCTM convening power and unique position of the strategic partner to both the Ministry of Public Administration and Local Self Government and towns and municipalities continue to evidence the neutrality.

Geographic distribution of the municipalities is clearly reflected in the system of elections for SCTM Presidency (the main executive organ). The Presidency has 24 members (compulsory⁷ and elected⁸), out of which 23 members are towns and municipalities elected by SCTM General Assembly. SCTM Secretary General is the ex officio Presidency member.

Most if not all LSGU appointed at least one representative into one of the committees of SCTM. 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.

⁷ 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

⁸ Elected members – 14 seats, elected from towns and municipalities who submitted 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

The quotations below are statements from people interviewed, namely people from the communities surveyed.

- SCTM is indispensable for all actors in the field of LG
- Practice-oriented attitude, they know what they are talking about, great expertise
- High willingness to provide services
- Unbureaucratic and quick approach
- SCTM is the house of the communities, if the association did not exist, it would have to be created immediately.
- SCTM as THE BRIDGE BUILDER between the actors
- Influencing national politics and administration (ministries) without going into confrontation, high level of acceptance
- Revolutionary improvement of cooperation
- In today's political context, stability and continuity are very important. We depend on strong SCTM

These quotes reflect the prevailing mood of the interviewees during the interviews. Critical voices were not heard.

4.2. General Impressions

The evaluation of the interviews leads to the following General Impressions:

SCTM is

- Indispensable for all partners (municipalities, ministries, donors)
- Optimally positioned in terms of internal organisation and infrastructure
- Extremely customer - and demand-oriented and well prepared for future challenges
- sustainably organised and financed, can always react very flexibly to any changes thanks to institutional support from SDC
- main entry point for the future positioning of SDC in the Serbian decentralisation context
- operates in an unstable political environment, but contributes to stability through its influence and activities at the local level.

4.3. Change compared to the review on 2018 (phase 2)

While the SCTM in the second phase (2014 - 2017) was institutionally and organisationally in an expanded development phase compared to the first phase, phase 3 (2018 - 2022) can be described as a consolidation phase. Great progress was made both in terms of internal organisation, but also in the involvement of the municipalities and the creation of model documents. Today, the SCTM is in excellent shape, and further internal reforms do not need to be addressed as a priority. The SCTM can focus on its core business, advocacy and services to the communities. Much has also changed vis-à-vis the central government: While the Phase 2 review noted that the decentralisation process was stalled and lacked a common strategy, Phase 3 has seen a lot of movement. With the notable participation of the SCTM, the MPALSG developed and adopted the Local Government Reform Programme. Today, there is

a clear conviction, and a programme of what reforms are pending in the field of local government and decentralisation. For its part, the SCTM has issued a Strategic Plan (2022 - 2025) for the same phase, which maps the LGRP and also lists other policy areas (especially sectoral policies). It can be assumed that today and, in the future, the central government and the SCTM will act within the framework of strategic ideas of decentralisation and local self-government.

4.4. Cross cutting issues

The donors in general and SDC in particular attach great importance to certain cross-cutting issues, namely gender equality, social inclusion, and interventions in favour of the needs of the excluded population. This raises the question of whether these activities are primarily carried out at the request of the donors, or whether these policy areas are also and primarily carried out at the request and in the interest of the municipalities. The interviews answer this question clearly and unequivocally: these tasks stem on the one hand from central government regulations, and on the other hand also from the will of the municipalities to be active in these areas and to make their contribution to improving the situation.

SCTM was active in various areas in Phase 3, a few examples that are believed to have contributed to an improvement in the situation of those affected can be found in **Annex 3**.

In general, the activities of SCTM and the results in the communities are reported, but hardly the impact on the affected civilian population. This is hardly measurable, as was also shown by the discussion with the persons interviewed during the interviews. The addressees of SCTM are primarily the communities, which could be reached with all activities. These activities are based on the conviction that they lead to an improvement of the situation in civil society. However, it should be pointed out at this point that changes in civil society among vulnerable groups can hardly be attributed monocausally to the activities and interventions of SCTM or the communities. These activities can have a positive impact, while poor economic development can still worsen the overall situation. In future, when designing the log frames, it will be necessary to ensure that more importance is attached to the concrete impact of the activities of SCTM and the municipalities.

4.5. Success Factors of SCTM

The documents and the results of the survey lead to the clear conclusion that the SCTM is very successful and enjoys great recognition and respect among all stakeholders. Below are a few factors on which the success of the SCTM is based:

- Independence
- Great expertise and differentiated organisation
- Anticipatory and proactive behaviour
- Strategy-conscious
- Strong ownership
- Distinct responsiveness (customer orientation)
- Differentiated involvement of members
- Partnership with the ministries
- Value for money - good cost-performance ratio
- Learning organisation, with a strong will to constantly improve.

