How to Improve Development on Local Level

Handbook with Best Practice Examples from South-East Europe

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Foreword

How to Improve Development at Local Level

A Handbook with Best Practice Examples from
South-East Europe

In the context of the Stability Pact for South-East Europe and in co-operation with the national institutions, the Friedrich Ebert Stiftung (FES) initiated in spring 2001 a regional project "Local Self-Government and Decentralization in South-East Europe", focusing on the situation and the reforms of self-government and decentralization in the countries of the region. The project covers Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Romania, Serbia and Montenegro, and Slovenia. In all these countries some reforms of local governments have been implemented or respective reform pro-grammes are under discussion. The countries of the region started the transition process under similar conditions and consequently the intended reforms during the implementation process led to similar problems and common interests in this field. Therefore, the exchange of experiences and the dialogue on the different reform approaches must be seen as instrumental to that end, which may help to launch successful strategies and to avoid unnecessary failures.

Against this background, the project's goal is to encourage the public debate with policy makers, researchers, and experts at the national and the local level. The final target group of the project, however, are practitioners at the local level who initiate or organize the imple-mentation of reform programmes in the local context. In order to attain this objective, the project was developed in two venues: on the one hand, the regional workshops with experts from the concerned countries and the publication of the results for their utilization in national workshops at the local level, and the production of a handbook with best practice examples on the other.

Since the start of this project in 2001, ten workshops with a regional expert group have taken place focusing on various topics of local self-government. The results of the workshops have been documented in publications and distributed to community administrations and associations, research institutions and individuals, who are in charge of community affairs. The publications in the English language are listed

below. However, the ultimate goal of the project is to make those results available to practitioners at the local level, so it was necessary to translate the English publications into the national languages of the region for distribution. The translated publications have been then used as resource materials in local workshops.

In addition to these activities and in order to refer even more to the experiences of successful initiatives at the local level, the project's participants came up with the idea to produce a handbook offering a collection of best practice examples, making the regional expertise and examples available, as they might be more understandable to potential readers than the models and approaches from western countries. The handbook is meant as a tool and a source of ideas and inspiration for practitioners, administrators, city and town mayors and other people dealing with the issues of decentralization and local development at the local level. For this purpose the handbook provides a general overview of topics which are important for local development by canvassing the situation in the region, and presents some useful strategies for dealing with issues by means of case studies. It is supposed to be an instrument to generate ideas for eventual problem solutions for the practitioners who find themselves in the situations similar to the ones described in the case studies. Therefore, the handbook is not written as a book for experts; in its language and the style it is intended for a wider readership.

The handbook offers a comprehensive account of the major problems of local development divided into the following eight topics: Economic Development, Municipality Management, Financing and Public Services, Community Development, Citizens Participation, Local Minority Programmes, Forms of Co-operation, and Environmental Protection. These eight chapters revolve around the main theme: local development in the context of local self-government and decentralized structures. The chapters are written as an introduction to the problems in different areas of local development and as accounts of case studies providing possible problem solutions.

The contributions to this handbook come from an international team of authors from the region and are based on the experiences and case studies of their home countries. However, a number of case studies was collected and provided by other persons who work in the field of local development. On behalf of Friedrich Ebert Stiftung I would like to thank all the contributors, in particular the Urban Institute in Zagreb for their

assistance in providing the case studies, and to Professor Nenad Zakošek and Ana Briški for the editing.

<div align="right">Zagreb, November 2004</div>

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Jakša Puljiz

Economic Development

Local actors and economic development

The context for local economic development in central and eastern Europe has been substantially changed over the last 15 years. Since the beginning of the transition process, central governments have considerably reduced their responsibility for the local development. Local units have found themselves in a very precarious position. The long tradition of relying on central government, the priority given to employment promotion through the development of big industries, the lack of civil society organizations, the mistrust in "planning" and development plans are just some examples of the conditions in which local units entered into the new system at the beginning of the nineties. A new development process with a much greater emphasis on the regional and local actors is now under way. Some communities have relatively quickly took advantage of the new opportunities with considerable success, but for some communities the heavy burden of the past is disappearing very slowly, resulting in the increasing regional and local disparities. Experience shows that the sooner the local actors realize that the new opportunities and forms of development have to be considered and supported, the sooner and the better development outcomes will be achieved.

But how powerful local actors really are in influencing local economic development? The answer may depend on the circumstances, specific for each local unit. There are examples where local actors were the key factor, directly "responsible" for the local development success. On the other hand, local development patterns are sometimes strongly influenced by the factors which are not controlled by the local actors, like the location of their local units or the vicinity of big local industrial facilities providing employment for the majority of their local labour force. Nevertheless, this does not mean that local actors are not able to respond to such challenges. On the contrary, to every local unit a range of options is available concerning the maximisation of the positive effects of external factors or the minimisation of their negative effects. The difference between local units lies in the actual range and the possible impact of these opportunities and in a local unit's success in exploiting them.

To conclude: local actors do matter and they can significantly contribute to the local development success. In the following paragraphs, some concrete advice and examples are given. Particular emphasis is put on the role of local government as the key local actor.

Who is/can be local actor?

Local government: municipality or town administration
Local authorities are central for local economic development. Local governments address a wide range of economic development needs. Besides providing physical and other infrastructure they may also facilitate business development, make their local units attractive to businesses, streamline financing for businesses and real estate, provide tax incentives to support business expansion, education and training, etc. Local governments also control a wide variety of regulatory steps for businesses such as registration, licencing, permits, etc. Moreover, they can identify and provide the leadership necessary to organize and build coalitions and partnerships.

Community based organizations
Organized civil societies are often identified as important forces of local democratisation and empowerment. Participation of citizens and citizens' organizations in public policy debates, or in delivering public services and contributing to the management of public goods, is a critical factor in making development policy and action responsive to the needs of locals. Such organizations include unions, community groups, professional guilds, political parties, informal networks, youth organizations, etc.

Local businesses and their associations
Clearly local businesses represent the main axis of local economic development. Therefore, the attitudes of local businesses have to be notified and taken into account. Whether the businesses are organized formally or informally, they can represent a valuable partner in the preparation and implementation of the local development strategy.

Supporting businesses:
central for local development strategy

Supporting business development is a major component of local economic development. Increased activity of local businesses may have extremely positive effects on a population's living standard, mostly by contributing to an increase in local employment and personal incomes. It is also likely that an increase in local fiscal resources will

follow, which can be than used for new investments into the infrastructure and other development projects.

What can local governments do to support local businesses?
Support for local businesses can take various forms, ranging from advice to providing necessary resources for their growth (financial resources or land sites, for example). Some of the possible actions include:

- Maintaining regular contacts with local businesses
  For example, through meetings with corporate representatives, local administrations can get a much better insight into the problems and needs of local firms. They can also get a better picture of how businesses are performing, which local business leaders have the highest growth potential, etc. Also, these contacts can be used for dissemination of information on various initiatives which may have impact on local businesses, such as some new central government initiatives for business promotion, new environmental regulations, new local physical plan, etc.

- Provision and improvement of construction sites and business premises
  Since local authorities are often the owners of commercial land and buildings, they can use these to encourage business investment and growth. Sometimes the investments into the physical infrastructure are a good way to increase the value and attractiveness of the land and the premises (see the case of Dugopolje). The option of partnership with the private sector should always be considered, as financing these investments can be taxing. In some cases, there can be unused premises which require some renovation, e.g. disused industrial facilities, warehouses, etc. A programme for refitting such buildings would increase the value of the site and attract new investors or encourage the existing ones to expand. The price or the rent of the land and premises are also a powerful tool for encouraging new businesses or for attracting businesses from other locations.

- Helping businesses in obtaining permits and licences
  The amount of permits and licences that businesses need to obtain, and the time it takes to obtain them can be a decisive factor in attracting businesses. This process may be very expensive and time consuming so local authorities should seek ways to make it as smooth as possible to attract investment. For example, by taking part in the process of obtaining permits (as in the case of Dugopolje) or by

reducing the complexity of procedures under their authority or by co-financing the costs of obtaining necessary permits and licences.

