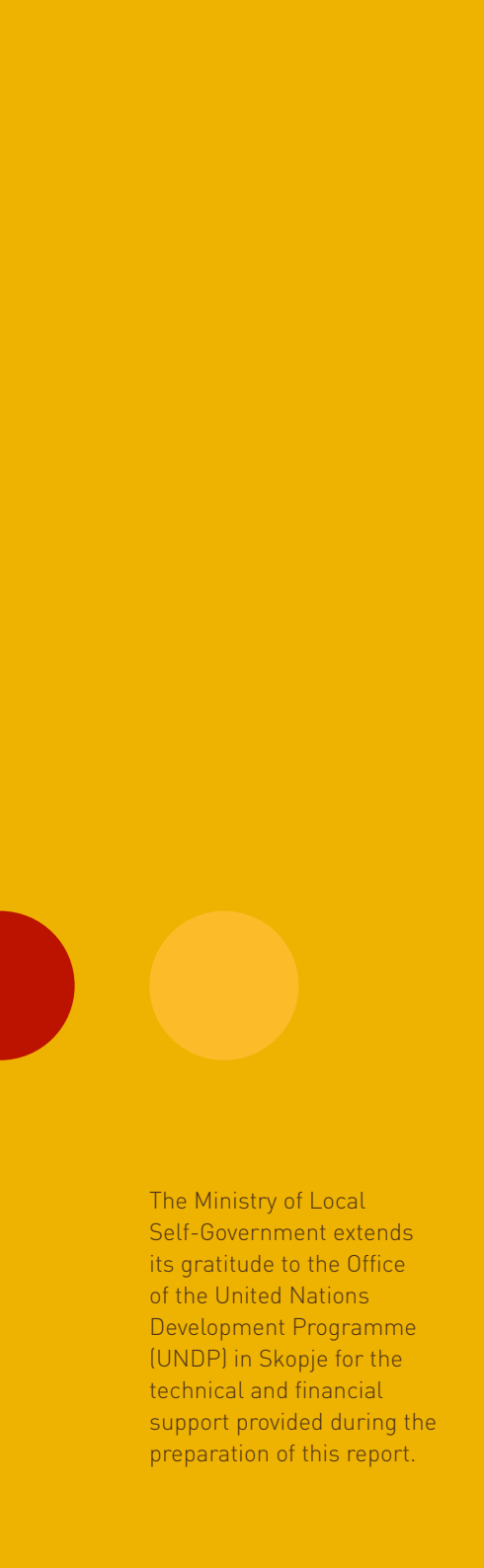




Republic of Macedonia  
Ministry of Local Self-Government

# REPORT

ON THE IMPLEMENTATION  
OF THE PROGRAMME FOR  
THE IMPLEMENTATION OF  
THE DECENTRALISATION  
PROCESS AND LOCAL  
SELF-GOVERNMENT  
DEVELOPMENT IN THE  
REPUBLIC OF MACEDONIA  
2011-2014,  
FOR THE YEAR 2012



The Ministry of Local Self-Government extends its gratitude to the Office of the United Nations Development Programme (UNDP) in Skopje for the technical and financial support provided during the preparation of this report.

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December, 2013



Dear Readers,

The Ministry of Local Self-Government, in coordination with other relevant ministries and ZELS, has the decentralization process constantly in its focus as a priority for the Government and as a political precondition for membership of the Republic of Macedonia in the European Union.

Decentralization is being implemented according to the Programme for Implementation of the Decentralization Process 2011–2014 and the Action Plan for its implementation.

This report is the first of its kind and aims to reflect the extent and quality of implementation of the Action Plan for 2012 for each area of municipal competence. For this purpose, the Ministry of Local Self-Government has organized several key activities to provide the Ministry with quality information from all stakeholders involved in the implementation of the programme.

Based on the findings of the report, I am pleased to say that local self-government in the country has seen steady progress that matches the economic and democratic capacity of the country. Local self-government has a number of substantive competences and has a great responsibility for providing the most important services to citizens. Local authorities are involved in the most important processes being undertaken in the country, including the process of EU integration. They do this through their participation in the creation and implementation of specific policies, as well as through direct allocation of funds from the European Union.

Constructive cooperation between the Ministry of Local Self-Government and the municipalities and ZELS contributes to the coordinated and harmonized setting of priorities and the achievement of goals.

This report will greatly influence the setting of future priorities, as the recommendations arising from it are the result of an extensive

consultative process with all relevant institutions at central and local level. Verified by the Government, the report will serve to redefine the measures and actions in the Action Plan and to measure the progress of the decentralization process in the coming years through specific and measurable indicators.

Finally, I would like to thank UNDP, whose support has contributed to increasing the scope of the relevant information necessary for the preparation of the report, as well as all participants in the consultation process for the preparation of this document.

**Tahir Hani**  
**Minister of Local Self-Government**

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# PREFACE





For more than a decade, the implementation of an intensive process of decentralisation and the development of a sustainable system of local self-government has been one of the top priorities of the Government of the Republic of Macedonia. During this period, the foundations of the local self-government system have been laid and a robust process of devolution of powers and resources has been conducted.

Analysis of the decentralisation process, carried out in 2011, demonstrated that the next steps in the area of local self-government ought to be focused on encouraging local growth and creating prerequisites for a more active, efficient and innovative role for local authorities, not only in the attainment of national goals but also of regional and global growth and development aims.

In view of the need for such a strategic approach, the Government of the Republic of Macedonia adopted the 2011–2014 Programme for the Implementation of the Decentralisation Process and Local Self-Government Development (hereinafter: the Programme<sup>1</sup>) and the 2012–2014 Action Plan for its implementation.<sup>2</sup>

For the purpose of Programme coordination and monitoring, the Government has established a Decentralisation Working Group (DWG) – a working body chaired by the State Secretary within the Ministry of Local Self-Government.<sup>3</sup> The expert and administrative-technical matters of the Decentralisation Working Group are dealt with by the Ministry of Local Self-Government.

Since 1999 the Programme has been the fifth consecutive mid-term planning document, dedicated to the development of decentralised government in the Republic of Macedonia.

The Programme's main goal is the promotion of well-considered and inclusive sustainable local growth through the concurrent implementation of local and national development policies. The specific objectives are primarily concerned with the following:

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1 Conclusion No 51-4434/1 dated 13.9.2011.

2 Conclusion No 41-4167/1 dated 21.05.2012.

3 Decision No 51-6491/1 dated 30 October 2011 [Official Gazette of the RM No 164/11].

- further implementation of the decentralisation process within the entirely established legal and institutional local self-government framework, with responsible and developed municipalities
- the realisation of inclusive and sustainable local growth as a basic prerequisite for the creation of economically strong, growth-oriented and inclusive local self-government units.

The Action Plan is a complex document comprising 89 activities/projects to be implemented in a three-year period, grouped according to the Programme goals. It is important that the Action Plan specifies the relation between each and every activity/project with the corresponding basic priorities of the Europe 2020 Strategy.

By means of implementation of the measures and activities from the Programme and the Action Plan, the Government of the Republic of Macedonia expects that the following aims will be achieved:

- enabling the municipalities to tackle the challenges imposed by the world economic crisis;
- ensuring equitable access to quality public services;
- strengthening trust between local authorities and citizens;
- reducing the fiscal disparities among municipalities.

Both documents were prepared on the basis of a participatory process lasting several months and consisting of consultation with all members of the Decentralisation Working Group formed by the Government of the Republic of Macedonia with Decision No 51-6491/1, dated 30 October 2011 (Official Gazette of the RM No 164/11).<sup>4</sup>

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<sup>4</sup> The Working Group is comprised of 15 state secretaries; the chairman of the Committee for monitoring the development of the funding system for local self-government units; the chairman of the Committee for assessment of the extent of meeting the requirements for entry into the 1st and 2nd fiscal decentralisation phases; the chief executive officer of the Association of Units of Local Self-Government; and 21 members from the milieu of state civil servants on leading positions.