4.6. SCTM and Ministries

In phase 3, SCTM had very intensive cooperation with various ministries, especially with the MPALSG, which is responsible for local governance and decentralisation. SCTM was significantly involved in the development of the LGRP, the contacts with the ministries were on the one hand characterised by strategic concerns, on the other hand the exchange also concerned many operational questions, namely after the implementation of new legal provisions in the municipalities. This very intensive cooperation with the ministries has led to the fact that today the municipalities, which were also able to maintain contacts with the ministries in many working groups, have a much better relationship with the ministries than was previously the case. In the course of the discussions, various municipalities have emphasised that the ministries are very helpful when questions and challenges arise and that they always have an open ear for enquiring municipalities. This positive development can be attributed in large part to the conduct of SCTM. SCTM presents itself to the ministries with a great deal of expertise and, if necessary, also with the necessary persistence, but is always concerned with partnership and maintains good relations with the central government actors.

4.7. SCTM and Donors

While SCTM cooperates with SDC "institutionally", the rest of the cooperation with various donors is consistently project-related. Donors emphasise the advantage of working with SCTM to ensure that communities can be reached and involved in project work. Today, the SCTM is guided by its strategic plan and does not simply accept orders to implement projects. It discusses the strategic orientation of a possible project with interested donors and, if necessary, asks for adjustments to the project specifications. When implementing donor-funded projects, the SCTM can benefit from its knowledge of the overarching law on the one hand, and from its contacts with the communities and their challenges on the other. Compared to other project implementers, the SCTM has a comparative advantage, which is (also) reflected in the increasing turnover for projects.

Previously introduced practice of communication and coordination with the majority of SCTM implemented projects supported by other development partners SCTM cooperates with, has been continued during the implementation of the "Institutional Support to SCTM – Phase 3" Project, as well. This approach to implementation of SCTM activities responding to the key LG priorities (defined in SCTM Strategic plan) is emphasised by the established practice of joint action planning and synchronisation of activities between projects implemented by SCTM (twice a year, SCTM organizes internal evaluation/planning workshops, which is also introduced through institutional support project).

In this regard full internal coordination and synergies are established with the other SCTM projects financed by the European Union, SIDA, GIZ, UNOPS/GIZ or with the joint project of the Council of Europe, as well as good cooperation with the projects supported by SDC and implemented by Ministry of Public Administration and Local Self-government (MPALG), Helvetas, UNOPS, UNDP.

Further, SCTM established sound cooperation with MPALG in implementation of the Project the Ministry implements through SDC support – "Local self-government for 21st century". Some of the most important results achieved through synergy between the two SDC supported projects are drafting the Law on Referendum and Citizen Initiative and development of the Programme for the Reform of the Local Self-Government System for the period 2021/2025 (and accompanying Action Plan).

The cooperation with the several phases of the Swiss supported project "Property Tax Reform" (implemented by Helvetas Intercooperation) should be also particularly highlighted. The cooperation between SCTM and the Project were established both at advocacy (for example:

joint initiative towards national authorities relating to the amendments to the Law on Property Taxes and the Law on Tax Procedure and Tax Administration was prepared, joint advocating for modified procedure of implementation of the environmental protection and improvement fee taxation) and LG capacity building level (a joint database with answers to the questions in the field of tax administration was established, joint organization of several series of workshops, meetings of LPA network etc.).

The partner cooperation approach in the implementation of reforms in the area of local self-government is instrumental in avoidance of the overlapping of interventions, on one hand, and contributes to better accounting for LG interests and needs, coherent implementation of activities and, thus, achieving evident results and effects in the LGs' operating practice, on the other.

4.8. SCTM's expertise

SCTM has pronounced expertise in many areas. On the one hand, the SCTM has well-trained staff who already have a great deal of know-how. In addition, the SCTM is gaining more and more experience and expertise through its work with the ministries, but also with the network of community cadres and working groups (on numerous topics) that has been built up in the meantime. The various successful activities in the municipalities - but also with the ministries - show how broad the acquired expertise is today (politics, constitutional and administrative law, business administration, finance, HR, etc.). In the course of the discussions, it was pointed out on several occasions that the SCTM is considered a front-runner in terms of its experience and expertise in the whole of South Eastern Europe. Combined with practical experience and a decidedly pragmatic approach, this makes SCTM particularly attractive.

4.9. Advocacy and Service Delivery

The SCTM's core business consists of advocacy (activities vis-à-vis the central government) on the one hand, and numerous services to the municipalities (sample templates, manuals, implementation aids, training, etc) on the other. In addition, the SCTM acts to a considerable extent as a consultant for donors and is involved in numerous projects to strengthen the municipalities. The question arises whether these multiple challenges could lead to conflicts. Based on the results of the discussions held, this does not seem to be the case. On the contrary, the diverse activities in the communities, be it in the context of service delivery or in the context of donor-funded projects, provide SCTM with the knowledge to know the needs and attitudes of the communities, which is of great advantage for the advocacy activities.

4.10. Conflicts among the Municipalities

It seems obvious that not all municipalities (or all members) have the same interests. In the case of divergent interests, it is not always easy for an association of municipalities to formulate a position that is accepted by the municipalities as a whole. Especially in Switzerland, the municipal associations have to take a back seat in the case of heterogeneous interests of the municipalities and let the legislator decide as an arbiter between these different interests. The feedback from the interviewees leads to the conclusion that SCTM, with a great deal of prudence, always succeeds in finding a solution with a sense of proportion in the case of divergent interests. Such solutions are prepared by the staff, while the consolidation and political legitimisation of these solutions is done by the political bodies of SCTM. Within the framework of the implementation of the LGRP and also of the strategic plan of the SCTM, the question is on the agenda whether a "linear", i.e. equal distribution of tasks among all communes should continue to take place, or whether this distribution of tasks should take place "asymmetrically" in the future. This would mean that smaller communes would fulfil fewer tasks

than larger ones. It will be interesting to see whether the SCTM succeeds in finding acceptable solutions for all communes. Thanks to the regular early involvement of all municipalities, the chances are good that this will also succeed.

