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ANALYSIS OF PERFORMANCE AND CAPACITIES OF LOCAL GOVERNMENTS IN IMPLEMENTATION OF GOOD GOVERNANCE PRINCIPLES

- Excerpt from the analysis -

August 2018



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In this analysis we examine capacities of local governments for applying the good governance principles in implementation of legal obligations and public policies within the scope of competencies of towns and municipalities. The purpose of this analysis that covered 60 local governments (LGs) – 14 towns and 46 municipalities – is to collect and process the data for the sample as the basis for an overall picture of the current trends and needs relating to the application of the good governance principles on the local level.

The Good Governance Index (GGI), used for this assessment, is designed to enable local governments to get insight into efficiency and effectiveness of their own performance, i.e. to resort to objective and measurable indicators to examine their own performance and identify the procedures that require improvement, but also the ones where good practices in implementation of the legislative framework and public policies have already been established.

In the first part of the analysis methodology of the Good Governance Index is described, but also the methodological approach in conducting the analysis on the sample of 60 towns and municipalities. Also, the first part of the analysis presents a summary of key findings in five areas that cluster some of good governance principles according to the Good Governance Index (Accountability; Transparency and Participation; Equality; Predictability, Efficiency and Effectiveness; Anti-corruption), as well as some key findings relating to different categories of the analyzed LGs (towns, municipalities, level of development). This part of analysis is presented as an excerpt intended for the broader circle of professionals.

In the second part of the analysis collected data for all individual indicators making up the Good Governance Index are presented. Each indicator is associated with respective data (percentages) for towns, municipalities and all covered LGs. Indicators are clustered into special thematic sub-areas and presentation of individual results by the indicator in each of the respective areas is followed by recommendations for most important procedures and practices in LGs that require improvement. These recommendations are pooled for towns and municipalities, but wherever a different approach for towns versus municipalities is required, this is specially highlighted.

The third part presents general conclusions and recommendations suggesting priority lines of action in the oncoming period so that LGs can get most efficient support for the application of good governance principles in implementation of statutory obligations and public policies from the scope of competencies of towns and municipalities.

Within the project “Enhancing Good Governance at the Local Level”, which is an integral part of the Swiss PRO Program (“Enhancing Good Governance and Social Inclusion for Municipal Development”) implemented by the United Nations Office for Project Services (UNOPS) with the support of the Swiss Agency for Development and Cooperation (SCD), the Standing Conference of Towns and Municipalities (SCTM) contracted the Partner Solutions d.o.o. to conduct this analysis.

The analysis was prepared by a team of experts composed of Miloš Stanojčić, Dušan Vasiljević, Tanja Pavlović Križanić, Petar Vujadinović, Branko Ljuboja, Milorad Matić, Vladimir Pilja and Bojan Kostić, with the support of experts from the Standing Conference of Towns and Municipalities secretariat.

We express our high appreciation for representatives of 60 LGs for providing the needed data and supporting the team of experts in the verification process.



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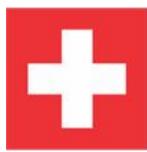
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I INTRODUCTION

1.1. Why does good governance matter?

Since local governments are “the doorway” to the good governance being the level of power that is closest to the citizens, any further regulation of the operation and functioning of towns and municipalities, be that amendments to the legislative framework or support to implementation of best practice models that are not binding under the law, has to comply with the good governance principles. This is the most comprehensive mechanism that, regardless of any specific arrangement, provides that the way in which local government operates complies with grounded decision making with effective and efficient administrative organization and support. Good governance on the local level is, among other things, directed towards greater participation of empowered citizens in the decision making processes in order to establish a citizen friendly system which is fit for the citizens.

The good governance concept is not new, but in recent years the interest in compliance with its principles has increased globally, as well as here in Serbia. The reasons are numerous, but the whole process is closely related to the EU integrations; we nevertheless believe that the key reason lies in greater importance attributed to efficiency in public administration performance, including the local government competencies. More extensive reliance on the quantitative indicators increasingly enables comparison of task performance between local governments in Serbia and neighboring countries, as well as comparison among local governments within the country. Another reason is the fact that the public sector in Serbia is under pressure to increase accessibility, i.e. quality of services provided with the available or even reduced resources, or to provide the same volume and quality of services with smaller financial funds or achieve both at the same time.

In addition to improvement of the legislative framework and formulation of public policies that directly introduce some elements of good governance into local government operations, donor organizations, their programs and projects greatly contributed to the concept promotion on the local level and directly supported towns and municipalities in piloting of different models of good practices. It should be pointed out that some donor organization and programs and projects they provide funding for, tend to focus the "good governance" on a series of requirements partially adjusted to the respective organization priorities, although the "good governance" can imply a lot of different things in different contexts. Accordingly, the Good Governance Index (GGI) developed by the national association of local governments, Standing Conference of Towns and Municipalities, as a tool for the assessment of local government capacity for application of the good governance principles becomes additionally important as a mean to promote these principles, as well as a tool for harmonization of approach and practices in Serbian towns and municipalities.

1.2. Subject of the Analysis

Within the project „Enhancing Good Governance on the Local Level“ the Standing Conference of Towns and Municipalities tries to provide support to towns and municipalities in capacity building necessary for the implementation of good governance principles in everyday practice within the context of professionalization and modernization of local government operations as a service provider for the



citizens. The project is a part of the Swiss PRO Programme (“Enhancing Good Governance and Social Inclusion for Municipal Development”) implemented by the United Nations Office for Project Services (UNOPS) and supported by the Swiss Government. In order to achieve the best possible effects of the support activities and their adjustment to the LGs needs and priorities, the project includes a detailed assessment of the current capacities of the local governments (towns and municipalities) for their application of good governance principles on the basis of Good Governance Index.

The aim of the analysis is to collect and process the data for the sample of 60 LGs to get an overall picture of the current trends and needs relating to the application of the good governance principles on the local level. The analysis is conducted using the „Good Governance Index“ that is a tool enabling measurement of the LGs performance in the application of good governance principles in specific thematic areas pertinent to local government operations.

This „Analysis of Performance and Capacities of Local Governments in the Application of Good Governance Principles“ was conducted on a sample of 60 LGs (14 towns and 46 municipalities). The criteria for selection and participation of LGs are formulated in cooperation with representatives of the Standing Conference of Towns and Municipalities and SwissPRO program, while SCTM was in charge of invitations and collection of LG applications. The following elements were used to compile a more extensive list of 98 LGs invited to join the analysis:

- ✓ Representation of all administrative districts – each administrative district is represented with at least one local government.
- ✓ Local government types – proportional representation of towns and municipalities to reflect the total number of towns and municipalities in Serbia (about 20% towns and 80 % municipalities). The study was conducted in 14 towns (23% of the total number of analyzed LGs) and 46 municipalities (about 77 % of the total number of analyzed LGs).
- ✓ Level of development – LGs from all four groups were included in the analysis in compliance with the current Decree of the single list of levels of development of regions and local self-governments, adopted in 2014: 6 LGs (10%), 15 LGs (25%), 22 LGs (37%) 17 LGs (28%) from groups 1, 2, 3 and 4, respectively.
- ✓ Participation in other donors’ and partners’ projects.
- ✓ The sample did not cover the City of Belgrade due to complexity of its administration as well as City municipalities (because of differences in competencies).

1.3. Methodological approach

The Good Governance Index (GGI) on the local level was generated within the project „Enhancing administrative efficiency and effectiveness on the local level“ implemented by the Standing Conference of Towns and Municipalities, with the support of the German Development Cooperation provided within the GIZ project „ Support to Public Administration Reform in the Republic of Serbia“.

