

Policy note **on the guiding principles and a standardised approach to local development planning** **in Bosnia and Herzegovina (BiH)**

Introduction

This policy note is the result of a policy debate of relevant BiH public institutions from state and entities levels, local self-government units and their associations, non-governmental and international organisations sitting in an informal cross-institutional policy consultation body established within the Integrated Local Development Project (ILDP) in October 2008.

The institutions and organisations members of the policy consultation body are: BiH Ministry for Human Rights and Refugees, RS Ministry for Administration and Local Self-Governance, Federal Ministry of Justice, BiH Directorate for Economic Planning, Federal Planning Institute, RS Ministry of Finance, RS Chamber of Commerce, Associations of LSGUs and representatives of their standing committees, Regional Development Agencies' Network, Municipal Development Programme (MDP), GO-WADE Project - Association Una-Sana, Agency for Local Development Initiatives (ALDI), Organisation for Security and Cooperation in Europe (OSCE), Governance Accountability Project (GAP), Swiss Agency for Cooperation and Development (SDC) and United Nations Development Programme (UNDP). Support to the policy consultation body group was provided by international and national experts.

The policy debate went through several steps before designing and agreeing on the policy vision for local development planning in BiH, namely – establishment of the consultation group, debate on the existing shortcomings of the local development planning in BiH, conduct of a comprehensive analysis of the legal and institutional framework related to local strategic planning and design of the policy note on the guiding principles and standardised approach to local development planning in BiH.

Therefore, the policy note is based on the understanding of importance of local development planning in Bosnia and Herzegovina and the direct impact it has on the well-being and quality of life of people, recognising the present policy and administrative deficiencies and lack of systematic approach that hampers effective local planning.

The principles of this policy note are held by the following convictions:

- creating a responsive policy vision and climate for local development, where local self-governance units (LSGUs) can plan, budget, implement and monitor local development activities in a standardised manner, is a key step in multiplying the efforts for development in BiH;
- standardising local development planning will be based entirely on the existing legal and institutional framework of BiH related to local development planning and local governance;
- embracing a systematic approach to local development planning, resting on the idea of modernization, strengthened local capabilities and inclusive local policy design is a key step forward for BiH local self-government units and their population towards accession to the European Union.

Purpose of the policy note

The purpose of this note is to outline the agreement on the policy direction for establishment of a standardised approach to development planning at local level in BiH agreed upon by the cross-institutional policy consultation body, where guiding principles and features are defined and a standardised local strategic planning methodological framework is conceptualised, capturing the elaboration process, scope and contents of local development strategies.



BIH ASSOCIATION OF
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 CITIES



RS ASSOCIATION OF
 MUNICIPALITIES
 AND CITIES



BIH MINISTRY FOR
 HUMAN RIGHTS
 AND REFUGEES



FEDERAL MINISTRY
 OF JUSTICE



RS MINISTRY FOR
 ADMINISTRATION AND
 LOCAL SELF-
 GOVERNANCE

Policy note background

According to the existing laws on local self-governance (Law on Principles of Local Self-Governance of the Federation of BiH and Law on Local Self-Governance of Republika Srpska), local self-government units (LSGUs) in BiH are responsible for adoption of local development programmes and plans. Besides this general formulation within the local self-governance laws at entity level pertaining to planning obligation, other entity laws stipulate that LSGUs are responsible for adoption of specific and sectoral plans, programs and policies such as local economic development plans, environmental and social plans¹. FBiH cantonal laws in some of the cases reflect the general responsibility of local self-government units related to planning, but do not elaborate in further details certain responsibilities, planning hierarchy, etc. Altogether, BiH legislation does not provide for descriptions of the structure of these plans or methodologies that should be used in the process of their development, neither suggests or stipulates synergies with the overall strategic planning system of BiH.