5. WHERE IS THE JOURNEY HEADING?

5.1. Local Government Reform Programme (LGRP)

The government adopted the Local Government Reform Programme on 9 July 2021. The programme covers the period 2021 - 2025 and its main contents are as follows:

- Strengthening position and responsibility LSGU
 - Adaptation of legislation to charter
 - Improve electoral system and procedures
 - Strengthening citizen participation
 - Inclusion of LSGU in national policy
 - Improve good governance
 - Improve vertical and horizontal supervision
- Improvement of the LSGU financing system
 - Reform of the financing system / fiscal decentralisation
 - Improving the budget planning process
 - Improving transparency of the local financial system
 - ICS development
- Improving organisation and skills
 - Improve human resource management
 - Improve professional development
 - Support transformation of the organisation
 - Further development of ICZ to strengthen self-governance
 - Improvement of the development planning system
- Improve quality of service
 - Improving instruments for monitoring administrative implementation
 - Improving management skills
 - Systematic reform of service delivery
 - Improving local services / promoting PPP
 - Improve monitoring DL quality and citizen satisfaction

The list of these contents shows how comprehensive the programme is. Whether the government wants to implement this programme as a priority seems questionable but can be left open. The topics are set as an orientation framework, the upcoming reform seems very broad, all important areas of decentralisation and local self-government are covered.

5.2. SCTM: Strategic Plan 2022 - 2025

The Strategic Plan of the SCTM for the years 2022 - 2025 included practically the entire programme of the government but goes much further. Namely, it also includes many issues and interventions in various policy areas. The main elements of the Strategic Plan can be presented as follows:

- Programme goals
 - Reformed position LSGU

- Improved management HR
- Improvement of GG principles (important for EU accession negotiations)
- Better development planning and financing of LSGU / fiscal decentralisation
- Better implementation of local policies, economic development
- Better social development
- Urban development, sustainability, equality, CO2 neutrality
- Improve organisation and function SCTM
 - Advocacy (Advocacy)
 - Capacity building in the communities
 - International cooperation
 - Information and communication
- Institutional framework (strategic plan)
 - Strategic plan 3 years
 - Annual Action Plan (AAP)
- Logical framework of the strategic plan
 - Table page 36 ff (very detailed)
 - Values defined everywhere, with indicators, performance-oriented, impact secondary

The Logical Framework provides for measurable indicators, but these mainly refer to instruments and activities and hardly allow any conclusions to be drawn as to whether these measures lead to an improvement in conditions for civil society. Although the improvements for the population - also because they are never monocausal - can hardly be measured precisely, it seems appropriate that at least the assumption is always expressed as to what effects the instruments and activities used should have on the population and the economy. The goal of all activities is always to improve the functioning of the central state and the municipalities in such a way that civil society is better off in every respect.

5.3. A shared vision, a shared conviction - basis for continuing cooperation

The Local Government Reform Programme and the Strategic Plan of the SCTM are a good basis for cooperation with SDC. These foundations can be described as a *common vision*. However, this vision concerns the shaping of decentralisation and the strengthening of local self-governments in Serbia. In Switzerland this is not a vision, here it is the *conviction*, lived for many years, that many public tasks must be performed as close as possible to the beneficiaries (principle of subsidiarity), that the accountability of local authorities is particularly pronounced, and that the citizen-oriented and careful use of resources leads to good and affordable state services. This conviction is shared by the Serbian partners, both the MPALSG and the SCTM, whose programmes and strategies are based on it. Based on these very positive experiences, it is assumed that the planned measures will lead to a medium- to long-term improvement in the living conditions of citizens and businesses. However, it takes a lot of energy and perseverance and the necessary time to be able to recognise the changes.

It is noticeable that SCTM has a lot of funds at its disposal, especially in the area of infrastructure (office equipment, technical equipment, catering). The SDC contributions ultimately replace missing tax funds, which must be made available in the medium to long term in the form of membership fees. Taxpayers' money (SDC contributions also come from taxpayers' money) must always be handled with great restraint; a certain modesty seems appropriate, even if this may seem somewhat Swiss. One can also achieve a great deal of impact with a small (or smaller) budget. Here, SCTM is called upon to think about how to deal with lower contributions or more modest resources in the future.

5.4. Next Phase: More of the same, or different?

While phase 3 can be described as a consolidation phase (the internal organisation and cooperation with the municipalities could be strengthened), in the future it will be a matter of consolidating decentralisation and further strengthening the municipalities in the interest of civil society. The field of decentralisation appears to be very challenging: the transfer of certain (further) tasks to the municipalities is opposed by the argument that only the large municipalities (cities), with their resources and capabilities, are at all able to fulfil the tasks transferred to the municipalities in a qualitatively and quantitatively satisfactory manner. In other words, should there be a deviation from the previous "linear" distribution of tasks among the municipalities, towards an asymmetrical division of tasks? This raises the question of whether the central state is in a position to fulfil the tasks of the "small municipalities" itself. It is important to consider how the quality of services can be measured or evaluated. It is not always the case that size alone guarantees good quality services. Small units are also capable of providing good services if they are clever.

