



# **GUIDELINES**

## **MUNICIPAL INTERNATIONAL COOPERATION (MIC)**

between Norwegian municipalities  
and municipalities in

### **WESTERN BALKANS**

**October 2009**

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## 1. Scope

The Government of Norway contributes to stability in the Western Balkan region through Ministry of Foreign Affairs support to a range of interventions using various channels. KS – the Norwegian Association of Local and Regional Authorities – is a Ministry of Foreign Affairs Western Balkan Peace and Stability Programme partner for two components:

- Municipal International Cooperation and
- People-to-People Cooperation.

These guidelines aim at helping Norwegian municipalities establish cooperation with Western Balkan municipalities on core municipal tasks. See [www.ks.no/VestBalkanMIC](http://www.ks.no/VestBalkanMIC) for a separate set of guidelines for people-to-people cooperation within the same programme between Norwegian municipalities and Western Balkan municipalities.

## 2. Introduction

The main goal of the Norwegian assistance to the Western Balkans is to support processes that maintain and strengthen regional stability, reconciliation, democracy and peace. Euro-Atlantic integration becomes a part of the programme, in such a way that many of the focus areas are interrelated<sup>1</sup> (see also [http://www.regjeringen.no/nb/dep/ud/tema/fred\\_og\\_forsoning/engasjement\\_vestbalkan.html?id=454732](http://www.regjeringen.no/nb/dep/ud/tema/fred_og_forsoning/engasjement_vestbalkan.html?id=454732)). There is an increasing focus on democratic governance, capacity and institution building as well as private sector development.

All stake holders share the long term goal that is reconciliation, rule of law and democracy, although programme objectives might vary. Western Balkans countries actively seek EU membership and the EU has established preconditions for accession. Norway's main concern, however, is regional stability while KS is seeking to improve municipal capacity and local governance. Norway's focus is not to aid the countries to obtain an EU- membership; however Euro-Atlantic integration can lead to peace and reconciliation.

Improved municipal service delivery and local governance has a demonstrated positive impact on peace, reconciliation and democratic processes. KS has with financial support from the Norwegian Ministry of Foreign Affairs for some years coordinated cooperation between municipalities in Norway with municipalities in Serbia, Montenegro and Bosnia-Herzegovina. Time has now come to review and formalise this cooperation.

Municipal International Cooperation (MIC) was conceived as an instrument for NORAD funded, and KS managed, cooperation between municipalities in Norway and in developing countries. These guidelines draw on that experience which in the following is referred to as 'MIC South'<sup>2</sup> in order to keep the two programmes apart.

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<sup>1</sup> Strp.nr. 1, chpt 164: <http://www.regjeringen.no/nb/dep/ud/dok/regpubl/stprp/2008-2009/stprp-nr-1-2008-2009-13.html?id=530924>

<sup>2</sup> Additional information on [www.ks.no/MIC](http://www.ks.no/MIC)

NIBR (Norwegian Institute for Urban and Regional Research) evaluated municipal cooperation between Norway and Western Balkans in 2008. Findings and recommendations from that evaluation have to a large degree been incorporated into these guidelines. In particular KS is seeking an explicit demarcation between MIC and people-to-people activities and two sets of guidelines for two separate programme components are now available.

European integration aspiration of Western Balkan countries is recognised in these guidelines where EU policy, as spelled out in the Stabilisation and Association Process, is considered and Norway's position as a neutral partner without an ultimate EU accession agenda recognised. The programme is therefore also believed to contribute to the implementation of some of European integration requirements of the concerned countries.

### **3. Euro-Atlantic Integration and core Municipal Activities**

We will in the following take a closer look at two elements of particular importance for MIC between Norway and the Western Balkans. Firstly, Euro-Atlantic integration is typically preconditioned through a Stabilisation and Association Agreement (SAA) requiring democratic governance. Democratic processes at the local level can by way of MIC be strengthened and contribute to democratisation at all levels of government. Secondly, municipal service delivery provides an arena for peace building and stability, yet another SAA requirement. Through better capacity and improved competency satisfaction with public services and trust in elected officials will contribute in stabilising a fragile peace. Although these guidelines in principle are applicable to all Western Balkan countries, we are in the following mainly looking at Serbia, Bosnia and Herzegovina, Montenegro as well as Kosovo.

As stated in the Guidelines for Applications for Grants for Peace and reconciliation Initiatives in the Western Balkans (item 164.71 of the Government Budget, 2008): "the stronger institutional links to the EU and the considerable increase in transfer of funds from the EU to the countries in the region, will also have an impact on Norwegian priorities. The Ministry of Foreign Affairs is aiming at increased geographical and thematic concentration of Norwegian assistance. At the same time, Norway should contribute to increased coordination of international assistance, i.e. through closer cooperation with EU and the Nordic countries."<sup>3</sup>

#### **3.1 Euro-Atlantic Integration**

Countries of the Western Balkans are currently confronting tremendous challenges and experiencing major economic, political and social restructuring. All countries are undergoing important reforms, but more reforms – often of a politically controversial nature – are needed. Developments over the past years have generally been positive, but Western Balkans still hold potential for conflict and instability. The global economic downturn which currently is affecting countries of Western Balkans may jeopardize the present relative stability.