- Advice and support on financial issues
Relaxing access to capital is considered as a valuable support for the businesses. Establishing permanent financial support (a bank or a fund) is a good way, but not an easy one, due to its complexity and costs. Another type of support could be establishing a small loan or grant programmes for investments. These programmes can be very successful if the selection criteria are fair and in line with local development goals. Sometimes these kinds of programmes already exist at the regional or national level, so local administrations should provide info for the businesses on these schemes.

- Technical assistance
A local entrepreneurship centre or agency is usually tasked with this and provides a variety of specialized training programmes e.g. in marketing or quality standards. In case such an institution is not available locally, the local administration can be a mediator for such external institutions and provide necessary contacts with the local businesses.

- Attracting external investments
Investments into hard and soft infrastructure are usually good ways to increase the attractiveness of the location and attract investments. Also, various incentives, such as local tax reliefs can contribute. Programmes for attracting investment (perhaps in co-operation with an agency or other organization with the relevant experience) can provide a wider framework for the actions taken by local actors, thus increasing the local understanding of investment needs and what the community can offer investors.

- Supporting formal and informal business networks
Business networks can improve the relationships between the existing businesses and can also generate ideas for new businesses. Local governments can support the establishment of local networks (for example, by providing their premises) or encourage local businesses to join other, already existing networks.

- Raising entrepreneurship awareness
Local authorities can contribute to the promotion of entrepreneurship culture by taking some practical and relatively inexpensive steps, e.g. creating public award schemes for successful entrepreneurship. There may be awards for specific subcategories such as the most successful businesses run by young or female entrepreneurs or for

the export-oriented businesses. Also, business idea competitions can create interest and develop skills at the same time among younger populations. Local authorities can also raise awareness by publicizing local success stories in the media and by promoting sponsorship and other relations between businesses and local educational institutions.

Investments in hard infrastructure

Investments in hard infrastructure involve investments in improving physical infrastructure. Such investments make local units more attractive for businesses, they raise the value of the land and improve the overall life quality. Some types of investments are:

- developing, improving and expanding business zones and premises
- building or improving main roads
- improving railway transport of passengers and goods
- developing, improving and expending local ports
- improving local sewage disposal system
- improving telecommunication systems
- improving power and water supply systems
- environmental projects.

These investments involve significant costs and usually include national or regional actors. Local actors should prioritize them according to the local needs and seek ways to "bring" investment into their local units as soon as possible. Active support might include various preparatory actions, like the elaboration of necessary planning documents, obtaining required permits and licences, or initial construction work which can be financed by local units.

- Launch local media campaigns in support of local businesses
  Actions which promote buying locally produced goods are usually a good way to support local businesses. Increasing familiarity with and awareness of local products boosts the consumption of local products (of course, if their price is competitive and the product

quality at a par to the quality of similar imported products) and consequently generates local employment.

Investments in soft infrastructure

Investments into soft infrastructure are aimed at improving the environment for businesses. Possible types of investments include:

- Skill training

In order to reduce the mismatch between the employers' needs and the available skills of the workforce, various forms of skill training should be undertaken. A municipality could, for example, participate in co-financing of such programmes. If possible, such programmes should be linked to educational programmes in schools.

- Support business-oriented education

For example, by introducing various programmes into local education system aimed at improving the entrepreneurship culture.

- Provide business advisory services
- Provide an easier access to finance

This does not necessarily involve funding itself, but it could also include the provision of information about available financial schemes

- Support the development of business organizations

Business organizations are today a widespread form of institutional support to businesses. They promote co-operation between businesses, but also between businesses and other actors, including local authorities.

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Putting economic development process in a wider local development framework

Adopting local development strategy

Good practice shows that local economic development process should be put into a wider and to a point formalized framework. Why? First, in order to get a better insight and control over it. Second, to provide an opportunity for a larger group of actors to take part in the development planning and the decision-making process. Also, it should be noted that, although economic development is crucial for the overall community welfare, it is still only one of the components of the overall local development. Other components include social issues (such as disadvantaged groups, minorities, etc.), environmental issues, demographic issues, etc. Linking economic development process to a programming document like the local development strategy is usually a good way to put all the relevant issues under one hat and to seek the best way how to maximize local well-being taking into account all the relevant development aspects. However, the elaboration and especially the implementation of local development strategies is not an easy task. Most local units in central and eastern Europe have only recently started dabbling in strategy elaboration and implementation process in line with a modern, participatory approach. This approach puts an emphasis on the collective efforts of the public (governmental), the private (business) and the non-governmental (NGOs, trade unions, etc) sectors. Therefore, some advice for successful strategy elaboration and implementation could come in handy:

- an integrated approach including economic, as well as social and environmental issues leads to development success in the long run
- include all relevant stakeholders in the strategy development process; develop a sense of local ownership of the strategy. Inclusion of key stakeholders can be secured by their participation in

the body responsible for the organization and monitoring of the strategy elaboration (e.g. development council) and/or by their involvement in various working groups

- recognize leaders in the local community who can bring commitment, credibility and ability to unite stakeholders
- strong political will has to be demonstrated by the local government to designate and implement the strategy
- initiate a range of projects - short, medium and long-term - in order to secure stakeholders confidence (with quick wins) and build partnerships
- for each project, a concept regarding involvement of relevant stakeholders has to be prepared including the agenda, the time schedule, the expected costs, etc.
- the implementation process should also become a capacity building process for all the involved parties (including the implementation teams)
- the political, financial and technical support from other levels of government can be very encouraging
- the participation raises the expectations of stakeholders and the general public about the pace of improvements of their (economic) living conditions. However, the development process is inevitably slow and unrealistic expectations can quickly turn into frustrations, even if the programme has been firmly based on a widespread consensus. Therefore, an information campaign about the rationale for the strategy and its overall impact could be a useful way to avoid this danger.

Securing financial means to implement development strategy

Financing the projects envisioned by the strategy is often a very daunting task. The most common problems are the situations when local budget is not synchronized with the priorities set in the strategy, or the local possibilities to finance priorities have been overestimated, or the reliance on external funding has been too optimistic. Linking the strategy priorities with the local budget is a precondition for a sustainable development process. Once the strategy has been elaborated and adopted by the local unit, the implementation should start as soon as possible. This is important because the immediate and visible benefits represent the best way to increase local participation and commitment in the strategy elaboration and the implementation process. This means that the financial means have to be secured from

the local budget, as this is usually the main source of funding, from the first year of the strategy elaboration. In the case of the medium-term and long-term projects, the financial frameworks have to be outlined in yearly actions and included in the annual budgets.

Partnership with external actors

Develop co-operation with other authorities at local, regional, national and international level

Co-operation with external actors can be very fruitful for local economic development (LED), but it can also take much time and effort without the expected benefits for local communities. Sometimes external support can be a key factor which will trigger off local development, especially in the case of smaller units. For example, the investments in physical infrastructure which go beyond the financial power of a local unit and therefore require support from the regional or more often, the national level. On the other hand, there have been many instances, especially when some international organizations were involved, where the outcomes were only temporary and the overall results compared with the invested resources were meaningless. Most often this was the case when the local actors lacking capacity were approached by some international organization insufficiently aware of the local circumstances.

The most general advice is: Try to have a clear vision about the possible role of external actors in the LED process. Which are the areas where you think they could contribute most? Of course, the answer to this must be based on an analysis of local strengths, weaknesses, opportunities and risks.

Develop a strategy on the role of external actors in LED.
Advice for the co-operation with other local units
- try to learn from each other
- identify the more successful local administrations and try to find out the reasons of their success
- identify joint projects which can produce synergy effects, with benefits for each involved unit. For example, waste disposal problems can sometimes be more efficiently solved in co-operation of several neighbouring municipalities.
- develop formal and/or informal ways of mutual co-operation, whether through regular meetings or by joining and actively participating in the existing networks (for example, in Croatia, such a

network exists in the form of the Association of towns and municipalities)

Advice for the co-operation with regional and national governments

In order to successfully designate and implement the local development strategy, the co-operation of the local actors with regional and national authorities can be very beneficial:

- seek ways to effectively include representatives of regional and national authorities in the local development process. This can be achieved, for example, through involvement of regional and national actors in the elaboration and implementation of the local development strategy
- regularly monitor and participate in government initiatives aimed to support local economic development, for example, by applying for various financial support schemes (see the case of Mórahalom).

Develop co-operation with national or international non-governmental organizations

External factors can play a significant role in supporting local development, especially in the case of smaller local units, which might have less possibilities (capacities but also opportunities) to enhance their economic well-being.