The Standing Conference of Towns and Municipalities developed the Good Governance Index on the local level in direct cooperation with the Ministry of Public Administration and Local Self-Government, local governments, independent public bodies and non-governmental organizations/partners relevant in the



area of good governance on the local level. Methodologically, the Good Governance Index is primarily based on the already available tool developed by the Standing Conference of Towns and Municipalities, used for evaluation of performance of local governments in various fields (human resource management, local finances and local tax administration, local economic development, rural development etc.). At the same time, the developed indicator system strongly relies on international good governance methodologies, i.e. good governance, adjusted to the legislative and institutional framework of Serbia and in particular the local government position.

The Good Governance Index (GGI) has been designed to enable local governments to fill in the questionnaire and get insight into efficiency and effectiveness of their own work, i.e. to make it possible for them to use objective and measurable indicators to evaluate their performance and identify the procedures that require improvement, as well as those in which good practice in implementation of the legislative framework and public policies has already been established. The questionnaire was developed as a tool for self-assessment of towns and municipalities, but due to a huge volume of documents, need to verify them and the fact that it was the first comprehensive implementation of this technique, a team of experts was hired that worked on collection of information and verification of indicators together with respective local government teams.

The Good Governance Index methodology on the local level starts from designing an “ideal” model of good governance functioning established on the basis of current statutory legislation and public policy documents (e.g. some strategic documents), as well as adopted local and international standards and good practices in providing the services to local community population, i.e. organizing and exercising local government competencies. In other words, the Good Governance Index for each individual local government differentiates between (1) current - achieved and (2) desirable – “ideal” state of good governance, according to the set parameters – indicators. The result of the Index for LGs (on different levels of analysis ranges from 0 to 100, i.e. represents a percentage of ideal performance) implies that practically neither of town and municipalities (probably) will reach the maximum 100%, and the difference between the results achieved on GGI and maximum score is the room for improvement of operation and achievement of higher standards relating to good governance.

The methodology for using the Good Governance Index on the local level requires that each LG responds to certain questions (good governance indicators); the questions/indicators refer to operational and other processes, practices or possible situations in the area of exercising certain competencies and performance of tasks entrusted to local governments in Serbia, while the answers to these questions/indicators reflect the current state, i.e. current practices of the pertinent local government in the area covered by the questions/indicators when the questionnaire is filled in. It is of crucial importance that each local government objectively and accurately answer to each question, i.e. choose the answer that completely (or mostly) reflects the current situation described by the indicator. In order to confirm that the selected answer really corresponds to the current situation in a respective LG, a system for verification of answers has been designed, i.e. proof that the situation really is as described by the LG in the chosen answer.



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The value of each answer is expressed in points, according to the nature of the answer in the context of good governance, i.e. standard described by each answer. The result for each LG in individual areas/ principles or groups of principles of good governance is calculated as a sum of weighted points in the given area against the maximum possible weighted score in the given area and is expressed in percentages:

Achieved number of points in a given area (principle) / max number of points for the whole area (principle) x 100 = score i.e. result for the given area expressed in percentages

Finally, the total score for the whole Index is obtained as a percentage of the sum of weighted points achieved for each question (indicators) in each of the five areas (principles) of good governance against the maximum possible weighted score.

Achieved number of points (score) for all principles/ max possible weighted score for the whole Good Governance Index x 100 = result of the Good Governance Index expressed in percentages

Having in mind the fact that not all questions/indicators, or all sub-areas or principles of good governance are the same from the point of view of importance, volume and complexity, or from the point of view of the number of indicators covering them, in the course of methodology development different value was assigned to them (weight) following the pertinent rules on the each level of analysis (weights for each question/indicator, for each sub-area and for each principle/group of principles). The list of weights for respective questions, sub-areas and areas is given in the Annex to the document.

For appropriate understanding of the phase which is operationally most important for LGs, i.e. the phase of data collection and answering the questions in the questionnaire, it is important to recognize two types of questions (indicators). One type of questions are cumulative or composite questions, while the other type are scaled or questions with excluding answers. The main difference between the two types of questions is the fact that in the first type multiple answers can be chosen – each selected answer is coded as affirmative (YES) and the LG is awarded the corresponding number of points. In the second type of questions (scaled) only one answer can be chosen, i.e., one of possible situations reflecting the situation in the respective LG, illustrating one of possible scenarios, and it carries a pre-set number of points.

An example of a cumulative (composite) question (indicator)

1.2.2. What methods does LG use to manage risks in the budget process? (multiple answers may be selected)	Answers	Scoring system
	A risk management strategy has been drawn in compliance with the Budget System Law and Regulation	2
	Rulebook on Budget Accounting and Accounting Policies has been adopted	2
	Decision on Debt Management has been adopted	2
	A dual signature system has been adopted whereby no obligations can be assumed without signatures of both the responsible person and municipality president (mayor)/administration head	1



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	The head of administration assigns a person responsible for preliminary checks of compliance of business operations with the law and their justifiability	1
	Rules for documenting all bookkeeping changes/business transactions in LG have been set in the Regulation on Budget Accounting	1
	Simple but clear criteria have been established for payment of the dues (maturity, importance of goods and services, etc.) in the Regulation on Budget Accounting	1
	Reports on external review of consolidated accounting reports in the last three years were positive, i.e. they did not suggest any shortcomings in the financial policy implementation	1
	Max number of points that a LG can score	11

As this example illustrates, LGs can have multiple elements/practices/documents relating to risk management in the budget process. They are not mutually exclusive (although they can be essentially linked and mutually dependent, but this does not change the nature of the question), so that it is necessary to choose all answers describing the practice and current situation in the area in the pertinent LG. For example, if a LG chooses answer #1 (carrying 2 points), #3 (also carrying 2 points) and #5 (carrying 1 point), it will score 5 points in all. The max number of points (score) against which the result (performance) is calculated is the sum of all questions which is 11 in this particular case.

As illustrated in this example, not all answers carry the same number of points – that depends on multiple different parameters (level of a document regulating some issue, importance of the answer for the whole indicator, differences in the sense whether an answer reflects a statutory duty or represents a good practice that exceeds the statutory duty, differences in the sense whether fulfillment of a standard reflected in an answer requires more effort and resources than for some other answers, or the like), answers usually carry different number of points. This significantly affects the „sensitivity“ of this instrument, i.e. the fact that additional effort was needed to make the scoring system as objective as possible to reflect the content of individual indicators.

An example of scaled questions - questions with excluding answers

What is the amount earmarked for professional training of staff in the budget (of the budget planned for staff salaries in town/municipality government)?	Answers	Scoring system
	More than 2% of the budget for staff salaries in the town/municipality government is earmarked for their professional training	5
	1.2-2% of the budget for staff salaries in town/municipality government is earmarked for their professional training	4
	0.6-1.2% of the budget for staff salaries in the town/municipality government is earmarked for their professional training	3
	0.3-0.6% of the budget for staff salaries in the town/municipality government is earmarked for their professional training	2
	Less than 0.3% of the budget for staff salaries in the town/municipality government is earmarked for their professional training	1



	There are no allocations from the budget earmarked for professional training of the staff	0
	Max number of points that a LG can score	5

As illustrated in the previous example, LG may opt for only one answer to this question – the logic of the answer rules out choosing any of the other answers, because one rules out the other. In this type of questions the scoring follows a scale principle, usually from 0 (absence of any practice/document/situation) to 5 (desirable, best possible or ideal situation, depending on the type of the question). Max score in this type of questions is attributed to the most desirable answer (5). If, for example, a LG marks the answer # 2 (allocation of 1.2% to 2% of the planned budget), it scores 4 out of the maximum of 5 points.