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<sup>3</sup> See: [http://www.regjeringen.no/en/archive/Stoltenbergs-2nd-Government/Ministry-of-Foreign-Affairs/440324/2008/guidelines\\_western\\_balkans.html?id=493763](http://www.regjeringen.no/en/archive/Stoltenbergs-2nd-Government/Ministry-of-Foreign-Affairs/440324/2008/guidelines_western_balkans.html?id=493763)

Euro-Atlantic integration in order to secure lasting stability and democratisation is central to Norway's efforts in the Western Balkans<sup>45</sup>. Implementation of the EU Stabilisation and Association Process, which has given the Western Balkan countries the prospect of closer cooperation with and possible future membership in the EU, is a priority.

Any European country could in theory apply to join the EU. EU acceptance of entering into accession negotiations would be conditioned by the applicant country's respect for principles of liberty, democracy, human rights and fundamental freedoms, as well as for rule of law.

The European Commission in 1993 established the Copenhagen criteria which any candidate country must meet:

- Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
- The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.
- The ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

### **3.1.1 Serbia**

Accession of Serbia to the European Union depends on several factors. While both the Serbian government and the European Union agree that Serbia could eventually become a member of the EU, the need for internal reform both within Serbia and the EU means that Serbia will not join EU before 2012, possibly not before 2015.

Serbia is not recognised as a candidate country, only as a potential candidate<sup>6</sup>. A Stabilisation and Association Agreement with the European Union was, nevertheless, signed 29 April 2008<sup>7</sup>. Ratification procedure can, however, only be launched and implementation of an Interim Agreement started when the Commission is convinced Serbia is fully cooperating with the International Criminal Tribunal for the former Yugoslavia (ICTY)<sup>8</sup>.

A recent progress report states that Serbia continues to have good capacity in the area of public administration, but there was a slowdown in public administration reform during the reporting period.<sup>9</sup>

### **3.1.2 Montenegro**

The State Union of Serbia and Montenegro started the process of accession to the European Union in November 2005. When the Union was dissolved Montenegro

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<sup>4</sup> <http://www.norway-osce.org/news/WesternBalkans.htm>

<sup>5</sup> Stpr.nr. 1, chpt. 164: <http://www.regjeringen.no/nb/dep/ud/dok/regpubl/stprp/2008-2009/stprp-nr-1-2008-2009-13.html?id=530924>

<sup>6</sup> [http://ec.europa.eu/enlargement/countries/index\\_en.htm](http://ec.europa.eu/enlargement/countries/index_en.htm)

<sup>7</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:080:0001:01:EN:HTML>

<sup>8</sup> <http://www.icty.org/>

<sup>9</sup> [http://ec.europa.eu/enlargement/pdf/press\\_corner/key\\_documents/reports\\_nov\\_2008/serbia\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key_documents/reports_nov_2008/serbia_progress_report_en.pdf)

opened separate accession negotiations in September 2006. A Stabilisation and Association Agreement was signed 15 October 2007 and Montenegro submitted her application to join the EU 15 December 2008<sup>10</sup>.

Montenegro is experiencing a range of problems that may hinder her bid. In order to overcome these, she is seeking Bulgarian Government assistance for three years from December 2007 with her Euro-Atlantic and EU integration.

A progress report<sup>11</sup> recognises that Montenegro has made progress in “strengthening the legislative framework for public administration. Some progress has been made in human resources management and local government reform. However, lack of human and financial resources combined with structural weaknesses and corruption continue to hamper the overall effectiveness of the public administration and, as a whole, administrative capacity remains limited”.

### **3.1.3 Bosnia and Herzegovina**

Bosnia and Herzegovina signed the Stabilisation and Association Agreement 16 June 2008 and the Interim Agreement entered into force 1 July 2008<sup>12</sup>.

The country has come a long way since the end of the Yugoslav wars and the conclusion of the Dayton peace agreement<sup>13</sup>. Bosnia and Herzegovina has put in place state institutions and engaged in important reforms allowing the country to move closer to Euro-Atlantic integration. Bosnia and Herzegovina achieved significant progress towards EU integration with the signature of a Stabilisation and Association Agreement in 2008. Numerous regional initiatives, in which Bosnia and Herzegovina participates actively, have reinforced the process.

Several worrying trends have, however, recently become evident. International officials denounced the radicalisation of political rhetoric, the tendency of local elites to question the viability of the Bosnia and Herzegovina state, and the use of fear mongering as a tool of political mobilisation. Raffi Gregorian, Principal Deputy High Representative, warned Bosnian politicians that they “need to think about the consequences of their words, not just their actions”<sup>14</sup>. International officials and experts also noted the growing disconnection between the political class and the population.

A progress report<sup>15</sup> states that “Overall, there has been some progress in the area of public administration. However, Bosnia and Herzegovina is still in an early phase of the public administration reform, which needs to be accelerated. The country's

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<sup>10</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:020:0016:01:EN:HTML>

<sup>11</sup> [http://ec.europa.eu/enlargement/pdf/press\\_corner/key\\_documents/reports\\_nov\\_2008/montenegro\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key_documents/reports_nov_2008/montenegro_progress_report_en.pdf)

<sup>12</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:080:0018:01:EN:HTML>

<sup>13</sup> <http://www.state.gov/www/regions/eur/bosnia/bosagree.html>

<sup>14</sup> <http://www.nato-pa.int/default.asp?CAT2=1705&CAT1=23&CAT0=2&COM=1794&MOD=0&SMD=0&SSMD=0&STA=&ID=0&PAR=0&PRINT=1>

<sup>15</sup> [http://ec.europa.eu/enlargement/pdf/press\\_corner/key\\_documents/reports\\_nov\\_2008/bosnia\\_herzegovina\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key_documents/reports_nov_2008/bosnia_herzegovina_progress_report_en.pdf)

complex and cumbersome institutional structure continues to undermine efficiency. Significant further efforts towards an efficient, professional, stable, accountable and transparent civil service is needed at all levels of government. (...) The administrative structures remain cumbersome, and in some cases fragmented, and prone to duplication and unclear division of powers, both between institutions at the same level and vertically, between different levels of government”

### **3.1.4 Kosovo**

United Nations Security Council Resolution 1244/99 provides the international legal framework for Kosovo, including deployment of international civil and military presences under UN auspices.