The Government of the Republic of Macedonia is in charge of monitoring the implementation of the Programme and Action Plan through the adoption of the annual and the final report on the Programme implementation. The current Report is also aimed at informing the broader public and the relevant international institutions regarding the current state of affairs of local self-government in the Republic of Macedonia.



INTRODUCTION



This is the first annual report on the implementation of the Programme. It has been prepared on the basis of the Methodology for monitoring the Programme implementation,<sup>5</sup> thereby ensuring an integrated approach towards the official information and data utilised during its preparation.

The Report encompasses comprehensive data on the progress achieved in policies for the attainment of the Programme's main goals and objectives in 2012, specific data on the implementation of individual activities/projects from the programme's Action Plan, the bottlenecks in their implementation, and the prospects for prevailing over the identified problems.

In light of the fact that, within the EU, local authorities have been identified as key stakeholders for the realisation of the entire agenda for EU growth by 2020, this Report has been generated in a manner that shows the relatedness of the implemented policies and the fulfilment of the aims outlined in the Europe 2020 Strategy.

The primary sources of information for the preparation of this Report are as follows:

- Information submitted in the period May–July 2013 by the network of focal points designated by the institutions in charge of the implementation of the activities/projects from the Action Plan;
- Findings from a survey undertaken by the Association of Financial Officers with the councillors and mayors as regards the implementation of the Programme activities<sup>6</sup> (attached as Annex 1);
- Interviews with 11 mayors who used to be or are currently chairpersons of committees within the Association of Units of Local Self-Government (ZELS), or who have been mayors of certain municipalities for two or more consecutive mandates;

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<sup>5</sup> Conclusion No 41-8014/1; 41-8378/1 dated 12.11.2012.

<sup>6</sup> The survey with the councillors and mayors as regards the implementation of the Programme activities was carried out in a total of 52 municipalities and in the City of Skopje. It was financially supported by the United Nations Development Programme in the Republic of Macedonia.

- Findings from the four thematic roundtables held in November 2013, at which 150 representatives of 51 national institutions, DWG members – representatives of institutions at national level, 13 ZELS committees, 5 NGOs and 9 experts discussed the role of local authorities in the achievement of the strategic priorities and goals of the Republic of Macedonia<sup>7</sup> (attached as Annex 2);
- A report on fiscal decentralisation prepared in 2012 by the Committee for monitoring the development of the system of municipal funding;
- Information from ZELS on activities in relation to the capacity-building of state civil servants and civil servants employed in municipalities, carried out in the new ZELS training centre;
- Records maintained by the Ministry of Local Self-Government on the realised forms of inter-municipality cooperation;
- Records on the headcount in the municipal administration, sourced from the Ministry of Information Society and Administration.

The Report does not include data on infrastructural projects connected with the implementation of municipality competencies and financed by the budget of the Republic of Macedonia.

All activities regarding the preparation of the current Report have been organised and administratively supported by the Department for the Sustainable Development of Local Self-Government within the Ministry of Local Self-Government.

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<sup>7</sup> The organisation of the roundtables and the preparation of the report thereof were carried out by the Euro-Balkan University from Skopje and were financially supported by the Ministry of Local Self-Government.



**SUMMARY OF  
RESULTS  
ACHIEVED**

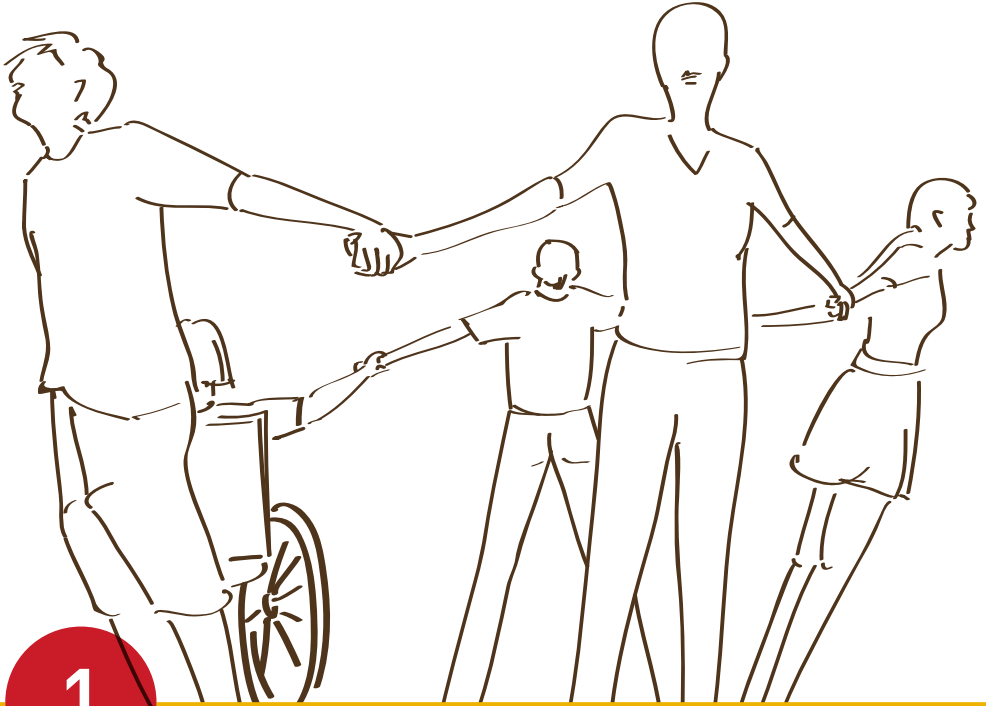


Analysis of the data from all sources, on the basis of which the current Report has been compiled, indicates that of the total of 81 planned activities/projects whose implementation was to commence during year 2012, the implementation of 58 activities/projects (72%) began.

The achieved results of the implemented activities are presented below, grouped in line with the European Union strategic documents pertaining to the fulfilment of the Europe 2020 Strategy priorities, in seven groups as follows:

- 1** Combating Poverty and Social Exclusion
- 2** Modernising the Labour Market
- 3** Enhancing the Business Environment, Particularly for Small and Medium-Size Enterprises
- 4** Use of Resources and the Promoting Energy Efficiency
- 5** Promoting Innovation and Improving the Performance of Educational Systems
- 6** The Roll-Out of Electronic Services by Municipalities
- 7** Fiscal Decentralisation





1

## ACTIVITIES FOR COMBATting POVERTY AND SOCIAL EXCLUSION

27%

of the total number of projects implemented in 2012 relate to the aim of combatting poverty and social exclusion.

### THE IMPLEMENTED PROJECTS HAVE ACHIEVED THE FOLLOWING OUTCOMES:

- General and specific measures were formulated for municipalities to ensure the enforcement of the principle of equal opportunities for women and men at local level.
- Seventeen preventative healthcare programmes were implemented by the ten regional public healthcare centres, in accordance with regional priorities for improving the population's health.
- A day-centre and a club for elderly people were launched in the City of Skopje.
- Five public kitchens were opened in rural areas (Crnik, Konche and Staro Nagorichane, Vasilevo and Gradsko).
- A day-centre for disabled children was opened in Strumica municipality.
- A day-centre for autistic children was opened in Skopje.
- A counselling service for parents and children who are victims of domestic violence and a counselling service for work with violent individuals were opened in Skopje.
- Two new facilities for kindergartens were opened in the municipalities of Aerodrom and Gjorce Petrov.
- Unused school premises were converted into kindergartens in 14 settlements.
- The capacity of 11 pilot municipalities for promoting transparency and accountability was strengthened<sup>8</sup> through the

<sup>8</sup> Veles, Gostivar, Strumica, Kavadarci, Gevgelija, Kocani, Debar, Kratovo, Petrovec, Brvenica and Aerodrom.

introduction of social accountability mechanisms at local level, as well as innovative projects based on social media tools.

- The preparation of eight local strategies for cooperation with the civic sector was funded in 8 pilot municipalities.
- Forty-five open debate programmes were broadcast, whereby citizens were informed about the work of their local authorities.
- A train-the-trainer course on equal opportunities and non-discrimination was organised for 10 municipal coordinators of equal opportunities for women and men.<sup>9</sup>
- Eight regional workshops, two debate programmes, and one forum for raising awareness about equal opportunities for women and men and non-discrimination were organised for municipal administrators.
- A training course was organised on the non-discrimination concept for representatives of the Committees for equal opportunities for women and men in nine municipalities.<sup>10</sup>
- Three public debates and two training courses were realized for representatives of the budget units within the local self-government units,<sup>11</sup> on the subject of incorporating gender perspective into the budgets of local self-government units.