The team in charge of Index development opted for one or the other type of questions led by the nature and complexity of the subject matter the indicator covered. The type of questions does not reflect difference in final scores, since sometimes major differences in maximum scores assigned to one or the other type of indicators are balanced (i.e. mitigated) by the applied system of weights.

The first step in this analysis was introducing LGs to the index, as a kind of preparation for the expert team visit. In addition to the Index, an additional list of documents that the LGs were required to prepare was sent to the addresses of 60 towns and municipalities to make the visits of our team of experts as efficient as possible. During the visits, the experts in cooperation with the municipal teams – administration heads, their deputies and associates from other departments – went through the indicators and verified the answers after checking the pertinent documentation, reports, websites, etc. Although the visits were planned and announced as single day events, in several local governments additional visits were needed to provide for enough time to collect additional information and verify these subsequently together with the experts. After completion of the tables (all answers filled in) the final drafts were shared with LG teams to additionally verify the data and, in case of need, suggest any amendments. The Indexes were considered final if there were no LG’s suggestions for amendment or any response to that effect within 10 days after the Index was sent. Through their participation in the analysis, the LGs got a clearer picture of their performance, particularly in terms of compliance with statutory regulation. In some cases members of our team of experts subsequently sent models and examples of internal regulations to participating municipalities.

In continuation of the analysis the collected data are presented in groups of five areas of good governance: (1) Accountability; (2) Transparency and Participation; (3) Equality; (4) Predictability, Efficiency and Effectiveness of Local Governments and (5) Anti-corruption. These clusters of good governance principles that do not fully correspond to the principles most commonly used by reference international organizations resulted from workshops with representatives of relevant national and local bodies. Having that many processes in LGs, and consequently the defined indicators, refer to many principles of good governance at the same time, the priority was to cluster some important processes in LGs and analyze them through a series of procedurally linked questions to underline, thus, the importance of their comprehensive application; subsequently they are classified into a principle or group of principles they predominantly belong to. Each of the indexes was presented by the resulting data (percentages) for



towns, municipalities and the total number of covered LGs. Recommendations for procedures and practices that should be improved are clustered on the sub-area level and combined for towns and municipalities; in cases of differences between the two, it was specially noted.



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II SUMMARY OF KEY FINDINGS

The average result for all local governments in the sample according to the Good Governance Index (GGI) is 39.1%. This piece of information in its own right does not mean much, since we cannot compare it with results in other countries, or results in towns and municipalities in Serbia from previous years. We can nevertheless conclude that there is major room for improvement in LGs operations, as well as that there are significant differences among local governments. At the lower end of the scale there are local governments scoring only 18% on the GGI; at the top end, there is a score of 63.6%.

What can these significant differences in GGI scores among municipalities in our sample be attributed to? First of all, we shall present the relationship between the local governments status and the total GGI score. On the average, the towns scored 47%, and municipalities about 36%.

In the following step, we focused the relationship between the level of development of local governments and their GGI score. Local governments classified into group 1 (most developed ones) according to the 2014 Decree of the single list of levels of development of regions and local self-governments, scored high, i.e. 47% – two percentage points more than the score achieved by the towns. Also, towns that were not classified into group 1 achieved a bit lower score than municipalities classified in the group. These results suggest that good governance practices are more frequently encountered in the most developed local governments, regardless of whether they are towns or municipalities, than in towns (on the average).

The results of less developed categories of local governments additionally confirm this finding: for each subsequent category by the level of development, the GGI score gets lower: 43%, 37% and 35% in groups 2, 3 and 4, respectively.

2.1. Scores by the Good Governance Index segments

If we review achievements in individual GGI segments, local governments differ significantly. On the one hand there are practices related to equality and anti-corruption activities, where the score remains below 30 % of the maximum; on the other hand, there are three categories in which the scores exceeded 40%.



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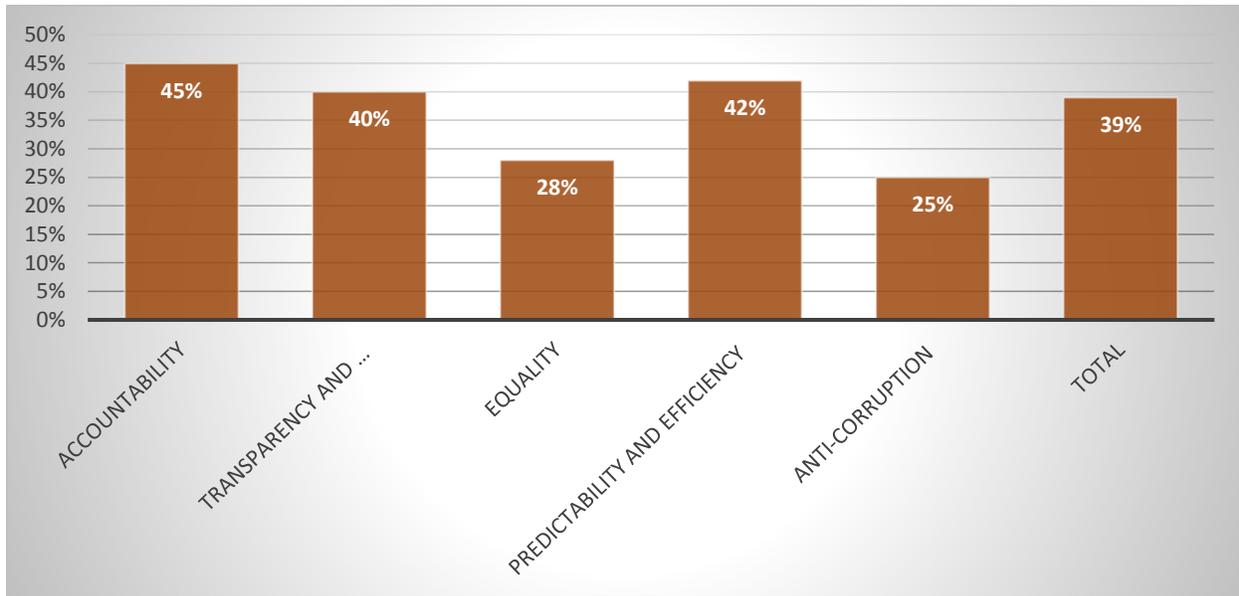


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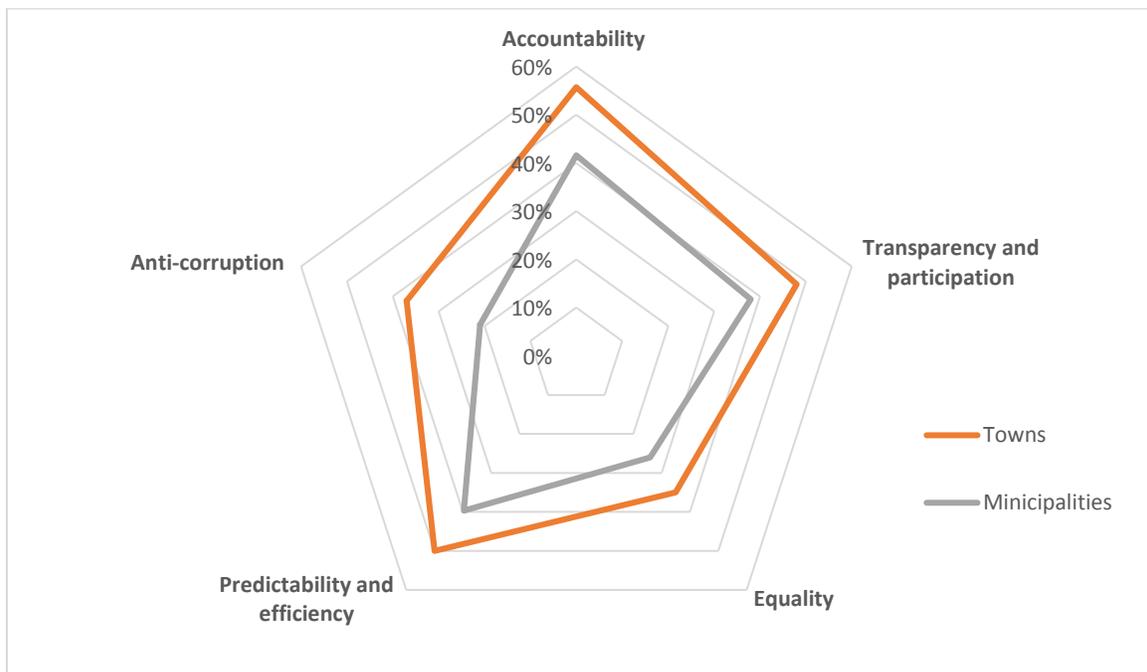


Average score for all local governments in the sample by the five segments of good governance



Towns consistently scored better than municipalities, although the difference by individual GGI segments may vary.