The Assembly of Kosovo declared Kosovo an independent and sovereign state 17 February 2008 which to date has been recognised by a total of 57 countries, including 22 EU Member States<sup>16</sup>. Norway recognised Kosovo 28 March 2008.

The same Assembly adopted the Constitution of the Republic of Kosovo 9 April, which entered into force on 15 June 2008. This constitution envisages a significant role of the European Union in Kosovo. In June 2008 the European Commission reconfirmed that the EU remained committed to playing a leading role in ensuring the stability of Kosovo, It also recalled its willingness to assist the economic and political development of Kosovo through a clear European perspective, in line with the European perspective of the region.

Kosovo has not yet signed a Stabilisation and Association Agreement. The Government has adopted a Plan for European Integration 2008 – 2010 which aims to improve inter-governmental coordination and communication. The relevant institutional structures were set up last September. Kosovo continues to participate in the Stabilisation and Association Process<sup>17</sup> with focus on innovation, internal market, good governance, economy and infrastructure.

A progress report<sup>18</sup> states that “... despite some progress related to the adoption of an action plan and some legislation, public administration reform still needs to be implemented. The most important legal acts remain to be adopted. Public administration and the coordination capacity of public bodies in Kosovo continue to be weak. Ensuring the delivery of public services to all people in Kosovo and establishing a professional, accountable, accessible and representative public administration is a key priority in the European Partnership for Kosovo”.

## **3.2 Municipal Activities**

Partnerships shall keep within the competencies of municipalities in both countries. Cooperation must contribute to improving capacity of the local government employees and elected councillors. Activities can focus on local government

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<sup>16</sup> <http://www.kosovothankyou.com/>

<sup>17</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:080:0046:01:EN:HTML>

<sup>18</sup> [http://ec.europa.eu/enlargement/pdf/press\\_corner/key\\_documents/reports\\_nov\\_2008/kosovo\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key_documents/reports_nov_2008/kosovo_progress_report_en.pdf)

administrative processes, service delivery, financial mechanisms, efficiency, accountability and transparency. Investments will not be included in this programme

A requirement for municipal cooperation is that activities are addressing core municipal tasks in *both* collaborating municipalities. The goal is to introduce good governance systems, local democracy and efficient service delivery. Good practical examples are context specific. Several generic examples are, however, to be found in KS Annual Reports for International Projects 2007 and other publications on KS' web site<sup>19</sup>.

All interventions must be aligned with country specific requirements and adapted to national priorities as well as local conditions. A brief introduction to municipal tasks in the three countries with previous KS support is presented below. In addition Kosovo is reviewed in order to encourage new partnerships between municipalities in Kosovo and Norway.

### **3.2.1 Serbia**

There has been no substantial change in local government responsibilities since 2002. Municipalities retain charge of a wide range of communal and utility services, although this continues to be qualified by parliamentary failure to enact a law establishing municipal rights to ownership of property. Social sector responsibility remains confined to pre-schools and maintenance of primary and secondary school buildings.

However one important change is the new Law on Local Public Finance that was passed in 2006. This law promises to make substantial progress in the equity, transparency and stability of the fiscal decentralization system. The reforms enacted in the 2006 Law have been necessitated by the introduction of VAT and the consequent abolition of Sales Tax that constituted a major component of local budgets. The new Law provides alternative revenue sources, but opportunity has been taken to introduce a more equitable horizontal distribution of revenues and greater stability.

The 2006 Law substantially increases the good judgment of local government while limiting that of the central government. In particular local governments gain the right to determine rates of property tax and to collect it. They are also awarded the right to borrow money for investment within a debt service ratio of 15% of annual revenue. The Ministry of Finance retains a veto on new debt but only if exercised within 15 days. The Law also reduces dependence on annual state budget legislation. It fixes the wage tax share at 40% and indexes the block grant at 1.7% of GDP.

Concerning local government functions and competences, a 2005 UNDP assessment of Fiscal Decentralisation Reform in Serbia<sup>20</sup> points out that "considering the issue of local government functions and competences, it is very important to point out the specific situation faced by local governments. Because of the sequencing of the fiscal

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<sup>19</sup> <http://www.ks.no/u/English/Services/KS-International-Projects/>

<sup>20</sup> <http://europeandcis.undp.org/files/uploads/LG/FiscalDecentralization2005.pdf>

decentralization process in Serbia, the period from the end of 2000 (start of the fiscal reform and reform of revenue assignment) to 2002 (start of the responsibilities and expenditure assignment reform) was characterized by the existence of municipalities with high revenues that exceeded their expenditures. This situation changed when the reform of the expenditure assignment started with the adoption of a new Law on Local Self- Government in 2002. This Law introduced many new responsibilities for local government units. With the adoption of this Law, local government units were assigned two types of expenditure responsibilities: those financed with their own funds (own expenditures), and other responsibilities financed both from the local budget and the republic budget”.