### **THE IMPLEMENTATION OF THE FOLLOWING PROJECTS WAS DELAYED:**

- Enacting a Law on Youth, aimed at reinforcing the status of young people and regulating modes of youth organisation. This was withdrawn from the parliamentary procedure (for its further rectification).
- Establishing youth councils in municipalities, which would enhance youth participation in the decision-making processes at local level (delayed due to the postponed enactment of the Law on Youth).

<sup>9</sup> Debar, Strumica, Delchevo, Stip, Kumanovo, Ohrid, Tearce, Struga, Radovis, Negotino.

<sup>10</sup> Debar, Strumica, Delchevo, Stip, Kumanovo, Ohrid, Tearce, Struga, Radovis, Negotino, Gjorce Petrov.

<sup>11</sup> Debar, Tearce, Stip, Bitola, Struga, Ohrid, Gevgelija, Strumica, the City of Skopje, Gjorce Petrov, Aerodrom, Radovis, Centar.

- Establishing regional youth information and counselling centres in Kumanovo, Ohrid, Stip, Strumica, Gevgelija, Bitola, Gostivar, as well as three in the Skopje region (delayed due to a lack of funding).
- Forming local action groups, consisting of representatives of local self-government and the business and non-governmental sectors in order to prepare and enforce measures for local community needs, thereby enabling the involvement of the business and non-governmental sector representatives in the planning process at local level (because the LEADER measure has not yet been granted accreditation).
- Opening homes for the accommodation of the elderly in Pehcevo and Demir Kapija, with a capacity for 50–100 users (due to the fact that the required funding was not obtained for the project in Pehcevo, and because a project for refurbishment, i.e., the re-adaptation of the premises and measurement/calculation and value appraisal, was not prepared for Demir Kapija).
- Fostering mechanisms for public participation in local government and for the articulation of community initiatives, with a special emphasis on strengthening the role of local and urban communities (because a financial agreement was not signed on the project fiche IPA TAIB 2012/13).
- Sharing best practices in the innovative delivery of local services and the promotion and establishment of forms of inter-municipal cooperation (IMC) (because a financial agreement was not signed on the project fiche IPA TAIB 2012/13).



2

## ACTIVITIES FOR MODERNISING THE LABOUR MARKET

20%

of all the projects implemented in 2012 were concerned with modernising the labour markets.

### **THE FOLLOWING OUTCOMES WERE ACHIEVED WITH THE IMPLEMENTED PROJECTS:**

- Two centres were established for adults to complete their education and acquire knowledge and skills to make them more competitive in the labour market.<sup>12</sup>
- An advanced training course on internal audit was organised for auditors at central and local levels, for 11 auditors from 9 municipalities.
- An internal audit training course, 'Basic +', was organised for 21 internal auditors from 16 municipalities.
- An internal audit training course, 'Advanced +', was organised for auditors at central and local levels, for 14 auditors from 10 municipalities.
- A training course in communication skills was organised for internal auditors – participants in the pilot-audits at local level.
- The results of the conducted pilot-audits in 7 municipalities were presented.
- A one-day training course was organised for 66 employees from 40 pilot municipalities on the topic of the Preparation of Internal Acts on Financial Management and Control.
- A basic training course on system-based auditing was organised for 12 internal auditors from 8 municipalities.
- A one-day training course was held on the topic of the Preparation of Internal Acts on Financial Management and Control for 73 participants from 40 pilot-municipalities.

<sup>12</sup> In the settlements of Prilep and Chair.

- A train-the-trainer course was organised for the employees and heads of financial affairs divisions and internal audit divisions from entities at central and local levels.
- A training course on internal auditing was organised for auditors at local and central levels.
- A communication-skills training course was held for internal auditors who participated in the pilot audits at local level.
- A training course was organised for 70 state civil servants on the subject of the analysis of fiscal transfers, the monitoring and evaluation of the fiscal performance of local self-government and the allocation of capital grants.
- A training course was held for 30 state civil servants from 8 ministries and state agencies and members of the Decentralisation Working Group on the topic of Capital Grants.
- A training course was held for 25 state civil servants on the topic of The Determination of Local Revenues.
- A training course was organised for 40 participants from 4 pilot-municipalities -Jegunovce, Cair, Konche and Kruševo - and from six ministries and state agencies, as well as for the members of the Decentralisation Working Group, on the topic of Local Services Funding and Preparation of Municipal Budget, Including Indicators for Local Fiscal/Financial Performance Measurement.
- Two training courses and two exam sessions were held by which 21 municipal state civil servants acquired the prerequisite qualifications for obtaining authority for conducting a procedure for the management of unconstructed plots of state land.
- Counselling was organised for municipal administrators pertaining to the updates to the Law on Construction Land, where 40 state civil servants with an obtained authority took part.

- By 1 July 2013, a total of 42 municipalities assumed powers for the management of state-owned construction land.<sup>13</sup>
- Five two-day workshops were organised for employees from 46 municipal administrations on the following topics: the Legitimacy of the Municipal Bodies' Regulations in Municipalities of Mixed Ethnic Structure and on the Procedure for the Allotment of Public-Private Partnership Agreements.<sup>14</sup>
- Within the framework of the Annual Programme for the generic training of municipal administration employees with the status of state civil servants, training courses were organised on the following topics: Introduction to E-Government; Consistent Enforcement of the Public Procurements Law; and the 'There is No Wrong Door' concept.
- Training was conducted for employees in local self-government units on the responsibilities and roles they will assume in the negotiation process with the EU; on strengthening networking with the Ministry of Environment and Physical Planning (MoEPP) in the course of the said process, and their duties during the negotiation process; and the implementation of plans related to a number of EU directives.
- A training course was organised for municipal employees aimed at familiarisation with Directive 2000/14/EC of the European Parliament for protection from noise emissions in the environment and equipment for outdoor-use.
- A training course was organised for municipal employees on the enforcement of the Law on Protection from Noise Emission in the Environment, and the by-laws on management of data on noise emissions, monitoring and the handling of equipment for noise emission measurement; data collection related to the

13 Kocani, Berovo, Stip, Ilinden, Probistip, Demir Kapija, Gevgelija, Bitola, Strumica, Kisela Voda, Karposh, Delchevo, Struga, Vinica, Veles, Petrovec, Mavrovo and Rostushe, Gazi Baba, Rankovce, Karbinci, Butel, Prilep, Makedonski Brod, Kavadarci, Radovis, Sopishte, Chair, Sveti Nikole, Kičevo, Krushevo, Novo Selo, Cheshinovo-Obleshevo, Gostivar, Kriva Palanka, Negotino, Saraj, Debar, Ohrid, Kumanovo, Centar Zupa, Bogdanci and Tetovo.

14 Pehcevo, Berovo, Vinica, Delchevo, Makedonska Kamenica, Karposh, Kisela Voda, Centar, Chucher Sandevo, Studenichani, Arachinovo, Saraj, Lipkovo, Chair, Struga, Tetovo, Resen, Plasnica, Drugovo, Vranestica, Kičevo, Vrapchishte, Bogovinje, Brvenica, Gostivar, Zajas, Ohrid, Vevchani, Demir Kapija, Kumanovo, Lozovo, Bogdanci, Veles, Kriva Palanka, Cashka, Novo Selo, Bosilovo, Bitola, Valandovo, Dojran, Kruševo, Krivogashani, Mogila, Novaci, Strumica, Makedonski Brod.



compilation of a strategic map and preparation of action plans on noise emissions.

- A training course was organised for municipality<sup>15</sup> employees on the following issues: an overview of planning documents; the application of methods of air quality assessment required for the preparation of planning documents; the production of a practical Guidebook on the preparation of local air-quality plans; methods of air quality assessment; the generation of a programme on air quality improvement; and an action plan on air quality protection.