Average scores for five good governance segments by the type of LG in our sample





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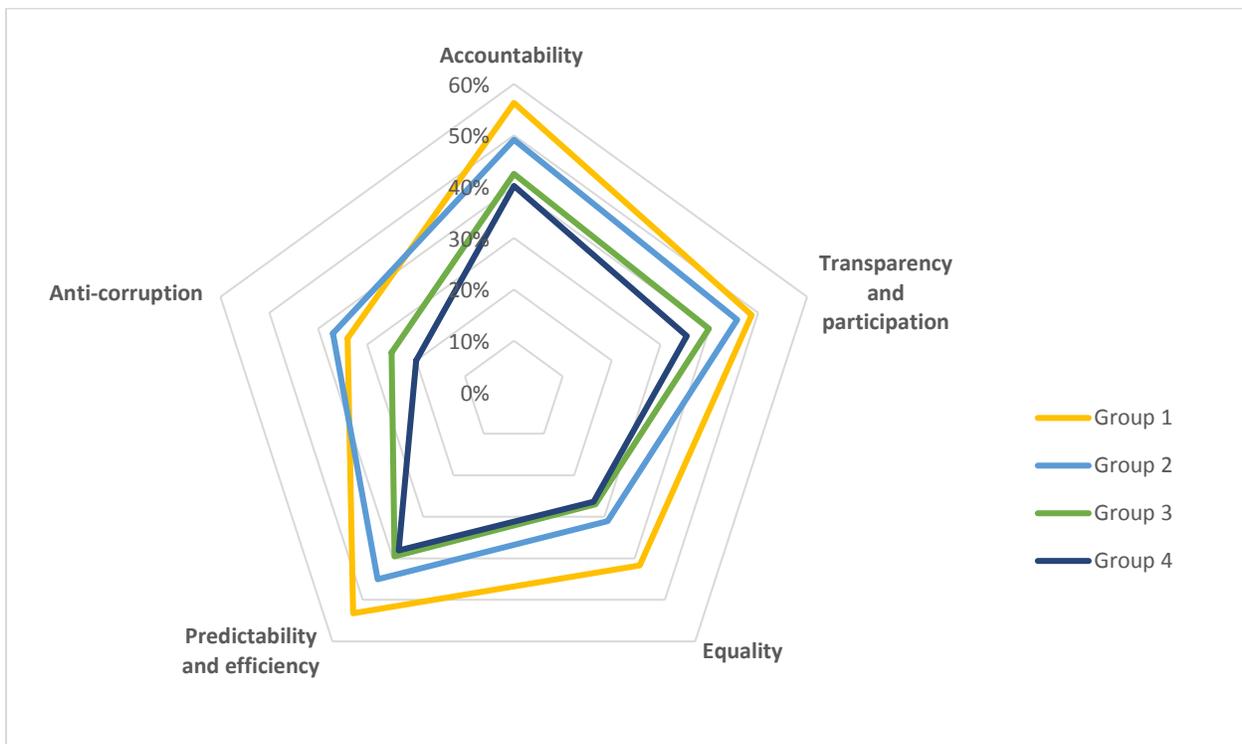
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The greatest difference between towns and municipalities is found in the anti-corruption and accountability segment – it reached 16 and 14 percentage points respectively; the lowest difference was found in the equality segment – 9 percentage points.

In terms of level of development of local governments, in individual segments of the Good Governance Index, the higher level of development implies a better score, without exception. Analyzing all 5 segments of good governance, the difference ranged between 14 and 16 percentage points.

Average scores for five segments of good governance by the groups of development of local governments from the sample



Representation of indicators with the best and worst results in individual segments of Good Governance Index

In the chapter discussing the Good Governance Index methodology and conducted study, two types of indicators are differentiated - cumulative and scaled. Also, due to the different nature of some processes in LGs, the number of defined indicators and requirements associated with LGs within individual principles covered by the Good Governance Index cannot be directly compared. Having this in mind, the comparison of results achieved by individual indicators, without their clustering and application of already mentioned weights is not completely appropriate. For complete and precise understanding of success of a LG by individual indicators it is necessary to understand the structure and formulation of the offered answer



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within each individual indicator. Nevertheless, the number of indicators by individual areas of good governance in which the best and worst results are achieved can be consequential.

If we examine 20 indicators of good governance in which the analyzed towns and municipalities achieved the best results, in statistical terms, all these 20 indicators refer to three principles of good governance, in which average or better results were achieved in comparison to the overall index: accountability (nine indicators), transparency and participation (five indicators) and predictability, efficiency and effectiveness (six indicators).

On the other end there are 20 indicators for which the results lag most behind the maximum possible number of points (scores). The list includes as many as seven indicators in the area of equality (out of the total of 16 indicators defining the area), five in the area of transparency and participation and three indicators each in the areas of predictability, efficiency and effectiveness and the area of anti-corruption, where we should keep in mind that the area of anti-corruption is defined with the total of 8 indicators.

2.2. Key findings by the individual principles of Good Governance Index

This part presents, in the authors' opinion, some of the key findings by the individual principles defined in the Good Governance Index, suggesting the processes and operations in LGs in which most significant improvement is needed and achievable with pertinent support. Due to the number of indicators and specific findings of the conducted analysis, this part of the report does not cover all important findings or causal relationship between some of the findings. For detailed insight into conclusions and recommendations by individual sub-areas and specific indicators within the defined five principles of good governance, chapter III – Detailed analysis of indicators by the good governance areas should be carefully studied.

1. Principle of good governance: Accountability

The first principle of good governance covered by the Good Governance Index, *Accountability*, is the one for which the local governments achieved the best results, reaching **45%** of the max possible score. The average scores for towns and municipalities were **56%** and **42%**, respectively.

The principle was divided into four sub-areas:

- 1.1. Accountable management of local community development (8 indicators)
- 1.2. Accountable management of public resources (14 indicators)
- 1.3. Establishment and implementation of mechanisms for accountability of officials and public servants in LGs (9 indicators)
- 1.4. Protection of interests and rights of citizens (8 indicators)

Local government have a relatively responsible approach to the planning of development of their respective communities, if we take in consideration only the information on a large number of adopted planning documents (more than 90% of LGs have current sustainable development strategies, and over 95% have spatial and urban planning documents for the whole area they occupy, or for a part of it). On



the other hand, the Good Governance Index suggests that there is significant room for improvement of the current practice in strengthening the institutional framework and procedures to translate these plans into actual development. It is necessary to empower the body in charge of implementation of these plans (only 13% of participating LGs have such a body that meets regularly or ad hoc) as well as capacities for monitoring and reporting on implementation of development plans (only 6 % of participating LGs follow their own guidelines for review, monitoring, impact analysis and reporting on implementation of Development Strategy/umbrella planning document). Without it, the benefits that these plans bring about to local governments may remain lower than the cost of their preparation and adoption. Plans achieve their purpose only if they are treated as living documents that are continuously referred to, that are amended, changed, updated, and critically reviewed over the whole period they remain in force.

