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

**Implementation of Good Governance Principles (GGP)**

**- Excerpt from the analysis -**

**Partner Solutions d.o.o.**

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In this analysis we examine capacities of local governments (LG) 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 14 towns and 46 municipalities is to collect and process the data for the sample of 60 local governments to get a more detailed insight into the available capacities and needs of local governments relating to the application of the good governance principles, and to compare them with results achieved in 2018, i.e. to highlight the most important trends identified since.

The Good Governance Index (GGI), used for this assessment, is designed to enable local governments to conduct self-assessment and undergo external assessment to get insight into the level of good governance principles implementation, i.e. to resort to objective and measurable indicators to examine their own performance and identify the procedures that require improvement, as well as 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 analysed 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 a 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), 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, Petar Vujadinović, Branko Ljuboja, Milorad Matić, Nebojša Petronić. Vladimir Pavkov, Uroš Veselinović and Irina Slavković, 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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### 1.1. Why about good governance?

**Accountability** of the governmental bodies in response to the needs of stakeholders, primarily the citizens, in an **inclusive, effective and transparent** manner, with implied protection of **human rights and liberties**, is the core of the good governance principle. Since local governments are the level of power that is closest to the citizens, it is necessary that any further regulation of the operation and functioning of towns and municipalities, be that amendments to the legislative framework or support to good practice models not binding under the law, complies with the good governance principles.

The good governance and good administration concept<sup>1</sup> 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 European integrations; we nevertheless believe that one of the key reasons lies in greater importance attributed to transparency, efficiency and effectiveness in public administration performance, including the local government competencies. The fact is that the public sector in Serbia is under pressure to increase accessibility and 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.

Accordingly, the development and continuous implementation of 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). 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

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<sup>1</sup> Although the terms „dobro upravljanje/good governance“ and „dobra uprava/good administration“ are not synonymous, in Serbia the two terms are frequently used interchangeably to translate „good governance“. Within this analysis the term „dobra uprava“ is used in the context of Good Governance Indices since it primarily relates to actions of town/municipal administration as one of the LG bodies, and somewhat to actions of other LG bodies (local assembly, board and mayor/municipality president). The index does not comprise direct actions of other relevant local stakeholders and does not measure outcomes of LG actions in terms of quality of services provided by the LG to citizens. Nevertheless, all conclusions and recommendations resulting from the analysis conducted on the basis of the Good Governance Indices in 60 LGs represent conclusions and recommendations that contribute, to a higher or lesser degree, to promotion of the implementation of good governance principles on the local level.

local governments (towns and municipalities) for their application of good governance principles on the basis of Good Governance Index at the beginning and end of the project implementation.

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 Swiss PRO program. The following elements were used to compile a list of 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 analysed 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: 7 LGs (12%), 14 LGs (23%), 21 LGs (35%) 18 LGs (30%) from groups 1, 2, 3 and 4, respectively.
- ✓ 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).

*In addition to the mentioned objective criteria, the invitation for participation was also sent to a group of 60 towns and municipalities that participated in the survey conducted in 2018. Out of the total number of LGs, 59 responded to the call for participation in the second survey and, thus, in addition to representativeness of the sample having the total number of LGs, sound basis for comparison of data from 2018 and 2021 was provided.*

In the period from 2018 when the initial survey was conducted, in some areas changes in the legislative framework relating to local government actions were introduced. In order to enable the Good Governance Index to respond to the new requirements placed before the LGs and relating to the implementation of the good governance principles, where necessary, adjustment of indicators was undertaken. The adjustments were made to enable, as much as it was possible, comparison of results from 2018 and 2021 on the level of the whole index, as well as on the levels of individual areas and sub-areas covered by the Good Governance Index.

### **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 the current capacities relating to the good governance principles, 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 primarily as a tool for self-assessment of towns and municipalities, but due to the need to conduct an external, independent study, 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.

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:

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

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.