### **THE IMPLEMENTATION OF THE FOLLOWING PROJECTS WAS POSTPONED:**

- The Labour Fairs project, aimed at bringing together the interests of employers and job-seekers in the eight planning regions (due to lack of funding)
- The Business Incubators project, by means of which a network of 8 regional business incubators would be established in the eight regional development centres, aimed at supporting small and medium-size enterprises and the unemployed (due to lack of funding).
- The creation of an interactive platform for local integrated learning, grounded in the needs of LSGUs (local self-government units), line ministries and civil society organisations (due to lack of funding).

<sup>15</sup> Bitola, Gostivar, Berovo, Kavadarci, Ilinden, Veles and the City of Skopje (Aerodrom, Gazi Baba, Kisela Voda, Gjorce Petrov, Karposh).



3

ACTIVITIES FOR THE ENHANCEMENT  
OF THE BUSINESS ENVIRONMENT,  
PARTICULARLY FOR SMALL AND  
MEDIUM-SIZE ENTERPRISES  
(COMPETITIVENESS)

17%

of all the projects implemented in 2012 were concerned with promoting competitiveness through enhancement of the business environment, in particular for small and medium-size enterprises.

### **THE FOLLOWING OUTCOMES WERE ACHIEVED WITH THE IMPLEMENTED PROJECTS:**

- The institutional relations in communal services were systemically regulated by prescribing the competencies of the local self-government units for the quality delivery of communal services; the requirements to be met for the appointment of a communal inspector; the entities eligible for delivering a communal service and the operating conditions thereof; the mode of obtaining funds for the construction and maintenance of communal infrastructure facilities.<sup>16</sup>
- The procedure for the legalisation of unregulated/informal buildings was rectified, thereby facilitating more efficient implementation of procedures for establishing the legal status of unregulated/informal buildings.
- The procedure for the legalisation of agricultural buildings constructed on agricultural land was simplified, allowing for the non-payment of communal duties, thus enabling the legalisation of glasshouses, auxiliary facilities, and facilities for the primary processing of farming products that had been unregulated and constructed on agricultural land until February 2011.
- The inflow of private equity into the construction of infrastructure facilities was facilitated.<sup>17</sup>
- A project was initiated on the establishment of a database of development planning documents, adopted at national and regional level, and of the persons in charge of development planning in institutions at national and regional level.

<sup>16</sup> A new Law on Communal Services.

<sup>17</sup> A new Law on Concessions and Public-Private Partnership.

- The procedures for obtaining building permits and approvals were simplified and shortened from 21 to 3 steps for housing facilities and 4 steps for business facilities.
- Preparatory activities for creating development strategies for eco and alternative tourism were accomplished in 10 municipalities by means of subsidising.
- Military barracks or parts of military barracks, watchtowers, warehouse compounds, and business premises were handed over to municipalities aimed at fostering local growth.<sup>18</sup>
- Ten technological-industrial development zones (TIDZ) were either founded or procedures for their foundation were commenced.<sup>19</sup>

### **THE IMPLEMENTATION OF THE FOLLOWING PROJECTS WAS POSTPONED:**

- Amendments and supplements to the Law on Construction Land, for the purpose of rectifying the procedure for transferring state-owned construction land and offering such land for lease.
- The Local Regulatory Guillotine project, expected to abridge the procedures for administrative services falling within the municipalities' remit through the creation of an integrated web portal of local regulations (due to a lack of funding).
- The project for the Establishment of Regional Business Centres for Support and Counselling Services for Small and Medium-Size Enterprises (due to a lack of funding).

<sup>18</sup> Plots of land covering a surface area of 17,123m<sup>2</sup> were transferred by Ilinden Military Barracks in Skopje for the purpose of implementing the Detailed Urban Plan – DUP. A plot of land covering 125m<sup>2</sup>, part of the Army House courtyard in Skopje, was conceded for the implementation of the DUP. A plot of land covering 2,298m<sup>2</sup>, part of the Military Stadium courtyard in Skopje, was conceded for the implementation of the DUP. A military swimming pool and auxiliary facilities, part of Goce Delcev Military Barracks in Skopje, were transferred to the Municipality of Aerodrom. Four buildings and land covering an area of 7,495m<sup>2</sup> were handed over to the Municipality of Valandovo. The Belasica Watchtower was transferred to Valandovo Municipality. The watchtowers Star Dojran and Dab were handed over to Dojran Municipality. Momaku Watchtower was transferred to Novaci Municipality. The facility Zegljane was conceded to Staro Nagorichane Municipality. A warehouse and land with an area of 7,085m<sup>2</sup> in Stojakovo were transferred to the Municipality of Bogdanci.

<sup>19</sup> TIDZ Skopje 1, TIDZ Skopje 2, TIDZ Stip, TIDZ Kichevo, TIDZ Prilep, TIDZ Gevgelija, TIDZ Strumica and TIDZ Rankovce. were established. Foundation procedures were initiated for TIDZ Radovish and TIDZ Struga.



4

**ACTIVITIES FOR IMPROVED USE OF  
RESOURCES AND THE PEOMOTION  
OF ENERGY EFFICIENCY**

7%

of all the projects implemented in 2012 were related to the use of resources and the promotion of energy efficiency.

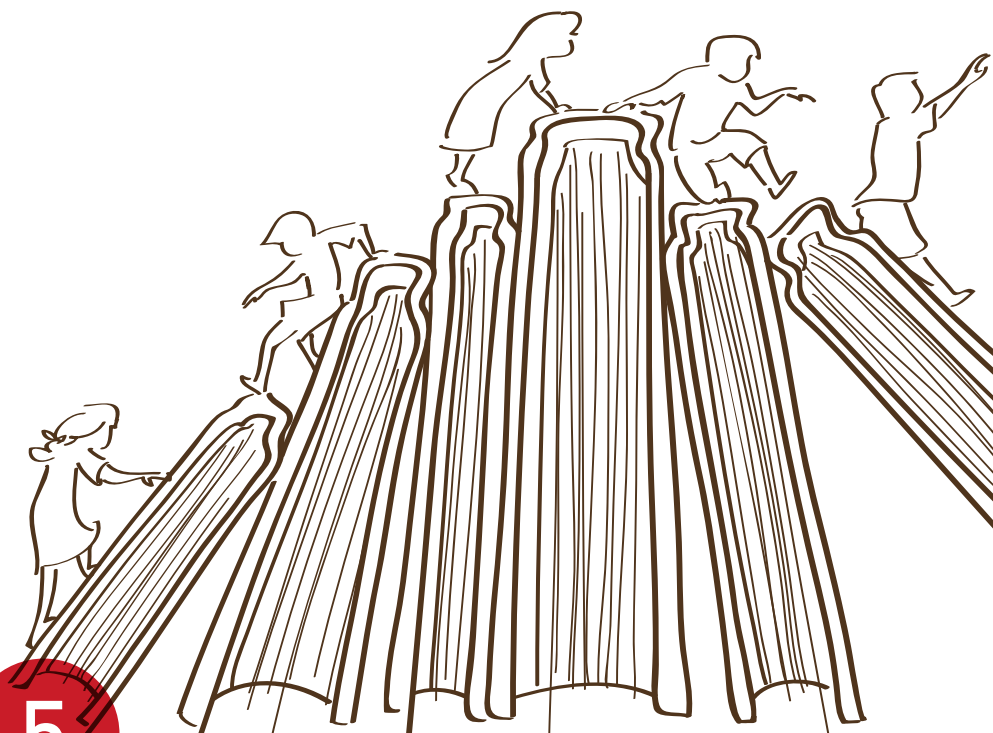
### **THE FOLLOWING OUTCOMES WERE ACHIEVED WITH THE IMPLEMENTED PROJECTS:**

- The procedure and manner of organising waste equipment collection on the territory of municipalities was ascertained.
- Preparatory works were completed for regulating the procedure for the establishment of green economic zones in which clean and advanced energy-saving technologies will be used.
- The procedure for the establishment of regional waste management bodies was initiated.<sup>20</sup>
- The procedure for the formation of councils for the management of river basins and watershed areas was defined for the Vardar river basin.