LSGUs in BiH use different approaches, concepts and methodologies for creation of local development plans. So far, in majority of cases, these concepts and methodologies have been promoted by external organisations (UNDP, World Bank, OSCE, SDC/MDP, USAID). All these methodologies have some common features such as involvement of stakeholders from private and non-governmental sectors and participation of citizens. However, they are founded on different starting assumptions which in turn assign different importance and weight to certain sectors and issues. In some cases, development plans created on the basis of these methodologies were usually of a narrow, sectoral nature (environmental, SMEs, etc.) and limited in both the scope of identified issues as well as in focus when it comes to allocation of local community resources. It is quite common situation that LSGUs, supported by different international organisations, at the same time end up with several local development plans prepared on the basis of completely different methodologies.

In contrast to in scope narrow sectoral development plans, LSGUs are responsible for provision of a rather wide range of services and for creation of conditions for functioning of different sectors (health, education, social assistance, etc.). In addition to that, against wide range of complex responsibilities, limited resources are on hand to LSGUs. Such situation inevitably creates conflicts within organisation, especially when it comes to decision making about priorities and resources allocation and calls for much wider scope in approach to local development and structured and strategic approach in managing municipal affairs. Besides necessity to prioritise and better allocate scarce resources, LSGUs are expected to take the development role and become main facilitator of the local community development.

There is, therefore, a pressing need to create and affirm by all stakeholders unified guiding principles for local development planning in Bosnia and Herzegovina and seek for systematisation of local strategic planning approach country-wide, which will have positive implications on the overall development function of LSGUs in BiH.

Guiding principles of local development planning in Bosnia and Herzegovina

Given that the existing BiH legal framework is not specific about the guiding principles and scope of local development planning, the policy note frames the joint conceptual approach to local development planning in BiH agreed upon within the cross-institutional policy consultation body. Adoption of basic principles will allow for unifying the common understanding among LSGUs in BiH on the ultimate purpose behind local development planning.

In the light of existing legal and policy framework in BiH, an in consent with guiding principles of the European Union, two basic principles of local development planning in BiH emerged: sustainable development and social inclusion.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development concept offers holistic approach in addressing issues of local community through integration of measures related to poverty alleviation, social protection, economic growth and environmental protection. Altogether, this principle ensures meaningful exploitation of available local resources and considers the entitlements and possible needs of future generations.

Seen through the local development planning perspective, sustainability principle ensures that, although development of LSGUs is based on economic growth, the same importance and consideration will be given to social,

¹ Respective legal acts postulating planning responsibilities for municipalities in economic, environmental and social areas are: FBiH Framework Law on Environmental Protection, FBiH Law on Protection of Air, FBiH Law on Protection of Waters, FBiH Law on Environmental Funds, FBiH Law on Waste Management, RS Law on Environmental Protection, RS Law on Protection of Air, RS Law on Protection of Waters, RS Law on Waste Management, entities Laws on Spatial Planning, RS Law on Social Protection.

human and environmental spheres of local life. Thus, sustainability principle entails a multi-sectoral nature of local development strategies.

Social inclusion is a principle ensuring that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have a greater participation in decision making which affects their lives and access to their fundamental rights².

Social inclusion in local development planning places an increased strategic focus on several key areas such as: labour market participation, social protection, education and training, child poverty and social protection of families, housing and access to services. Social inclusion principle is providing additional checks and balances in process of defining development objectives asking for explanation on how selected development objectives will address social exclusion and poverty in local communities.

The horizontal application of these guiding principles in local development planning in BiH will have direct implication in:

- sustaining a multi-sectoral approach to local strategising and applying equal consideration of all local spheres of life;
- obtaining a long-term vision and applying in practice sustainable utilisation of local resources;
- placing an additional focus on equality and non-discrimination in participation in local affairs, access to services and resources and distribution of benefits from local community development.

Key features of local development planning in Bosnia and Herzegovina

In the light of the guiding principles of local development planning in BiH - sustainable development and social inclusion - the policy note arrives at the stage of defining how these principles will feature in practical application.

The process led by the policy consultation body seeks to change the existing development planning practice of a piece-meal approach in addressing issues of local communities and create a new conceptual planning approach that would integrate economic, social and environmental objectives of local communities or seek for tradeoffs where such integration is not possible. In addition, there has been an agreement to tackle the practice of developing local strategies without involving all local stakeholders, which results in exclusion of some population groups from policy-making and policy implementation processes. Ultimately, and in relation to these two deficiencies, the policy note addresses the current unsystematic and chaotic approach to local development planning country-wide.

