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CIVIL SOCIETY ASSESSMENT

MDP 6 PILOT MUNICIPALITIES

Doboj, Dobož Istok, Maglaj, Usora, Dobož Jug, Petrovo



Municipal Development Project in Dobož Region, Bosnia and Herzegovina (MDP)

May 2004

*Municipal Development Project in Bosnia and
Herzegovina
Projekat razvoja općina u Bosni i Hercegovini*

Intercooperation
Kralja Aleksandra 52
53000 Dobož
RS, BiH

Tel: ++387 (0) 53 200 371
++387 (0) 53 200 372
Fax: ++387 (0) 53 200 373
Mobile: ++387 (0) 65 682 729
E-mail: plgdoboj@doboj.net
<http://www.intercooperation.ch>

CIVIL SOCIETY ASSESSMENT REPORT

1. BACKGROUND	4
1.1. Introduction	4
1.2. MDP project goal and objectives	4
2. GOALS AND TARGET GROUP OF THE CIVIL SOCIETY ASSESSMENT	5
3. METHODOLOGY AND PROCEDURES	5
4. MAIN FINDINGS	6
4.1. Dobož municipality	6
4.1.1. NGO sector	6
4.1.2. Private sector	8
4.1.3. MZ- municipality relations	9
4.2. Maglaj municipality	10
4.2.1. NGO sector	10
4.2.2. Private sector	11
4.2.3. MZ - municipality relations	12
4.3. Dobož Istok municipality	12
4.3.1. NGO sector	12
4.3.2. Private sector	13
4.3.3. MZ- municipality relations	14
4.4. Petrovo municipality	15
4.4.1. NGO sector	15
4.4.2. Private sector	16
4.4.3. MZ - municipality relations	17
4.5. Usora municipality	18
4.5.1. NGO sector	18
4.5.2. Private sector	19
4.5.3. MZ - municipality relations	20
4.6. Dobož Jug municipality	20
4.6.1. NGO sector	20
4.6.2. Private sector	21
4.6.3. MZ - municipality relations	22
5. RECOMMENDATIONS	22
5.1. Critical issues and recommendations regarding the NGO sector	22
5.2. Critical issues and recommendations regarding the private sector	25
5.3. Critical issues and recommendations regarding the MZ sector	26
6. CONCLUSION	27

Front page picture: Inter-municipal ecological project- Dobož, Dobož Jug, Petrovo- Day of Water, March 23, 2004: children planting trees in front of Dobož primary school.

Acronyms

BiH	Bosnia & Herzegovina
CCI	Center for Civic Initiative, Banja Luka
EDA	Enterprise Development Agency, Banja Luka
FBiH	Federation of Bosnia and Herzegovina
MA/MC	Municipal Assembly/Council: legislative organ at municipal level in RS/FBiH
MDP	Municipal Development Project
MDT	Municipal Development Team
M1	Pilot municipalities engaged in Phase I (Doboj, Doboj-Istok and Maglaj)
M2	New municipalities engaged in Phase II (Doboj-Jug, Usora and Petrovo)
MZ	Mjesna Zajednica = Local Community, village part of a municipality
NGO	Non Governmental Organization
OSF	Open Society Fund (Soros Foundation)
RS	Republic of Srpska
YPO	Yearly Plan of Operations
YIA	Youth Information Agency

ANNEXES:

- **Annex 1a:** Civil Society Assessment form for NGO
- **Annex 1b:** Civil Society Assessment form for private sector
- **Annex 2:** List of topics of MDP/CCI education module for MZ councils + citizens
- **Annex 3:** Report on the NGO Conference, November 19, 2003
- **Annex 4:** Recommendations presented at the NGO conference
- **Annex 5:** List of NGO in MDP 6 pilot municipalities
- **Annex 6:** List of municipal representatives
- **Annex 7:** Template for project sheet

1. BACKGROUND

1.1. Introduction

The Municipal Development Project (MDP) is based on a government agreement between Switzerland (represented by SDC) and the state and entity governments of BiH, signed in April 2002.

As a long-term development goal, MDP shall make a contribution to the further development and consolidation of a coherent decentralization process in BiH. By fostering local governance with a special focus on people's participation, MDP shall contribute to the further stabilization and democratisation of the country, which is functioning according to the basic principles of good governance.

The main partners of MDP are municipal authorities and civil society representatives in 9 municipalities in both entities of BiH (Republic of Srpska and Federation of BiH). For the first year of implementation (May 02 - April 03), 3 pilot-municipalities have been selected by the Steering Committee and engaged in the project (Doboj, Doboj-Istok and Maglaj). For the second year of implementation (May 03 - August 04) 3 new municipalities were selected: Usora, Doboj-Jug and Petrovo. The other partner municipalities (Tešanj, Zavidovići and Gračanica) will continue to be included in MDP key events.

1.2. MDP project goal and objectives

Project goal (2001-2004):

Selected municipalities in BiH are functioning in an increasingly effective, efficient, transparent, accountable and participative way, in conformity with the rule of law.

Objectives:

1. To support the development of a **common and shared vision** on municipal development based on the principles of good governance.
2. To foster **participative governance** by developing new cooperation and participation mechanisms (via specific municipal development teams with representatives from the authorities and the civil society, but also other mechanisms outside MDP-organisation).
3. To support the elaboration and implementation of **specific municipal projects**, which contribute to a stronger participation, and/or the implementation and further development of the shared vision.

MDP second objective is aimed at promoting better participation of civil society actors in the local governance decision-making process.

Representatives of civil society have been included from the initial phases of the project into the Municipal Development Team of each municipality. Nonetheless, due to the BiH elections that took place in October 2002, the work with local communities (MZs) started after this date, in order to avoid the use of MDP for political goals. Since October 2002, MDP/CCI has been working on educating and supporting selected local communities in the identification and prioritisation of problems, and on reinforcing and/or developing participative mechanisms of decision-making.

In March 2003, MDP Internal Review pointed out the necessity of identifying and assessing other forms of organized civil society groups, in addition to MDP/CCI activities with the MZs, aiming to further strengthen participation of civil society in the work and decision-making process of local governance, as well as to create conditions for more flexible reacting towards civil society initiatives.

MDP initiated an assessment of organized civil society groups in the three pilot (M1) municipalities of Dobož (Republic of Srpska), Dobož Istok and Maglaj (Federation of BiH) in April 2003. The assessment was extended to the three new municipalities (M2) that have joined the project at the beginning of the second sub-phase of the project phase 1 (May 2003), which are Dobož Jug, Usora (Federation of BiH) and Petrovo (Republic of Srpska).

2. GOALS AND TARGET GROUP OF THE CIVIL SOCIETY ASSESSMENT

The main goals of the assessment are the following:

1. to identify organized and sustainable civil society groups, which could positively contribute to MDP project
2. to better understand their organization and interaction with each other and with municipal authorities
3. to contribute to enhance participation of civil society in the work and decision-making processes of local governance and to promote mechanisms of effective participation, representation, communication and dissemination

It is important to emphasize that the assessment was not aimed either to evaluate the organisational structure and activities of the organised citizens' groups or local government but rather to better understand their relations (inter-action), as well as the inter-action at NGO level.

Three main categories of civil society groups were identified in the context of the assessment:

1. **Local Communities Councils:** Local Communities (Mjesne Zajednice, MZs) represent the basic level of citizens organisations (which existed during the time of former Yugoslavia), reaching all citizens at the local level and are therefore of essential importance. MDP is working with 20 pilot MZs from M1 and M2 Municipalities.
2. **NGOs and associations:** NGOs represent an important and generally very active group of civil society, channelling projects benefiting specific vulnerable groups and promoting activities that enhance citizens' well being.
3. **Representatives of private sector associations:** the private sector is of crucial importance for the economic recovery of the country and the creation of new jobs. Private sector associations may be able to give an overview of the economic situation in each municipality.

3. METHODOLOGY AND PROCEDURES

The assessment was implemented through meetings with NGO and private sector representatives and corresponding municipal representatives. Regarding the MZs, the information was gathered through cooperation with CCI Field Coordinators, as well as through direct participation in MZ public hearings and contacts with the members of MZ Councils.