### **THE IMPLEMENTATION OF THE FOLLOWING PROJECTS WAS DELAYED:**

- Amendments and supplements to the Law on Construction to introduce standards and procedures for increasing the energy efficiency of buildings (because this project can only take place after amendments and supplements are made to the Law on Energy).
- Amendments and supplements to the Law on Packaging and Package Waste (delayed because this project should follow after completing an analysis of the current state of affairs).
- Enacting a Law on the Ratification of the Protocol on Strategic Environmental Assessment (due to the need for inter-agency consultation).
- The project for the Disposal of Electrical and Electronic Waste (due to the lack of funding).

<sup>20</sup> A procedure was begun for establishing integrated regional waste management in the country, with differences in the progress achieved in each region. In terms of territory, the waste management regions are identical with the development regions.



5

## ACTIVITIES FOR IMPROVING THE PERFORMANCE OF EDUCATIONAL SYSTEMS

7%

of all the projects implemented in 2012 were concerned with prompting the performance of educational systems.

### THE FOLLOWING RESULTS WERE ACHIEVED WITH THE IMPLEMENTED PROJECTS:

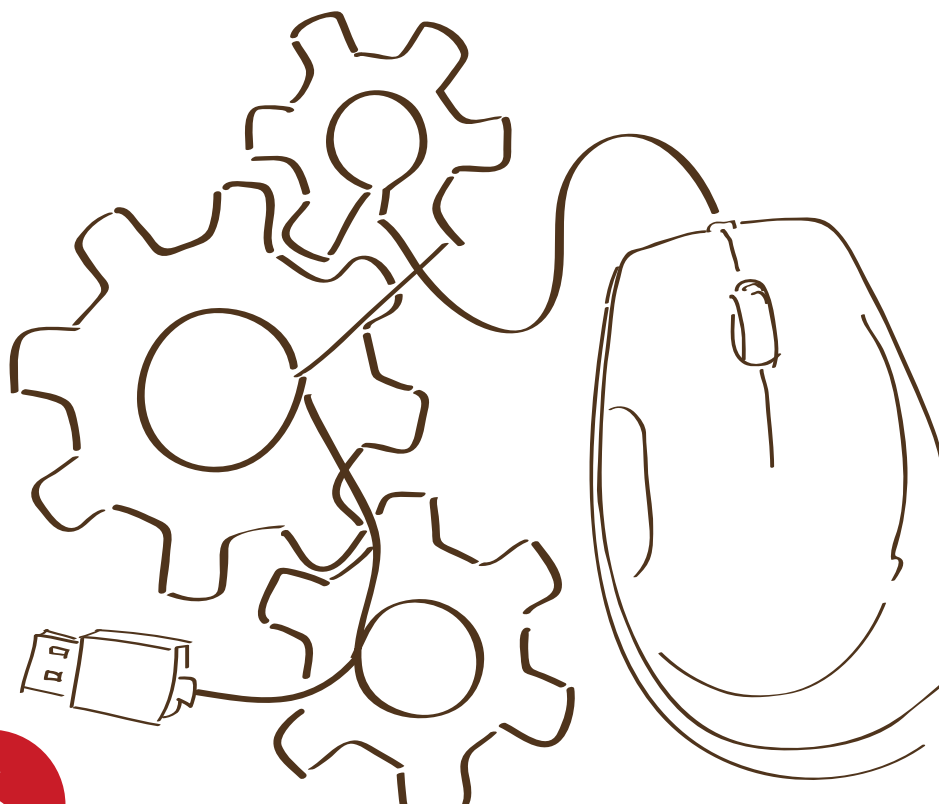
- The conditions for pre-school education were improved by launching two new facilities within kindergartens in the municipalities of Aerodrom and Gjorce Petrov.
- Vacant school premises were converted into kindergartens in 3 villages within Negotino Municipality.<sup>21</sup>
- State kindergartens were expanded in 11 villages.<sup>22</sup>
- Lessons were organised for 84,000 secondary school students in the basics of traffic culture, thereby enhancing students' knowledge of this topic by app. 10 %.
- A training course was held on moped-driving for 1,919 secondary school students – future drivers.
- A protocol was defined on parents' active involvement in the education and educational process of their children in all municipalities. In the academic year 2012/2013, grounded on the protocol, 6,934 calls were made for counselling of parents and students in primary and secondary schools on account of absences, student underachievement, improper demeanour, etc.<sup>23</sup>

<sup>21</sup> The villages of Krivolak, Tremnik and Pepelishte.

<sup>22</sup> Topolchani village (Prilep Municipality), Dobroshte village (Tearce Municipality), Jankovec village (Resen Municipality), Kalugjerica village (Radovis Municipality), Beli village (Kochani Municipality), Rankovce village (Rankovce Municipality), Trsino village (Vinica Municipality), Ceshinovo village (Ceshinovo-Obleshevo Municipality), Bogovinje village (Bogovinje Municipality), Dojran village (Dojran Municipality) and Gradsko village (Gradsko Municipality).

<sup>23</sup> Through implementation of the Parents Counselling – Parents School project.





6

## ACTIVITIES FOR THE ROLL-OUT OF ELECTRONIC SERVICES BY MUNICIPALITIES

2%

of all the projects implemented in 2012 dealt with the roll-out of electronic services by municipalities.

### THE FOLLOWING RESULTS WERE ACHIEVED:

- Activities were undertaken for establishing an information system for the issue of electronic building approvals.
- The steps for obtaining building permits and approvals were simplified, reducing the number of steps from 21 to 3 for housing facilities and 4 steps for business facilities.
- Activities were performed for establishing an information system for the issue of electronic permits and reports in the area of the environment.
- Activities were carried out for establishing a geographic information system (GIS) for all physical and other urban data, with the objective of facilitating the electronic submission of the application pertaining to compliance with the urban plans, as well as of gaining an insight into the procedures for issuing such permits.<sup>24</sup>

<sup>24</sup> With the project implementation, municipalities will obtain a complete digital overview of all underground installations, accompanied by a system for the collection, processing, analysis and display of physical and other data related to urban planning and spatial management, construction land, infrastructure, environment and other aspects of the life and operation of the city or municipality.



7

## FISCAL DECENTRALISATION ACTIVITIES

20%

of all the projects implemented in 2012 were related to fiscal decentralisation.

### **THE IMPLEMENTED PROJECTS ACHIEVED THE FOLLOWING OUTCOMES:**

- Attractive and favourable loans were provided for funding capital projects in 28 municipalities, in the areas of water supply and sewage, energy efficiency (street lighting, insulation of municipal facilities, etc.), local road infrastructure (modernisation and reconstruction of streets and roads), communal services (procurement of vehicles for public utilities), and other municipal services and competencies.
- The extent of local tax collection by municipalities was improved by 23% in comparison with the year 2011.
- A methodology for determining the market value of real estate market was developed.
- Preconditions were fulfilled for the employment of an expert-appraiser or for contracting the services of a certified appraiser for the purpose of quality and objective determination of the value of real estate.
- More liberal and more transparent debtor conditions were created, thereby boosting interest in access to the capital market, particularly for funding investment projects.
- Criteria were identified for earmarking block grants for public institutions for children (kindergartens) in municipalities for the year 2013.
- Criteria were defined for the allocation of block grants for public social care institutions (homes for the care of the elderly) for the year 2013.
- Criteria were determined for the allocation of block grants in the sphere of culture for the year 2013.

- Criteria were determined for the allocation of subsidies for fire-fighting brigades for the year 2013.
- Criteria were identified for earmarking subsidies and block grants for primary education for the year 2013.
- Criteria were defined for earmarking block grants for secondary education for the year 2013.