Non-governmental organizations most often do not have financial means to substantially support a particular municipality's needs, but they can be very supportive in a number of other areas, such as the promotion of entrepreneurship culture, the development of local business support organizations and institutions, the organization of training schemes, etc. Non-governmental organizations can also be very helpful in supporting the development of local civic society, whether through funding or by offering technical support (or by combining these two forms). The development of local civic society is another important aspect which enhances local economic development and thus local authorities and other local actors should promote co-operation with external organizations which can facilitate this process.

Best practice examples

From losers to winners: case of Dugopolje

Municipality of Dugopolje (about 3,100 inhabitants) is situated 20 km north from Split (190,000 inhabitants), a southern regional center of Croatia. The municipality of Dugopolje was established only in 1997 after several previously unsuccessful attempts of secession from the neighboring municipality of Klis. In 1997 Dugopolje was a typical Dalmatian (the region in Croatia where it is situated) municipality in the hinterland, characterized by a very weak local economy and a high unemployment and the migration of younger people to Split or other urban areas. In short, a declining area whose major advantage - its favorable geographic position (the vicinity of the regional centre and the main road Zagreb-Split) - was still unexploited. In 1997 there were only a couple of crafts operating in Dugopolje. Today there are around 90 firms or outlets in the Dugopolje business zone.

What happened in Dugopolje?
In 1997 the newly elected president of the municipality realized that the major advantages of Dugopolje, its vicinity to Split and a large mass of available land owned by the municipality, can be at best utilized by offering land sites for businesses at very favonrable conditions. At that time, Split lacked a business zone (unfortunately, it still does) and the land prices were much higher than in Dugopolje. The local administration immediately began the preparatory work on the establishment of a business zone in Dugopolje. Mr Zlatko Žavrnja, head of the municipality, arranged a meeting with the local entrepreneurs to check their opinion on the business zone. Their positive reactions confirmed that the plan was sane, so the municipality continued with its realization.

The main task was to acquire all the required permits for the necessary investments into the physical infrastructure, but also the permits for the sites in the business zone which would enable the businesses to immediately begin investing into the premises. The local administration then decided to concentrate the funds on financing the elaboration of the planning documents as this was the precondition for acquiring the permits. The planning documents were elaborated not only for the business zone but for the entire municipality. This first phase, based on the elaboration of the planning documents took a lot of

time, more than one year, but later when the first investments into sites came through, this proved to be worthwhile. After the completion of the planning phase, the next step was to let the businesses in on co-financing the physical infrastructure of the business zone (power supply, water supply, roads, etc.) and in return offer them a very low price of the land and local tax incentives. The response of the firms was very positive, and all the offered sites were sold. The spiral of local economic development was initiated. Each year more and more sites were sold, and also each year the investments into the infrastructure of the business zone expanded in scope and quality. Due to the influx of new businesses, the local unemployment figure was significantly reduced. At the same time, the municipal budget revenues soared, much faster than the expenses for the investments into the business zone. These new, available resources were invested into the construction sites for private houses, the modernization of the school and the kindergarten, the local cultural and sport organizations, etc. Today, the municipality of Dugopolje has an extremely well-equipped kindergarten and elementary school, and very soon the construction of a sport gym is to be completed. Also, the municipality is financing foreign languages courses for the pupils, rewarding the best pupils with free trips, granting scholarships to the best pupils and students, and doing everything it takes to raise the quality of the educational system and the overall quality of life in Dugopolje.

Why success in Dugopolje?
The answer to this question is even more interesting, since the neighbouring municipality of Dicmo established its business zone a couple of years before Dugopolje, but with much less success than Dugopolje. It seems that the businesses opted for the Dugopolje business zone when they realized that their investments there can much sooner become operational than in the case of Dicmo, where the local administration was too slow in the planning stage and in providing the permits. The main advantage of the Dugopolje business zone are the permits for constructing the facilities, which are ready and waiting for every potential investor. In other business zones, the sites would be sold to the investors who would then themselves have to acquire the necessary permits for the construction of their premises. This process can be very frustrating for the entrepreneurs due to the bureaucratic nature of the government and other bodies responsible for issuing permits. It takes a lot of time, and of course, money. The cheap land was

the additional reason which attracted the attention of investors. businesses. Still, that was no particular advantage of Dugopolje, as other municipalities offered similar conditions.

The turning-point were those first businesses in Dugopolje and their very positive experience. The partnership between the local administration and the entrepreneurs was not a usual occurrence in Croatia. The development of partnership with the businesses was given priority by the local administration not only before but also after the completion of the business zone, e.g. by including the businesses into various sponsorship schemes for the local organizations or events. Very soon the news about the highly efficient Dugopolje administration and their business zone spread and more enterprises wanted to invest in the zone. Of course, one must not forget the influence of other factors such as the convenient geographical position of Dugopolje and very good road connections with Split. They can be thought of as opportunities which the local administration cleverly and systematically exploited.

What about the local administration and its role?
Obviously, the local administration has played a major role in all this. The biggest "culprit" is the president of the municipality, Zlatko Žavrnja, who organized the local administration in 1997 and who has been behind every major move ever since. Mr Žavrnja belongs to the rare group of highly educated municipality leaders with some experience in local economic development issues (he previously worked in the administration of the nearby city of Solin). He knew how much time entrepreneurs lose in obtaining permits. His idea was to offer the sites for businesses together with all the necessary permits and licences, to minimize the time necessary for the realization of an investment into the business zone. Since the beginning, Mr Žavrnja has enjoyed strong political support for his work and the support increased as the results of his work became more and more visible. He had free hands in selecting his associates and he relied on young, educated people. At the beginning there were only 3 employees in the local administration and today there are 6 employees which is still very modest having in mind that the local budget has increased tenfold since 1997. The cost of the local government employees today amounts to about 4% of the local budget which is far less than in other Croatian municipalities of similar size. Last, but not the least, Mr Žavrnja was reelected in 2001.

The case of Mórahalom

Mórahalom, a settlement of 5,800 inhabitants in South-Eastern Hungary, 20 km from Szeged, the capital of Csongrád County, became a city in 1989. At that time, the soft and hard infrastructure of the settlement lacked many objects: there was no school, no police, no medical services were available, not to mention telecommunication facilities. Today, however, the city has an elementary school (developed in 1996 in a new building with up-to-date information technology) and a music school, a wide range of medical services, a cultural centre, it is 100% supplied with public utilities, 70% of the roads have solid road surface. Mórahalom has become a centre of the Homokhát microregion with e-services and a lively agricultural area.

In 1993, one year before the issue was brought to the Hungarian Parliament, the Mórahalom Municipality established a local economic development department in order to ensure a better coordination of information and input of material supply for the local population, most of which depends on agricultural production, since the co-operation of the individual growers was lost after the agricultural cooperative had been privatised. Additionally, at this time the bigger ventures, mostly seated in Szeged, had gone bankrupt and only small local enterprises were operating in Mórahalom, and so the local government realized the need to open new prospects for employment and occupation for the inhabitants.

In 1994, the Hungarian Parliament passed a decree on local tax incomes, including, among others, the local business tax, and set the admissible amount at 0,8 percent. At that time, Mórahalom was not able to make use of this opportunity, since there were no major enterprises that could have paid a considerable amount of taxes to the local government. Consequently, the department decided to support the firms that would soon recover the municipality's outlay. Thus, the municipality started to apply for all relevant types of funding, and at the same time, it started to support the local NGOs, mainly local foundations. The sources that were gained were not considerable, but nonetheless, two new occupational centres for the disabled were soon opened, and since the municipal institutions could also apply, other developments, such as a club for the elderly was opened. The local infrastructure was developed, roads and bicycle paths were built, the public lighting was

renewed, and the rubbish-shoot was put in order. The municipality formed enterprises to better carry out its duties and established the co-operation with the surrounding municipalities. In mid-nineties, the municipality bought the former military barracks and, as an infra-structural investment, made its own enterprise construct a gas pipe to this outskirt. Nowadays there are flats, an occupational centre, and the club for the elderly in the building of the renovated old school. This investment induced more investments, since the enterprise had to develop its machine stock. The enterprise, originally established with 1 million forints and 8 people, currently has a 45-million-forint capital and employs 60-70 people.