The next phase is not intended to be a "linear" continuation of phase 3. The newly defined cooperation as a different "policy" can be outlined as follows:

- *Institutional support* remains (project orientation is out of the question), the orientation of cooperation is consistently based on strategic goals and circumstances.
- It is essential to maintain the flexibility that has been granted so far thanks to institutional support. Unlike cooperation in concrete projects, activities in institutional cooperation can easily be adapted to changing conditions. However, this requires timely and effective monitoring and also the timely adaptation of the impact-oriented logframe.
- In the process, it must be shown according to which criteria a good division of tasks, with accompanying sufficient funding, must take place
- The fulfilment of tasks in the municipalities is not oriented towards the needs of the central state, not towards the needs of the SCTM and also not towards the needs of the municipalities. The needs of the population and the economy are in the foreground, and this must also be reflected in the logframe.
- In future, it will not be the planned activities and instruments of cooperation that are the yardstick, but rather the needs of civil society and their satisfaction. Here, it is not always possible to work with measurable indicators; it is often necessary to formulate assumptions and expected effects that are to be achieved by the population.
- For example, it would not be the number of newly ordered administrative procedures that would have to be measured, but rather their effect (example: How does the duration of the procedure change with the new processes, what about the acceptance of the administrative decisions by those affected, etc.). The presentation of the results in a time series comparison would be very informative.
- In the coming years, the municipalities are to be encouraged to monitor and document the changes themselves vis-à-vis the citizens and the business community, but also of vulnerable groups.
- The findings should also be presented and evaluated within the framework of a policy monitoring system. Successful cooperation with SCTM and the municipalities can bring improvements for the population, but at the same time a further backlash of national policy regarding democratisation and decentralisation can lead to an (undesirable) step backwards overall. SCTM has introduced a Law-Alert to identify when changes in the law will come into force, so that the municipalities can be prepared accordingly in time. What is needed now is a "backslash alert" for the SCTM and also for the SDC, which recognises bad developments at the national level at an early stage and, in particular, offers the SCT the possibility of temporarily or permanently withdrawing from long-term cooperation.

5.5. Entry points of a possible cooperation

Based on the findings, the following "Entry Points for a possible cooperation are recommended:

- Decentralisation
 - This issue is of primary strategic importance. As is well known, the allocation (or removal) of public tasks for fulfilment by the municipalities is always (also) associated with emotions. While for some the decentralised fulfilment of tasks is seen as the key to success, for others this is associated with great risks (the municipalities are not capable, there is no longer equal treatment under the law in the fulfilment of state tasks, etc.). It therefore seems extremely important that this discussion be conducted objectively and within the framework of scientific findings.
 - The decision as to whether the municipalities should fulfil this or that task cannot be made on the basis of day-to-day political considerations; it requires a careful debate and a differentiated weighing up of the advantages and disadvantages. In addition, numerous framework conditions must always be in place so that the decentralised fulfilment of tasks by the municipalities is successful. In particular, financing, state control and supervision as well as the legal protection of those affected must be clarified.
 - The question of whether all municipalities should continue to be treated equally or asymmetrically with regard to the tasks to be transferred must be clarified at the beginning of the upcoming decentralisation process. The assumption that only large municipalities can fulfil the tasks well and adequately is unlikely to be generally true. Many examples in Switzerland show that even smaller municipalities (from a minimum size) are easily able to fulfil the tasks assigned to them. An advantage of small municipalities is the fact that they are much less burdened with bureaucratic processes; in addition, the proximity to the population is usually very great and can be seen as an advantage in the fulfilment of tasks.
 - It should also be noted that many tasks are not fulfilled either by the central state or by the municipalities. Composite tasks are successful in principle (e.g. primary school, or social welfare), but here a clear and legally defined division of tasks with accompanying responsibility for financing is needed. This multi-level governance is based on clear guidelines and criteria.
 - Finally, and indispensable is the issue of fiscal decentralisation. One hears again and again that the municipalities must be able to levy more of their own taxes in order to finance their tasks. This claim can be countered by the fact that taxes tend to have a negative connotation from an economic point of view. Fiscal decentralisation is about distributing the share of state taxes correctly to the fulfilment of tasks. A certain share of the tasks to be fulfilled can certainly be financed with municipal taxes, but there also needs to be a share of central government taxes to be allocated to the municipalities for the fulfilment of the tasks. The problem of the different tax powers of the individual municipalities must also be kept on the radar (appropriate equalisation of the different tax powers).
 - Special attention should be paid to cross-cutting issues (gender, social inclusion, protection of vulnerable groups, etc.). In view of the programmatic and strategic approach of the MPALSG and the SCTM, it can be assumed that this process will be approached in a methodologically correct and prudent manner so that the impact on these cross-cutting issues is always taken into account in the decentralisation discussion.