MDP has designed and introduced a civil society assessment form (see Annex 1 a and b) comprising general data on the associations, activities, organisational structure, fund raising, relationship with the municipal administration, their proposals for improvement and other issues relevant to create overall insight into the current situation.

At MDP Steering Committee meeting held on 26 June 2003 in Dobož, the Mayors of M1 municipalities were presented with this initiative and acquainted with the possibility to be forwarded the assessment findings along with relevant documentation that may contribute to the identification of main issues and to the introduction of innovative mechanisms of participation within their municipalities. The assessment was extended to M2 municipalities in September 2003. M2 municipal representatives in charge of civil society issues were then informed of, and included in the assessment.

4. MAIN FINDINGS

4.1. Doboј municipality

4.1.1. NGO sector

NGO sector is quite developed in Doboј municipality and it covers most of the vulnerable groups such as youth, women, elders, returnees, etc. There are around 25 NGOs and citizens' associations (this number exceed 100 if sport clubs, cultural associations, private sector associations, etc., are taken into consideration), of which a high number tackle youth and children issues. Organisation of citizens within the NGOs seems to be widely accepted by youth, whilst the elders prefer organisation at MZ level that functioned in the previous political system. Fifteen NGOs took part in the assessment in Doboј municipality.

Main findings regarding Doboј NGO sector:

- **Relation NGOs – municipality:** According to the majority of the NGO representatives interviewed, the municipality has not been very open to collaboration in the past. The NGO sector has not been considered as a partner, which did not contribute to establishing effective partnership and support mechanisms.



International Day of Water- March 23, 2004: children from Doboј, Doboј Jug and Petrovo, in the ecological project supported by MDP Incentive Fund

There has been improvement regarding the relation with the municipality (during some of the former Mayors' mandate), which resulted in a NGO roundtable organised on December 12, 2001 by the municipal administration, as an initial step to foster support to the NGO sector.

The Municipal Department in charge of NGO matters is the Dpt. for Economy and Social Affairs, with Mladen

Kršić as Head of Department.

Other persons were also mentioned by NGOs as contacts within the local governance:

- Nenad Paleksić, Secretary of the Mayor's Cabinet
- Nedeljko Ninković, Clerk for social affairs, children and health care issues (NGOs)
- Novak Radojčić, Mayor's Assistant
- Milenko Đukanović, Social Affairs Clerk (mentioned more recently as a NGO contact person)

There is no municipal office specifically in charge of NGO matters established yet, but the municipal authorities are checking the possibility to assign a person dedicated to such matters. Clear and transparent mechanisms for application for financial support on the basis of project proposal are lacking, hence the cooperation between NGOs and the local governance is very often ad hoc.

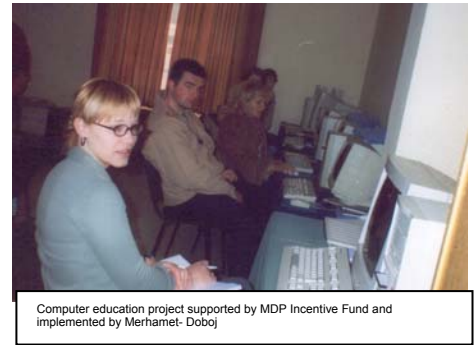
- **Municipal budget:** 90'000 KM were available for NGOs and citizens' associations in the Municipal Budget for 2003. A total of 975'000 KM is allocated under the item "grants for non profit organisations", covering schools, political parties, archives, museum as well as the association of citizens (90'000 KM). In addition, there is 243'000 KM for "capital grants" including once more "grants for non-profit organisations (construction of schools, cultural facilities, etc) and covering needs at the local community level as well.

The Department of Economic and Social Affairs has a Book of Rules on the criteria for the allocation of budget funds for social organisations and citizen's associations. Two criteria are mentioned:

- the associations must be registered
- they need to report on the activities and financial status as well as programme of activities for the next year.

A distinction is made between social organisations (70% of the funds) and citizens' organisations (30% of the funds).

There is no clear procedures that would determine process for the application and allocation of this fund, whether it is to be automatically distributed or on the basis of project proposals submitted to the municipal administration over the budget planning period and what is the time-frame to be followed for application. If such procedures exist, they are not known by the NGOs.



- **Cooperation between NGOs:** Cooperation between NGOs, especially engagement in joint projects is on a low level. There was an informal NGO forum, which was working in the course of year 2001-2002. The coordinator of this forum was the president of a local NGO. The Forum did not last long (according to some organisations, this was due to the lack of dynamism of the coordinating organisation- it is a very demanding job to lead such a forum) and it has not achieved any significant goal. Youth NGOs have been taking part in the activities of NGOs from neighbouring municipalities as well as on the national/international level (ERC-Education Resource Centre taking part in the organisation of a Festival of Learning, MAK Most in an international volunteer programme and in the organisation of a youth conference in Doboј, Association of paraplegics, Dystrophics, etc.).



Day of Water: March 23, 2004- Inter-municipal ecological project supported by MDP Incentive Fund

- **Premises:** The lack of premises seems to be a general trend for NGOs working in Doboј. Many organisations have mentioned the lack of cooperation of the Municipality, which could have opened the door for support by international organisations in specific cases. Many organisations expressed the wish to have common premises, but mentioned that the municipality seemed reluctant to support them by fear that the NGOs would become too strong, probably due to a lack of understanding of the role of the NGO sector and the potential for a partnership by municipal authorities.

- **Youth Commission:** A Youth Commission was established in May 2003 with the support of OSCE. It consists of representatives of youth NGOs and some political parties youngsters from Doboј municipality. The Commission should serve as a focal point on youth issues between citizens and municipal authorities, as well as select and channel NGO projects that include youth and children issues. It is not clear how the other NGOs will submit their proposals and how the allocation of resources from the common NGO fund in the municipal budget will be processed: the exact percentage of municipal funding available for NGOs that will be allocated to youth-related projects through the Youth Commission has not been defined yet at the time when this report was made. A clear definition of the amount/percentage available for the Youth Commission and the amount available for the remaining NGOs and citizens' associations should be done. Criteria for the allocation of funds to youth NGOs should be established, knowing in particular that political parties, which should normally not be eligible for NGO funding, are represented in the Commission.

4.1.2. Private sector

The assessment focused on the association of businessmen and craftsmen working with the owners of SMEs, representatives of the Doboj Regional Chamber of Commerce, as well as on the Municipal representatives responsible for economic issues.

Main findings regarding Doboj private sector:

- **Procedures regarding the adoption of legislation:** The Municipal Assembly (MA) is the body that adopts decisions tackling private sector issues such as municipal taxes, etc. Generally, those decisions were forwarded to the Chamber of Commerce and the Association of Craftsmen and Entrepreneurs only after their adoption. Over the year of 2003, the situation has improved: the associations have been forwarded written documents necessary for the preparation of MA session in due time and were included in a consultative process prior to the MA session. They are also enabled to send their representatives to attend the MA sessions where they can present their proposals and comments without voting right.

The Chamber of Commerce is also taking part in organising public hearings for their members where they invite relevant institutions of RS (representatives of Ministries, Tax Administration of RS, etc.) and/or representative of local authorities depending on the subject to be discussed. In one case, an increase of 300% of a municipal tax was planned. The Chamber of Commerce managed to limit the tax increase, through mobilising the business community, and organising public hearings and lobbying before the MA session.



Coffee processing facility

Recently, the Chamber of Commerce was forwarded the draft of a new Law on traffic safety from BiH level so that the experts from this region could give their comments and proposals and send them back as proposal of amendments to the original document.

- **Administrative procedures regarding business registration, construction, etc.:** According to the associations, the companies are very often waiting too long for documents to be issued, for permits, registration, etc. In general, the major problem in the process of registration of a firm is the absence of a receiving office for this purpose within the municipal administration structure, based on the «one-stop-shop» model. Instead, entrepreneurs are compelled to look themselves for various receipts, permits and other documents in different institutions. In this case we have a situation where people “circulate” instead of documents.