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

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
	1.2.2.1. A risk management strategy has been drawn in compliance with the Budget System Law and Regulation	2
	1.2.2.2. Rulebook on Budget Accounting and Accounting Policies has been adopted	2
	1.2.2.3. Decision on Debt Management has been adopted	2
	1.2.2.4. 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
	1.2.2.5. The head of administration assigns a person responsible for preliminary checks of compliance of business operations with the law and their justifiability	1
	1.2.2.6. Rules for documenting all bookkeeping changes/business transactions in LG have been set in the Regulation on Budget Accounting	1
	1.2.2.7. 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



	1.2.2.8. 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
	<b>Max number of points that a LG can score</b>	<b>11</b>

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 answers affirmatively to #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 fulfilment 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

1.2.12. 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
	1.2.12.1. More than 2% of the budget for staff salaries in the town/municipality government is earmarked for their professional training	5
	1.2.12.2. 1.2-2% of the budget for staff salaries in town/municipality government is earmarked for their professional training	4
	1.2.12.3. 0.6-1.2% of the budget for staff salaries in the town/municipality government is earmarked for their professional training	3
	1.2.12.4. 0.3-0.6% of the budget for staff salaries in the town/municipality government is earmarked for their professional training	2
	1.2.12.5. Less than 0.3-0.6% of the budget for staff salaries in the town/ municipality government is earmarked for their professional training	1
	1.2.12.6. No allocations for professional training of staff	0
	<b>Max number of points that a LG can score</b>	<b>5</b>

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. In addition to organized visits, in most of the cases consultation via the phone or e-mail were organized to verify answers to all of the questions. 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. Representatives of all 60 LGs covered by the analysis submitted their respective approvals by e-mail, i.e. supporting the presented results. 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 analyse 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 indicators 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.

## II SUMMARY OF KEY FINDINGS

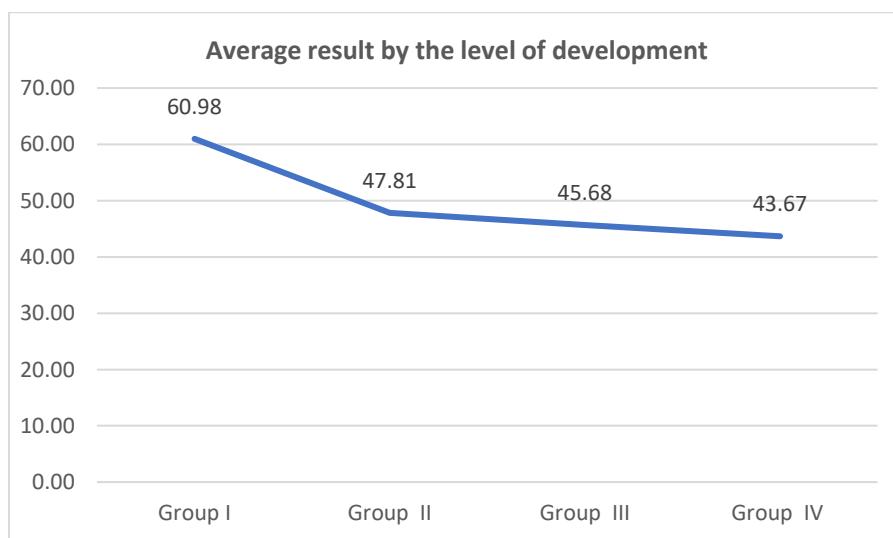
The average result for all local governments in the sample according to the Good Governance Index (GGI) is 47.41%, which in comparison with 39.1% achieved in 2018 represents a rise of about 21%, i.e. 8.3 percentage points. We can nevertheless conclude that there is still room for improvement in LGs operations, as well as that there are significant differences among local governments. At the lower end of the scale there are local governments scoring only 24% on the GGI; at the top end, there is a score of 71% of the maximum score.

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 government status and the total GGI score. On the average, the towns scored 54.21% (vs 47.58% in 2018), and municipalities about 45.34% (vs 36.48% in 2018). Although the significant difference between towns and municipalities is still present in implementation of good governance principles, a step in the right direction is also seen, illustrating also narrowing of the gap. In 2018 the municipalities scored 77% of the average score of the towns, and in 2021 they reached 84% of the average score of the towns.

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. 60.98%. 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: 47.81%, 45.68% and 43.67% in groups 2, 3 and 4, respectively.