The Law on Local Self-Government of 2002 lists 35 municipal responsibilities, including:

- Adoption of the development programme
- Adoption of the urban plan
- Adoption of the budget and financial statement
- Regulation and provision of communal services
- Maintenance of housing and buildings and making them secure
- Regulation and provision of the use of building plots and business premises
- Environmental protection
- Establishment of institutions and organizations in the fields of primary education, culture, primary health care, recreation, sport, children and social care, tourism and so forth

The Law also allows “delegation of responsibilities” from national level. Such responsibilities are financed from the national budget and mainly consist of inspection duties in the fields of products and services, agriculture, water supply, forestry and so forth.

In addition to expenditures mentioned as responsibilities proper of each level of government, certain expenditures are shared or co-financed between two or more levels of governments including:

- Education
- Health care
- Social care
- Environmental protection
- Tourism
- Sport and recreation
- Culture
- Public information

The larger part of shared expenditures or co-financing is allocated from the national budget while lower levels of government (province and municipalities) finance expenditures of activities carried through on their territory. These responsibilities are mainly given to lower levels of government via the process of managerial devolution meaning local units are responsible for executing tasks which come under national

government responsibility. Such tasks are typically transferred to local governments for administrative simplicity and in order to reduce administrative costs.

### **3.2.2 Montenegro**

In Montenegro local government responsibilities are – according to a 2004 Support for Improvement of Good Governance and Management (SIGMA) assessment<sup>21</sup> – regulated by 1995 and 1992 legislation transferring public service affairs to municipalities. A number of tasks are delegated from national government to municipalities on a ministry by ministry basis and the Law on Local Government of 1995 enumerates particular rights and duties that municipalities have to exercise. According to current interpretation of that law municipalities can only act on explicit legal basis. This lack of clear distinction between own and delegated tasks is unfortunately also not resolved in more recent legislation.

A Law on Financing Local Autonomy is in effect although with substantial teething problems. The 2002 Law on Local Self Government envisaged delegation of competencies and resources to local government in the fields of education, primary health care, social welfare and employment. It is, however, argued that the sector legislation has mostly not enhanced municipal competence in these fields. Where it has such as regarding pre-school and primary education, equivalent resources have not followed. The absence of legislation recognising municipal property rights also inhibits development of municipal utilities.

### **3.2.3 Bosnia and Herzegovina**

In both entities of Bosnia and Herzegovina municipalities are only in charge of assigned responsibilities with no general competence of local self-government for local affairs. Responsibilities of municipalities include:

- Child care
- Primary and secondary school buildings
- Employment agencies
- Social care
- Culture
- Sports
- Housing and urban planning
- Municipal utilities (sanitation, sewage treatment, water supply) usually performed by own enterprises
- Public order
- Tourism
- Management of municipal properties

In a number of Cantons of the Federation other tasks are, however, also assigned or devolved to municipalities such as local roads, health care supplies and ambulance services. In several Cantons social welfare functions are deliberately left under-

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<sup>21</sup> <http://www.sigmaweb.org/dataoecd/49/23/36512718.pdf>

funded by the authorities of the Canton thus shifting the burden onto municipalities in charge of the execution of these functions on the assumption that those municipalities could raise resources to fill the gap. Investment is usually left to municipalities.

Under new local government legislation in Republika Srpska new municipal tasks are added to the ones in the box above:

- Health care
- General and detailed land use planning
- Local roads and streets
- Regulating construction and business premises
- Other tasks as determined by laws and the statute of the municipality – this provision could authorise the municipality to extend its activities, provided that it would not infringe on the competence of other authorities.

The number of very small municipalities is, however, a specific difficulty in Republika Srpska. The new Local Government Law provides that municipalities with under 1 000 inhabitants need not form an administration and the Government will designate a neighbouring municipality to discharge its administrative tasks<sup>22</sup>.

According to a USAID Local Governance Assessment<sup>23</sup>, “the distribution of functions, and the administrative autonomy necessary, is not adjusted to the capabilities of the municipalities, and does not reflect true demand for services imposed by the population. Municipalities cannot adequately fund mandatory services from shared and own-source revenues, cannot reject delegated tasks from the entity or the canton, nor can they decide upon the most efficient and accountable form of delivering their services. Entity local government laws, as well as cantonal local government laws, were not designed taking into account which services could be optimally performed at each level of public administration, and the funding necessary for an optimal, or even for the current construct, is clearly inadequate, and beyond the control of the municipal level. The number of delegated functions varies canton by canton, as do the sharing formulae and the tax bases. In neither entity is there an explicitly logical connection between the cost of mandated and delegated tasks, the sharing formulae, and the use and availability of local taxes and non-tax revenues.”

### 3.2.4 Kosovo

Concerning the functions and competences of the different levels of government in Kosovo, a USAID Assessment<sup>24</sup> concludes that “because the roles and responsibilities and relationships between municipalities and other governmental and international authorities - UNMIK (United Nation Mission in Kosovo), central government ministries and agencies - are not clearly defined in law, regulations, policy or practices, municipal officials do not fully understand the scope of their roles, responsibilities and competences. [In addition] many of the responsibilities that municipalities would

<sup>22</sup> <http://www.sigmaweb.org/dataoecd/12/1/36479798.pdf>

<sup>23</sup> <http://www.usaid.ba/Demo%20Local%20Governance%20Assessment%20final.doc>

<sup>24</sup> [http://www.usaid.gov/kosovo/publications/evaluations/local\\_government\\_report\\_feb\\_03\\_nov\\_06.pdf](http://www.usaid.gov/kosovo/publications/evaluations/local_government_report_feb_03_nov_06.pdf)

normally exercise are in the hands of UNMIK, which is responsible for exercising powers reserved to it, and supervising and monitoring municipal activities and decisions. UNMIK currently retains the authority to approve all expenditures and can overrule any local assembly decision. This shared and inadequately-defined responsibility creates numerous conflicts and ambiguities". However, many of the municipalities which are supposed to benefit from enhanced competencies, have not yet been established due to political circumstances.