An additional problem to business fostering is the absence of exemptions either tax related or regarding the price of power, heating, phone, which is 2-3 times higher in comparison with the price paid by households.

Obstacles are also due to administrative barriers at higher levels. In addition, the companies face difficulties with the customs regulations, which impede the import of raw material.

- **Contact person within the municipality:**

- Mladen Krsić, Head of Economic and Social Affairs Department
- Marica Ilić, Chief of the section for Economy and Economic Development

- **Promoting an enabling environment for economic growth:** The associations mentioned the persistent problem of the black market, which represents an unfair competition for the registered companies (this problem is present not only in Doboj region but generally at state level).

4.1.3. MZ- municipality relations

Main findings regarding Dobož MZ issues:

- **Organisation of MZs** : Dobož Municipality counts a high number of MZs (70). Five pilot MZs are included in MDP project since October 2002: they have received training (see annex 2 for the list of topics), have established a direct communication with the Municipality, and have been actively involved in participatory design of projects to be implemented at MZ level with the support of MDP project.

Based on a joint MZ conference for 20 MZs of Dobož municipality (in addition to MDP 5 pilot MZs), co-organised by Dobož Municipality, OSCE, Balkanactie¹ and MDP, a broader dialogue between the MZs and the municipality was established and the good practices developed by MDP five pilot MZs were shared. Similar conferences will be further developed by MDP, in collaboration with its partners, for the remaining Dobož MZs.

In addition, the initiative to create a MZ representation board in Dobož was raised by MZ representatives at this conference and has been strongly supported by Dobož municipality, in collaboration with MDP office.



The Mayor of Dobož presenting at the MZ conference

This MZ representation board will serve as a tool for enhanced communication between the MZs and the municipal authorities, and will contribute to a more systematic identification of priorities on the field and overall local community development.

- **Relation MZs – municipality**: The problem in this area can be viewed from two sides. On one hand, the municipal office in charge of MZ affairs was not active enough in the past in improving communication with MZs representatives, as well as providing support to MZ activities through media or by supporting citizens in the organisation and participation in public hearings. Such public meetings would contribute to a dialogue between local authorities and citizens on priorities at the local level as well as to engaging citizens in decision making processes at municipal level.

On the other hand, the non-election of the management of some MZ Councils, in some cases the absence of adequate collaboration between elected MZ Councils and citizens and lack of interest of citizens, as well as the lack of coordination between MZs in their contact to municipal authorities did not contribute to strengthen the relation between MZs and local authorities.



Mrs. Dušanka Živković, Dobož Mun, at MZ representation board meeting

- **Contact person within the municipality:**

- **Organisation of MZs**: Dušanka Živković, clerk in charge of the organisation of MZs: she is under the President of the Municipal Assembly, and its Expert Services.
- **Development of the MZs**: Lidija Aladžić, in charge of development of MZs. Nedeljko Ninković has replaced her at the time of writing of this report. This service is under the Department for Economic and Social Affairs. The Head of the Department is Mladen Kršić.
- Dragan Despotović, the Chief of Social Affairs;
- Nedeljko Ninković, clerk for social affairs, children and health care issues, sport, culture, citizens associations as well as for MZ issues.

¹ Balkanactie is a Belgian organisation with field office in Malgaj, working in the region to support civil society strengthening.

In the context of municipal administration reform, the municipal authorities has recently decided to modify the structure and to merge these two MZ offices into one in order to have all issues related to MZs processed at one place. Final decision on the human resource attribution for the new MZ office has not been taken at the time of writing this report.



MZ representation board meeting in Trebava micro-region- Dobo, supported by Dobo municipality and MDP office

- **Budget :** A budget of 102.000 KM was available for MZs within municipal budget for 2003. To be eligible, MZs have to be registered, have a bank account and then make request to the Municipality to be allocated from this fund to cover their running costs and small projects. According to municipality, MZs are to receive two payments of 500 KM by the end of the year for their running costs. The rest of the fund is envisaged to cover small projects in MZs, yet there is no priority list and criteria or systematic approach in supporting a balanced development of MZs (through mechanisms such as a rotation system where the MZ needs are systematically addressed year after year), on the basis of which the allocation of this extra funds should be allocated. Capital investments in MZs are covered through other budget items (road construction, communal infrastructure) and according to the local government, participation of citizens from the MZ level in projects is being encouraged (cost share 50%-50%, contribution in work, etc.).



Riječica MZ premises rebuilt through MDP MZ trust fund- Dobo Municipality

4.2. Maglaj municipality

4.2.1. NGO sector

There are various organisations in Maglaj that tackle the issues of ecology, youth, children with special needs, women, culture as well as other associations, gathering different social categories. The total number of organisations in the municipality of Maglaj is 40, out of which 25 citizens associations and 15 sport clubs.

Main findings regarding Maglaj NGO sector:

- **Relation NGOs - municipality:** Several NGOs mentioned that the municipality has been very supportive of their activities. The main constraint is the very limited funding available from municipal budget. Nonetheless, the municipality has supported several active NGOs (in some cases by paying the electricity bills and offering premises).

The contact person within the municipality was, until October 2003, date of the dismissal of the Mayor, Eldina Mehinagić, former Head of General Administration and Social Affairs Department. The new contact person appointed is now Uma Isić, Chief of General Administration and Social Affairs.

- **Contact person within the municipality:**
 - Eldina Mehinagić, former Chief of General administration and Social Affairs (municipal contact person till october 2003 when the Mayor of Maglaj municipality, Mehmed Bradarić was replaced).
 - Uma Isić, current Chief of General administration and Social Affairs (new contact person appointed to this position meanwhile)
 - Nerma Zupčević, Associate Expert for the education, culture and sport (contacts with NGOs)

- **Municipal budget:** 36'120 KM were allocated to associations in the Municipal budget for 2002 (+ approximately 11'000 KM for some NGOs under another item). A total of 1'444'020 KM was allocated to broader range of non-profit associations, including schools, political parties, citizens' associations, etc. There is no distinctive NGO fund in the municipal budget, but some of the NGOs have been directly incorporated in the budget as beneficiaries. In some cases, NGOs oriented to cultural issues received municipal funds allocated for culture development in the budget.

It should be noted that the municipal budget is generally limited due to the low transfer of funds from Cantonal to municipal level, which is common case in the Federation of BiH.

- **Cooperation between NGOs:** It is of importance to mention that a local Youth Commission was established with the support of the Youth Information Agency² and OSCE, to represent the interests of youth towards municipal authorities and provide better coordination and information flow between youth and their municipality. The participants of the Council are representatives from the schools, sport associations, and NGOs, gathered to discuss about current youth issues and priorities as well as exchange information on their respective programmes.



Participants to the seminar "Civil Society- Local Authorities: Towards a Partnership Approach" - Teslić, November 19, 2003

- **Premises:** Thanks to the support of the former Mayor, Maglaj NGOs have been provided premises

and support in most of the cases so it can be noted that they did not face the same problems as NGOs in other assessed municipalities. MDP initial contacts with the new Mayor allow us to anticipate that the good cooperation between the Municipality and the NGO sector will continue.

4.2.2. Private sector

Main findings regarding Maglaj private sector:

- **Relation private sector – municipality:** Regular meetings are held between the municipality and private sector representatives. Every month the Municipal Economic Department invites entrepreneurs to discuss current problems. However, most of the challenges are at higher authority level (canton). In particular, the administrative procedures involving higher level authorities are delayed due to slow proceedings at cantonal / entity level.
- **Contact person within the municipality:**
 - Sejad Nalić, Head of Economic and Finance Department.
- **Consultation procedure:** Regarding the legislative procedure, the businessmen's association has been active in lobbying, prior to Municipal Assembly sessions. For instance, they managed to limit a tax increase planned at municipal level, through mobilizing the business community.
- **Administrative procedure regarding business registration, construction, customs' regulations, etc.:** Companies find obstacles regarding the administrative procedure related to their activity, such as the authorizations needed for reconstruction, etc. and they are often waiting too long for documents to be issued.