From the guiding principles of local development planning as described above, the policy consultation body agreed on the three key features that shall guide local development planning in future:

- **integrated;**
- **Inclusive; and**
- **standardised.**

From a very practical perspective, the embodying of these three key features within the local development planning framework will provide for an overall effective, meaningful and democratic local strategic planning process.

Integrated local development planning means conceptually that several aspects of an issue are considered simultaneously and that circumstances that might affect local development strategy are considered in a holistic manner. "Integrated" means multi-sectoral, where a local development strategy considers the balances and trade-offs between poverty alleviation, environment management, economic growth, equity and equality simultaneously through a *horizontal* integration of development sectors.

In addition, the integrated feature of local development planning implies *vertical* integration, where local development strategies are vertically linked and coherent with upper governments' strategic planning documents.

Inclusive local development planning means that in addition to taking a leading role in driving local development planning process, LSGUs shall enable and stimulate a diverse range of local stakeholders (citizens, NGOs, socially

² European Commission's Report on Social Inclusion, 2004.

excluded and marginalised groups, private sector, etc.) to actively participate in strategic management of local community affairs and integrate their interests in local development strategies.

Standardised local development planning means that same guiding principles, features and approach are used in the elaboration and implementation of local development strategies by LSGUs throughout BiH. Given the fact that standardisation of local development planning has direct implication and captures all previously defined guiding principles and key features, this particular feature needs to be further operationalised through a single local development planning methodology, which will unify the planning process and define minimum structure and scope of local strategies and create a blueprint for local development planning, while at the same time be wide enough to accommodate various local planning needs of local communities.

It shall be noted, therefore, that the main tool for standardisation of local development planning will be the integrated and participatory local development planning methodology for BiH.

The cross-institutional policy consultation group has also agreed that the standardisation feature needs to be looked upon from one additional angle, namely, ensuring that the standardised local development planning methodology will be further on applied and sustained in a systematic manner country-wide. This brings along the issue of **institutionalisation** of the standardised local development planning methodology.

The policy consultation group will further discuss and look into various legal and informal measures through which to foster institutionalisation of the guiding principles and the standardised local development planning methodology, such as:

- A legal analysis identifying the possible legal forms of embedding the guiding principles and standardised approach to local development planning into the municipal legal framework;
- Practical application of the newly designed standardised local development planning methodology within BiH municipalities, so as to ensure evidence-based fine-tuning and improving the methodology;
- Relevant entity ministries (Federal Ministry of Justice and RS Ministry for Administration and Local Self-Governance) issuing a by-law document (guidelines/recommendations) to LSGUs pertaining the application of the standardised local development planning methodology;
- Relevant entity ministries (Federal Ministry of Justice and RS Ministry for Administration and Local Self-Governance) embedding the guiding principles and features, as well as the standardised approach to local development planning into their Strategies on Local Self-Governance;
- Federal Development Planning Institution, in accord with the BiH Federal Government's vision, embracing and further applying in practice the standardised local development planning methodology throughout municipalities in FBiH;
- Entities' Associations of Municipalities and Cities adopting and systematically promoting the standardised local development planning methodology to their members through provision of information and serving as resource centres and help desk for their members;
- Members of the policy consultation body promoting and raising awareness on the newly designed policy vision and standardised approach to local development planning country-wide, using their own resources and information channels;
- International donor organisations and local and regional development agencies country-wide being aware and recognising the newly developed standardised local development planning methodology and applying it in their local development planning interventions throughout BiH.