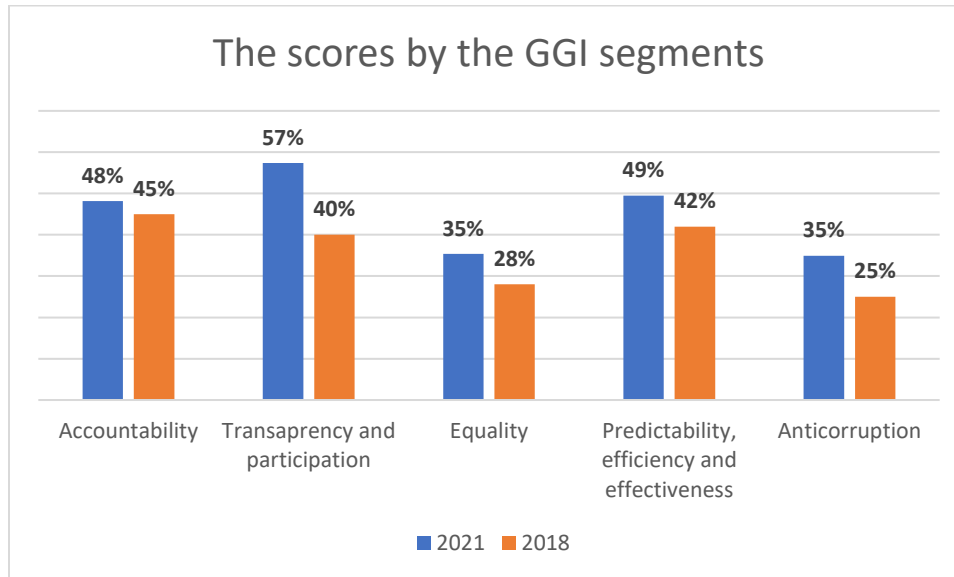
Difference in the average index by the level of LG development



## 2.1. Scores by the Good Governance Index segments

If we review achievements in individual GGI principles, local governments differ significantly. On the one hand there are practices related to equality and anti-corruption activities, where the score remains about 35 % of the maximum; on the other hand, there are two categories in which the scores are somewhat below 50%, while for transparency and participation the score is about 57%.

*The average score for all LGs from the sample by the five segments of good governance in 2021 and 2018.*

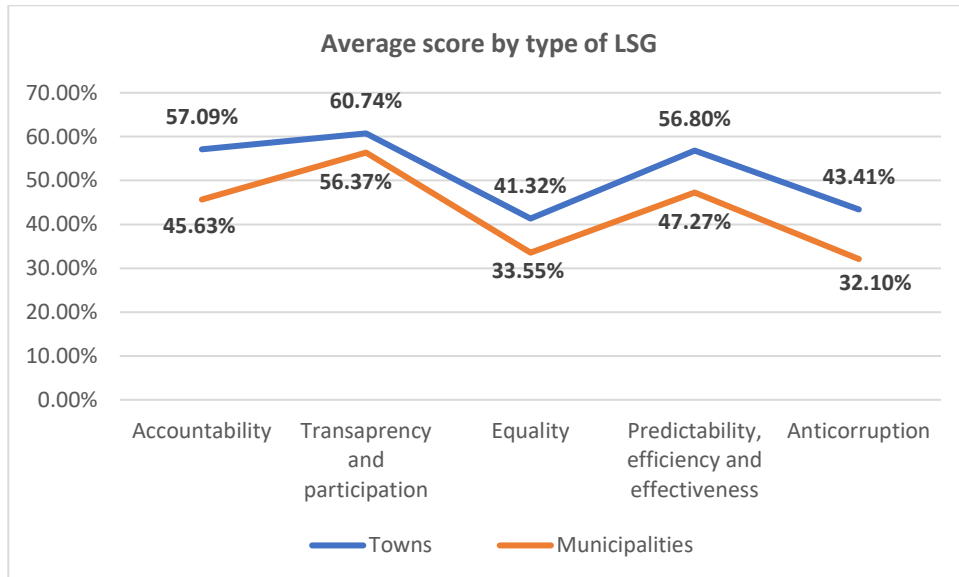


Comparison of results of the surveys conducted in 2018 and 2021 shows approximately the same level of improvement of 7 to 10 percentage points, while in two principles significant differences in the level of progress achieved in different areas can be seen. Thus, in the accountability principle the achieved average score is only 3 percentage points better than the score achieved in 2018, while in the principle of transparency and participation the score has been improved by 17 percentage points, i.e. over 40% better than the score recorded in 2018.