Milk production

At municipal level, the deadline to process requests is short.

² The Youth Information Agency (OIA) is a network of youth NGOs, with their main board in Sarajevo and regional coordinators across the country.

The municipal representatives interviewed mentioned that in most cases the Economic Department processes private sector requests much before the prescribed deadline (within 3-4 days). At higher level (in particular at cantonal level), the procedure takes much more time, which delays the process.

The companies also face difficulties with the customs regulations, which, for instance, impede the import of raw material.

- **Promoting an enabling environment for economic growth:** The associations mentioned the persistent problem of the black market, which represents an unfair competition for the registered companies (this problem is present not only in Dobož region but generally at state level). The land where the industrial zone could be developed is still property of the major firm "Natron" that is not yet privatised. There is an additional plan to create two business zones along the main road Maglaj-Sarajevo.

4.2.3. MZ - municipality relations

Main findings regarding Maglaj MZ issues:

- **Organisation of MZs:** Maglaj municipality counts with 22 MZs. Three pilot MZs are included in MDP project since October 2002: organised citizens' groups have received training at MZ level (see annex 2 for the list of topics). They have established a direct communication with the Municipality, and have been actively involved in participatory design of projects, part of which have been implemented at MZ level with the support of MDP project.



Sport field in Ulišnjak MZ, Maglaj, supported by MDP Trust Fund

- **Relation MZs – municipality:** The Department in charge of MZs has been very active when Eldina Mehinagić was Head of the General Administration and Social Affairs Department. Dissemination of knowledge and information to other MZs have been organised by this Department regarding MDP activities; the procedures and experiences gained through the project have been disseminated and utilised in the field. This Department also counts with 4 registry office secretaries, 2 of whom are working in the field, issuing certificates, lists of household members, and doing other duties in domain of work of Registry Office.
- **Budget:** A budget of 10.000 KM was available for MZs within the municipal budget in 2002, to cover running costs (bills of electricity, stationeries, fuel, etc.). In case of major projects such as infrastructure projects, MZs may receive funding from other municipal budget items (capital expenditures). Public hearings are organised upon the need and attended by the Mayor along with his associates depending on the topic that is discussed.

4.3. Dobož Istok municipality

4.3.1. NGO sector

Total number of citizens' organisations in Dobož Istok is eight, two of which are youth related. During the civil society assessment MDP has interviewed two NGOs in this municipality: "EKO Zeleni"-branch association of the cantonal Eco Movement from Tuzla and a youth association, "Centar Mladih" (Youth Centre).

Main findings regarding Doboj Istok NGO sector:

- **Relation NGOs – municipality:** There is a limited number of NGOs present in Doboj Istok. The youth association has not been very active lately, due to the lack of premises, and the lack of interest of youth in taking an active role in promoting youth issues.

Regarding the premises, the youth association has been allocated a meeting room in MZ premises for 5 years but were asked to move out earlier (after approx. 2.5 years). This room was refurbished and equipped through an OSCE project and used by the youth association free of charge. After changes of MZ Council managerial staff (elections 2000), the association was asked to pay rent. Since it was not included in the municipal budget and did not have on-going project to support their activities, the youth association had to leave the premises (they addressed to the municipality (former mandate) regarding this matter but did not receive any reply).

- **Contact person within the municipality:**

- Mustafa Mujkić, Assistant to the Mayor for General Administration and Social Affairs
- Selma Mešić, Clerk for social affairs

- **Municipal budget:** The municipal budget planned for non-profit organisations was 72'200 KM for year 2003. Sport associations, culture, political parties, NGOs, war veterans' associations are all listed together. There is no clear distinction between funds allocated for non-government and non-profit organisation and for political parties. The absence of a fund in the municipal budget set exclusively for the NGO sector, from which the NGO projects, selected on the basis of determined criteria, would be financed, was noticed in this municipality too.



- **Cooperation between NGOs:** The most noticeable cooperation expressed was the inter-entity/municipal cooperation between the youth association from this municipality, located in FBiH and OZ Petrovo, youth association from RS, to implement a joint project (related to the issue of drug awareness). This project is a good example of the development of cooperation between NGOs of the two entities.

4.3.2. Private sector

Main findings regarding Doboj Istok private sector:

- **Contact persons within the municipality:** The municipality counts with a Department for Economic Development. The Head of that Department is Đulejman Junuzović. It is separated in two branches with the persons in charge listed below:
 - Damir Avdaković, Chief of economic sector
 - Muradif Buljubašić, Associate Expert within Economic Department
- **General situation:** There is approximately 200 SMEs registered, out of which 100 private companies registered as legal bodies and 100 handicraft/entrepreneur businesses (trade, catering, etc.) registered as physical bodies.

This Department supports the companies in their registration process, cooperates with the banks for the allocation of loans (500'000 KM went through the municipality for agricultural projects for example).

- **Relation private sector – municipality:** It seems that the municipality has not been delivering material prior to Municipal Council sessions for consultation. The municipal representatives in charge of economy mentioned that they strove at further developing cooperation with entrepreneurs through regular meetings and exchange of opinions. In this case too we need to look at things from another perspective. Namely, we could say that there is no active association of entrepreneurs at the level of Dobož Istok municipality, which would articulate their demands: there is only one representative of Dobož Istok private sector to the business association of Tuzla Canton.

The municipality has been promoting the holding of meetings with private sector agencies and companies, aimed at identifying concrete problems, which could be presented for lobbying at higher levels, primarily at Cantonal level. The participation of private sector in such meetings has considerably improved over the period covered by the report.

- **Promoting an enabling environment for economic growth:** Black market represents a major problem. The municipality has responded to this problem through inspections conducted in the field. However, this issue is a very sensitive one, is rooted in the high unemployment level observable in BiH. It is a global problem at BiH level. Some improvements have been noticed by the Economic Department regarding the legal registration of businesses, earlier identified in the black market that can be considered as a merit of this department.



Food processing company

- **Industrial zone:** Currently, there is no industrial zone in Dobož Istok. It would be beneficial to the companies if an industrial zone was determined. This would solve the problem of infrastructure (access to water, electricity, etc.). Currently, the companies that invest

in their own industrial complex/facilities have to pay a very high price to establish the power supply, water supply, transfer of land use (agricultural to industrial), etc. (approximately 80'000 – 100'000 KM). If an industrial zone would be established, each company would have to pay a much lower price, such as 30'000 KM. The interest of private sector in having industrial zone developed and promoted by the municipality exists, due to the raising trend of SME creation in this area since the end of the war.

The transfer of the land from agricultural purpose to industrial should be done, which may be a challenge since the most of the land in this municipality is agricultural. This transfer of land from agricultural to industrial purpose should also be done in accordance with wider plans for the development of the region, taking into account presence of a major food processing company “Vegafruit” in this municipality and its interest in establishing farmer cooperatives within the municipality. In addition, the role of Tuzla Canton should be taken into account in this issue, since regional development is planned at this level. Therefore, it is necessary to balance the ratio between agricultural and industrial land to reflect the actual trend of economic development of this municipality.

4.3.3. MZ- municipality relations

The general impression is that current relations between local communities (MZs) and municipality are on a satisfying level. The Municipality mentioned that public meetings are held on a three months basis or upon request, separately with each MZ. Depending on the topic, managerial staff of the relevant municipal departments attend these meetings in the field. When necessary, the Mayor attended these public meetings.