**PROGRESS  
ACHIEVED  
AND MAJOR  
CHALLENGES**



On the basis of the analysis of all data used for the preparation of the current Report, this Chapter elaborates on the data referring to the progress achieved and the challenges for further action, divided into five groups, in accordance with the Programme chapters, as follows:

- 1** The legal and institutional framework for the devolution of powers and resources
- 2** Fiscal decentralisation
- 3** Improved delivery of local services
- 4** Development of the administrative capacities of LSGUs
- 5** Local democratic practice and citizens' participation in local decision-making



# THE LEGAL AND INSTITUTIONAL FRAMEWORK FOR THE DEVOLUTION OF POWERS AND RESOURCES





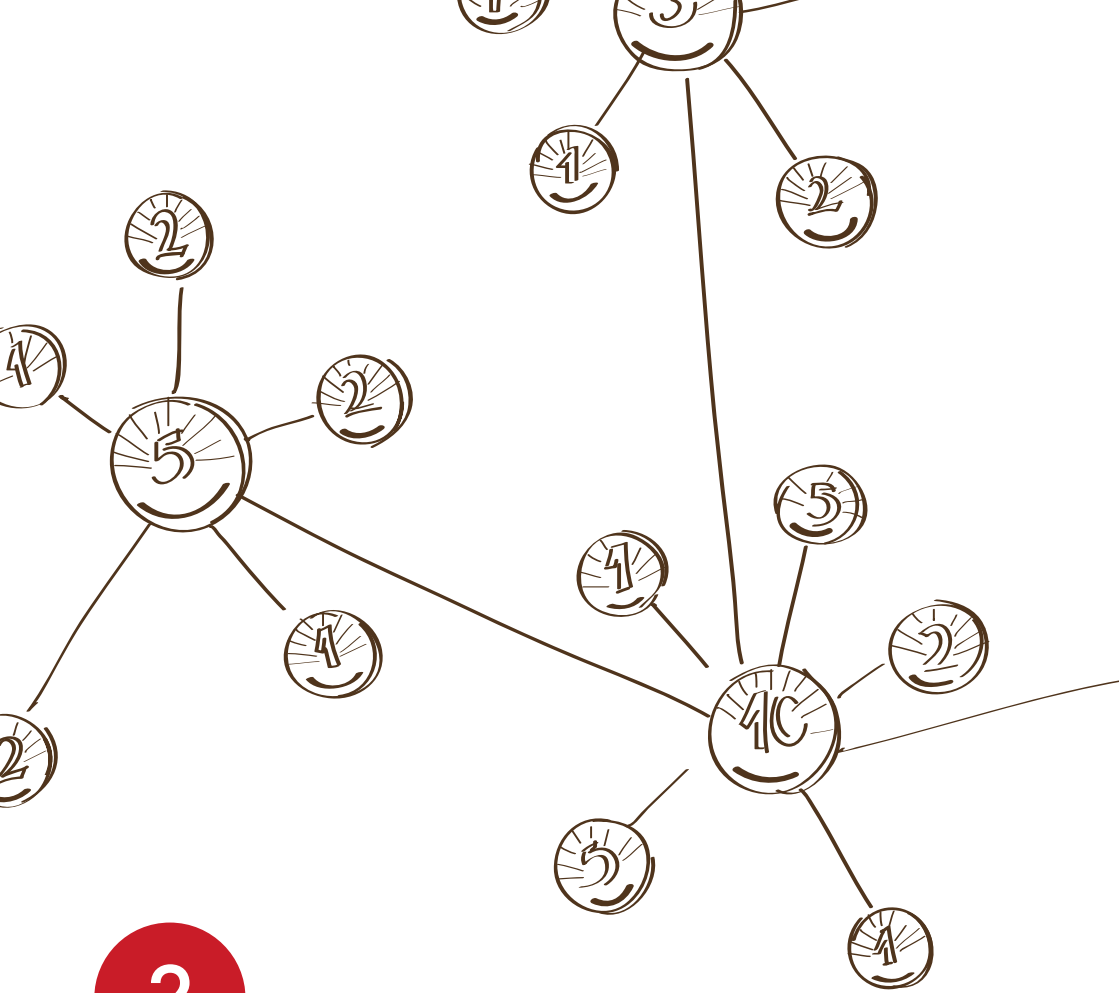
Within the framework of the current Programme Chapter, **54%** of the anticipated activities have either been completed or their implementation has commenced. The inception of **33,3%** of the activities has been postponed, while **14%** of the activities have been removed from the Action Plan due to the matter being covered by another law.

### PROGRESS ACHIEVED

- The relations amongst communal services have been systemically regulated.
- A procedure for the legalisation of unregulated/informal buildings has been finalised, thereby facilitating more efficient implementation of procedures for establishing the legal status of unregulated/informal buildings.
- A simplified and shortened procedure has been established for the legalisation of agricultural buildings constructed on agricultural land, without payment of communal duties, thus enabling the legalisation of glasshouses, auxiliary facilities, and facilities for the primary processing of farming products which had been unregulated and constructed on agricultural land prior to February 2011.
- Smoother entry of private equity into the construction process of infrastructure facilities has been established (new laws on concessions and public-private partnership).
- Greater mobility has been facilitated for those employees of local self-government units with the status of civil servants and public servants.
- General and specific measures have been introduced for the enforcement of the principle of equal opportunities for women and men at local level.
- The procedure and mode of organising the collection of waste equipment on municipal territory was established.

## MAJOR CHALLENGES

- Imprecise and unclear provisions in the Law on Sport cause inequitable access for citizens to services for the development of public sport.
- There is a need to introduce new indicators and instruments for monitoring the development of sport.
- Indistinct provisions relating to the powers of municipalities in the areas of road traffic safety and public order and peace.
- Imprecise and ambiguous provisions in the Law on Cemeteries and Funeral Services in the part dealing with the issue of village cemeteries.
- The penalty provisions in the Law on Communal Hygiene have not been harmonised with the provisions in the Law on Public Hygiene in terms of enforcement of identical fines for offences committed in connection with waste management.
- There is a conflict between the laws covering the protection of cultural heritage and the laws on physical and urban planning, causing problems to municipalities in the implementation of detailed urban plans.
- Imprecise provisions on the powers of municipalities in the area of social care and municipal administration relations with Centres for Social Work.
- Over-complex legislation in the sphere of environment protection.
- Indistinct provisions regarding the liability of municipalities for damage incurred as a result of natural catastrophes.



## 2

# FISCAL DECENTRALISATION



Within the framework of the current Programme Chapter, **all** anticipated activities have either been completed or their implementation has started.

## PROGRESS ACHIEVED

- Total yields of local revenue increased by approximately 12% compared to the year 2011.<sup>25</sup>
- The share of municipal revenues in GDP increased by nearly 1% compared to the share in the year 2011 (2012: 6.36%; 2011: 5.78%).<sup>26</sup>
- At municipal level, increased revenue yields were generated in 70 municipalities (85%) compared to the level reached in 2011.
- The share of revenue yields in the primary budget of municipalities increased by over 15% compared to year 2011.
- Grants rose by 9.4% rise as a result of the entry of five municipalities into the second phase of fiscal decentralisation<sup>27</sup> and the funding of transferred powers by block grants.
- The percentage of revenues generated from Value Added Tax increased from 3.7% in 2011 to 4% in 2012.
- The share of donations in total revenue yields increased by about 1%, owing to the strengthened capacity of municipalities for project preparation, which contributed to an almost twofold increase in donations in comparison with the year 2011.
- Loans rose by 13 %, while the scope of their share in the total revenue yields of municipalities was retained at the same level.

25 This is also a result, inter alia, of the increased proportion for the allocation of revenues from sales of construction land (20:80% to the municipalities' benefit), revenues generated from concessions for raw minerals (22:78 % to municipalities' benefit), and the introduction of a supplementary revenue yield from the production and environmental fee for fossil fuel energy – environmental in the year 2012.

26 In 2005, when the fiscal decentralisation process was launched, the share of municipalities' revenue yields in the GDP was 1.89 %.

27 As for block grants, the ones for primary education have the biggest share - 61.4 %, then follows secondary education with 28.6 %, kindergartens with 8.1 %, and the remaining 2 % are appropriated to culture and elderly care homes.