The Constitution of the Republic of Kosovo guarantees municipalities the right to local self-government, which is further defined by legislation. Municipalities have responsibilities in the fields of:

- Local economic development
- Urban and rural planning
- Land use and development
- Implementation of building regulations and building control standards
- Local environmental protection
- Provision and maintenance of public services and utilities, including water supply, sewers and drains, sewage treatment, waste management, local roads, local transport, and local heating schemes
- Local emergency response
- Provision of public pre-primary, primary and secondary education, including registration and licensing of educational institutions, recruitment, payment of salaries and training of education instructors and administrators
- Promotion and protection of human rights
- Provision of public primary health care
- Provision of family and other social welfare services, such as care for the vulnerable, foster care, child care, elderly care, including registration and licensing of these care centres, recruitment, payment of salaries and training of social welfare professionals
- Payment of salaries and training of social welfare professionals
- Public housing
- Public health
- Licensing of local services and facilities, including those related to entertainment, cultural and leisure activities, food, lodging, markets, street vendors, local public transportation and taxis
- Provision and maintenance of public parks and spaces
- Tourism
- Cultural and leisure activities

#### **4. MIC General Principles**

International support for governance reform programmes and decentralisation is in general channelled through central government. Local governments can, however, contribute to achieving internationally agreed development goals. Few development actors target the municipal level directly and assistance channelled through non-

government organisations rarely work closely with local governments on their institutional capacity building. The very concept of municipal cooperation is based on the idea of sharing information and mutual learning between institutions at the same level.

The MIC programme is recognised to be a method for mutual capacity building and development of the collaborating municipalities emphasising democratic processes and service delivery. Capacity building in local government through exchange of information and ideas has the potential of adding distinct value to the development process. In each partnership involved municipalities must define needs and areas of capacity for mutual learning within the framework of the programme. The programme sets clear goals, while each partnership will agree on joint activities which will support attainment of these goals. General programme principles include

- *Programme sustainability.* Results of the programme will continue to represent long-term value to the partner municipality also after programme activities end.
- *Coherence with plans of partner countries.* Project activities must be coordinated and in line with the partner country's own plans for good governance and Euro-Atlantic integration.
- *Recipient responsibility.* The non-Norwegian partners shall lead the prioritisation, planning and implementation of the cooperation activities. Partners must not enter into activities that may counteract national government strategies. Recipient responsibility implies that all applications and reports must be in a language understood by the both partners.
- *Support from other actors.* It is of utmost importance that the Norwegian municipality receives information regarding other bilateral and multilateral donors that support the local partner – and that such support be harmonized and coordinated.
- *Local responsibility for implementation.* Although the Norwegian partner has overall responsibility for funds, partners are both responsible for implementation on the ground.
- *Utilise own competence.* Partners must demonstrate a relationship between own competency and capacity and activities of the programme.
- *Core Municipal activities.* Project activities shall focus on core municipal activities, as this is where municipalities' competency can be identified.

#### **4.1 MIC Programme Goals**

The overall programme goal is to improve municipal governance and services delivery. Building solid public institutions, implementing transparency in all processes at the local level and fostering accountability, will

- contribute to efficient government and
- lead to stronger public trust in the local authorities
- resulting in a more open dialogue between authorities and inhabitants and
- stronger people participation in local democracy.

Good governance is a requirement at all levels of public administration. At local level it is of fundamental importance because local government is closest to citizens and provides essential services to which citizens under international law are entitled.

Further more, it is at this level citizens can most readily feel ownership of public action. In line with this thinking, European ministers responsible for local government adopted Council of Europe Strategy on Innovation and Good Governance at local level with the 12 principles

- Fair conduct of elections, representation and participation, to ensure real possibilities for all citizens to have their say in local public affairs.
- Responsiveness, to ensure that the local authority meets the legitimate expectations and needs of the citizens.
- Efficiency and effectiveness, to ensure that objectives are met while making the best use of the resources.
- Openness and transparency, to ensure public access to information and facilities understanding of how local public affairs are conducted.
- Rule of law, to ensure fairness, impartiality and predictability.
- Ethical conduct, to ensure that the public interest is put before private ones.
- Competence and capacity, to ensure that local government representatives and officials are well able to carry out their duties.
- Innovation and openness to change, to ensure that benefit is derived from new solutions and good practices.
- Sustainability and long-term orientation, to take the interests of future generations into account.
- Sound financial management, to ensure prudent and productive use of public funds.
- Human rights, cultural diversity and social cohesion, to ensure that all citizens are protected and respected and that no one is either discriminated against or excluded.
- Accountability, to ensure that local representatives and officials take responsibility and are held responsible for their actions.

Thus, the programme shall contribute to the strengthening of local service delivery and democratic participation as well as strengthen the international understanding within the Norwegian municipalities through mutual exchange of experiences and capacity building for local government politicians and personnel. The vision is a strong and efficient local government sector that addresses the needs of citizens.

The programme goal frames a wider range of possible project activities which each partnership need to identify within national priorities and the context of each country. An underlying understanding of good governance suggest

- all services must be provided as fast and cost-efficient as possible,
- decision makers shall reflect the composition of the general population with regards to e.g. gender, age and ethnicity,
- that a broad participation in decision-making and planning ought to be catered for,
- decisions and financial matters must be transparent, and
- administration and politicians will be held to account.