One of the biggest investments in the settlement was the foundation of the Agro-Industrial Park in 1997. The cost of 146 million forints was 50% sponsored by central government funds and 30 million forints were provided by the county. The park is fully supplied with public utilities, has a so-called 'incubator' house and an 'incubator' hall, offering low rent for the enterprises. The most prominent enterprise of Mórahalom, Mórakert, also has its seat in the industrial park, renting offices in the incubator house. Additionally, Mórakert has built its own plant for vegetable and fruit buy-up and packaging on a rented plot in the industrial park. This company is the 'successor' of the local municipality economic development department. After 1994, the local entrepreneurs found out that their own foundation would enable them to deal more successfully with the issues of purchasing. However, after one year this arrangement turned out to be insufficient; therefore, they established a co-operative, Mórakert. The co-operative's tasks are arranging the buy-up, the handling of the products (weighing and packaging), the storage, and finally, the distribution. All members pay an entrance fee and further investment fees. The municipality was one of the 52 founding members of Mórakert; today, it is one of its 258 members. In wintertime, the company organizes training for the members about the treatment of different vegetables and fruits, economic issues, and monitoring. The companies in the industrial park receive tax allowances and all administrative issues are arranged by the municipality. At present, there are 12 enterprises in the park, three of which work closely together - Mórakert, Herena, which produces the packaging materials for Mórakert, and Móraprizma, which also prepares products for Mórakert. The firms employ a total of 200 people.

The second pillar of the local economic development is the thermal spa with medicinal waters, that attracts people from the nearby county capital. For the development of the spa, the municipality won a PHARE subsidy as well. This year, the construction of a thermal hotel was completed, the municipality was the investor.

The municipality is one of the most important actors of the local economic development. The mayor, who was recently re-elected for the third time with a landslide - 80% of the votes - is the driving force of the municipality. Since most employees of Mórahalom work in the municipally run institutions and, besides, the municipality employs a number of people with university degrees in economics, the human capital of the local government is the best in the municipality. Furthermore, the municipality is the biggest stock owner among the economic actors of Mórahalom.

Taking into account the output of the local economic development drive in Mórahalom, a 1/34 of the local tax on the average has been earmarked for the funding of projects in the past several years. The tax income of one million forints in 1994 has grown to 30 million forints; nevertheless, for further developments, such as establishing secondary education, health service development and sport investments, new sources must be found. Due to the change of central government, Mórahalom has faced some setbacks regarding the reception of higher funds from the central budget, but its central role in the region cannot be denied, as it is the standard-bearer, with its development strategy and implementation success.

István Temesi and Nóra Teller

Municipality Management in the City of Bicske - Variety of Solutions

Introduction

The success of the decentralised state depends on whether the relevant actors who receive the financial means to meet the local population's needs can competently provide the services they have been tasked with. One of these key actors are local governments. Hence the appropriate municipal management is one of the tools that ensures the process of smooth functioning. Different transitional countries - among them Hungary - have adopted diverse schemes of municipal systems, some of them allowing more freedom in adjusting to local needs, others having stricter regulation. Hungary adopted one of the most decentralized municipal systems, resulting in a wide variety of municipal management models. The aim of this chapter is to explore these ways of management and show their advantages and possible drawbacks for community life with special regard to the utility service delivery at the local level including services such as education, health service, communal services and housing management. Our main example is the town of Bicske, while some more cases will be shown as illustrations for municipal management[1]. We have chosen Bicske because its location urged the municipality to adopt some progressive changes concerning the service provision. On the other hand, the municipality has a well organised set-up, with a clear structure and can be a solid basis for comparison. We can also find some good examples of the results of the transitional process in this settlement, which can benefit other cities that have to get through the same stages of reforms.

Mandatory and optional tasks on local level

In order to understand municipal management, two different approaches are necessary: theory and practice. Our theoretical point of view is based on the legal regulation concerning the local government

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[1] These examples are provided by the National Association of Financial Officers of Municipalities.

issues including the central legislation[2], which can vary markedly from country to country; we can get familiar with the practice by exploring the local governments' decisions or the local administrations directly.

A question of primary importance concerning the management of local communal services is the framework of local governments' tasks. It is impossible to give a list of these functions without knowing the special circumstances, traditions, economic and social conditions or possibilities of a certain state, nor is it possible to evaluate municipal management without the context of the current legislative regulations.

Here are - in brief - possible responsibilities of local governments:

1. General administration
2. Education
3. Social welfare
4. Health services
5. Culture, leisure, sports
6. Public utilities
7. Transport, traffic
8. Environment, public sanitation
9. Urban development, economic development

In Hungary, local governments can act autonomously in public affairs of local interest if they fall within the scope of their functions and powers (local public affairs[3]). The rationale for this approach is that it is the local level that can best meet the population's needs and that is best capable of delivering the appropriate public services[4]. These services, however,

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[2] Legislation concerning local government that serves as the basis for this study mainly includes:
- Act No. XX. of 1949 on the Constitution of the Republic of Hungary
- Act No. LXV of 1990 on Local Self-Government
- Act No. XX. of 1991 on the Tasks and Competences of Local Governments and their Organs, Commissioners of Republic and some Organs under Central Subordination
- Sector Acts determining further responsibilities for municipalities. Each branch of public administration is regulated by the so-called Sector Acts determining among other subjects the responsibilities of different organizations. Due to their huge number, their detailed specification is outside the scope of this study.
- Local legislation i.e.decrees, are issued by the municipality of Bicske. Local governments may regulate legislative subjects on the basis of delegation or autonomously when central legislation is lacking.

[3] Local public affairs are defined by the Act itself: local public affairs are related to providing public utility services for the populat6ion, to enabling the exercise of power of local self-government and to procuring locally the organisational, personal and financial conditions for all this. A local public affair may be reassigned to fall within the competences of another organization only by law and only exceptionally.

[4] „In Hungary, the term *local public services* is connected to several types of deliverable services to the public. These services include social welfare services, education and health services, environmental protection and local development, transport and public utilities." See: Somogyi, E. and Teller, N. (2003): Public Services in Hungary, in: *Reforms of Public Services. Experiences of Municipalities and Regions in South-East Europe*, Zagreb: Friedrich Ebert Stiftung Zagreb Office, p. 45

vary according to the demand and also to the financial needs and possibilities. Therefore, the tasks are divided into two groups: the mandatory and the voluntary or optional tasks as defined by law (Act No. LXV. on Local Self-Government of 1990). Small settlements have fewer mandatory tasks, which implies that there are different resources and needs at the local level in a fragmented municipal system such as Hungary's.

Mandatory tasks for all settlements are:

1. Providing healthy drinking water
2. Kindergarten education
3. General school instruction and education
4. Basic health and welfare services
5. Public lightning
6. Maintaining local public roads and public cemeteries
7. Ensuring the rights of ethnic and national minorities.

The mandatory tasks for larger settlements are also stipulated by legislation. The laws also ensure the financial means necessary for such purposes and decide on the extent and the manner of contribution that has to be provided from the state budget[5]. For example, a number of mandatory tasks are determined by Act No. XX. of 1991, the so called "Competency Act".[6]

To meet the local conditions, requirements and capabilities, local governments may undertake optional tasks. Local governments, through the locally elected representative body or by means of local referendums, may voluntarily take on any local public affair not assigned by law to another organ. These tasks are then listed in the local

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[5] A settlement in Hungary may be a city or a commune (two different categories). Both categories are mainly titles, but they have implications for the status of the settlements. This means that the "settlement local self-governments" include the local self-governments of the commune, the city, the capital and its districts. In many cases the tasks of settlement self-governments are determined on the basis of their population size (by sector Acts), rather than on the basis of their status.

The President of the Republic gives a status to a settlement. The relevant conditions are determined by the Act on Land Organization (1999); however, the decision itself is based on their discretionary judgment. The most important conditions are the state of the infrastructure network, the economic development, the population size, the public institutions and the regional role of the given commune. A detailed review of these conditions and process may be the subject of another study. In Hungary there are nearly 3200 communes and 274 cities.