- Tax yields increased by more than 23% compared to the year 2011, owing to increased collection of property taxes, communal taxes and fees administrated and collected by the municipality.<sup>28</sup>
- Revenue yields from property taxes rose by over 6% compared to the year 2011.
- The share of property taxes in the total structure of tax yields increased to 33.3 % , compared with a share of 31.8 % in 2011.<sup>29</sup>
- The collection of taxes and fees for specific services was improved,<sup>30</sup> which is evident in the 62.78 % share of these revenues in the total tax yields.
- Expenditures increased by 12 per cent compared to the year 2011. At municipal level, higher expenditures were incurred in 67 municipalities (79 %) compared to 2011.
- Greater satisfaction was expressed by the surveyed municipalities owing to an increased inflow of funds from concessions for raw minerals, waters, and electricity production, as well as a higher percentage of Value Added Tax collected, which is transferred to municipalities as a general grant.
- Municipalities showed satisfaction with the transparency of the methodologies for grants allocation, which allows them to specify the grant amounts for their municipalities.

## MAJOR CHALLENGES

- The need for financing cultural activities in municipalities without cultural institutions.
- The need to align the amount of block grants for primary and secondary education with the rise in living costs and the

<sup>28</sup> This indicates the increased autonomy of municipalities in the administration and collection of their own revenues, which is in accordance with the provisions of Article 9 of the European Charter on Local Self-Government.

<sup>29</sup> The current positive trend is a result of municipalities' reinforced efforts for administration, better record-keeping of tax payers, and re-appraisal of property value during property tax collection.

<sup>30</sup> The current revenues are predominantly generated from communal taxes and fees collected for the management of construction land.

projected inflation rate, and with the funds planned for that purpose.

- The need to settle the issue of the alleged old (inherited) debts of some municipalities.
- The need to plan municipal solvency dependent on the timeframe of grant transfer yielded from VAT, aimed at the timely settlement of accounts payable.
- Regular and full deposit of communal tax on street lighting by EVN.
- The need to overcome the issue of frozen/blocked accounts in some municipalities in order to enable the unhindered performance of their primary functions.
- The need to grant interest-free loans from the national budget in case of financial difficulties encountered by municipalities and in harmony with the funds anticipated for that purpose.
- The need for the provision of data on the underground and aboveground infrastructure of private operators on the municipality territory so as to increase tax yields from property taxes.<sup>31</sup>
- The need to plan capital investments in a way commensurate with municipalities' needs and priorities.
- The need to obtain funding for the efficient execution of the competencies transferred to municipalities, requiring costly equipment or construction of infrastructural facilities (collection, transport and treatment of communal solid and technological refuse, wastewater treatment and local passenger transport, potable water supply, natural gas and heating energy supply, and local roads construction).
- The need to generate mechanisms for satisfactory vertical coordination between the national budget and local authorities' budgets, for the sake of achieving national priorities and avoiding incurring additional administrative burdens.

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<sup>31</sup> The infrastructure of mobile telecommunication providers, gas, electrical, central heating installation, etc.

- The need for municipalities to avail themselves of the legal possibility of increasing the minimum rate during the calculation of property taxes in order to heighten the amount of municipal revenue yields.<sup>32</sup>
- The need for the creation of methodologies for the allocation of the funding received from education block grants within the framework of the municipality.
- The need for increased use of the opportunity for the conclusion of public-private partnerships for public service delivery at local level.<sup>33</sup>

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32 The property tax rates are proportional, ranging from 0.10 % to 0.20 %. The property tax rates for agricultural land that is not used for agricultural production may increase from three to five times the prescribed rates.

33 Most of the public-private partnership agreements concluded relate to public lighting and energy efficiency, while fewer agreements refer to zone-parking and the construction of an administrative-business facility.



3

## BETTER DELIVERY OF LOCAL SERVICES





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Within the framework of the current Programme Chapter, **56%** of the anticipated activities have either been completed or their implementation has commenced. The launch of **26,0%** of the activities has been postponed. **9%** of the activities have been removed from the Action Plan due to activity overlapping with another project, while for **9%** of the activities the authorised institution is still to be identified.

### PROGRESS ACHIEVED

- Councils dealing with decision-making related to local services delivery are now operating smoothly in all surveyed municipalities.
- Council cooperation with the mayor and the municipal administration is now unobstructed in all of the surveyed municipalities.
- Proper and satisfactory cooperation is now evident between mayors and administrations of the City of Skopje and the municipalities in the City of Skopje.
- A low number of cases have been recorded in which the mayor deems that a certain regulation of the council is not in compliance with the constitution and the laws.
- In the majority of surveyed municipalities, an adequate number of standing or interim council committees have been established as legal mechanisms for the desk review of issues and the defining of proposals to be referred to the council in connection with service delivery.<sup>34</sup>

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<sup>34</sup> Most commonly, committees are formed for issues connected with urbanism, financing and budget, gender equality, communal affairs, environment protection, sport, education, culture and local development.

- Inter-municipal cooperation has been established among 85 per cent of the municipalities.<sup>35</sup>
- Procedures have been launched for the establishment of regional waste management bodies, in accordance with legal obligations.<sup>36</sup>
- Procedures have been initiated for the establishment of councils for river basin/watershed area management.
- Forms of cooperation with municipalities from foreign countries have been established in 75% of the surveyed municipalities.
- The process of devolving powers in the sphere of education (the normative-legal, institutional and human resources aspects) have been finalized, which facilitates the unhindered execution of these activities by municipalities.
- A substantial number of new school buildings have been constructed, through the Ministry of Education.
- Measures for reducing poverty have been taken in 89% of the surveyed municipalities.<sup>37</sup>
- Measures for educational support have been adopted in 60% of the surveyed municipalities.<sup>38</sup>
- Service centres offering support, guidelines and advice to citizens have been established in 60% of the surveyed municipalities.

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35 Most of the established forms of inter-municipal cooperation are in the domains of environment, tax management and urban planning; less so in the areas of local economic growth planning, internal audit and inspections, and in three cases in the field of social care and child protection.

36 The procedure has been initiated, but there has been different progress in each of the individual regions.

37 Measures for further strengthening employment measures, measures for direct material aid to socially vulnerable groups, the opening of public kitchens, the granting of one-off monetary assistance and scholarships to socially vulnerable individuals, and organising other humanitarian activities for that purpose.

38 Awarding scholarships to talented students, organising municipal competitions for certain curricula, organising workshops with educational components, forming a youth council, organising a variety of youth forums, etc.

## MAJOR CHALLENGES

- In the majority of the surveyed municipalities, severe difficulties are experienced by municipality authorities in the areas of social care, healthcare, and environment and nature protection.
- The majority of the surveyed municipalities are not carrying out their competencies for supplying natural gas and heating energy and chimney-cleaning.
- Half of the surveyed municipalities are not carrying out their competencies for the channelling and treatment of atmospheric waters, the upkeep of graves, cemeteries and crematoria and the delivery of funeral services, local transport for passengers, the regulation of road traffic regimes, the erection and maintenance of street traffic signalisation, the disposal of derelict vehicles from public areas, and the construction and upkeep of public parking places.
- Opportunities for pooling financial resources for the more efficient and more cost-effective practice of municipalities' powers are not sufficiently exploited.
- Opportunities for the establishment of common public utilities by municipalities are not sufficiently exploited.
- Opportunities for the conclusion of public-private partnership agreements for the purpose of delivering inclusive and more efficient public services by municipalities are not sufficiently exploited.
- More radical structural reforms of public utilities are required, targeted at providing cheaper communal services of better quality that are accessible to all citizens and organised in a manner ensuring a high level of consumer and customer rights.
- There is an insufficient number of public kindergartens, resulting in a limited acceptance of children and incapacity to meet all applications for child care.
- There is an inadequate number of institutions for the accommodation of the elderly and people with disabilities.