Based on above considerations three purposes have been set for a Western Balkans MIC programme:

1. Improved governance processes at the local level	2. More effective local government service delivery	3. Increased transparency and accountability in local government
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Individual partnerships are not expected to address *all* programme purposes, but must identify project objectives within at least one of them. Activities should focus on a limited set of objectives as recommended by a NIBR evaluation report<sup>25</sup> suggesting that “in the new phase of the Western Balkan MIC [the] effort should be concentrated to a limited number of core issues that project holders stick to over time.”

Project focus must be on learning and establishment of democratic processes resulting from collaboration rather than creation of physical infrastructure. Investments and infrastructure will not be supported through this programme.

## 4.2 Methodology – Logical Framework Approach

The Logical Framework Approach (LFA) is a method for objective oriented planning. It is a management tool which facilitates planning, execution and evaluation of a project. By the use of LFA the main elements in a project can be structured, highlighting logical linkages between intended inputs, planned activities and expected results.<sup>26</sup>

A simplified LFA model has been developed for the MIC programme to be used when each partnership develop their own project LFA. When municipalities agree to cooperate under the MIC programme they will reach agreement on areas of collaboration based on identified needs for development, fields of competence for transfer of knowledge and experiences as well as selected MIC programme purpose.

As LFA is meant to be a management tool for planning, implementation, monitoring and learning, the project application must reflect how the project log frame has been constructed. Main LFA concepts are<sup>27</sup>;

<b>GOAL</b>	The higher-order objective to which the project is intended to contribute (for the MIC partnerships this will be one or more the 3 purposes of the MIC programme)
<b>PURPOSE</b>	The immediate reason for the project, the <i>effect</i> which the project is expected to achieve if completed successfully and on time
<b>OUTPUTS</b>	The results from the project (the systems, routines, products, services)

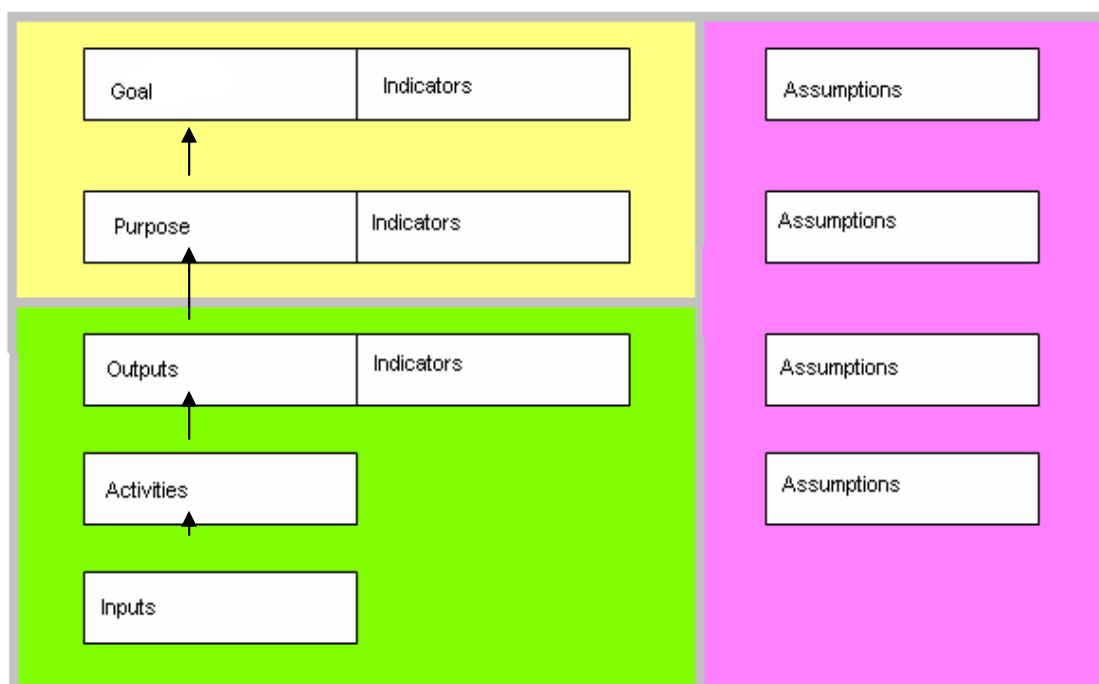
<sup>25</sup> NIBR (2008): *Municipal Co-operation between the Western Balkans and Norway*.

<sup>26</sup> Norad (1999): *The Logical Framework Approach, Handbook for objectives-oriented planning*.

<sup>27</sup> Norad: Development Cooperation Manual – Annex IV.

- ACTIVITY** Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources mobilised to produce specific outputs
- INDICATORS** Quantitative or qualitative factors or variables that provide a simple and reliable means to measure achievement, to reflect changes or help to assess the performance of the partners
- ASSUMPTION** Hypotheses about factors or risks which could affect the progress or success of the project - each project is responsible for visualising risks and assumptions connected to their selected indicators

LFA elements can be illustrated as follows<sup>28</sup>;



LFA elaboration is an important participatory exercise. The LFA matrix is but one of the process outputs as dialogue created through the exercise also is crucial for partnership relations. KS will facilitate mandatory LFA training for Norwegian municipalities as soon as they have been selected to join the MIC programme in order for partnerships to use this methodology in planning and monitoring of projects.