[6] „According to Article 43 of the Hungarian Constitution, the Law on Local Self-Governments is not the only regulation that may prescribe the duties that have to be performed on local level. These are the sector laws and the so-called 'Competency Law' that set further obligations, such as the operation of public libraries or, depending on the size and the population of a settlement, the different levels of obligatory social service, health and educational service, and waste disposal." See: Somogyi, E. and Teller, N. (2003): Public Services in Hungary, in: *Reforms of Public Services. Experiences of Municipalities and Regions in South-East Europe*, Zagreb: Friedrich Ebert Stiftung Zagreb Office, p. 45

governments' decrees (normally the statute) and are totally unique in their composition.

Further mandatory functions of Bicske

Bicske is a small town situated in central Hungary, west from the capital, in Fejér county. Its population is approximately 11.000. As a settlement with a sizeable population and as a rather important settlement among its neighbours, Bicske has some extra mandatory tasks compared to other smaller settlements.

1. Waste collection and disposal
2. Sewage
3. Maintaining local fire brigade
4. Local civil defence
5. Certain veterinary tasks
6. Some tasks in the area of child protection such as
   - maintaining local nursery
   - service provision temporary shelter
7. Maintaining library
8. Some tasks in the area of welfare services, such as
   - home assistance service
   - soup kitchen
   - daytime welfare service
   - maintaining care centre for the handicapped and the elderly
9. Providing local communal space for leisure activities
10. Supporting local sport activities
11. Providing medical consultation by specialists.

Optional tasks carried out in Bicske

1. Organising tourism
2. Certain tasks in the area of public utilities
3. Investments and reconstruction of infrastructure serving the city
4. Supporting local police force
5. Supporting public and private institutions not belonging to the settlement's self-government
6. Supporting sport activities in the city.

Whether a local government can perform additional optional tasks very much depends on its financial resources. Therefore, it is not rare that costly optional tasks are carried out in cooperation with other towns.

Operation of local governments

Local governments decide on a variety of tasks and they should have a structure which best matches this service delivery. Nevertheless, some basic rules about the local governments' setup have to be pointed out in order to understand the structure of municipal management.

First of all, it is necessary to clearly divide elected organs of self-government - being politically responsible - from those of administration, appointed by the elected organs. The elected organs' mandate is of limited duration while the organs of professional administrative bureaucracy is of unlimited duration.

Body of representatives and its organs[7]

The basic rights and powers of local government are exercised by a body of representatives. The body of representatives delegates some of its powers to the mayor or to its committees. The decisions of this body are made in two possible forms: the decree or the resolution.

The body of representatives in Bicske

In the city of Bicske the body of representatives consists of 19 elected representatives for a 4-year-term including the mayor. The last elections were held in autumn of 2002.

A committee is an elected organ of the body of representatives. Within its power, the committee prepares the decisions of the representative body, organizes and controls the implementation of the decisions. It controls the work of the representative body's office concerning the preparation and the implementation of the decisions of the representative body. The body of representatives may authorize the committee to make decisions, and may revise the decisions made by the committee. By law, local self-governments are obliged to establish a budget committee. Delegating tasks to committees is a very favourable option, since the members of these committees can commit themselves to certain issues and have a better insight into the given tasks. It is also common that consultative experts are invited to assisst the committee

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[7] Section 9 (2) of the Act No. LXV of 1990 on Local Self-Government says that the functions of self-government shall be performed by the body of representatives and their organs, by the mayor, the committees, the sectional local government and the office.

members in their work, which can make local self-government's work more effective.

Committees in Bicske

In the city of Bicske, the body of representatives established 6 permanent committees:

1. **Committee of Finances**
   This committee's task is to control and evaluate the legality and effectiveness of using public financial sources and the public property in connection with the changes in local government's property and financial assets, including the management of local governments' institutions. It has delegated the rights of decision-making in two main aspects: it approves the plan for the financial-economic control over local governments' budgetary institutions and it also approves the report on it. After asking the opinion of competent committees, it makes decisions on the appropriation, utilization and mortgaging of limitedly transferable movable core property items enabling the functioning of the body of representatives or of its organs.

2. **Committee of Procedures**
   Its task is to support the legal and effective functioning of the local self-government of Bicske. It supports the preparation of the decisions made by the body of representatives connected with the organization and procedures of local self-government. It controls the execution of the decisions, takes a stand on procedural and ethic matters and issues prior opinions on the decrees and resolutions to be issued.

3. **Committee of Education, Culture and Minority Affairs**
   It prepares the decisions of the body of representatives related to education, culture and matters affecting minorities, and provides for the execution of those resolutions. It may make the decisions itself in line with its delegated power e.g. the approval of the statutes and the professional plans of educational and cultural institutions owned and maintained by the local self-government.

4. **Committee of Urban Development**
   In its delegated power it makes the decisions concerning initiating construction, procurement of public property up to a

certain limit, concerning selling and encumbering of certain property items as well as leasing grounds, fields, apartments or other premises and facilities owned by the local self-government. It also gives an opinion on the decisions of the representative body to be made in matters defined by the Statute of the body of representatives.

5. **Committee of Welfare and Health**
   In its delegated power its makes the decisions on establishing several types of social subsidies for citizens and on the requests for getting a place in the local government's welfare institutions.

6. **Committee of Sports and Tourism**
   Its task is to prepare and to give an opinion on the decisions related to sports and tourism to be made by the body of representatives, to organize and control the execution of the relevant resolutions and to make decisions within its delegated power. The committee may make the decisions on awarding financial support, and monitors its utilization. It makes the decisions on the utilization of the sport facilities owned by the city.
   Each committee consists of 5 members. Three members are always local representatives, while the remaining two members do not belong to the body of representatives. The body of representatives in its Statute defines in detail the committees' tasks and responsibilities.

The mayor is one of the most important organs of the body of representatives. The mayoralty is a political position. They are the political and the administrative heads of the local government responsible for the local policy implementation. The mayors' administrative function is dual: they perform both local and state administrative tasks. The mayor represents the body of representatives. They perform their local administrative and state administrative tasks and discharge their powers with the cooperation of the office of the representative body. The mayors govern within their powers of local government and in accordance with the resolutions of the body of representatives. They determine the tasks of the office in organizing the work of the local government, in the preparation of decisions and in their implementation. They make the decisions in state administrative matters within their competences and may delegate the exercise of

some of these powers. On the proposal of the chief executive, the mayor submits a draft to the representative body for determining the internal organizational structure, the plan of activities and the timetable for contacts with customers. The mayors are employers: the deputy mayors, the chief-executive and the heads of the local government institutions are their employees.

Lower level of state administration: the chief executive
While the mayor deals with the local government policy, the chief-executive can be said to deal with expertise. The chief-executive, also called the notary, is an expert on public administration in local government. They represent the public administration's professional and permanent character, while the mayor represents its political aspect. That is why the chief-executive is appointed, and not elected by the body of representatives. The appointment is for an undetermined period of time and is competitive. Finally, the person appointed to the post of the chief-executive must have the necessary qualifications stipulated by law.

The chief-executive runs the office of the representative body. While the mayor directs the office from the outside, the chief-executive works from the office, and is responsible for the day-to-day activity of the office: they are the employers to the civil servants working in the office. The chief-executive supervises the performance of the tasks related to the activities of the local government, and prepares the administrative decisions made by the mayor. They make the decisions regarding the competences delegated by the mayor.

The chief-executive is responsible for the lawful activity of the local government. They must participate in the sessions of the body of representatives and its committees, and must point out if their decisions violate any laws. A violation of law committed by the mayor's decision must be pointed out to the mayor as well. A deputy chief executive can also be appointed.

Organizational structure
The administrative organization of local governments is determined by the decree on the Rules of Organization and Procedure. This means that the body of representatives sets up its office, including its division into organisational units called departments or offices, stating the responsibility of each. The Office of the Body of Representatives functions as an auxiliary body to the body of representatives, to its committees and officers when preparing and executing their decisions, organises their execution and their control. It also has some state

administration tasks determined by law. The activities of the Office of the Body of Representatives are organized by the chief-executive.

The Office of the Body of Representatives informs the citizens, and canvasses their opinion. It co-operates with the organizations providing public services, with civil associations, NGOs and churches. It is in touch with other centrally-subordinated local self-governments, administrative organs and authorities.