Benefits and effect from the application of the guiding principles and the standardised local development planning methodology for BiH

The guiding principles, features and standardised approach to local development planning embedded into the BiH local planning framework will create pre-conditions for the following benefits and positive impact at the local level as follows:

- a blueprint for local development planning will be endorsed, while allowing for systematic, flexible and needs-based strategising of local development;

- local development strategies will overcome its sectoral approach to local development and will transform into integrated and multi-sectoral development platforms, which will significantly improve allocation of scarce resources and maximisation of impact of implemented activities through maximization of synergy effects;
- improved management of municipal administration through elevated level of coordination among departments, encouraging institutional transformation as a means for integrated inter-sectoral or inter-departmental strategic management;
- established link between strategic planning and spatial planning;
- enabled transparent and fair conditions for social inclusion and citizen participation in the local planning process, placing special attention on the involvement of vulnerable groups, unfairly represented citizen groups and minorities;
- created pre-conditions for strong community and citizens' ownership over the planning process;
- shifted responsibility for development and planning to entire community and all interested parties, while ensuring that benefits of development are shared in a well balanced way.

At the same time, the implications of the local development planning principles and features will have a positive policy impact at the higher government levels because:

- standardisation of local development planning will contribute to the coherence of the overall strategic management and planning system in Bosnia and Herzegovina, and
- through establishing meaningful linkages between local, regional, entity and state strategic documents, a more systematic and coherent local and regional monitoring and evaluation process will be enabled;
- through standardisation of local development planning a vertical integration of planning processes and strategic planning documents at different government tiers will be established, which is among the underlying principles of European Union development planning and management processes.

In addition, in the light of BiH efforts towards accession to the European Union, the application of a systematic approach to local development planning will:

- strengthen administrative capacity at the local level for effective, efficient and accountable policy design and policy implementation and consequently strengthened absorption capacity of LSGUs to utilise European Union funds;
- contribute to the programming of BiH for the EU IPA funds through bottom-up embedding of viable and priority projects and initiatives identified at the local level and allow for a bank of local development projects ready for funding under IPA funds.

Designing the local development planning framework methodology for BiH

In order to ensure that the guiding principles and key features of local development planning in BiH are reinforced in a systematic manner, a standardised and integrated local development planning framework methodology (the "Methodology") will be elaborated.

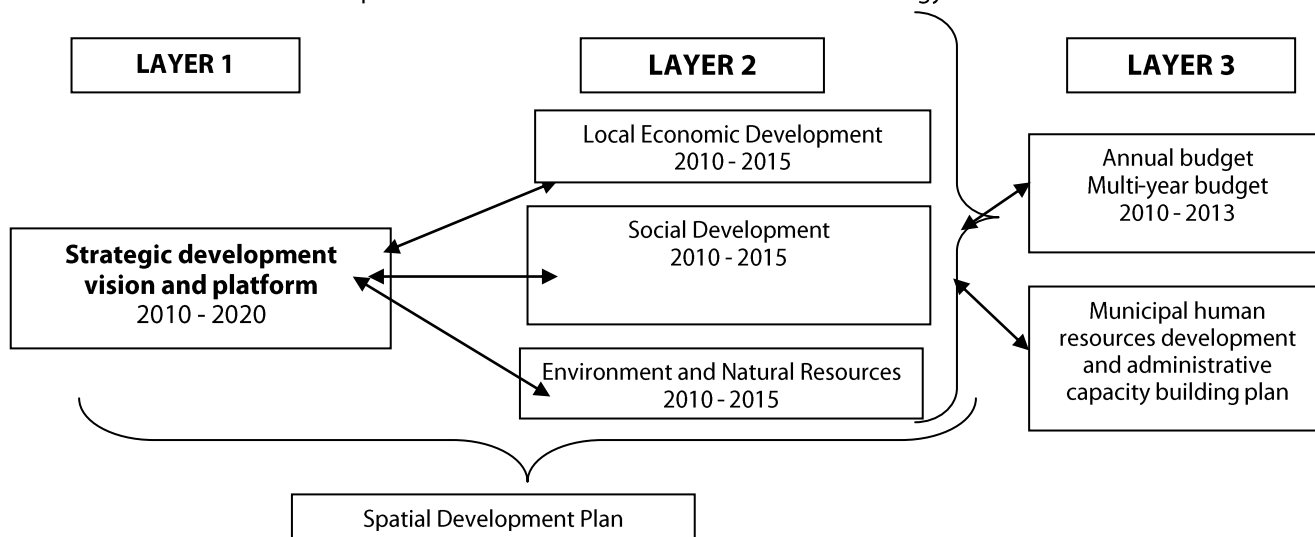
Based on and entirely respecting the existing BiH legal framework, the methodology will describe and further elaborate on the **process, common denominating elements, scope, timeframe and minimum contents** of local development strategies, reflecting in a consistent manner the principles of sustainability and social inclusion and enabling integrated and inclusive development planning.