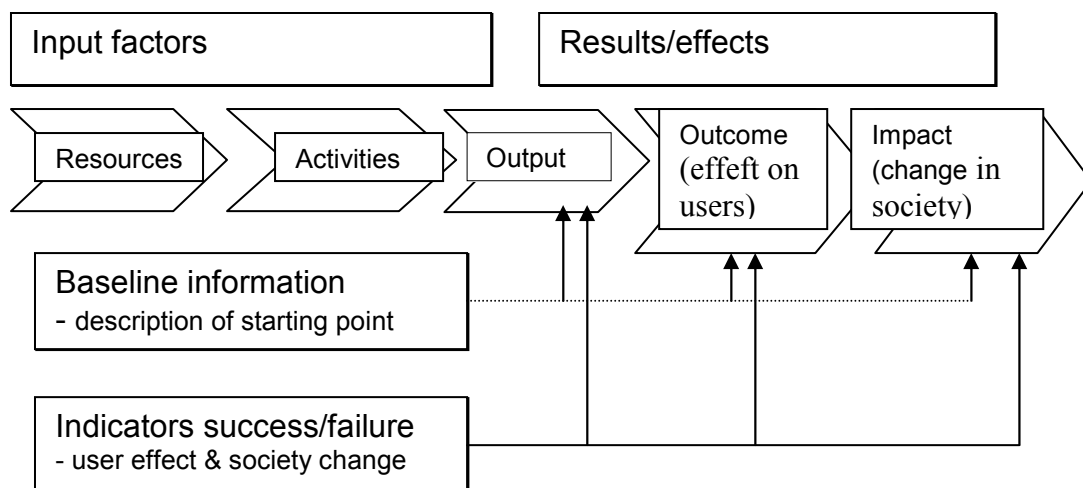
LFA, although widely used, is often criticised for being input driven. The earlier mentioned NIBR report recommends KS to focus more on outcomes and results in future Western Balkan MIC interventions. Output and result consideration will accordingly be added in an effort to render LFA more results-oriented.

KS will therefore retrieve project information from project reports to be used in a Result-Based Management approach at the programme level. In developing project specific LFAs it is therefore necessary to be able to respond to a few basic questions:

<sup>28</sup> Norad (1999): *The Logical Framework Approach, handbook for objectives-oriented planning* .

- If project output is successfully produced, how does this lead to expected outcome?
- Will identified outcome produce a positive impact?<sup>29</sup>

KS will report programme outcomes and results to MFA. Training sessions and counselling for municipalities will therefore emphasise how output at project level contributes to outcome at programme level as illustrated below:



#### 4.2.1 Indicators

In order to measure progress against outputs and purposes included in the project LFA, indicators should be selected using the **SMART** principles:

<b>Specific</b>	Concrete and clear, not general and abstract in terms of quantity, quality, time, location and target group
<b>Measurable</b>	Quantifiable yet <i>manageable</i> , it is important not to bite off more than you can chew. Workload must be adapted to capacity. It is better to use means of verification which is already available (statistics, records, observations)
<b>Attainable</b>	Outputs that are so complex, time consuming or expensive that failure is predictable should be avoided
<b>Realistic</b>	Outputs and purposes are to be commensurate with available resources. Focus must be on ends, not efforts
<b>Time bound</b>	Realistic timetables and significant milestones

<sup>29</sup> The Logical Framework: Making it Results-Oriented: <http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/REN-218132726-PPN>

Each partnership will choose a set of indicators to be used for monitoring results and as parameters for a baseline survey. KS recommends that the partners do not choose more than 4 indicators of which 1 should be a programme indicator and 3 can be project specific. Selected indicators will help monitoring partnership performance and participating municipalities are expected to report annually against these indicators.

#### **4.2.2 Baseline**

In order for KS to comply with current Norwegian Development cooperation policy and to establish MIC programme results, it is paramount for each partnership to know the exact situation at project start. A baseline study will help provide a snapshot of the situation at project start up and provide a yardstick against which project progress can be tracked. Using a limited number of realistic workable indicators will improve baseline survey quality and reduce survey resource requirements.

It is recommended to construct indicators using already available data and not enter into costly and cumbersome data collection processes. The number of project specific indicators must be limited to 3 plus one additional programme indicator. The base line survey should be undertaken following LFA elaboration but before project implementation commences.

### **5. Establishing MIC Partnerships**

Municipalities' motivation to seek international partnership may vary. Some have a prior history of international municipal cooperation while others have staff with a development background in their administration. Friendship links between groups of citizens can also lead to municipalities seeking international partners. Most, however, want to join the MIC programme in order to institutionalise friendship links for mutual exchange and learning.

KS has been awarded a MFA grant allowing support to MIC projects under the Norwegian Governments programme for Peace and Stability in the Western Balkans. Guidelines for this programme<sup>30</sup> are binding and their content is reflected in conditions for MIC support and management of MIC projects.

Moreover, KS role and responsibility in awarding, managing and reporting on projects covered by the grant, is spelled out in an agreement between KS and MFA. In particular, KS will facilitate cooperation between municipalities in Norway and Western Balkan municipalities on core municipality tasks, advice Norwegian municipalities on their cooperation with Western Balkan municipalities, coordinate the programme and provide quality guidance and assurance to municipalities and MFA. Moreover, KS will assume secretarial functions for a joint Programme Board and report to MFA on grant implementation and programme results.

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<sup>30</sup> [http://www.regjeringen.no/nb/dep/ud/dep/tilskudd/tiltak\\_balkan.html?id=546571](http://www.regjeringen.no/nb/dep/ud/dep/tilskudd/tiltak_balkan.html?id=546571)

## **5.1 Call for proposals**

KS will announce availability of funds for MIC projects in the Western Balkan region through appropriate channels and with predetermined deadlines. Interested Norwegian municipalities can request KS facilitation of contacts with indicated Balkan partners, as well as counselling on content and format of application. The Norwegian municipality will have to be the applicant.