Since it is always the body of representatives and the chief executive who together define the office's setup, there are some variations in the offices' organization in Hungary. The municipalities search for the most effective utilization of personnel and rationalize the work in order to keep the administrative expenses as low as possible. During one term (4 years), however, some changes can be initiated. For example, in Tatabánya (a town in western Hungary), the body of representatives wanted to speed up the economic development and designed a new paradigm of the town development, namely strategic planning; consequently, a new department, the so-called "Strategic Department" was established. Besides elaborating the development goals and tools, this department also coordinates the other departments' development-related activities. They are also responsible for communicating with the inhabitants and thus ensuring the legitimacy of the strategy.

In order to cover all the possible duties and perform not only the mandatory but also the optional tasks, the rationalized number of civil servants has to carry out a range of duties. The grouping of these duties differs from case to case, and the more fragmented the office is, the harder it is to achieve a smooth information flow which is necessary for good management. Since normally it is the head of the relevant department who is responsible for communicating with other departments, a strict-hierarchy organization also stands in the way of effective work.

Internal Structure of the Office in Bicske

In Bicske, the Statute defines the internal structure of the office. The number of people working at the Office of the Body of Representatives in Bicske is 76, including the mayor and the deputy mayor; the latter two do not have the status of civil servants. The office head is the chief executive, supported by her deputy. The office is divided into six organisational professional units:

1. **Department of Finance and Budget**

   Its function is to provide the local self-government finance and budget as well as the public accounting. Its duties include the affairs related to taxation, the domain of the separate Tax Unit. Six out of fourteen civil servants in the Departmentl work for the Tax Unit, which acts as the tax authority in the area of local taxes.

2. **Department of Urban Development and Management**

   Many functions of this department include exercising authority related to construction, environment, environmental protection, utilization of public space, as well as providing public lightning and power, maintenance of public roads, organisation of public transportation. Also, it is responsible for the matters related to street cleaning, water management, flood-prevention and drainage, water supply, waste collection and disposal, sewage, mining, communal management, statues and monuments. Besides development and management (and both have their own units within the Department), it also comprises separate units for affairs related to building and construction with their own staff of five out of fourteen employees of the Department.

3. **Department of Organization**

   It serves as a support for the local government's directives. It organises and prepares the decisions of the body of representatives of the Roma Minority Self-Governments as well as of their staff. It is also responsible for human resource management, informatics and organisation of further training. Its functions of primary importance are probably the participation in decision making, mainly the preparation of the officials' decision. For example, the department prepares the mayor's decisions or those of the chief-executive, concerning defence, civil defence and natural disasters. In addition, the main professional areas of its activity are the organisation of management, supervision and control of the activities related to public education, culture, public gatherings, sports and leisure. It maintains contact with the public non-profit organisations and funds, the press and the media. It also organises fire protection and work safety and maintains the system of communication inside the office. Finally its responsibility is the co-ordination of the preparatory tasks

stemming from the membership in the European Union. This department has a staff of eleven, including the head.

4. **Department of Administration and Welfare**
   Its responsibility is to deal with welfare, including the reports of financial assistance, its allocation and registration. It is also responsible for the tasks concerning child protection which are within the chief executive's domain. Many other functions of the state administration delegated to the chief executive are also performed by this department, e.g. refugees and nationality status, register of births, marriages and deaths, contraventions and the protection of property in administrative procedure, and issuing official certificates concerning the estates of the deceased. Another central task of this department is the authorization of the activities related to health and welfare services, including the authorization of such institutions. Its staff consists of nine civil servants, including the head.

5. **Office of Documents**
   In this office documents, certificates and permits are issued, and records are kept. The office is responsible for the registration of residence and personal identification, and issues official documents such as driving licences, vehicle permits and buisness licences. It is actually a sort of a one-stop-shop for the citizens. This office carries out the tasks of the state administration under the professional supervision of the Ministry of the Interior, being in online connection with its central database. The number of civil servants working for the Office of Documents is ten, including the office head.

6. **Public Guardianship Authority Office**
   Its functions cover the tasks concerning tutelage and are legally regulated. This department performs the tasks under the state's jurisdiction. Consequently it is subordinated to the County Guardianship Authority. Organizationally it belongs to the Office of the local self-government of Bicske, and the responsible official authorized in the matters of tutelage is the chief-executive of Bicske. This department has a staff of five, including the office head.

Forms of service delivery

Public service delivery in a settlement may have several different forms. The regulation says that local governments perform their tasks according to the needs of their respective population and in line with the legislation through

- their own budgetary organs
- through other business organisations, and
- through buying services in some other way.

The local governments may select the forms of service delivery themselves.

Budgetary institutions

The first group of municipal service functions are those under the control of the local government. In a majority of tasks, the most frequent form of service delivery is that the local government carries it out itself. This can be done in two ways. First, the local government carries out the task organised *within its office*. Second, the local government has its *own budgetary institutions or business associations*. In both cases, the service is within the local government's own budget. The local government holds its own budgetary institutions or companies under tight control. The difference is the influence over the public service provider. While a self-government may direct its own office, companies owned by the city may be influenced only indirectly, in the way stipulated by law on companies and business associations. The supervision of its own budgetary institution is exercised indirectly as well.

The solution is that when the service is provided outside the local government's own organizational unit, the body of representatives may establish the local government institutions, enterprises, and other organisations and appoint their heads. In case of business ventures, the representative body of the local government may establish such institutions only in the form of business associations or co-operatives.

It is very common for the local governments to perform basic educational, social and healthcare services which are under their strict control. Nevertheless, it would be difficult to find business organizations to carry out these services, or to find ventures that would operate the relevant facilities, at a reasonable price for the inhabitants. We also have to have in mind that the related resources that are provided by the central budget are quite often insufficient and hence the local self-governments have to "add" their own money to carry out the tasks at an appropriate level.

Budgetary institutions of Bicske

Budgetary institutions of Bicske

Bicske has several budgetary institutions providing public services:

1) Elementary School
2) Public Nursery
3) Kindergarten No. 1
4) Kindergarten "Kakas"
5) Kindergarten "Szivárvány"
6) Family Aid and Children Welfare Service
7) Care Centre
8) Cultural Centre "Petőfi"
9) City Library "Nagy Károly"
10) Professional municipal Fire Brigade

As pointed out in the case of voluntary service provision, there is a special form of service delivery through the local budgetary institutions, namely the association of several settlements' organizations. Local governments may voluntarily join them for the sake of providing some public service or they may even set up joint institutions. This solution is still not common, although efficient service delivery would definitely require a rational cost-effective organization of more expensive services (e.g. medical).

Associations for service delivery in Bicske

As a regional centre, Bicske is a member of three local self-governments' associations on the basis of agreements made with several nearby villages:

1) Association for medical care. Established in 1998. Members are local self-governments of Bicske, Csabdi, Mány, Szár, Újbarok, Szárliget.
2) Association for district medical service and district children's medical service. Established in 1998. Members are local self-governments of Bicske and Csabdi.
3) Association for Basic Health Service Provision. Established in 2000. Members are local self-governments of Bicske and Óbarok.

The local self-governments can also be owners or shareholders in a variety of different companies. Since the local governments are also allowed to invest, they may obtain shares for business investment opportunities as well. Establishing companies which are 100% owned by the local government is a common solution e.g. the tasks related to housing and real estate management. Real estate management is one of the core tasks directly related to the municipalities' wealth; that is why the modern methods of asset management have recently become more popular in this field, such as portfolio management and transforming some council flats and constructing non-council flats as well. The sector still lacks transparency due to some cross-financing, but especially local self-governments with high-value assets struggle for cost-effective and precise operation. Establishing Ltds or other forms of companies is also common due to the tax regulations: business tax regulations motivate the foundation of public-purpose companies in Hungary.

Bicske's corporate ownership

The town of Bicske is an owner in its own right. It has shares in several companies. Some of them, however, are public services exclusively owned by Bicske. Others serve mainly as investment e.g.:

1) MMG Automatika Művek Ltd.
2) Alba Regia Construction Enterprising Holding Company
3) Undertaking Ltd. of County Fejér
4) National Saving Banks and
5) Zsámbékgáz Ltd.

Most companies or ownership shares serve as the municipal local government property. In many cases the city became the owner by way of the compensation from the state when the companies were privatised. The regulation on privatisation determined that the compensation had to be paid for the value of the companies' land.