This finding is substantiated in poor results of the indicator called *Capital Project Planning*, where only about 20% of LGs implement this process according to the expected practice. Capital projects are the key links among these plans and should contain a vision of development of a community together with implementation of development activities. When the link is missing, the role of plans and planning as such is undermined, and development is left to the disarray of daily priorities.

The Index suggests major effort and significant results achieved by LGs in keeping the records of the value of own assets, but also suggests that the steps preceding the assessment of the assets value, i.e. inventory of the assets and registration of the ownership, are not accomplished in a satisfactory manner and that is an area that needs to be improved substantially.

The Good Governance Index also suggests substantially different results that local governments achieve in two relatively similar areas: *Decision making process for allocation of resources to the media* and *Procedure for the establishment of public interest on the basis of which funds are allocated for co-funding of projects of civil society organizations/associations*. Much better results achieved by the Index in relation to the allocation of funds to the media suggest that the issue of project funding for CSOs requires more attention than it received so far, particularly due to recently amended regulations that the local government in our sample were obviously not sufficiently familiar with.

Referring to the mechanisms for establishing accountability of local government representatives, the index shows that the initial steps (adoption of the Code of Ethics and Code of Conduct for officials, and civil servants and staff) were made in a large majority of LGs (83% and 86%, respectively), but in many that was the end of it. Judging by the lagging behind in some indicators, local governments should focus on establishment and operation of a working body for the monitoring of compliance of the local government officials with the code of ethics. In 80% of LGs the working body for the monitoring of compliance of the local government officials with the code of ethical conduct has not been established. Therefore, it is necessary to move forward from bare adoption of certain documents to their implementation and monitoring the implementation results.

Results relating to protection of interests and rights of citizens lag much behind the results achieved in other areas within the first principle of good governance. LGs could achieve quite significant progress in the function of ombudsman (protector of citizens), which has been established in 18% of participating LGs, mostly in towns. However, it should not be overlooked that the function, in order to be fully operational in local community, requires significant resources. That is why this is one in a series of issues requiring establishment of inter-municipal cooperation as a mechanism to overcome limitations in both human and material resources available to smaller and poorer local governments.



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A measure that should not cost much but can bring about significant progress to the local governments (not only in terms of results at the Good Governance Index) is setting up a working body of the assembly to examine complaints and applications of the citizens (50 % LGs failed to set up an assembly body for complaints and applications of the citizens, or the body has not become operational).

2. Principles of good governance: Transparency and participation

In terms of transparency and participation, LGs performance is about the average for all principles of good governance amounting to **41%** of the max achievable result: the towns achieve **48%**, and municipalities **38%** on the average.

These principles are divided into eight sub-areas:

- 2.1. Transparency and citizen participation in the process of adoption of public policies on the local level (8 indicators)
- 2.2. Transparency of LG assembly operations and citizen participation (3 indicators)
- 2.3. Transparency and citizen participation in municipality/town budget planning and monitoring of its spending (4 indicators)
- 2.4. Presence and nature of mechanisms and tools to achieve and promote transparency (4 indicators)
- 2.5. Transparency of information on administrative procedures/services provided by LGs (3 indicators)
- 2.6. Transparency of public procurement procedures (4 indicators)
- 2.7. Transparency of competitions published by LGs (6 indicators))
- 2.8. Enhancement of citizen participation through organizing and encouragement of direct participation in LGs operations (1 indicator)

Results of the analysis show that performance relating to participation of civil society in adoption of public policies and public debates is below the average. Also, referring to the indicator called Direct citizen participation in the operations of LGs, the results are even more below the average. In two indicators recording the results in this area only 25% of the max score is achieved.

We identify this as yet another significant area for improvement of local democracy. To successfully achieve this, representatives of local governments should be more focused at the actual impact the local policies should bring about and understand that time and other resources allocated to consultations with citizens and civil society yield results that exceed the investment by far. Besides, it is necessary to learn more about how to use the civil society potential for enactment and implementation of plans and measures that focus development of local community as well as resolution of citizens' problems.

Referring to transparency of LG assembly operations and enabling citizen participation in drafting and monitoring of LG budget realization the Good Governance Index shows similar, average results (about 37% of the max achievable score). These parameters could be substantially improved if the budget adoption procedure is planned to allow sufficient time to consult the citizens and comply with their proposals and objections. Referring to the issue of transparency, the Good Governance Index also suggests the possibility of substantial improvement of results achieved by LGs in relation to the indicator called *Transparency of open competitions for lease of LGs' public property*.

Absence of the culture of monitoring of public policy impacts is notable in the example of public procurements in local governments. Although the results relating to transparency of public procurement procedures are significantly better than in other sub-areas (60% of the max achievable score), in



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comparison with indicators focusing regular updating of information and publication of relevant documents, local governments have the poorest performance in the area of compiling and publishing reports on public procurement realization. We believe that the poor result only highlights a high potential for improvement i.e. owing to the mechanism of reporting on public procurement realization the whole process could be greatly improved, with concomitant improvement of communication and trust between the local governments and citizens.

3. Principle of good governance: Equality

The average result for all local governments relating to the principle of equality is only **28%** of the max achievable score, which, together with the anti-corruption area (25%), is the poorest result by the defined areas. The towns achieved **35%** on the average and municipalities only **26%**.

The principle is divided into five sub-areas:

- 3.1. Monitoring the situation relating to vulnerable population (3 indicators)
- 3.2. Defining the local policies to meet the needs of local vulnerable populations (6 indicators)
- 3.3. Mechanism for prevention of discrimination (3 indicators)
- 3.4. Special measures (1 indicator)
- 3.5. Local finances motivated by the principle of gender equality (3 indicators)

The following example of attitude towards vulnerable groups of population suggests why the results look like this. Namely, LGs achieve much better results in terms of keeping the records of statistical data about the vulnerable populations in comparison with analysis of accessibility of local services to all groups of population. Therefore, the focus here should be placed on the expected impact of public policies, which will in turn result in collection and processing of the data in the manner that enables achievement and subsequent verification of these impacts.

Referring to the area *Defining local policies according to the needs of vulnerable groups of population* (25% of the max achievable score), we notice the best results relating to the indicator called *Use of language and alphabet of ethnic minorities*, which is certainly supported by pertinent legislation and long tradition of respect of minority rights. On the other hand, significantly poorer results are achieved in the area of the presence of local programs for improvement of social protection and, particularly promotion of rights of Roma men and women. These findings also suggest the common duty of the state, local governments and society as a whole to let the voice of marginalized populations be heard and their needs analyzed and treated with special care in the processes of establishment and implementation of public policies.

The low score achieved by LGs for indicator *Partnership with civil society organizations (CSO) that support vulnerable social groups* (28% of the max achievable score) represents yet another poor result that suggests a large, unused potential of cooperation with civil society and its impact on various segments of local democracy.

The tendency of LGs to remain on the level of definition of objectives, without their sufficient elaboration, is substantiated in the difference between the gender sensitive budgeting – namely, the results of defining the gender sensitive objectives in the budget (present to a lower or higher degree in the budgets of 52% LGs) are better than the introduction of gender sensitive indicators in the budget (present in the budgets of 37% LGs).



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4. Principles of good governance: Predictability, efficiency and effectiveness of local governments

The average result for all local governments relating to the principle of predictability, efficiency and effectiveness of local governments is **42%**. The towns achieved **50%** on the average and municipalities **40%**.