- **Strengthening Municipalities**
 - Only municipalities with the necessary skills and resources are in a position to perform the tasks assigned to them (and also those they have chosen themselves) in the interest of the citizens. With good templates (models, model laws, etc.) and with the necessary training and further education, it should be possible to bring the municipalities up to the necessary standard. These efforts must be made continuously, they are never finished, because the state requirements and also the needs of civil society are subject to constant change. The municipalities must always realign themselves to meet the changing demands and needs.
- **Improving Municipal Services**
 - In order to improve the services of the municipalities, a "strategic" discussion of the desired and also possible standards is needed in advance. On the one hand, better performance requires the skills of the personnel who provide the services, it requires the necessary technical resources and finally also the necessary funds to be able to finance the fulfilment of the tasks. An interesting discussion is triggered by the question of whether the same task standards are to be provided in all municipalities, or whether these may (also) be based on the tax power of the individual municipalities. In Switzerland, it is undisputed that the same services do not have to be provided in all municipalities. Of central importance is the fact that the municipal parliaments and also the voters have a say in the "distribution of funds" (where savings are made, where funds are spent more generously) and can ultimately decide. For certain tasks, the central state sets minimum standards (e.g. for primary schools, social welfare, and also for supply and waste disposal).
- **Implementation for GG principals**
 - The GG principles should be known in all communities by now. However, there is still a wide field of activity here. The GG index is a good instrument to measure changes and to set incentives for improvement. Particular emphasis should be placed on citizen participation; it is essential to ensure the participation of all stakeholders. However, the risks of citizen participation must always be kept in mind. The participation of individual selected social groups often lacks the legitimacy that is indispensable for political decisions. Ultimately, only elected authorities or, at best, a direct-democratic decision can provide this legitimacy; a procedure of citizen participation may provide important insights, but it is in no case a legally sufficient and binding decision.
- **Cross Cutting Issues**
 - Cross-cutting tasks such as gender, social inclusion or the protection of vulnerable groups are certainly still an important area. From a political point of view, it is about the equal access of these groups to all municipal services, and possibly also about better treatment if this seems objectively necessary. With a good monitoring system, fact-based data can be collected on where the shoe pinches and how the situation is changing. Finally, it must be ensured that municipal decisions can be subject to independent judicial review.
- **Not: Sectoral Policies**
 - The programme objectives of the Strategic Plan for the years 2022 - 2025 are as follows:
 - Objective 1: Reformed status and organisation of Local Government.
 - Objective 2: Improved system of development planning and financing of local government

- Objective 3: Improved implementation of local policies leading to a better economic environment and more investment (tourism development, better prospects for rural areas)
- Objective 4: Improved activity of local government in social development of municipalities
- Objective 5: <City development (based on sustainability, inclusion and equality with a focus on prosperity and carbon neutrality).
- While Objectives 1, 2 and 5 represent cross-cutting issues, Objectives 3 and 4 are primarily concrete sectoral policies (see the planned outputs and indicators in the log frame, paragraph 6 of the Strategic Plan). In line with the Serbian Government's Local Government Reform Programme, the focus should be on the cross-cutting issues (promoting decentralisation, good governance, local government reform). There are numerous donors who will be involved with projects in various sectoral policies at the community level (Objective 3 and 4). The experts commissioned are of the opinion that only the above-mentioned topics (Objectives 1, 2 and 5) should be supported with continued institutional support. Moreover, the above topics are absolutely central from a Swiss perspective. Of course, the above issues can also be "managed" in connection with sectoral policies, namely when it is convenient to raise the general issues in the policy area concerned. And in particular with the upcoming consolidation of decentralisation, it is also a question of which level has to manage which sectoral policies. An engagement of SDC in the areas of the Objectives 3 and 4 without reference to the cross-cutting themes would appear problematic - also in the light of institutional support.

5.6. Cooperation with MPALSG and SCTM

These issues suggest further cooperation with SCTM. SCTM is a unique selling point, not only in Serbia, but in the entire South Eastern European region. Even in Western Europe, it is not easy to find community associations with this expertise, with this anchoring among the members and with this pronounced networking with all stakeholders. SCTM is a stability factor in the political structure of Serbia. The cooperation with this association should therefore be continued. And in view of the common vision and the good and trusting cooperation so far, further cooperation with the MPALSG also seems appropriate. The topics of interest are congruent, both the Ministry and the SCTM deal with them intensively, which is an important reason for cooperation with both the Ministry and the SCTM.

The commissioned experts advocate without reservation that the triangular relationship between the SDC, the MPALSG and SCTM be mapped in a formalised exchange platform. This involves informal cooperation at the technical level, not at the political level. However, it is important that all activities can be agreed face to face, a purely bilateral relationship of SDC with both the ministry and SCTM is insufficient. All parties must know from each other what is going on, what is being planned and how the successes (or failures) are turning out. This cooperation must take place without a lot of protocol, when necessary, the parties sit together, inform each other and discuss the next activities, but also the basic strategic decisions.