- An insufficient number of municipalities have constituted local development councils.<sup>39</sup>
- Only a minor number of municipalities have taken over civic universities as institutions offering education to adults at local level.
- Only a small number of municipalities / planning regions have endorsed the creation of sustainable industries and services to boost the development of smart towns and planning regions.
- Insufficient research has been conducted by municipalities into the comparative advantages of municipalities and/or planning regions.
- An insufficient number of municipalities / planning regions have established local networks of institutions and agencies, or specific clusters, beneficial for local and regional economic growth.
- Only a small number of partnerships have been established between municipalities / planning regions with institutions of higher education and the business community, aimed at devising the concept of smart towns and planning regions.
- There is insufficient awareness of the significance and role of innovations in the creation of new, innovative modes of providing/delivering local services.
- Inadequate support has been provided by municipalities for the unhindered operation of technological and industrial development zones.
- The procedures for obtaining consent from central authorities<sup>40</sup> for the adoption of urban plans are over-long and complex.
- There is an insufficient number of employed experts and organisational units specialised in environment protection.

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<sup>39</sup> The councils must consist of representatives of the private sector, local authorities, academia, and the agencies for support of small and medium-size enterprises.

<sup>40</sup> Especially from the Ministry of Transport and Communications and the Ministry of Agriculture, Forestry and Water Economy.

- Municipal plans for the treatment of hazardous materials from industrial facilities on municipal territory have not been enacted.
- There is a clear need for municipalities to be more actively involved in the protection of natural resources in their respective areas (e.g. through the proclamation by municipalities of protected areas), through action plans with an emphasis on protection measures, coupled with the robust promotion of the natural beauties they possess.
- An insufficient number of municipalities have adopted measures for the encouragement of energy efficiency at local level.
- Only a small number of municipalities have adopted efficient local social care programmes (i.e. programmes including the identification of target groups, measures, activities and the implementing institutions and organisations, as well as the earmarking of necessary resources and financial assets).
- Only a small number of municipalities have enacted local strategies for reducing poverty, while few are sufficiently organised and staffed for the implementation of such strategies.
- An insubstantial number of municipalities have constituted local councils for the prevention of juvenile delinquency or started the implementation of activities for prevention.
- Only a small number of municipalities have established local housing inspectorates.
- There is an evident shortage of defectologists, psychologists and pedagogues in schools and kindergartens, and of personnel trained in the use of IT.
- Challenges exist in staffing, spatial and financial resources for implementing matters of local significance in the area of 'student accommodation in dormitories'.
- There are staffing, spatial and financial challenges in implementing matters of local relevance in the area of 'fire-fighting by municipalities'.

- There is a lack of analysis of the potential for further transferring cultural institutions from the state to the municipalities and for ensuring their sustainable functioning.
- There are opposing opinions between the City of Skopje and the municipalities within the City of Skopje as to the matter of the type and scope of competencies of the City of Skopje versus those of the municipalities within the City.
- There is no system for measuring and monitoring the progress or challenges regarding the capacities and delivery of specific public services provided by municipalities.



4

## DEVELOPING THE ADMINISTRATIVE CAPACITIES OF LSGUS



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Within the framework of the current Programme Chapter, **86%** of the foreseen activities have either been completed or their implementation has commenced, while the inception of **14,0%** of the activities has been adjourned.

### PROGRESS ACHIEVED

- Programmes for training the administration have been adopted and funding for their implementation has been allocated in 90% of the municipalities.
- Training courses have been organised by line ministries for councillors on the following topics: gender parity, equal opportunities and non-discrimination, human trafficking prevention, inter-community relations, the inclusion of minority ethnic communities in decision-making processes at local level, and the empowering of women leaders in local politics.
- Training courses have been organised by line ministries for municipal administration employees on the following topics: financial management and control, internal audit, fiscal transfers, the fiscal performance of local self-government, the allocation of capital grants, the preparation of a municipal budget, the management of unconstructed state land, the legitimacy of municipality regulations, the enforcement of the Law on Public Procurements, protection from noise emissions, air quality, etc.
- Training courses have been organised by ZELS for 1,393 municipal administration employees and elected persons.
- The ZELS training centre has been customised for the organisation of training courses in full technical and spatial capacity.



## MAJOR CHALLENGES

- There is a clear lack of professional staffing, particularly in rural municipalities.
- There is apparent over-employment in some of the 'richer' municipalities.
- There is a deficiency of appropriate professional staff for issuing B-integrated environmental permits in many of the smaller and rural municipalities.
- There is insufficient capacity on the part of the local public administration and elected persons as regards the following:
  - The implementation of efficient policies for supporting industrial and innovative clusters;
  - The support of entrepreneurship, competitiveness and innovation;
  - The employment of the perceived 'technological pull' principle, whereby municipality employees identify citizens' needs and, consequently, propose ways of satisfying these needs.
- There is a need for training the municipality administration, especially in the following areas:
  - financial management;
  - generating urban planning documentation in rural areas;
  - electronic issuance of building permits;
  - preparation of planning documentation on waste management;
  - preparation of studies on environment protection;
  - education on cultural heritage conservation;

- access to funding from the European Funds and implementation of EU-funded projects;
  - encouragement and development of rural tourism;
  - prevention and protection of the population;
  - social care for specific categories of people;
  - social inclusion of vulnerable groups;
  - enforcement of the Law on Waters.
- > There is a need for the establishment of an integrated institutional framework for capacity building of local self-government units.



5

**LOCAL DEMOCRATIC PRACTICE AND  
CITIZENS' PARTICIPATION IN LOCAL  
DECISION-MAKING**



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Within the framework of the current Programme Chapter, **67%** of the envisaged activities have either been completed or their implementation has begun, while the inception of **33,0%** of the activities has been adjourned.

## PROGRESS ACHIEVED

- Increased citizens' interest in the diverse aspects of local self-government units' operation, especially in the decisions reached by councils.
- A larger number of civic initiatives have been lodged, by means of which citizens propose the adoption of a specific act or solution to a specific issue falling within the council's remit.<sup>41</sup>
- The legal obligation for councils to hold sessions open to the public has been met by all of the surveyed municipalities.<sup>42</sup>
- Mechanisms have been developed by the majority of the surveyed municipalities for meeting the legal requirement for informing the citizens (through websites, the local media, the municipality bulletin board, etc).
- Certain types of institutional mechanisms have been developed for prior consultation with citizens during the decision-making processes at the local level (surveys, questionnaires, public debates etc.), in over 50 % of the surveyed municipalities.
- The majority of the surveyed municipalities have organized citizens' gatherings to include urban and local communities in decision-making processes at local level.

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41 The most common matters for which citizens' initiatives have been filed are in the areas of urban planning, street lighting, the construction of local roads and pavements, local transport, and community self-government.

42 The most common modes are as follows: notification of the scheduled council's session on the municipality's website, with information on the agenda; via local TV and radio stations, print media, an official newsletter; citizens' attendance at the session, and submission of session materials to non-governmental organisations and public media.

## MAJOR CHALLENGES

- There is insufficient use of mechanisms for enabling direct public participation in decision-making process on issues of local significance.<sup>43</sup>
- There is an insufficient level of application of the 'local referendum' measure for direct decision-making on issues lying within the municipality competence (in the period since 2002, a local referendum has been announced only three times).
- There is an inadequate functional relationship between the councils and the two counselling bodies they are obliged to constitute, as follows:
  - Committees for Inter-Community Relations (formed in all municipalities obliged to establish them), and
  - Consumers' Council (formed only in half of the municipalities)<sup>44</sup>
- Local action groups aimed at bolstering community-driven local economic growth and based on experiences from LEADER access have not yet been established.
- The fostering of community-driven local economic growth has been insufficient because local action groups, based on the experiences from the LEADER access, have not yet been established.
- An insufficient number of municipalities have established committees for equal opportunities at local level.
- Defined procedures do not exist for the introduction of the 'participatory budgeting' at local level to ensure greater (direct) public participation in proposal-making and 'negotiation' on the allocation of public funds and to gather information about the spending of public funds at local level.

43 Notwithstanding the noted improvements, citizens' participation in public life at local level cannot be assessed as satisfactory. In this context, the enforcement of provisions on direct democracy - by direct citizens' involvement in the decision-making process on issues of local relevance via a civic initiative, citizens' gatherings and referendums - will have to be regulated by pertinent legislative and other measures.

44 There is no information demonstrating that these bodies have initiated more sustainable programme and project activities, coupled by requests for budget allocation of funds, which are decided upon by the councils, which for their part concurrently deal with ad hoc issues.