The factors that may have influenced the identified improvements in all principles, as well as the degree of progress are manifold. One refers to the changes in legislative framework, particularly in the area of planning, and the period required by the LGs to introduce new practices and adjust their planning and institutional framework of operations. The aggravating factors undoubtedly include the epidemic with associated measures introduced in March 2020 and have been in place ever since with minor modifications, which adversely affected internal capacities of some LGs, as well as the possibility of introduction of consultation processes as integral parts of strategic and financial planning. On the other hand, in the period between these two analyses, SCTM and other developmental partners provided support to a substantial number of towns and municipalities in the areas relevant for good governance through support packages, training course, counselling services (a part of the support is formulated on the basis of results of the previous analysis) and this support has unquestionably contributed to the recorded progress. Further, in collaboration with the line ministry, SCTM has developed models of administrative procedures available to all towns and municipalities. Finally, improvement of some local

practices where poorer results have been achieved in the 2018 measurement, did not require major LG investment, like adoption of some internal documents, while In some other cases it did require major resources, e.g. new software solutions, which may have affected prioritization and activities implemented in the meantime on the local level. These are only some of the factors, maybe more prominent at first glance, that may have, to a certain degree, affected the indicators in most towns and municipalities covered by the sample. More detailed analysis would require collection of additional data on internal and external factors on the level of individual LGs, which are beyond the scope of the GGI questionnaire.

*Average score for five segments of good governance by the LG type in the sample.*



Towns consistently scored better than municipalities, although the difference by individual GGI segments may vary. The greatest difference between towns and municipalities is found in the anti-corruption segment where the municipalities reach only 74% of the score of towns, while the smallest difference is recorded in the area of transparency and participation where municipalities reach 93% of the average score of the towns.

## **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

Within the first principle of good governance covered by the Good Governance Index, *Accountability*, the local governments reached **48.30 %** of the max possible score.

The principle was divided into four sub-areas:

- 1.1. Accountable management of local community development (7 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 (7 indicators)

In the survey conducted in 2018, local governments reached the highest score of 45% in this very area. However, in the last 3 years, between the surveys, the smallest progress was achieved. There are multiple reasons for the fact, but one of the key ones is enactment of the Planning System Law placing new requirements before LGs, which is pertinently reflected in adjustment of the indicators within the Good Governance Index.

Although we can assume that local governments take a relatively responsible approach to the planning of development of their respective communities, we have to take into account the fact that from 2018 to 2021 there was a fall in the number of LGs with adopted umbrella sustainable development strategies. In 2018 over 85% of towns and over 95% of municipalities had their umbrella strategies adopted, as compared to 57% and 59%, respectively in the current report. The main cause is the expiry of the previous umbrella strategies, where the new ones have not been prepared or adopted, which should be viewed in the context of significantly more demanding procedure for drafting and adoption of LG Development Plans stipulated in the Planning System Law of the Republic of Serbia and accompanying by-laws. Also, some of the LGs reported current works on the development strategy preparation expecting them to be adopted by the end of 2021 or in early 2022.

On the other hand, it is very commendable that all analysed towns have spatial i.e. urban development plans, as compared to 96% and 98% municipalities, respectively.

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. For example, not a single LG has an internal document to regulate in detail the procedure of planning, review, monitoring, evaluation and reporting on the implementation of the Development Plan/ umbrella planning document. It is necessary to empower the body in charge of implementation of these plans (only 18% 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. 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 the results of the indicator called *Capital Project Planning*. Contrary to the survey conducted in 2018, LGs have made a step forward where now budget-related decisions contain an

overview of capital expenditures (all towns and 78% municipalities), but they miss reporting and overall monitoring of their implementation (37% on the level of all LGs).

Referring to the public procurement segment, it was to be expected that the results would not be very good due to the new legislation and adjustment of LGs to the new provisions thereof. We should particularly take into account the fact that only 3.3% LGs have an e-database on their bidders that enables search by different criteria.

The Index suggests major effort but still insufficient results achieved by LGs in keeping the records of the public property and its management. Although it can be said that two thirds of LGs fulfilled the requirements in this area in a satisfactory manner, which is an obvious improvement over only one quarter of the LGs in the 2018 survey, there is still major room for improvement in a third of the LGs covered by this survey.