5.7. Degression for the topic Memory: A new intergovernmental level

From the perspective of constitutional law, Switzerland is characterised by the intergovernmental level of the cantons. The current situation can only be understood in a historical context; the Swiss model can hardly be a template for the introduction of an intergovernmental level. In Serbia, the question of an intergovernmental level with more competences is also being discussed, but this topic is not at the top of the political agenda. In

view of the experience with the division of the territory of the former Yugoslavia into independent state entities, a certain restraint seems understandable or advisable. Should this topic come back on the agenda, it would certainly be interesting for SDC to make a contribution here. However, it is advisable not to approach this topic proactively. During the interviews, it was suggested that SCTM could be deconcentrated by opening local agencies in different regions. These field offices could be reached more easily (shorter distances), and they could also respond better to challenges of the local context. This idea is to be included in the thematic repository without proactively pursuing it further.

6. RECOMMENDATIONS

Long term view - Cooperation to be continued

- The authors of this report conclude unreservedly and with conviction that, from a long-term perspective, the collaboration with the SCTM (and also with the MPALSG) should be continued.

Keep Flexibility

- Future cooperation must continue to be institutionalised. It must be possible to react quickly to changing circumstances in the areas of cooperation outlined above. It is imperative that the current flexibility in cooperation continues to be guaranteed.

Focus on Impact v. Activities

- Within the framework of the logframe, care must be taken to ensure that fewer activities and more impacts in the municipalities or impacts for civil society are formulated and verified as target values.

Has a Result Oriented Monitoring System in Place

- In order to be able to assess (not necessarily measure) the goals set (improvement of the position of the population and the economy), a result-oriented monitoring system is needed in place that enables a reliable assessment of the impact of the services financed by SDC, provided by SCTM and implemented by the municipalities.

Informal exchange in the triangle SCTM / MPALSG / SDC

- Ensure that there is a permanent informal exchange between the three actors, at the technical level, to share mutual information and coordinate activities, also as a think tank. It seems essential that all three actors participate in the exchange at the same time.

Plan ahead the exit strategy early on

- It is essential that the SDC formulates a clear exit strategy and, if the conditions are right, makes use of it. In particular, a further deterioration of the democratisation process in Serbia should be considered. Above a certain level, Switzerland's engagement in the area in question makes no sense.
- Further development could show that SCTM is able to achieve the set goals without SDC support.

ANNEXES

Annex 1: Terms of Reference

Belgrade, May 2022

**Forward looking external review
of the
“Institutional Support to the Standing Conference of Towns and Municipalities –
Phase 3”**

Terms of Reference

1. CONTEXT OF THE REVIEW

In an overall context of democratic backslide - with steadily eroding civic space, pressure on independent media and civil society organizations - the consolidation of decentralization of power and service delivery display a tangible potential towards gradually enhancing local democratic governance through less polarized institutions, more open local administrations and their proximity to citizens. Indeed the LG system in Serbia has a significant potential for further development while facing numerous challenges.⁹ In 2021, Serbia adopted the Local Government Reform Programme (LGRP), a process supported by Switzerland through its contribution to the (Ministry of Public Administration and Local Self Government) MPALSG. LGRP is part of the Public Administration Reform Strategy 2021-2030 (PAR Strategy) and determines the future orientation of the local government (LG) reforms. Another very relevant document for the LG reform process is the Strategic Plan (2022-25) of the SCTM, which is aligned with the LGRP and additionally reflects sectorial reform priorities of the LGs.

LGs have numerous sectoral competencies (such as social protection, environment, local economic development, urban planning, education etc.). They also have autonomy to decide about internal regulations and local policies and are regulated by a modern Law on Local Self-Government. In the coming period, LGs can reach a more significant position in the public administration and provide enhanced services and rights to their citizens if the LGRP, the new SCTM Strategic Plan and the umbrella PAR Strategy are effectively implemented.

At a time of power centralisation and democratic setbacks but also large reform ambitions in view of the European integration, SCTM has remained devoted to protecting interests of LGs and advocates for continued decentralisation. Thanks to SCTM's active policy engagement in

⁹ Continued reform of public administration should result in better position of LGs in the system. To cope with the reforms LGs need to develop capacities further, particularly in small municipalities. The development of good governance in the management of local public affairs is essential. The financial framework needs to be harmonised with the operation of LGs, i.e. funding needs to be matched with LG competencies. Inter-municipal cooperation offers an opportunity to increase the scope and quality of new and existing LG services.

elaborating the LGRP, the Ministry was able to complete and adopt this centrepiece document, a key to further LG reforms. While the SCTM presidency consists of LG political leadership predominantly from the ruling coalition, the staff of the SCTM General Secretariat is apolitical and professional and employs 69 persons. SCTM succeeded in creating an environment in which all LGs unite over common interests, thus keeping them above individual political interests. In that manner, the association preserves unity and balances interests of its membership, which is not a given in a broader context of amplified political polarisation of the society.

Switzerland supported three phases of institutional support to the SCTM, starting in 2010. The association grew to become an effective organisation, able to defend LG interests and ensure know-how is delivered to its members through various trainings, services and tools. The SCTM is widely accepted among law and policy makers and participates in numerous working groups, which develop national policies and laws relevant for LGs¹⁰. It regularly participates in key national mechanisms for coordination and planning of LG reforms¹¹. Recognising SCTM's expertise, the National Academy for Public Administration has delegated a group of core trainings at LG level to SCTM. This allows SCTM to approach reforms from two ends, from the policy level by participating in the working groups for drafting legislation and policies, as well as from the provision of capacity building, ensuring that LGs have appropriate skills and capacity to implement reforms. Finally, SCTM is well received among the donor community, and implements a number of projects funded by international organizations supporting LG development.