The company Zsámbékgáz Ltd. is an exception. It was established by 15 settlement self-governments to enable the construction of the regional gas network. In 2002 the company sold its shares to the owner: the local self-governments. At this moment the gas supply is provided by the National Oil and Gas Company; the role of the city-owned company was the construction of the infrastructure and its maintenance.

Other companies provide public services for the whole county or the region and are owned by several settlement self-governments. In these cases an agreement is made between the local self-government of Bicske and the company, even if it is exclusively owned be the city.

The companies providing contracted public services in or for the city of Bicske are:

6) Fejérvíz Ltd.

It is owned by the settlements' self-governments of Fejér County. It provides the countywide service of water supply and sewage disposal.

7) Bicske Traffic Ltd.

This company is owned 51 % by the town of Bicske. It is responsible for the local public transportation i.e. bus transport. The citizens over 60 may use the bus service free of charge.

8) Bicske Resort Camp Ltd.

It is exclusively owned by the city of Bicske. Its task is to maintain and manage a municipally-owned resort camp in Zánka and to organize there the local children's vacation. It also participates in the business market and provides accommodation for paying guests.

9) Bicske Urban Maintenance Ltd.

It was established in 2000 in order to provide communal services, to manage the municipal real estate property, to maintain public parks and places and to organize garbage collection. It is exclusively owned by the city of Bicske.

10) Bicske Health Care Centre Ltd.

Established only in 2004 and exclusively owned by the city of Bicske. After taking over the operation, maintenance, development and control based on an agreement with the county self-government and following the privatisation of the specialized medical consultation, it will organize basic and special medical treatment for the citizens.

Table 1: Institutions in the city of Bicske

Type of institution	Number of institutions	% of institutions
Own budgetary institutions	10	43,5
Joint budgetary institutions	3	13
Companies	10	43,5
Total	23	100

Table 2: Companies owned by the local self-government of Bicske

	Joint-stock companies (5)	LimitedPublic companies (4)	Purpose Association (1)
Owned by Bicske 100%	-	2	1
Bicske as shareholder	5	2	-
Providing public service in the city	5	3	1
Serving as investment	-	1	-

Service provision through other business organizations and buying services

Another major form of local service delivery is when the settlement government's direct participation is less pronounced: the service is provided by contracting out. A contractual relationship means that the third persons, and not the municipal organs, provide the service. In this kind of service delivery, the most common form is a contract entered with private companies or entrepreneurs. In certain cases the other party in the contractual relationship might be a state company, a company not owned by the municipality. A special form of contractual relationship is concession. This means that local governments can make use of their assets, including the property and the property rights. Concession is possible in the following services: local roads and the corresponding facilities, making use of local public utilities (for example water supply, sewage, electricity, gas, central heating, telecommunications). The problem of the concession concerning the local public utilities is that these systems are part of a larger, regional or national system and as such subject of government concession. That is why in practice the concession granted by the local governments might be possible only in water supply, sewage, local broadcasting. Smaller settlements - such as Bicske - cannot exploit this possibility.

With the asset transfer, Hungarian municipalities found themselves responsible for the operation of a number of companies. In some cases these companies were privatized i.e. the public utility companies transformed into private companies, which has made private capital investment possible. It is not clear whether this type of outsourcing is more cost-efficient, and there have been several cases when the privatization process had to be stopped and the utility company again turned over to the municipality. There have even been some notorious cases when the municipality completely lost control over a utility service company which actually resulted in high losses that had to be covered by the municipality as the owner of the independent firm.

> **Examples of service provision by contractual relationship in Bicske**
>
> 1. In order to construct and maintain local public roads and buildings belonging to the city of Bicske, the local self-government made contracts with several local private firms. The management of bridges and roads is also contracted out.
> 2. Disposal of sewage is also contracted out to local entrepreneurs.
> 3. Public lighting is provided by the regional electric company (ÉDÁSZ) based on a contractual relationship.
> 4. Maintenance of public cemetery and burials is provided by the local undertaker company .
> 5. Veterinary services are partly performed by a local entrepreneur, namely a contract was made with the pound owner. The veterinary service is the responsibility of the state. The local government's responsibility is to maintain an animal burial ground.
> 6. Catering in some institutions belonging to Bicske, such as kindergartens, schools, and nurseries is also provided on the basis of a contractual relationship with some local entrepreneurs.

Therefore, it is of utmost importance to thoroughly investigate all the circumstances and steps in all forms of privatization and their possible effects.

In addition to privatisation, other forms of public services emerged. The most common form of contracting out - as mentioned above - is when local authorities commission the private sector to provide public services. A special form of contracting out, particularly in the field of services provided for human resources draws other kinds of organisations into the provision of public services. For example, in Hungary of the 1990s pluralism in education was introduced, it became possible to choose between the private and the public health service, etc. Another very important phenomenon has been the emergence of foundations, churches, civil associations and other non-profit organisations providing public services locally, and their expansion within the public sector. These non-profit organisations perform their activities in the field within the framework of the local governments. This means that they perform public services; on the other hand, they might tap into the local financial resources. The final outcome is the

transformation of the relation between the local governments and the non-profit organisations, because the local governments' role will be to financially support the provision of the services and to control the legality and not the quality of the provision.

> **Service provision by NGOs**
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> In Üllő, a small settlement near Budapest, an NGO operates a job centre for the disabled. The municipality supports the NGO's work by providing the premises. The NGO has initiated an information service point with the Internet access in the same building and through some effective tendering was able to obtain enough resources to employ about 200 people.
>
> In Szolnok, a county seat in Eastern Hungary, the tasks that can be performed by NGOs are announced every year in the form of tenders, which encourages NGOs to compete with each other. In this way, the child care service could be contracted out and the number of civil servants was considerably reduced, which makes the city's management more cost-effective.
>
> In Szentes, a city in South-East Hungary, the Catholic Church has constructed a shelter for 20 homeless families in cooperation with the municipality.

In certain types of services, the privatization or the contracting-out of services is a rather sensitive issue, since several laws define the standards of the provision and of the supervision. As an illustration, let us have a look at the health service privatization in Bicske, showing all the steps from forming the idea of privatization, its background, the actors, the complicated contractual relations ensuing from the legal setup in Hungary, and finally the expectations from this privatization process.

> **Privatizing health services in Bicske**
>
> The organization of medical consultation by specialists in Bicske used to be in the hands of a hospital maintained by the county self-government. Consequently, the outpatient unit in Bicske functioned in practice as an organizational unit of the county hospital. The direction and management of the outpatient unit resulted in the situation in which neither the local citizens nor the municipal officials were satisfied with the service provision. Particularly the

state of the building and the equipment of the outpatient unit was not satisactory. In addition, there had been no progress or investment for decades. Then the region's administrative environment changed, and Bicske's role became more important in providing many public services such as the organization of basic and advanced health service.

The first step in the process was the preparation of an agreement between the self-governments of the town of Bicske and Fejér County on taking over the responsibility for the maintenance of the outpatient unit in Bicske.

After some negotiations, it became clear that the county self-government did have the intention to transfer the responsibility for the service provision. Before preparing the agreement necessary for the transfer and the takeover of service provision and of the institution, many steps had to be undertaken, including informing and getting all the interested parties involved in the process. The surrounding settlements were some of them. As the settlement self-governments, they were responsible for the provision of the basic health service, but not for the specialist medical services. However, their population lives in the area covered by the outpatient unit of Bicske. The first idea was the establishment of an association with the participation of all eight interested neighbouring settlements, including Bicske.

Although all the settlements agreed to the plan, this solution was ruled out. One of the reasons was that the population of 38.000 lives in the service area of the outpatient unit of Bicske, while another 11.000 live in the town. The other reason was the regional role of the city as the central settlement.

Another solution was to make the town of Bicske solely responsible for the maintenance and management of the outpatient unit of Bicske and for the regional service provision for all the interested settlements. This solution was better and served Bicske's interest because those belonging to the association would have common property with the exclusive responsibility of the town of Bicske. The operational structure of the local governments' association was not acceptable for the city either because each member would have the

same number of votes in decision-making although more than a quarter of the region's population lived in Bicske.

And finally, the interested neighbour settlements and the municipality of Bicske as well as the county self-government agreed that Bicske would transfer the responsibility of this public service provision and would manage and maintain the outpatient unit.