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 (86% and 95%, respectively), but in many that was the end of it. Judging by the results in some indicators, in the oncoming period 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, and the code for civil servants and staff is missing in 51% of LGs). 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 this area of good governance. LGs could achieve quite significant progress in the function of ombudsman (protector of citizens), which has been established in 13% 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, although it is mandatory under the law. 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.

A measure than 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 (27 % LGs failed to set up an assembly body for complaints and applications of the citizens, or the body has not become operational), while in 48% the body meets as needed, while its reports are not reviewed by the assembly.

## **2. Principles of good governance: Transparency and participation**

In terms of transparency and participation, LGs reached the max performance of 57.39% on the level of all principles.

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 (2 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)

In comparison with analysis conducted in 2018, greatest progress was achieved in this area since the score is higher by about 17 percentage points, i.e. rising from 40% to 57%. Special progress was made in establishment of local regulations for public debates, involvement of citizens into the LG budget adoption process (since the Law on Local Governments stipulates mandatory participation of citizens), transparency and quality of available information on administrative procedures /LG services, etc.

To exemplify, all LGs covered by the analysis have regulated participatory public debates on the budget, while in 2018 in 28 LGs public debates on the budget were not governed by any document. Our survey has shown significant improvement in the number of LGs that organized public debates on the budget on the occasion of adoption of the current budget, and that the Budget Guide for the citizens is published in 45% LGs, as compared to 22% in 2018.

Although the progress achieved in this area gives a more optimistic picture of participation of citizens in the process of public policy enactment, there is still room for improvement of the institutional framework and practices. For example, 61% LGs, out of which only 50% towns from the sample involve Civil Society Organizations (CSO) in the process of strategic document drafting through direct consultations, working groups or in some other manner. Further, there is room for improvement of public debate organizing in terms of duration, timely announcement of the draft documents, combining multiple forms of public debates, providing answers and comments to questions and proposals.

Also, in terms of indicators measuring LGs activity on promoting direct participation of citizens in the LG operations (citizen conventions, citizen initiative, referendum), the results obtained suggest major room for improvement: in the last 15 years only 15% LGs actively called the citizens to submit proposals through initiatives, 10% to organize citizen conventions, 37% have an established effective and efficient mechanism to examine citizens' proposals received in the form of civic initiative or proposals from citizen conventions. It is expected that the new Law on Referendum and People Initiative will motivate local governments to improve their actions in this area.

We identify all of 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.

The conducted analysis leads to the conclusion that LG assemblies publish the data on their work, but that a two-way communication is missing, meaning that citizens are not sufficiently informed about the ways in which they can participate in the assembly operations and ways in which they can submit their proposals and comments. Strengthening the role of LG assembly in communication with citizens would



enable this body to play its representative role on a higher level which is of crucial importance for the implementation of the local democracy principle.

The analysis has established a visible progress in accessibility and transparency of information relating to administrative procedures and services implemented by local governments, but significant room for improvement will, nevertheless, still be there, having the continuous development of e-governance in mind.

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*. On the other hand, a large step forward was made, i.e. compliance with regulation has been achieved in transparency of employment procedures (internal and external vacancy and hiring announcement) as well as calls for application for media funding.

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, in comparison with indicators focusing regular updating of information and publication of relevant documents, local governments have the poorest performance in the area of published documents on contract implementation monitoring. We believe that the poorer 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 that local governments achieved in the area of equality is 35.36% of the max achievable score, which is below the average results achieved for other principles covered by the Good Governance Index. In comparison with the 2018 results however, certain progress in the amount of 7 percentage points was achieved, from 28% to 35%.

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, in a vast majority of cases (80%) LGs collect, process and classify statistical data by different vulnerable groups only when explicitly required so by another institution or ad hoc, as needed. The general LG documents containing guidelines on the basis of which the municipal/town administration and public services founded by the LG conduct analyses of equal access to services for all citizens are adopted in only 8% of LGs, and neither of the towns have these. Administration reports on performance include analysis of access to services provided by the administration only in 11%. 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.

On the other hand, excellent results in organizing free legal aid (all towns and 85% municipalities) should also be highlighted, which is unequivocally promoted by the relatively new regulations.