2. OBJECTIVES OF THE REVIEW

Switzerland intends to pursue the collaboration with the SCTM on new grounds and to elevate it to a strategic partnership, compared to the currently provided institutional support. The review will review and draw lessons of the current phase of support and be forward looking, investigating the future potential and orientation of the planned strategic partnership between the SCTM and SDC. The review paper should provide guidance to SDC on what kind of adaptations need to be made in future cooperation with the SCTM learning from the current intervention (three phases of institutional support). The reviewers shall outline lessons learned from the current phases, also based on the self-reflections of the SCTM and relevant stakeholders, thus providing recommendations for the future intervention. The review should address the following set of questions:

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

- a) To what extent the key stakeholders (LGs) of the SCTM institutional contribution have been taken into consideration, participated or have become involved in the SCTM's strategic framework?
- b) 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 the future?
- c) Name economic and financial arguments for SDC investments into SCTM through institutional support/strategic partnership, compared to working individually with municipalities on local government reforms through separate development programs.

¹⁰ E.g. Law on Utility Services, Law on Property Tax, Law on Municipal Finances, Law on Local Self-Governments, Law on Communal Police, Law on General Administrative Procedure and numerous other laws.

¹¹ Such as: the Public Administration Reform Council, the Commission for Financing Local Self-Government, the Council for Professional Development of LG Employees, the Republic Emergency Operations Centre, etc.

- d) Can SDC play a role in policy dialogue set on agenda by the SCTM with its competitive advantages, influence or relevant good practices?
- e) What are the additional arguments for evolved cooperation between SDC and SCTM, from the institutional support to a strategic partnership? Is this adaption relevant in view of the needs of SCTM and its membership? Do the reviewers observe any counterarguments?

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

- a) Did the SCTM through the institutional support take up priorities of LGs and does the institutional representation by the SCTM “make a difference” in the context of LGs? Has SCTM managed to incorporate LG interests in the national policy and law making? Was the SCTM able to respond to opportunities in the context?
- b) Has the technical and training support to LGs ultimately resulted in better capacity and knowledge of LGs to implement new or changed legislation? 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?
- c) Is it plausible to state that SDC support has contributed to gender equality and the needs of excluded population through the two interventions? (if so, please give examples). Are there recommendations on how to enhance gender equality and social inclusion in the future stages of cooperation with the SCTM compared to envisaged intervention lines?
- d) To what extent do the actual activities contribute to the fulfilment of outcomes? Were interventions heading in the right direction to reach the set objectives?
- e) In view of the future intervention, SCTM is expected to come up with an outcome on the population level. Are there recommendations by the reviewers on how to position and measure the outcome on a population level?

3) Other relevant questions:

- a) Reviewers are invited to present their opinion on the levels of SCTM’s financial sustainability, also having in mind diverse scenarios of the context evolution in the coming years.
- b) What are the lessons learned through the institutional support that need to be considered in the future cooperation with the SCTM?
- c) What are the plans of the two largest donors to the SCTM (EU, Sweden) concerning cooperation with 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.¹² 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 Serbia and international context, experience in projects that target support

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

to municipal associations and advocacy for municipal interests. Major asset would be recent experience (in the past 10 years), insight and awareness in the current process of decentralisation and local governance reforms in Serbia or the region. Knowledge of financial and economic aspects of municipal associations is also considered an advantage.

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. The consultant should be able to provide ad hoc interpretations in the meetings with the Serbian stakeholders. Experience adding up to the team's profile according to requirements of the assignment 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:
 - Current credit proposal and prepared Entry Proposal i.e. draft credit proposal for the next phase if available
 - Draft project document (or available equivalent documents)
 - Operational reports
 - SCTM Program documents and strategies
 - Swiss Cooperation Programme 2022-2025
- 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 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
- e) Meetings with the representatives of respective programs and international organisations working in the domain of governance reforms:
 - EU Delegation
 - SIDA
 - Swiss PRO programme
 - Programme "Municipal Economic Development" Phase 3 (Swiss Helvetas Intercooperation)
- f) Debriefing at Swiss Cooperation Office in Serbia (approximately 2 hours):
 - 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 review team 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 report shall be written in English (Arial 11) not exceeding 20 pages (with executive summary but without annexes if any). This electronic copy of the report is to be submitted to the SCO in Serbia not later than 15 working days after the debriefing.

6. DURATION, TIMETABLE AND IMPLEMENTATION ARRANGEMENT

The external review will take place in June 2022.

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

<i>Task / Activity</i>	<i>No. of days</i>
Research & analysis of relevant documents and preparations	4.5
Field assessments and elaboration of draft findings	5
Briefing and debriefing at SCO in Serbia	0.5
Report writing	3
International travel	1
Total amount (maximum) International consultant	up to 14
Total amount (maximum) National consultant	up to 12

The beginning of the mandate is scheduled for June 2022, with the field mission to be accomplished in the week of 20th June.

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).

The national consultant will assist in scheduling meetings with the relevant interviewees.