Main findings regarding Doboj Istok MZ issues:

- **Organisation of MZs:** Doboj Istok municipality counts with 5 MZs, two of which are included in MDP project since October 2002. Organised citizens' groups have received training (see annex 2 for the list of topics), have established a direct communication with the Municipality, and have been actively involved in participatory design of projects, part of which have been implemented at MZ level with the support of MDP project.
- **Relations MZs – municipality:** MZs are under the Department for General Administration and Social Affairs. There are 3 registry officers under General Administration.
- **Contact person within the municipality:**
 - Mustafa Mujkić, Assistant to the Mayor for General Administration and Social Affairs
 - Selma Mešić, Clerk for social affairs



Opening of the sport field in Lukavica Rijeka, Doboj, Istok

- **Budget:** There is 3'600 KM for each MZ on a yearly basis (total of 18'000 KM). This fund covers running costs of MZs and salaries for the Secretaries of all 5 MZ Councils who are engaged and paid by MZ Councils for their Administrative work (preparation of minutes from meetings, requests, correspondence etc.), very often as a part time job.

4.4. Petrovo municipality

4.4.1. NGO sector

There are a few NGOs in the classical sense in Petrovo municipality (mainly OZ Petrovo, oriented to youth, Kolo Srpskih Sestara- women associations in MZ Kakmuž and MZ Sočkovac, as well as the scouts association). The remaining NGOs are war veterans associations, cultural associations, Red Cross, etc., with whom MDP did not meet due to limited time frame. The total number of citizens associations in Petrovo municipality is 14 including 3 sport clubs. In addition to this, there are 2 elementary schools and one secondary school in this municipality.

Main findings regarding Petrovo NGO sector:

- **Relations NGOs - municipality:** The associations contacted by MDP stated to have good relations with the municipality. According to some of the organisations, the municipality has started to become more transparent towards civil society actors recently. For instance, the municipality invited all the organisations at the beginning of year 2003 for a general meeting to wish every organisation a successful start of their activities in the forthcoming year and shortly discuss about their planning.

- **Contact persons within the municipality:**

- Zlatan Blagojević, Chief of the Department of Economy, Finances and Social Affairs
- Uroš Todorović, Clerk in Social Affairs department (sport, culture, education, welfare-health care and citizens' associations)
- Vlado Simić, Associate Expert for urbanism and construction, housing, spatial planning and ecology.



Working group during the seminar: "Civil Society- Local Authorities: Towards a Partnership Approach", Teslić, November 19, 2003

- **Procedure for the adoption of the budget:** The municipality invited at the beginning of September all budget beneficiaries to present their projects. Since the deadline to present projects is as well in September, the organisations may not have had enough time to prepare their projects proposals.

From the municipal budget in 2003, approximately 7'000 KM was allocated to citizens' organisations on a yearly basis. This amount covers the expenses linked to the NGO programmes of activities, which the organisations have submitted to the municipality (Finance Department) over the budget planning process. Significant progress was noticed in the 2004 budget proposal, where a 15'000 KM fund for NGO projects was included (in addition to funds for specific NGOs) as one of the items aiming at supporting possible NGO projects, which was not the case in the previous years.

4.4.2. Private sector

MDP met with the Head of the Economic Department and the Clerk for the Economy and Private Entrepreneurship at Petrovo municipality. No meeting was held with the businessmen association (due to their almost inexistent activity- see below).

Main findings regarding Petrovo private sector:

- **Relations between municipality and private sector representatives:** Due to the small size of the municipality, formal meetings between private sector representatives and municipal authorities are rare. Companies may address the municipality if needed, and the municipality answers private sectors requests. Currently, the municipality is preparing an economic guide with information divided by economic sectors.

- **Contact persons within the municipality:**

- Zlatan Blagojević, Head of Economic Department
- Željko Tomić, Clerk for the Economy and Private Entrepreneurship

- **Consultative procedure:** No inclusion of the companies during the preparation of decisions that are to be brought by municipal legislative body (lack of public hearings on private sector issues, etc.). The firms may influence the procedure only through the political parties or the councillors directly in the Municipal Assembly when a proposal is in process of adoption. There is no particular mechanism for consultation of entrepreneurs on the documents to be adopted by the Municipal Assembly.



Wood processing facility

- **Associations:** An entrepreneurs' association was registered 3 years ago (funding was available for this purpose). Nonetheless, it seems that they invited representatives of the municipality to attend their

inaugural assembly but there were no regular or fruitful contacts later on. The municipality has planned to send recommendations to the companies to elect a Representation Board in the forthcoming period aiming at facilitating coordination between private sector and local governance.

An association of farmers exists and was registered approximately at the same time as the entrepreneurs' association. Currently, they are in the process of creating farmers' cooperatives (chicken farms, eggs, food production for chicken). The Municipality will support them (registration, etc.). Some of the farmers from this municipality have already established communication with "Vegafruit"-food processing company from Dobož Istok (Federation of BiH)-on the purchase of fruits and vegetable from their small farms.

- **Relations with higher level of government:** It seems that the higher level of government do not inform sufficiently the municipal authorities regarding issues, which are under Municipal competencies (revenue agencies, privatisation directorate, etc.). As a result, the municipal authorities are powerless and lack information to influence such processes. The lack of transparency, lack of information and clear procedures at entity level represent a brake to the development of the work of the municipality at local level.
- **Other obstacles to local economic development:** Insecure market: the State is not protecting the firms (local production is killed by imports). The bank loans interest rates are often too high and with no grace period to allow the entrepreneurs to pay their debts.

Regarding the legislation, there are too often changes to adapt to new standards, which makes the local production difficult. Ex: 2-3 months ago, there was a new RS law adopted to ensure that wood mills should meet EU standards. Administrative procedures to adapt to these changes take considerable resources (for example, 700-1000 KM have to be paid for the new permit in this case). The companies are not developed and strong enough to resist to these adjustments and related costs.

4.4.3. MZ - municipality relations

Main findings regarding Petrovo MZ issues:

- **Organisation of the MZs and MZ Department:** Petrovo municipality counts with 7 MZs. Five pilot MZs are included in MDP project since August 2003. Organised citizens' groups have been going through the education phase (see annex 2 for the list of topics). They are in the process of establishing a direct communication with the Municipality, and will be actively involved in participatory design of projects to be implemented at MZ level with the support of MDP project.

Petrovo municipality has 3 Registry Offices: Petrovo, Kakmuž, Karanovac. Each registry office has a person working on behalf of the municipality (part of municipal staff), who is in charge of administrative tasks (issuing various documents, certificates, receiving citizens' request and forwarding them to the municipality, etc.). There is a clerk in charge of MZs in the Department for Civil Protection (under General Administration).

- **Contact persons within the municipality:**

- Mira Katanić, Chief of General Administration
- Jelenko Ristić, clerk in Civil Protection Affairs (in charge of MZ issues)



Public hearing in Kakmuž, Petrovo municipality

- **Public hearings:** At the beginning of the year, in April - May, public hearings were organised on infrastructure, water and road reconstruction issues. In particular, a series of 3 public hearings was organised in each MZ regarding the water supply issue and the new Law on water management of RS. Based on these consultations at MZ level, the Municipal Assembly reached a decision (the administration of the water supply system is currently in transition). Local water supply system in each local community will from now on be managed by an organised group (group of citizens or MZ Council) registered as a legal person in the court.
- **Budget:** The municipal budget item covering MZ administrative costs as well as some actions amounted to 7'000 KM in 2003. The MZs may be allocated funds from other lines of budget for specific investments (capital expenditures: road construction, water supply, etc.).
- **Problem identification:** The municipality of Petrovo has been included in a World Bank survey for low resource municipalities. The World Bank in the context of its Communal Development Programme (CDP) along with the municipal representatives conducted a survey aiming at the identification and prioritisation of the problems in the local communities. Some projects were already implemented to respond to the needs identified through the survey. The research results have been forwarded to MDP.

4.5. Usora municipality

4.5.1. NGO sector

The NGO sector is reduced in Usora, due to the small size of the municipality. The main associations, apart from the post-war veterans associations, hunters association, etc., are cultural associations such as folklore associations "Izvor" and "Napredak" from MZ Žabljak, which are very active and the organisation "Moj Dom", which deals with returnee issues in MZ Makljenovac. The total number of citizens' associations in Usora municipality is 17, including 6 sport clubs.