The methodology will **provide guidelines and implementation tools**, which will lead local self-government units and their communities through the process of elaboration or update of their local integrated development strategies. Thus, the methodology will equip local self-government units to effectively manage and implement local development strategies. The key purpose of the methodology will be to capture, operationalise and visualise the guiding principles and key features of local development planning into a framework approach. It will explain how integration and inclusiveness will be ensured, which the standard elements are and how to move from one planning layer to the next. In addition to framing the standardised elements, the methodology will guide and lead through

each step of the planning process, explaining each planning layer and its characteristics, providing good practices from BiH and exemplifying various elements of the local development strategy.

The local development planning matrix

Departing from previously defined local development planning features of integration, standardisation and inclusiveness, the cross-institutional consultative body agreed on a local development planning matrix, which will serve as the baseline and conceptual framework for elaboration of the methodology.



The local development planning matrix is particularly related to the standardisation feature and will display and explain the standard layers, the standard hierarchy of elements, the minimum scope of local development strategies and direct linkages between the elements and propose how horizontal integration will be ensured.

The local development planning matrix, as understood by the cross-institutional policy consultation group, incorporates three standard layers within local development strategies.

The first layer presents the strategic development vision and objectives of the local community and has a 10-years timeframe. This layer will consist of the following minimum elements:

- Socio-economic analysis;
- Key internal and external factors;
- Strategic focusing;
- Long-term development vision;
- Strategic development goals.

Further on, the strategic development goals are specified and operationalised within the second layer of a local development strategy.

The second layer captures the scope, the standard elements and timeframe of local development strategies. As agreed by the policy consultation body based on a thorough analysis of existing competencies of local self-government units and the defined guiding principles of local development planning, every local development strategy shall comprise of sectoral plans under the three main domains seen as standard to each local strategy: local economic development, social and human development and environment. Depending on the specific context and needs of the respective territory, the scope of sectoral plans under each domain could be as follows:

- local economic development: SMEs development plan, agriculture development plan, tourism development plan, investment and business promotion plan, etc.
- social development: education plan, health plan, sports and youth plan, social protection plan, civil society strengthening plan, culture plan, etc.

- environment and natural resources: water, land, air, forests, natural resources management plans, pollution reduction plan, waste management plan, biodiversity plan, etc.

Each local development strategy within its second layer shall consist of at least one sectoral plan from each of the three main domains of economic, social and environmental development. This layer also ensures integration of local development areas and considers important for the locality development balances and trade-offs, driven by the principles of sustainable development and social inclusion. The timeframe for the sectoral plans is five years. Each sectoral plan shall have standard minimum contents as follows:

- Sectoral focusing based on the SWOT analysis;
- Sectoral development goals;
- Programmes, projects and measures;
- Inter-municipal cooperation initiatives;
- Monitoring and evaluation.

The policy making body stresses the importance of elaboration of the programmes, projects and measures within the sectoral plans, since at this planning step integration between the development sectors will be sought and meaningful balances, trade-offs and synergies between sectoral interventions will be ensured.

Finally, the third layer of local development strategy comprises the operational/functional plans, which are in a way a reflection of the first two strategy layers and their task is to ensure integration, operationalisation and organisation of local resources and capabilities to implement the local development strategy (financial plans and budgets, human resources development plan, etc.). The financial plan is a standard element within the local development strategy and is directly linked with the existing 3-years municipal budget cycle in BiH. The financial plan enables smooth integration of envisaged sectoral priority plans into a functional financial framework.

It should be kept in mind that the spatial development plan is seen as a separate planning document, which should be considered alongside the local development planning process.

The above described local development planning matrix serves as the backbone for the on-going fully-fledged elaboration of the standardised local development planning methodology based on the consensus based policy vision and the existing good practices and successful approaches in local development planning in BiH.