Referring to the area *Defining local policies according to the needs of vulnerable groups of population* (32% of the max achievable score), we notice the best results relating to the indicator called *Use of language and alphabet of ethnic minorities* (max scores achieved in multiple items), 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 (only 30% LGs in the sample regularly adopted the programs) and, particularly promotion of rights of Roma men and women (40% LGs have LAP adopted, 43% have a coordinator and 27% have a mobile team). 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 analysed and treated with special care in the processes of establishment and implementation of public policies.

The relatively low score achieved by LGs for indicator *Partnership with civil society organizations (CSO) that support vulnerable social groups* 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.

Although some progress has been reported in comparison with the results recorded in 2018 in terms of gender sensitive budgeting i.e. defining the gender sensitive objectives and indicators in the budget, which are present to a lower or higher degree in the budgets of 60% LGs, 40% LGs still draft their budget failing to take into account the gender perspective pertinently.

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

The fourth group of good governance principles scores averagely among the LGs, i.e. 49.49% of the max achievable score which is an improvement of 7 percentage points over the 42% achieved in 2018.

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)

Significant improvement in comparison with 2018 was achieved in the area of harmonization of administrative practices within individual LGs. The 2021 survey suggests that 15% LGs lacks mechanisms for harmonization of administrative practices, as compared to 45% LGs in 2018. On the other hand, there is room for harmonization of administrative practices among different LGs, and in particular in the oversight of this process. Referring to the area of *Predictability* we highlight the results relating to the indicator Responses of the first instance bodies to complaints in over 98%. The current punitive provisions undoubtedly contributed to compliance with this requirement. In some of the new concepts introduced in the Law on Administrative Procedures there is still room form improvement, including the aspects of notification of parties about legislative changes. *Administrative procedure tracking system* is one of indicators that could also be improved substantially in the oncoming period, primarily owing to the introduction of information technology in administrative proceedings management.

The area of *Predictability, Efficiency and Effectiveness* is one in which the results achieved are substantially above the average (63% 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. Recent amendments to the Law on Local Governments additionally regulated the issues of intermunicipal cooperation, so that major progress is expected in the oncoming period. 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 *Predictability, Efficiency and Effectiveness*. 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, in addition to having their own business premises.

In the area of *Effectiveness* (48% 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 83% 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 below the average in the Good Governance Index. Additional room for improvement is identified in the area of continuation 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).

Relatively 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) – 34.74% of the max achievable score, which is still an improvement of 9 percentage points in comparison with 25% achieved in 2018.

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* (70 % 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 (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 anticorruption, including the area of whistleblowing, 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 management, reflected in the GGI results has also left room for substantial improvement. 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. In comparison with the 2018 survey, significant improvement was achieved in adoption of local Anticorruption plans: 68.3% LGs adopted LAP in line with the model proposed by the Anti-corruption Agency. In 2018 only 28.3% LGs accomplished that. 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 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 to enact pertinent plans and other documents than to implement their adopted provisions.

## IV 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.

The presence of quite a few indicators where some additional expert 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 certain practice 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 the areas of anti-corruption, vulnerable groups of population, and assessment of LG operational results. As may be seen, two areas of anti-corruption principles ranked among top three where the greatest lagging behind the maximum achievable score was reported.

Three types of general recommendations are derived from these conclusions:

- **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 fulfil 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 or providing support to the establishment of inter-municipal support 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.
- **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.

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.

# 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 LG development plan/umbrella planning document
- 1.1.3. Indicator: Coherence of the structure and content of the current LG development plan/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 LG development plan/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 LG development plan/LG umbrella planning document
- 1.1.7. Indicator: Operationalization of Development Plan /LG umbrella planning document through the mid-term LG plan and harmonization of the LG programmatic budget

#### 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, 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
- 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 Ethics for officials of local governments
- 1.3.2. Indicator: Working body for the monitoring of compliance of local governments officials with the Code of Ethics
- 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 Ethics 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*
- 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: General document of the Contracting Authority regulating the public procurement procedure in detail

2.6.2. Indicator: Public procurement plans

2.6.3. Indicator: Reports on public procurement realization

2.6.4. Indicator: Published documents on contract implementation monitoring

## **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

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 results*

### **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

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 for the full use of the data sharing system based on the IT system on the E-governance portal of the Republic of Serbia

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
- 4.4.4. Indicator: Running a survey and analysing 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

### **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)