The principles are divided into four sub-areas:

- 4.1. Predictability (7 indicators)
- 4.2. Efficiency (12 indicators)
- 4.3. Effectiveness (13 indicators)
- 4.4. Evaluation of LGs operations outcomes (6 indicators)

Harmonization of administrative practices within individual LGs and among different LGs is one of the most prominent areas in which the greatest room for improvement was identified. The Index data suggest that for the time being local governments do not sufficiently recognize the importance of harmonization of practices for legality of LGs operation and legal certainty of the citizens. Referring to the area of *Predictability* we highlight the results relating to the indicator *Administrative procedure tracking system*, which is currently on the average level for all principles of the Good Governance Index. This is one of indicators that could be improved substantially in the oncoming period, primarily owing to the introduction of information technology in administrative proceedings management.

The area of *Efficiency* is one in which the results achieved are substantially above the average (55% of the max achievable score). Unfortunately, there are some exceptions to this rule, as well. Results in the area of intermunicipal cooperation are particularly poor. We believe that a large part of the Good Governance Index suggests that many of the tasks that define the quality of service provided to the citizens by LGs cannot be accomplished without reliance on the intermunicipal cooperation. The Good Governance Index suggests that establishing a one-stop-shop is one of indicators where the greatest improvement could be achieved within the area of *Efficiency*. In the light of technological advancement, there is a trend of establishing a one-stop-shop as a virtual category, i.e. located on the Internet, instead of requiring any special business premises.

In the area of *Effectiveness* (40% of the max achievable score) we find proof on insufficient LGs focus on the impact of measures they implement. Namely, one of the poorest results in this area relates to the indicator called *Analysis of impact of regulations implemented by LGs* (over 86% LGs fail to conduct any regulatory impact assessment). Only firm commitment to focus the LGs operations at achievement of concrete effects can result in drafting the public policies in a participative manner, with comprehensive analyses of expected impact of different options and meticulous monitoring of impact of implemented measures. This also includes systematic monitoring of attitudes of citizens on the performance of local governments and adjusting the operations to comply with the collected information, which is the area in which, for the time being, LGs show results far below the average in the Good Governance Index. Additional room for improvement is identified in the area of standardization of administrative procedures in LGs, which could greatly be promoted by the models of administrative procedures developed by SCTM in cooperation with line ministries and intensification of the process of introducing e-LAP (Law on Administrative Procedures).



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Positive results in the area of effectiveness primarily relate to *Data collection, monitoring and analysis*, and *Analysis of the situation in the area of inspection*, as well as to *Preventive actions of inspection*. These results suggest that pertinent legislative reforms and intensive programs of training and information dissemination can enable introduction of innovations into the local government operations which were hard to imagine until only recently.

5. Principle of good governance: Anti-corruption

The fifth and last principle of the Good Governance Index is the one in which participating LGs achieved the poorest results (together with the area of equality). The average result for all local governments relating to the principle of anti-corruption is **25%** of the max achievable score: the average for towns being **37%**, and for municipalities **21%**.

The principle is divided into four sub-areas:

- 5.1. Establishing and implementation of internal mechanisms in cases of whistle-blowing (3 indicators)
- 5.2. Management of conflict of interest of officials and civil servants in local governments (2 indicators)
- 5.3. Management of gifts received by officials and civil servants in local governments (1 indicator)
- 5.4. Availability and implementation of anti-corruption mechanisms and public policies on the LGs level (2 indicators)

The situation relating to internal mechanisms governing whistle-blowing is a good example of LGs activity that frequently remains half-way to achievement of the desired objectives. Therefore, the best results relating to whistle-blowing are achieved for *Providing necessary conditions to proceed according to whistle blowing report* (61 % LGs adopted a regulation for whistle-blowing and assigned a person authorized to collect information and conduct a procedure relating to whistle-blowing); results relating to *Notification of staff and public on rights and whistle-blowing procedures* are poorer (only 10 % of LGs has a dedicated section on their website presentation with all necessary information on the rights and whistle-blowing procedures, both for internal and external whistle-blowing reports). Any concrete impacts on anti-corruption, including the area of whistle-blowing, depend on the willingness of LGs not to remain on the level of enacting a document to formally fulfil their statutory duty, but to educate the staff and public at large on the rights and duties to curb corruption and do everything they can to get final resolution of corruption-related cases after implementation of pertinent procedures.

The situation relating to conflict of interest, reflected in the GGI results, is even less favorable. Local governments should particularly focus the fact that the results of analysis on managing the conflict of interest are low for the employees and even worse for the officials. Change of the current approach that provides easier treatment of officials than of ordinary civil servants would significantly contribute to credibility of local governments in the conflict of interest management. Credibility of anti-corruption activities of LGs would be even higher if the results relating to outcome of whistle-blowing activities, conflict of interest management and gifts were not several times poorer than the results relating to availability of planning documents in this area (integrity plans and local anti-corruption plans). Until this is changed, these findings will keep on suggesting greater willingness of LGs to enact certain plans and other documents that to implement their adopted provisions.



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III GENERAL CONCLUSIONS AND RECOMMENDATIONS

A road to good governance obviously leads via a higher level of development of local governments. Results of GGI show a clear link between the level of development measured by the gross domestic product per capita in pertinent local governments and all segments of good governance.

The list of indicators according to which local governments achieved the best results shows an important trend – a larger number of indicators relating to clearly formulated legal obligation. Therefore, establishing a legislative duty is a relatively effective way to enforce a certain practice in the area of good governance. This is relatively effective, since not even unequivocal stipulation of statutory duty can guarantee its full implementation – particularly in low-capacity local governments. This is substantiated by the fact that after the first ten indicators (by the percentage of the max achievable performance score) the results fall to under 80%.

The presence of quite a few indicators where some donors' support was provided at the top of the Good Governance Index list of results suggests that the support provided by external stakeholders increases the chances of having such indicator of good governance more broadly represented in local governments. The support is relevant both for elements of good governance regulated as statutory duty and those for which such duty is not enforced.

The list of indicators with greatest room for improvement includes a significant number of those relating to vulnerable groups of population. Among five indicators lagging most behind the max achievable score as many as three are related to vulnerable groups of population; two more are among the ten of those that require most improvement. Local governments are obviously faced with a complex challenge to improve the situation of vulnerable groups of population with concomitant implementation of measures aimed at improvement of economic development, which as we already saw, determines their capacity to apply the good governance practices.

Three types of general recommendations are derived from these conclusions:

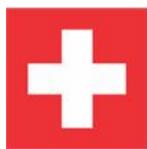
- **Additional focus on the issues of economic development.** Local governments with lower level of development consistently underperform in implementation of good governance principles and any investment into their economic development is associated with potential to spill over on the quality of services that local governments provide to their citizens and democratic potential of their operations.
- **Careful consideration of statutory enforcement of application of good governance principles.** The Good Governance Index suggests that indicators grounded in certain statutory duties are associated with a relatively high level of acceptance among local governments. On the other hand, having that a significant number of local governments is unable to implement even the current statutory duties relating to the good governance principles, it is necessary that any introduction of new mandates is accompanied with pertinent analyses of capacities of different local



governments to fulfill the obligations, i.e. duties. Accordingly, stipulation of longer period before the statutory duties come into force, or where this is possible, even stage-wise enforcement for different categories of local governments, could be useful.

- **Providing timely external support for the implementation of good governance principles.** The importance of external support is substantiated by good results of indicators for which such support was provided. Good governance requires significant resources both for introduction of certain mechanisms and their continued implementation. Providing pre-planned and timely support to local governments from the higher level of governance, donor programs and civil sector can play a major role in accomplishment of new or amended regulation and competencies by towns and municipalities. The support nevertheless should be based on clearly identified needs of individual towns and municipalities and appreciation of different needs and capacities of individual categories of LGs.