Application Procedure:

The following are steps for on-line application:

- Submit the application through the e-mail petar.vasilev@eda.admin.ch together with a letter of interest including a price quotation indicating the lump sum (in CHF) requested for the work and travel envisaged in the section 5 - "Duration, Timetable and Implementation Arrangement".

Annex 3: Cross Cutting Issues - Examples

Social welfare

- SCTM undertook several activities in order to support its members to deliver services to citizens, i.e. to overcome multiple challenges they are facing in this complex area of their work.
- During 2019/20 SCTM organized almost 20 regional workshops related to key challenges in implementation of LG competences in the area of social welfare, that gathered nearly 400 participants from the local level.
- The topics discussed at these workshops were: implementation of earmarked transfers from the Government (for financing social care services), potentials of intermunicipal cooperation and other challenges relevant for LG everyday work.
- During 2021, SCTM also carried out 4 accredited training courses on implementation of the current legal framework for social welfare when many dilemmas LGs had been facing were clarified; they also provided arguments for modification and improvement of the current legal framework.
- Since one of the major burdens for provision of social care services to citizens is complex and not always clear legal framework for conducting the public procurement procedures in the area of social welfare, SCTM also developed and provided to its members the “Guide for local self-governments: Models and recommendations for the improvement of planning and conducting public procurement for the provision of social welfare services and monitoring the implementation of public procurement contracts.”
- Furthermore, given SCTM always promotes intersectoral cooperation at the local level and coherent and coordinated approach in development and implementation of local policies, during 2021 SCTM started with development of three analytical papers identifying possibilities for improvement of organization of certain local services through integrated approach. These are palliative care, psychological counselling for youth, day care center for people suffering from dementia.

Intersectoral Commissions

- Another segment of LG work requiring engagement of several local stakeholders and coordination of various local policies are intersectoral commissions (ISC) gathering representatives of various local institutions – education, social welfare centers, healthcare institutions etc. Intersectoral commission is the body in charge of organizing support to some of the most vulnerable groups of local community – which significantly contributes to better respect of citizens’ rights at the local level and more inclusive education.
- SCTM support in this area is also two-fold. SCTM is involved in the Joint body for coordination, support and supervision of the work of the Inter-sector commissions, national body in charge of coordinating and directing the work of ISC. Since there was a lack of systemic and continuous support to these multisector bodies stipulated by the law, SCTM undertook several supporting measures. SCTM started with analyzing LG practice in organization of the work, financing members of and need for additional support to inter-sectoral commissions existing capacities.
- The concrete support was provided through model documents SCTM developed with the aim of supporting operational functioning of local ISCs (Model Decision on Establishment of ISC, Model Rules of Procedure of ISC, Model Report on the Implemented Plan of Support to the Child, Pupil, and Adult). These models were disseminated through the SCTM networks and posted on the SCTM website. Following the prepared and disseminated models for ISC work, the needs for supporting ISC members in reporting and for overall strengthening of members’ capacity to apply the multisectoral approach were identified.

- Therefore, SCTM carried out three rounds of workshops for ISC members, each of round devoted to strengthening their capacities in one of the segments of ISC work: education, social welfare and healthcare. In addition, accredited training for ISC members was organized in 2021 and will be repeated by the end of 2022, due to still actual need of ISCs.
- In addition, SCTM supported LGs in reporting on ISC work which is their legal obligation. 10 years after this mechanism was introduced, SCTM carried out again an analysis, this time representing an overview of their work in the previous period and providing recommendations for further support.

Gender equality

- The crosscutting topic of gender equality has been recognized by SCTM as one of important segments of fostering good governance at the local level. As such, SCTM interventions concern advocating for LG interests in preparation of the relevant legal and strategic framework (Gender Equality Strategy and Law on Gender Equality are adopted in the previous period) and providing support to introduction of GE mechanisms and principles in LG everyday work.
- In addition, SCTM implements gender mainstreaming when advocating for development of amendment of various sectoral policies both at national and local level (budgeting, environment, public health, urban development, LED, education etc.). For example, when advocating for amendment of the Law on Local Elections, SCTM also advocated for additional improvements of the election criteria ensuring equal representations of both sexes in local assemblies.
- Along with the abovementioned advocacy activities, SCTM provides various types of capacity building support to its members – training courses, workshops, e-learning courses, model local acts, instructional materials etc. When providing support to local administrations in some other areas of their work SCTM also promotes introduction of GE principles, whenever applicable.
- When designing and implementing these CB interventions, SCTM ensured synergetic approach and complementarity of various project interventions the association implements (SIDA, EU and SDC supported projects).
- It is particularly important to emphasize SCTM involvement and wide support the association provides to its members in the process of introducing Gender Responsive Budgeting which is another way to testify actual introduction of GE principles in LG work. Since 2016, when GRB became legal obligation for all LGs, SCTM provided systemic support through several projects – prepared Instruction for gradual introduction of GRB, developed model local acts needed in the budgeting process, organizes regular workshops and training courses timely adjusted with the process of drafting local budgets. When it comes to concrete support provided through IS SCTM3 project, SCTM carried out two circles of accredited training courses (in form of webinars) in 2020 and 2021 and provides continuous advisory support.
- In the incoming period SCTM will prepare **model local acts** to facilitate implementation of the legal obligations concerning establishment and functioning of local GE mechanisms.