Main findings regarding Usora NGO sector:

- **Relation NGOs - municipality:** The NGO sector is very reduced in Usora and as a result, the relation with local governance is not quite developed. This could also be due to passive relation of the citizens regarding the main issues of common interest; in particular, there is a trend of departing from this mostly rural area, especially by youth; as soon as they graduate from high schools. They look for job opportunities abroad, therefore, there is no such a high interest of youth for organised action. Lately, the municipality itself initiated certain contacts with youth representatives aiming to revive the work of the youth organisation but the organisation has not started with its active work to the time of the finalisation of this report.
- **Contact person within the municipality:**
 - Boro Dadić, the Chief of Social Affairs Department (at the same time in charge of labour issues, welfare-health care, DPs and refugees)
 - Ivo Suvala, Associate Expert for education, science, culture and sport (person in charge of MZ contacts)
 - Ljerka Mandić, clerk for data base processing and secretary
- **Municipal budget:** There was 18'000 KM for associations in 2002 and 12'000 KM in the year 2003. Usora municipality has scholarships for the students in the amount of 5000 KM for the year of 2003 aiming at keeping young educated people in the municipality, in light of the existing trend of young people to leave the area after finishing school/university. This budget fund can be



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allocated by the municipality to support students in the course of their studies, in order to fill positions within the municipal administration upon completing their studies. Students sign a contract with the municipality, which obliges them to work for the municipality until paying off their scholarships. On the other hand, scholarship can be allocated by the Cantonal Ministry of Education, Sport and Culture, and incorporated into the municipal budget. In this case contract is to be signed with the Ministry having an obligation to return the money when they get employment, which does not necessarily have to be with the Ministry itself.

Budget is low, due to low return of funds from cantonal budget. Only small projects can be covered by municipal budget.

Regarding the budget planning process, the budget beneficiaries received an invitation at the end of September 2003 to submit their programme of activities for the forthcoming year. Unfortunately, the deadline was too short to give enough time to budget beneficiaries to prepare project proposals in a proper way.

The Finance Department of Usora municipality prepares the first Draft of the budget, which is then presented in a joint public hearing. Invitation to the hearing is sent to the Presidents of MZs, announced on local radio and posted on the notice boards in the municipality. In this public hearing, which is organised yearly by the end of November, citizens can make proposals that are then revised by the Finance Department and members of the Commission for Economic Affairs, Reconstruction and Privatisation established by the Municipal Council (MC). The final budget proposal is then presented to the MC for the adoption. The councillors may make additional proposals directly at the session of the MC.

4.5.2. Private sector

Main findings regarding Usora private sector:

- **Relations between municipality and private sector:** Meetings are organised on an ad hoc basis (approximately twice a year). Private firms address directly to the municipality (no formal addressing due to the small size of the municipality). In the meetings with the firms, the municipality explains what has been done in the field of economic development and tries to address the problems of private sector.
- **Contact persons within the municipality:**
 - Drago Ćosić, the Chief of the Economic Department
 - Borislav Gašić, clerk in the Economic Department
- **Consultation procedure:** Regarding the adoption of legislation, no particular procedure of consultation or sending information to interested parties is followed before the adoption of the law. The firms can contact the councillors to present them with their concerns or invite them to participate, if they find it necessary, in private sector meetings and get acquainted with the problems of this sector, which could then be presented by them in the session of the Municipal Council.
- **Industrial zone:** The municipality is planning to create an industrial zone, but the process is still on going. The initial zone was planned to be located on the riverbank, close to the main road, but the proximity to the river could lead to difficulties in case of flooding- which may have been the reason why another geographical location was also proposed. According to municipal officials, the final location of the industrial zone is determined and will be located at the originally determined place.



Whitesmith and steel processing company in Usora municipality

- **Administrative procedures:** According to municipal authorities, the registration procedure to open a new business is done shortly (a few days), from municipal side. Administrative procedures take longer when higher level of government are involved. A Business Service Center was created at Cantonal level (Zenica-Doboj Canton) and should contribute to improve the situation.

4.5.3. MZ - municipality relations

Main findings regarding Usora MZ issues:

- **Organisation of the MZs and MZ Department:** There are 9 MZs in Usora according to the Social Affairs Department. Three pilot MZs are included in MDP project since August 2003: they are currently receiving training (see annex 2 for the list of topics), are in the process of establishing a direct communication with the Municipality, and will be actively involved in participatory design of projects to be implemented at MZ level with the support of MDP project.

The Legal Department is in charge of registration of MZs (Marta Pranic). There is no other clerk in charge of MZ.



Public meeting in Usora municipality

- **Contact persons within the municipality:**

- Boro Dadić, the Chief of Social Affairs Department (at the same time in charge of labour issues, welfare-health care, DPs and refugees)
- Ivo Suvala, Associate Expert for education, science, culture and sport (person in charge of MZ contacts)
- Ljerka Mandić, clerk for data base processing and secretary



The Mayor of Usora at a MZ public meeting

- **Budget procedure:** The MZs are included in the budget procedure as the other budget beneficiaries (see NGO section for the procedure applicable to all budget beneficiaries). The report on the use of the municipal budget is revised by the Municipal Council and copies are later sent to the presidents of MZ councils.

It seems that some of the returnee MZs' needs have received little attention from the municipality, but the municipality is currently planning to respond to some of their requests.

4.6. Doboj Jug municipality

4.6.1. NGO sector

The number of associations is not high in Doboj Jug, due to the small size of the municipality. There are 15 citizens' associations registered in this municipality. Among them, there is one youth organisation, as well as an association of entrepreneurs, the eco section within the primary school, war veterans' organisations, etc. The process of registration of three new organisations (association of paraplegics and persons suffering from infantile paralysis, chess club and beekeepers' association) has been on going at the time of preparation of this report.

Main findings regarding Doboj Jug NGO sector:

- **Organisation of the municipality regarding NGO matters/ Social Affairs:** Edin Hrvić is the Head of the Department of General Administration and Social Affairs. The structure of the Social Affairs section of the Department is as follows:

- 1) Clerk for Sport, Culture, Associations and Schools- Sabina Tešnjak (in charge of NGO matters)
- 2) Clerk for Social Welfare
- 3) Clerk for displaced persons, MZs, elections and registry officer- Ermin Mujaković (in charge of MZ affairs)



Representative of Tuzla Municipality presenting the good practice of cooperation with NGOs at the seminar: "Civil Society – Local Authorities: towards a partnership approach"

The municipality has been supportive of civil society activities, and in particular activities related to youth. Nonetheless, there is no specific procedure to regulate relations in this sector, neither criteria for the selection of projects to be supported from the municipal budget, which may be due to the small size of the municipality and NGO sector. In spite of this fact, criteria and clear procedure are still relevant and needed to encourage and strengthen civil society initiatives.

Some of the NGOs, such as the youth association "VERITAS" from MZ Matuzići, have been recently established (with municipal support) and are still in the process of organising their activities.

- **Budget planning process:** The persons in charge of NGOs were not aware of the exact amount available for associations in the municipal budget. The Head of the Department of General Administration and Social Affairs, Edin Hrvić, meets on a weekly basis with the Mayor to discuss general issues of the Department of General Administration and Social Affairs.

4.6.2. Private sector

The assessment was focused on the municipal representatives in charge of private sector issues and with the businessmen association existing in Doboj Jug.

Main findings regarding Doboj Jug private sector:

- **Contact person within the municipality:**
 - Mr. Mustafa Kovačević, Head of Department for Economic and Financial Affairs
- **Relations between municipality and private sector:** Meetings have been held between municipal representatives and the representatives of the businessmen association. Nonetheless, differences in priorities and approaches appeared, in particular regarding the issues of taxation (see below).



Road maintenance company in Doboj Jug

- **Taxes:** Different appreciations of tax level were shown during the assessment. According to the Head of the Department for Economic and Financial Affairs, the Municipality tries to follow the level of taxes in neighbouring municipalities and has similar tax level to other municipalities, while the business association considers that the level of taxes is 4-5 times higher in

Doboj Jug than in neighbouring municipalities and is the same for all companies, whatever the structure and number of employees is. This differences regarding data on tax level in Doboj Jug shows that communication could be improved between municipal authorities and private sector representatives.