Finally, systematic monitoring of local governments performance based on the collection and analysis of objectively verifiable data, where Good Governance Index contributes to a large extent, plays a major role in promotion and implementation of good governance principles. Benefits brought about by the Good Governance Index will be particularly visible if periodic collection and analysis of the data is repeated to identify more precisely those local governments, i.e. good governance indicators, in which progress can and should be more dynamic, and which require special attention.



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ANNEX

Tabulated Overview of Good Governance Index Indicators

1. Principle of good governance: ACCOUNTABILITY

This unit is composed of four sub-areas, as follows:

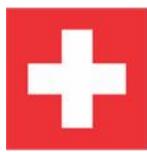
- 1.1. Accountable management of local community development
- 1.2. Accountable management of public resources
- 1.3. Establishment and implementation of mechanisms for accountability of officials and civil servants in LGs
- 1.4. Protection of interests and rights of citizens

1.1. Area: Accountable management of local community development

- 1.1.1. Indicator: Availability of key public policy and development planning documents on the local level
- 1.1.2. Indicator: Period covered by the current development strategy/umbrella planning document
- 1.1.3. Indicator: Coherence of the structure and content of the current development strategy/umbrella planning document
- 1.1.4. Indicator: Institutional framework for development management on the local level
- 1.1.5. Indicator: Permanent body or commission for strategic planning and monitoring of implementation of current development strategy/umbrella planning document and other public policies
- 1.1.6. Indicator: Adopted guidelines/procedure for planning of review, monitoring, evaluation and reporting on implementation of development strategy/umbrella planning document
- 1.1.7. Indicator: Schedule for the preparation of Action Plan for implementation of development strategy/umbrella planning document
- 1.1.8. Indicator: Concordance of programmed budget with the umbrella planning document and other key public policy documents

1.2. Area: Accountable management of public resources

- 1.2.1. Indicator: Capital Project Planning
- 1.2.2. Indicator: Risk management in the budgeting process
- 1.2.3. Indicator: Reporting on budget realization
- 1.2.4. Indicator: Database of bidders, initiated procedures and awarded contracts
- 1.2.5. Indicator: Monitoring of implementation and supervision of individual public procurement contracts
- 1.2.6. Indicator: Share of competitive procedures on value terms
- 1.2.7. Indicator: Inventory of assets and registration of title in the name of LGs
- 1.2.8. Indicator: Keeping the records on the value of LGs assets
- 1.2.9. Indicator: Consolidation of operations relating to public asset management
- 1.2.10. Indicator: Scope of human resource management function
- 1.2.11. Indicator: Methodology for testing candidates' competencies for work
- 1.2.12. Indicator: Amount allocated from the budget earmarked for professional training of the staff



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1.2.13. Indicator: Decision making process in the public competition for allocation of resources to the media

1.2.14. Indicator: Procedure for the establishment of public interest on the basis of which funds are allocated for co-funding of projects of civil society organizations/associations

1.3. Area: Establishment and implementation of mechanisms for accountability of officials and civil servants in LGs

1.3.1. Indicator: Code of Ethical Conduct for officials of local governments

1.3.2. Indicator: Working body for the monitoring of compliance of local governments officials with the Code of Ethical Conduct

1.3.3. Indicator: Measures pronounced to local governments officials in case of breach of Code of Ethical Conduct

1.3.4. Indicator: Established mechanism for recruitment/employment, job planning, proceeding and monitoring of proceeding pursuant to recommendations and other advice of independent governmental bodies

1.3.5. Indicator: Code of Conduct for LGs civil servants and staff

1.3.6. Indicator: Monitoring of compliance with Code of Ethical Conduct by civil servants and staff

1.3.7. Indicator: System of financial management and control

1.3.8. Indicator: Internal audit

1.3.9. Indicator: Setting up permanent and provisional working bodies in LGs

1.4. Area: Protection of interests and rights of citizens

1.4.1. Indicator: Regulation of issues associated with of personal data protection

1.4.2. Indicator: Organizing the tasks focused at personal data protection in LGs

1.4.3. Indicator: Reporting that a database of personal data is set up

1.4.4. Indicator: Ombudsman (protector of citizens) in LGs

1.4.5. Indicator: Ombudsman's reporting and review of the report

1.4.6. Indicator: Proceeding according to the reports and recommendations of the Ombudsman

1.4.8. Indicator: Parliamentary working body for review of submissions and complaints of citizens

2. Principle of good governance: TRANSPARENCY, OPENNESS AND PARTICIPATION

This unit is composed of eight sub-areas, as follows:

2.1. Transparency and citizen participation in the process of adoption of public policies on the local level

2.2. Transparency of LG assembly operations and citizen participation

2.3. Transparency and citizen participation in municipality/town budget planning and monitoring of its spending

2.4. Presence and nature of mechanisms and tools to achieve and promote transparency

2.5. Transparency of information on administrative procedures/services provided by LGs

2.6. Transparency of public procurement procedures

2.7. Transparency of competitions published by LGs



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2.8. Enhancement of citizen participation through organizing and encouragement of direct participation in LGs operations

2.1. Area: Transparency and citizen participation in the process of adoption of public policies on the local level

2.1.1 Indicator: Participation of civil society organizations in the process of adoption of public policies on the local level

2.1.2. Indicator: Organizing and conducting public debates as an important element for promoting transparency and participation of citizens in the process of adoption of public policies on the local level

2.2. Area: Transparency of LG assembly operations and citizen participation

2.2.1 Indicator: Publishing information on municipal/town assembly and establishment of cooperation with it

2.2.2 Indicator: Publishing information on municipal/town assembly activities

2.2.3. Indicator: Accessibility of the data on established permanent or provisional LGs working bodies and results of their operations

2.3. Area: Transparency and citizen participation in municipality/town budget planning and monitoring of its spending

2.3.1. Indicator: Enabling participation of citizens in budget drafting – regulations

2.3.2. Indicator: Enabling participation of citizens in budget drafting – practice

2.3.3. Indicator: Enabling continuous monitoring of budget execution during the year

2.3.4. Indicator: Enabling continuous monitoring of data pertinent to budget expenditures

2.4. Area: Presence and nature of mechanisms and tools to achieve and promote transparency

2.4.1. Indicator: Access to information of public importance

2.4.2. Indicator: Information bulletin on LGs operations

2.4.3. Indicator: LGs website

2.4.4. Indicator: Public relations.

2.5. Area: Transparency of information on administrative procedures/services provided by LGs

2.5.1. Indicator: Records and publishing of administrative procedures/services provided by LGs

2.5.2. Indicator: The manner in which information on administrative procedures/services provided by LGs are published

2.5.3. Indicator: Content of information on published/publicly available administrative procedures/services provided by LGs

2.6. Area: Transparency of public procurement procedures

2.6.1. Indicator: Up-to-date information on LGs website on current public procurements

2.6.2. Indicator: Public procurement plans



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2.6.3. Indicator: Reports on public procurement realization

2.6.4. Indicator: Volume of published documents on public procurement procedures

2.7: Area: Transparency of competitions published by LGs

2.7.1. Indicator: Transparency of open competitions for the award of funding to civil society organizations

2.7.2. Indicator: Transparency of open competitions for the award of funding to media outlets in the area of promoting public interest in information

2.7.3. Indicator: Transparency of recruitment procedure using public announcement of vacant posts

2.7.4. Indicator: Transparency of recruitment procedure using internal announcement of vacant posts

2.7.5. Indicator: Transparency of recruitment procedure using public announcement of vacancy for top managers of public services (public enterprises and public institutions)