KS will review and appraise received applications and shortlist the best indicated proposals for submission to a Programme Board which will review shortlisted proposals and refer retained applications to MFA for decision. The Programme Board will be composed of MFA and KS representatives and tasked with selection of projects and programme overview. It will meet regularly, at least twice a year.

Decisions by the Programme Board can be appealed to MFA in accordance with Norwegian legal provisions<sup>31</sup>. Grantees accept MFA or the Office of the Auditor General has a right to access relevant documentation in view of investigating compliance with relevant government rules, regulations and guidelines.

Application to the MIC programme has to be submitted to KS by **15 February**, the MFA application form found on [www.ks.no/VestBalkanMIC](http://www.ks.no/VestBalkanMIC).

The application ought to be signed by the political or administrative leadership of the municipality and commitment to the partnership justified through reference to relevant municipal council decision. MIC programme partnerships should preferably be established between entities of comparable or equal capacity and at the same level of government.

A Programme Board composed of representatives from MFA and KS will make a joint decision on which applications to recommend for MFA approval. MIC and the people-to-people<sup>32</sup> programmes are funded from the same MFA block grant and projects under these programmes will be appraised and approved by the same Programme Board. MIC partnership applications will be prioritised.

## **5.2 Application Format**

Applications in the attached format must be submitted to KS by **15 February**. KS will appraise the application and present it to the Programme Board by **15 March**. Decision on allocation of funds for year one and indications for following years will be communicated by **1 June** after which project activities can commence.

## **6. Implementation**

The Norwegian municipality - in collaboration with Western Balkan partner municipality - is responsible for project implementation. Before project activities commence it is recommended to enter into a contract spelling out roles and obligations of the two partners. A copy of the contract should be shared with KS.

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<sup>31</sup> <http://www.lovddata.no/all/nl-19670210-000.html>

<sup>32</sup> Separate guidelines refer.

KS will be able to provide support and advice during implementation. Such input should be specified in budgets and activity plans agreed upon between the parties and shared with KS.

### 6.1 Partner Contract

Institutional cooperation under the MIC programme commits involved partners. Many tasks and obligations relating to project implementation or partnership management will be known or are self-explanatory. It is, nevertheless, recommended partners clarify roles, expectations and commitments at the start of the cooperation through signing of a partnership agreement contract. A standard contract can be found on [www.ks.no/VestBalkanMIC](http://www.ks.no/VestBalkanMIC).

It is a contract requirement that scope and objectives of the project be formulated within the overall framework of the MIC programme. Also, partners commit to an annual meeting to review project progress and to discuss work plans and budgets. This meeting furthermore provides an opportunity to discuss amendments to the contract. It can also be an important learning arena where partners discuss, in addition to project specific issues, matters of relevance for local government such as type of social service model, outsourcing of social services or utilities, roles and relationship between elected councillors and staff.

## 7. Reporting

KS holds legal responsibility for the Western Balkan MIC programme vis-à-vis MFA. In order for KS to be able to comply with duties and responsibilities, participating municipalities must provide KS with annual reports in an agreed format by **15 February**. Annual reports contain a narrative part emphasising how project output contribute to programme outcome and results as well as a financial report in a standard format. The accounts need not be audited before the end of the project, thus projects lasting for several years will have the accounts audited according to the Norwegian RS 800 standard after the last year.

KS will consolidate an annual narrative programme report and submit to MFA along with audited accounts by **5 March** each year.

## 8. Time-line

What	Who	When	Partner municipalities partners:	
			Norwegian	West Balkan
Application full MIC	KS	<b>15 February</b>	x x	(x)
Counselling	KS		x	
Appraisal	Programme Board	<b>15 March</b>		
Approval	MFA	<b>By 1 June</b>		

Letters of approval	KS	By 15 June		
Contract			x	x
Action plan (activities, cost etc)			x	x
Revised budget			x	x
Progress report and accounts <sup>33</sup>		<b>15 February</b> <sup>34</sup>	x	x (1 February)
Collected progress report and accounts for all the partnerships	KS	<b>5 March</b>		

## 9. Summing up

A key to stability and democracy in Western Balkans is a well working local democracy and adequate service delivery. Municipalities have important roles to fill in e.g. local democracy, participation, service delivery, inclusion and mitigation of discrimination. Norwegian municipal experience and competency can contribute to attainment of goals of stabilisation, democratisation and Euro-Atlantic integration for cooperation between Norway and Western Balkan states through partnerships for capacity building in municipalities in that region.

NIBR's 2008 review<sup>35</sup> recommend refining the MIC instrument and using it. The report states that "the objective of strengthening democracy, transparency and efficiency is highly relevant in Western Balkan municipalities. (...) Therefore, there is large potential for project activities on purely municipal-administrative issues."

It is hoped that these guidelines will help municipalities identify areas where they can add value to efforts of improvement of municipal services and governance in Western Balkan countries thus helping the region to stabilise and to achieve Euro-Atlantic integration. Moreover, these guidelines intend to clarify demarcation vis-à-vis people-to-people activities.

<sup>33</sup> NB! *Audited* accounts are only due after the final year of the project.

<sup>34</sup> Which will also be the same date as the application for the next year of the project, *after* one has completed a year (or two or three) or the pre-study.

<sup>35</sup> NIBR (2008): *Municipal Co-operation between the Western Balkans and Norway*