Due to the high level of the taxes in Doboj Jug, the association of businessmen has been in contact with the municipality to see the possibility of receiving a return of the communal taxes on companies.

Their goal is to receive back a percentage of municipal tax for the association (30%), which could be used for different purposes (to support the secretariat of the association, for companies, which need support to register their employees, to support companies in case of emergency, to support employment programmes to expand activity and create new jobs through loans, and to give scholarship for students to go to university). The possibility of promoting such communal taxes, which would foster private sector development and would create a business-attractive environment, could be explored.

4.6.3. MZ - municipality relations

Main findings regarding Doboj Jug MZ issues:

- **Organisation of the MZs and MZ Department:** Doboj Jug municipality counts with two MZs: Matuzići and Mravići for a total of 4'500 citizens, both of which are included in MDP project since August 2003. These MZs are currently receiving training (see annex 2 for the list of topics), are in the process of establishing a direct communication with the Municipality and will be actively involved in participatory design of projects to be implemented at MZ level with the support of MDP project.
- **Method for the identification of problems:** A list of needs and potential projects is usually submitted in the course of the budget procedure by the 2 MZs to the Mayor, analysed by the Departments of Social Affairs and later to the Municipal Council. Some of the issues are dealt with by the Department of Social Affairs, and some by other Departments (urbanism, ecology). Coordination between the Departments is done. The procedure is more complex when permits have to be issued at other levels (entity, cantonal) and takes much longer.
- **Budget for MZs:** The clerk in charge of MZs did not know the amount available for MZ. It seems that 16'000 KM is available on municipal budget. This covers the cost of running and wages for MZ secretary (the Secretary of Mravići MZ Council is paid).
- **Public hearings:** Public hearings have been held in Doboj Jug. For instance, when the new cantonal laws on Museum and urban planning were about to be adopted, public hearings were organised in collaboration with the MZ councils and the media.



Doboj Jug Municipal Development Team in a vision development seminar including representatives from civil society (MZ, private sector, etc.)

5. RECOMMENDATIONS

5.1. Critical issues and recommendations regarding the NGO sector

- **Relation NGOs - municipality:**
 - **Joint meetings between the NGO sector and municipal authorities:** Based on the general lack of information provided by municipalities to NGO sector, the NGOs recommend the holding of regular meetings between the non-governmental organisations and the local government to share information on budget planning process, project selection criteria, as well as on priorities from municipal perspective- which would certainly contribute to overall municipal development.

- **Expert advise:** The NGOs support the idea to establish a position for an advisor for NGOs (within an NGO office) within the Municipality, which could support the NGOs. On one side, such service could share information regarding funding possibilities channelled through the municipality. In particular, some donor organisations encourage partnership projects for which the cooperation between NGOs and municipal authorities would be extremely useful to ensure the channelling of funding benefiting the citizens.

On the other side, municipalities do not have an obligation to support NGOs on technical matters (such as writing project proposal, or support the NGOs with premises, etc.). Nonetheless, a municipality may find it in its interest to strengthen the NGO sector: in the transition period BiH is currently undergoing, NGOs are supporting target groups, which the municipality is not in the possibility to support itself. Therefore, the NGO sector plays a meaningful role in addressing the needs of different segments of society and, as a result, is an interesting partner for the municipality, facilitating its work. In that respect, municipalities may be willing to support NGOs covering different target groups and develop their capacity to provide systematic information to the non-governmental sector regarding potential donors, other sources of funding and related external projects.

- **Follow up of NGO proposals and requests:** NGOs would like to receive systematic feedback information from the Municipality on projects that have been presented for approval (whether the answer is positive or negative), aiming at achieving a genuine partnership between the NGO sector and local government, in which prompt and adequate information exchange is one of the crucial factors.
- **Flow of information between the Departments and decision-making persons:** Improve the flow of information between the Departments: in several cases, the Departments in charge of NGO issues are not aware of the procedure to follow and the funding available in their field. Therefore, it is important to strengthen the communication and sharing of information between the Departments, primarily between the Finance Department and the other Departments within local governments (NGO service, MZ issues, etc.).

The municipal clerks in charge of NGO matters should be included in the decision-making process within the municipality. The procedure of consultation between Departments should be defined and established. This may have a very positive impact on the motivation of the clerks working in this area.

At the same time, it is very important to depoliticise the relation between the municipal authorities and the NGO sector, which has often been recognised as an opponent by political options managing municipal administrations, in order to allow a proper development of civil society initiatives coming from NGOs with diverse target groups and fields of work.

- **Municipal budget:**

- **Legal background:** The budget planning process on the municipal level in RS starts as of July 1st (dynamic prescribed in article 14. and 15. of the Law on budget system of RS,) when the municipal authorities are supposed to receive memorandum from the entity government (i.e. Ministry of Finance) on the start of this process and to commence budget-planning process on the basis of this memo. Up to July 5th local authorities are to send information to the budget beneficiaries calling them to deliver estimations of their needs, their project proposals and programme of their activities for the following year. This process lasts through September when Municipal Finance Department start to work on designing of the budget draft. The budget draft is then subject of Public hearings to be organised and ran for budget beneficiaries (MZs, NGOs, citizens, etc.) by the municipality. Final draft of the municipal budget is to be adopted by Municipal Assembly and then forwarded to the Ministry of Finance for a review. The legal deadline for the official adoption of the budget for the forthcoming year, after it was reviewed and accepted by the Ministry of Finance, is December of the current year.

The budget planning process in Federation of BiH starts with the design and presentation of the economic and fiscal policy for the forthcoming year to the Government of FBiH by the Minister of Finance until June 30 (art. 16 of the Law on Budget of FBiH). The Government reviews the budget proposal and forwards it back to the Minister of Finance up to July 15. Based on the opinion of the Government, the Minister then sends until July 22 an official act (or memorandum) to the budget beneficiaries (Cantons, cities, municipalities, etc.) on the modus and main elements of budget design. The procedure at municipal level is done between July 22 and October 15, date on which the Minister of Finance submits a draft of the budget to the Government of FBiH (art. 18 of the same law). After reviewing the final document of the budget proposal, the Minister reports to the Prime Minister, who brings the final decision on the budget and has an obligation to present it to the Parliament until November 15.

- **Clear external and internal procedures and criteria** should be established at the municipal level regarding the municipal funds available for NGOs. This includes:
 - A clear separation between the political parties and the NGOs, ensuring that NGO funds are used for non-political projects and that the annual repartition of municipal funding covers the different segments of civil society groups;
 - The establishment of specific criteria for the selection of projects. Some NGOs mentioned that it would be helpful to count with a vision of the priorities of the local governance, which could give guidance to the NGOs in project designing.

- **A time frame and schedule for the adoption of the budget** should be established at municipal level, based on the Law on Budget and relevant municipal regulations and made public for budget beneficiaries. In particular, it seems that the call to submit proposals does often not give enough time to the associations to prepare their proposals. In several cases, this call has been sent just 10 days before the deadline for the submission of project proposals and programme of activities for the forthcoming year. It would be useful to invite the associations to submit their proposals and initiate the budget procedure (through public hearing or such) early enough during the year to give budget beneficiaries time to plan their activities (i.e. June-July).

The municipality could as a result establish a procedure, which would include:

- Public hearing for the presentation of municipal priorities, where an official form with the described procedure is presented, as well as the criteria to be applied for the selection of projects, the deadline for receiving project proposals, time-frame and template project sheet (MDP project sheet has already served as template in some municipalities). This public hearing could be done approximately three months before the deadline for project proposals.
 - Establishment of an internal procedure, when receiving the project proposals, including the process to follow-up consultation of the relevant Departments and decision-making persons.
 - Public hearing on the first draft of the budget and comments by budget beneficiaries.
- **Public information on the amount available for NGOs on the municipal budget as well as on the use of funds** in the past period, through adequate reporting, should be available for the citizens. This will allow the citizens to appreciate the projects on which the municipal funding has been invested and their results. Municipalities could also provide information to NGOs regarding potential donors and sources of funding. By working on more transparent and attractive presentation of their achievements with regard to civil society, municipal authorities would also raise citizens' trust towards the local government.
 - **Cooperation between NGOs:** An NGO forum requires a considerable energy and resources to be established and to function properly. Therefore, it is extremely rare (if ever) that they can fulfil a meaningful role. Many NGOs are of the opinion that it would be good to have a Forum of NGOs

but its establishment and running may be a difficult task, since one organization needs to initiate and sustain the activity of such a Forum, and each of them are very busy with their own activity.