2.7.6. Indicator: Transparency of open competitions for lease of LGs' public property

2.8. Area: Enhancement of citizen participation through organizing and encouragement of direct participation in LGs operations

2.8.1 Indicator: Direct citizen participation in LGs operations

3. Principle of good governance: EQUALITY

This unit is composed of five sub-areas, as follows:

3.1. Monitoring the situation relating to vulnerable population

3.2. Defining the local policies to meet the needs of local vulnerable populations

3.3. Mechanism for prevention of discrimination

3.4. Special measures

3.5. Local finances motivated by the principle of gender equality

3.1. Area: Monitoring the situation relating to vulnerable populations

3.1.1. Indicator: Statistical data on vulnerable populations

3.1.2. Indicator: Vulnerable populations covered by collection of data for statistical purposes

3.1.3. Indicator: Analysis of accessibility of LGs services to all population groups

3.2. Area: Formulating the local policies to meet the needs of local vulnerable populations

3.2.1 Indicator: Analysis of needs of vulnerable populations

3.2.2 Indicator: Adoption of local programs for improvement of social protection

3.2.3 Indicator: Providing local social protection services

3.2.4 Indicator: Improvement of access for persons with disabilities

3.2.5 Indicator: Use of language and alphabet of ethnic minorities

3.2.6 Indicator: Promotion of standing of Roma men and women

3.3. Area: Mechanisms for prevention of discrimination

3.3.1 Indicator: Local mechanism for gender equality



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3.3.2 Indicator: Free legal aid

3.3.3 Indicator: Partnership with civil society organizations (CSO) that support vulnerable social groups

3.4. Area: Special measures

3.4.1 Indicator: Implementation of special measures

3.5. Area: Local finances motivated by the principle of gender equality

3.5.1. Plans for gradual introduction of gender sensitive budgeting in the budgeting process on the local level

3.5.2. Identification of gender sensitive objectives in the budget

3.5.3. Introducing gender sensitive indicators in the budget

4. Principle of good governance: PREDICTABILITY, EFFICIENCY AND EFFECTIVENESS OF LOCAL GOVERNMENTS

This unit is composed of four sub-areas, as follows:

4.1. Predictability

4.2. Efficiency

4.3. Effectiveness

4.4. Evaluation of LGs operations outcomes

4.1. Area: Predictability

4.1.1. Indicator: Harmonization of administrative practices within individual LGs

4.1.2. Indicator: Harmonization of administrative practices among different LGs

4.1.3. Indicator: Oversight of the process of harmonization of administrative practices

4.1.4. Indicator: Accessibility of harmonized administrative practices

4.1.5. Indicator: Receipt of decisions of first instance bodies after a complaint

4.1.6. Indicator: Notification of clients on amendment of regulation in the course of proceedings

4.1.7. Indicator: Administrative procedure tracking system

4.2. Area: Efficiency

4.2.1. Indicator: Monitoring of compliance with deadlines stipulated in the Law on Administrative Procedures and deadlines stipulated in other laws / reporting on measures undertaken in case of deadline expiry

4.2.2. Indicator: Methodology for monitoring of compliance with deadlines stipulated in the Law on Administrative Procedures and deadlines stipulated in other laws / reporting on measures undertaken in case of deadline expiry

4.2.3. Indicator: Deadlines by which decisions have to be passed/issued in procedures initiated upon request of a client or ex officio pursuant to the Law on Administrative Procedures

4.2.4. Indicator: Deadlines by which certificates on data contained in officially kept registries have to be issued



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4.2.5. Indicator: Deadlines in case a complaint is forwarded from the first-instance to the second instance body

4.2.6. Indicator: Establishment of a single desk for information and receipt of client's applications/submissions

4.2.7. Indicator: Establishment of a single administration site

4.2.8. Indicator: Conducting disciplinary procedures, deciding on disciplinary accountability, pronouncing disciplinary measures in cases of serious breach of duty in the areas of labor relations, unconscientious, untimely, or incomplete performance of duties or disobeying orders by superior staff

4.2.9. Indicator: Establishing cooperation and associating with other LGs and their bodies, services

4.2.10. Indicator: Competencies of LGs accomplished through inter-municipal cooperation

4.2.11. Indicator: Already accomplished stages leading to full use of the information system (e-Law on Administrative Procedures)

4.2.12. Indicator: Information security

4.3. Area: Effectiveness

4.3.1. Indicator: Operational standards for service providing by town/municipal administration

4.3.2. Indicator: Town/municipal administration operations are harmonized with models of administrative procedures/services

4.3.3. Indicator: Mechanism for monitoring the number and frequency of services from LG's source and delegated competencies

4.3.4. Indicator: Analysis and undertaken measures on the basis of an established mechanism for monitoring the number and frequency of services from LG's source and delegated competencies and adjustment of town/municipal administration organization to the established state

4.3.5. Indicator: Mechanisms for organized monitoring of amendments of regulations within the competencies of local governments

4.3.6. Indicator: Analysis of impact of regulations implemented by LGs

4.3.7. Indicator: Prevention of multiple decisions on one and the same administrative case

4.3.8. Indicator: Records of submitted objections to operations of bodies, institutions and public enterprises founded by LGs

4.3.9. Indicator: Records of procedures after complaints against rulings on objections to operations of bodies, institutions and public enterprises founded by LGs

4.3.10. Indicator: Data collection, monitoring and analysis of the situation in the field of inspection oversight

4.3.11. Indicator: Plans for inspection supervision

4.3.12. Indicator: Preventive actions of inspection

4.3.13. Indicator: Coordination of inspection supervision of tasks within the source competencies of LGs.

4.4. Area: Evaluation of LGs operations outcome

4.4.1. Indicator: Ways in which LGs enables citizens to assess performance of LG bodies

4.4.2. Indicator: Conducting an analysis of assessment of performance of LG bodies and citizen's proposals on how to improve the operations

4.4.3. Indicator: Compliance of competent bodies after analysis of assessment of LG bodies and citizen's proposals on how to improve the performance



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- 4.4.4. Indicator: Running a survey and analyzing assessment of LG bodies and services performance
- 4.4.5. Indicator: Notifying the citizens on results of implemented internal or external assessment of LGs performance and proposals on how to improve the performance.
- 4.4.6. Indicator: A rapid response system is established

5. Principle of good governance: Anti-corruption

This unit is composed of four sub-areas, as follows:

- 5.1. Establishing and implementation of internal mechanisms in cases of whistle-blowing
- 5.2. Management of conflict of interest of officials and civil servants in local governments
- 5.3. Management of gifts received by officials and civil servants in local governments
- 5.4. Availability and implementation of anti-corruption mechanisms and public policies on the LGs level

5.1. Area: Establishing and implementation of internal mechanisms in cases of whistle-blowing

- 5.1.1. Indicator: Providing necessary conditions to proceed according to whistle blowing report
- 5.1.2. Indicator: Informing the staff and public on the whistle blowing rights and procedures
- 5.1.3. Indicator: Outcomes of whistle blowing procedures

5.2. Area: Management of conflict of interest of officials and civil servants in local governments

- 5.2.1. Indicator: Management of conflict of interest of LG officials
- 5.2.2. Indicator: Management of conflict of interest of civil servants

5.3. Area: Management of gifts received by officials and civil servants in local governments

- 5.3.1. Indicator: Establishment of internal mechanisms for the management of gifts received by officials and civil servants

5.4. Area: Availability and implementation of anti-corruption mechanisms and public policies on the LGs level

- 5.4.1. Indicator: Adoption and implementation of integrity plan
- 5.4.2. Indicator: Adoption and implementation of local anticorruption plan (LAP)