Another possibility is to promote informal cooperation among NGOs on a need basis (to approach the municipality with proposals on specific topics, etc.) or to establish a coordination with the municipality on specific issues of common interest.

Two existing NGO Forum have been visited by MDP team as potential good practices.

1. **Tuzla Reference Group (Tuzla Referentna Grupa):** It counts with 49 NGOs in 8 municipalities. It is organised as an NGO network, organised in 6 working groups, which tackle different issues (disabled people, domestic violence, public advocacy, training, etc.), and serve as a link with the local authorities. The Tuzla NGO Forum is currently promoting the creation of NGO networks across BiH, with the support of the European Commission.
2. **Derвента NGO Forum (Forum NVO Derвента):** The NGO Forum is aimed at coordinating the work of NGOs. Currently the NGO Forum supports the coordination of the work of 18 NGOs, provides information to the citizens on fundraising opportunities and other information relevant for the NGOs. It also aims at serving as a link between the NGO sector and the municipal authorities of Derвента town.

Tuzla Reference Group was invited to present its good practice in the NGO seminar organised by MDP in Teslic in November 2003. Since Tuzla NGO Forum is supported by SDC (Swiss Agency for Development and Cooperation), such collaboration also promoted synergy among SDC supported projects.

5.2. Critical issues and recommendations regarding the private sector

- **Flow of information during the consultation phase:** Private sector representatives (Chamber of Commerce, Associations of Entrepreneurs, etc.) would greatly benefit from being regularly consulted with adequate documentation by Municipal Assembly/Council authorities, before legislation/decisions related to private sector activities are adopted by Municipal Assembly/Council. Thus they would have the possibility to give their comments and contribute to making decisions of common interest.
- **Establishment of regular meetings between municipal authorities and private sector:** Some municipalities have established regular meetings, which have proven to be very beneficial for the identification of problems and prompt action. Such meetings would allow the municipality to identify the main barriers to local economic development, addressing each time relevant issues and systematically searching for solutions in collaboration with private sector representatives. This could lead to the development of an joint action plan to tackle and overcome the specific obstacles.
- **Improvement of cooperation with higher levels of government:** The municipal representatives in charge of economic matters could coordinate an approach with the higher levels of government, with the regional Chambers of Commerce or the Regional Economic Development Agencies. Such agencies could contribute to achieve enhanced coordination with cantonal and/or entity level institutions on issues such as the black market, registration of employees, registration of companies, as well as other issues of concern to the private sector. An increased information flow and coordination will allow the municipalities and higher-level government actors to work more efficiently.
- **Establishment of a plan for the promotion of economic development:** Some of the associations have mentioned that it would greatly contribute to economic development if the municipality establishes a strategy and action plans to be followed by the main stakeholders.

This includes the definition and implementation of an **industrial zone**, which would positively contribute to local economic development and the promotion of private sector. The main decisions regarding the establishment of an industrial zone (location, modalities of establishment, cost sharing alternatives, incentive for starting business) should be done involving the private sector representatives and/or business association.

Increased planning of local economic development, done in cooperation with the business sector and main stakeholders, would contribute to enhancing the effectiveness of the efforts undertaken.

5.3. Critical issues and recommendations regarding the MZ sector

- **Relation MZs – municipality:** In general, the municipalities would greatly benefit from having a better systematisation of their work and relation with MZs. In some cases, there is a high number of MZ in the municipality, which requires specific measures (such as the establishment of a MZ representative board, with effective representation mechanisms). For instance, the process of establishing such a MZ representation board was initiated by MZs in Dobož municipality, in the context of the MZ conference co-organised by OSCE, MDP, Balkanactie and Dobož municipality, and is currently supported by MDP.

The role of the Municipal representatives in charge of MZ matters should be strengthened, so that they have an effective relation to MZs, through a systematic mechanism of field visits and/or public hearing/meeting, as well as other means. Their relations with other Departments and internal procedures should also be clarified.

- **Systematic identification of needs on the field and prioritisation:** It is important to establish mechanisms for the systematic coverage of the MZs. A structured approach to identify the needs on the field, made through participatory mechanisms, would contribute to a more efficient use of resources and the planning of investments.

Several municipalities organise regular meetings with MZs. In the case of small municipalities, with a limited number of MZs, it could be beneficial to have joint meetings with all MZs (which could be organised in follow up to meetings with each MZ separately). This would allow reaching consensus over the priorities and projects to be selected finally for implementation. The best practices achieved in the selected MZs within MDP project should be used as models.

- **Holding of public hearings:** There is no legal obligation to hold public hearing neither in the Law on Local Self-Governance of FBiH, the Law on Self-Management of RS, nor in municipal statutes. Some initiatives have been raised by civil society actors, one of which is MDP consulting agency CCI, with two significant activities: first, to incorporate public hearings in the law of self-governance and/or in the municipal statutes and, second, to initiate a campaign for the direct election of Mayors in BiH, related to the amendments to the current BiH Election Law. The first initiative would institutionalise public hearing as a very important instrument of citizens' participation in decision-making processes in the municipality and broader, whilst the second would contribute to depolitization of local governance as a service to citizens, and to raise the commitment and accountability of the Mayor as a leading figure of municipal administration towards citizens, as service users.

Based on the current legislation, the main forms of organisation of citizens at local level (MZs) are the so-called citizens' assembly, MZ Assembly and MZ Council (art. 15 of the Law on the Bases of Local Self-Government of the Federation of BiH and art. 78 of the Law on Self-Management of RS). The citizens' assembly represents an appropriate venue for the holding of public hearings. Regular public hearings on citizens' assembly level would decisively contribute to strengthening the links between MZs and local authorities and to responding in an adequate way to the needs identified in the field.

- **Budget procedure:** The Municipality, in a joint effort with the MZs, should define the use of the available municipal funds through clear policies and priorities, enabling a progressive coverage of the different needs of the MZs. The identification of the needs could be done both at MZ level and micro-regional level (region with several MZs). Such policies and established priorities should be widely publicised.
- **Flow of information between the Departments and decision-making procedure:** Improve the flow of information between the Departments: in several cases, the Departments in charge of MZ or NGO issues are not aware of the procedure to follow to inform budget beneficiaries and of the funding available in their field. Therefore, it is important to strengthen the communication and sharing of information between the Departments (internal) and towards civil society (external).

6. CONCLUSION

The Civil Society Assessment allowed to better understand the dynamic of the relation between civil society actors and local authorities in each of MDP 6 pilot municipalities. By meeting with the main stakeholders and supporting them in sharing information and looking for joint solutions, a dialogue on the constraints and achievements regarding civil society-municipal authorities relations was established, which represents a significant step forward.

The findings of the Civil Society Assessment linked to the NGO sector were presented at the NGO Conference organised by MDP in Teslić on November 19, 2003. Fifty-nine participants attended the conference, aimed at:

- establishing dialogue between NGO sector and municipal authorities/officials
- analysing current procedures established between civic sector and their respective municipalities based MDP Civil Society Assessment and the group work
- discussing procedures for allocation of NGO funds and adoption of municipal budget
- developing ideas and proposals for initial steps and enhancement of the partnership approach including introduction of the MDP NGO Incentive Fund.

See annex 3 on the NGO conference final report for more details.

Initial improvement efforts were noticed in follow up of the assessment and should provide a basis for continuous action. MDP will keep supporting the partners in further strengthening the partnership between civil society actors and municipal authorities.