The next step was to inform the citizens about the self-government plans. The acceptance of the project went rather smoothly since the state of the outpatient unit was common knowledge. The Local Self-Government of Bicske had to inform the physicians and other employees working for the outpatient unit. It was important for the district doctors and the specialists to have their consultation-room in the same building, in the outpatient unit. The difference was that the district doctors were on contract with the settlement self-government, while the specialists - the upper level of the health service - with the county hospital. All of them had to be informed about the project and the imminent changes.

The district doctors now have to make a new agreement with the municipal self-government because the environment will be changed. The basis of their contractual relationship is that they will be working as private entrepreneurs. The specialists have to sign a new contract anyway because one of the stipulations of the contractual relationship will be changed, namely the county hospital will not be the contractual party any more. Some of the specialists work in private practice while the others - and this is rather exceptional - are public employees. The doctors' assistants are also employees; the doctors with the private practice employ some of them, the others are employed by the county hospital. The legal status of the doctors and their assistants might seem to be rather chaotic, but as a matter of fact it is not. In the future it will be determined by the organizational form of the outpatient unit.

Since the privatization of health services is made possible by law, the decision of the municipal self-government was to opt for a limited company, instead of a budgetary institution. The company was established by the body of representatives and it is owned exclusively by the town of Bicske. Many possibilities emerged regarding the property sharing. The private doctors and the

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neighbour settlements all intended to participate in the project as shareholders. Finally the decision was made on the company being exclusive owned by the municipality. The reason was that health as a public service is not yet highly gainful. After one or two years of experience, the involvement of other parties will be reconsidered.

The task of this company is the management and maintenance of the outpatient unit while the city self-government is still responsible for this public service. The company is called Bicske Health Care Centre Ltd. It will also look after the functioning of the outpatient unit.

Further negotiations had to be held with the county hospital about maintaining the outpatient unit. The agreements had to be made on the transfer of equipment and other belongings, on the professional future relationship with the hospital as well as on the computer system of the outpatient unit connected with the hospital's system. All of these agreements may be signed after the agreement between the city and the county.

At this moment the town of Bicske is in the final stage of the preparatory phase of the project.

Summary and Conclusions

When we want to define the general rules or principles of municipal management, there are aggravating and mitigating factors. One of the main difficulties is the regulation of the local self-government issues, which is part of administrative law. Administrative law is the most national branch of the European legal system because public administration and local self-governments are highly affected by national, historical and cultural traditions. This is the branch of law in which the cross-influences of national legal systems or common European trends are the weakest compared with the other branches.

It is not easy either to determine a comprehensive list of municipal functions for all the countries. Hence there can be no list of these functions without knowing the distinctive circumstances, traditions, economic and social conditions or possibilities of a certain country, because they differ from country to country. Based on the principle of subsidiarity, however, we can compose a brief collection of possible responsibilities of local governments:

- general administration
- education
- social welfare
- health services
- culture, leisure, sports
- public utilities
- transport, traffic
- environment, public sanitation
- urban development, economic development.

Some of these local public services are provided by local self-governments, others are provided by local organs subordinated to the central government.

The trends in local service delivery have been changing in the last decade. The traditional functions of municipalities such as social public services (education, health care, welfare) are expanded. New or different functions demand a different task management. While the traditional communal tasks may be managed by administrative instruments, the management of the new functions such as communal services, requires different methods including those related to the municipalities' ownership to be more in line with market principles. New methods have also appeared in the organizational structure of service delivery. Involving independent organisations in service delivery requires different methods of management. While some direct influence over the municipalities' own institutions may be exerted, the management of services when independent entities are involved allows only some indirect influence. There is a variety of tools for control; hence the latter solution has been widely applied in Hungary.

The organizational principles may be used during the establishment of the internal organizational structure of administrative organs. Different organizational units may be charged with the local government tasks, different from those which are the state's responsibility. A possible principle may be to gather all the decisions and administrative tasks relating to one "topic" in the same unit.

The best practices may be recommended in the area of service provision when choosing the organizational form of service provision. It is necessary to consider the advantages and the disadvantages of each form of service delivery. An aspect of primary importance must be the *quality* of service provision, the *public interest* and the *effectiveness* of

the activity, including the costs covered by the self-government's budget.

And finally, it must be mentioned that municipal management is *for the public* and is financed by the taxpayer. Therefore different forms of control exercised by the public, *transparency*, and in some cases the *participation* of citizens in service provision and in decision-making must be ensured.

József Hegedüs

Financing Local Public Services

Introduction

Sector policies, decentralization, and public services

The paper deals with the financial and organizational structure of local public services with a special attention to the transitional countries. Public services can be defined as the services which are produced for the benefit of the whole society, i.e. the goods whose consumption yields collective benefits. Public services do not necessarily mean the services provided by the public sector, but rather the services normally thought to be the responsibility of the government. Primary education, typically a government responsibility, can be provided through non-government institutions, e.g. private schools. There are more and more areas where the public institutions are replaced by private organizations while the regulatory task remain at the level of central or local governments (other examples are child-care centers, social-care institutions, e.g. old people's homes, etc.). This is especially important in transitional countries with the legacy of the state-dominated society where there was no room for the private institutions in public services.

The overall economic and sector policies of the government (such as educational policy, housing policy, health care system, etc.) define the public role in a given area. The countries which went through the transition after 1990 had to transform their centrally planned economies into the market economy. The public sector reform proposal had to redefine which public services the government wanted to have provided for the society, and which regulative and financial means could provide them. The basic question the transitional countries had to face was the scope of the government responsibilities that is, how the government can decrease its direct role in economy, especially in the provision of public services. This task required the sector policies with major restructuring programs which could include the elements of privatization, new financial structures, and redesigned responsibilities. Most countries found this public sector reform politically difficult to carry out (Kornai, 2000).

The decentralization required that sub-national governments - in line with the national macro policy - provide a wide range of public services with local relevance (housing, public transportation, social services, education, etc.). The range of public services, transferred to the sub-

national governments, varies from country to country. The decentralisation process reformulates the intergovernmental finance. Expenditure and revenue assignments were restructured, which typically increased both the responsibility and autonomy of local governments. A real decentralization is critical to eliminate the soft budget constraint that encourages local government representatives to try to maximize the central grants (rent-seeking strategy), while downplaying the performance of local services.

Alternative service delivery systems

After the 1990s, the changes in the organizational structures in Hungary were influenced not only by the well-known legal requirements, but also by the new responsibilities of local governments introduced by sectoral laws (e.g. fire protection). In several cases the incentives built in the tax and grant policies urged the local governments to restructure their service delivery system. The institutional changes were supported by local interest (lobby) groups as well. Municipalities provide services through various forms of organization: (a) Mayor's Office; (b) budgetary institutions (e.g. schools); (c) business organizations in full municipal ownership or foundations created purely by municipalities; (d) joint ventures (with a minimum 25% stake in it); (e) predominantly private firms or companies that are not municipally owned.

Source: Hegedüs, 2004

Local public services can be analysed from two aspects:
a) administrative and management characteristics (taxation, bookkeeping, proprietary rights, control, legal standing in terms of labour affairs) and
b) financing models (costs, revenue alternatives, and a mechanism to create a "balance" between the two).

The financial and organizational structure of local public services differs from sector to sector. The public sector reforms in transitional countries created a new legal and financial framework for the local service provision. This includes the scope of the autonomy of local governments to influence the organizational structure, the user charges, the competition, etc. The social services (education, social care, health) and communal services (transportation, housing, water etc.) have very different "natures".

The observers of these processes supposed that there was a single-direction progress through which municipalities - in order to find more and more efficient solutions - move from a government-dominated structure towards a structure where the direct public service provision is replaced by the more efficient non-government solutions. (that approach proved to be one-sided for several reasons: it fails to take into consideration the fact that without a proper regulatory environment the efficiency of the new institutional forms will be questionable). In Hungary, the development of the "regulatory background" did not precede contracting out, privatisation of services, transferring public service delivery to foundations and "one-person" limited liability companies. There were examples when the only reason for the new - off-budget - organizational solution was to escape from the constraints of the budgetary control. The advantage of non-profit organizations over the public institutions is their independence and flexibility in financial management (financing wages, taxation). In the area of typical communal services, the municipal companies were replaced by the private companies (owned partly or totally by the local governments) in order to provide more manoeuvring space for service improvement (access to capital market). The involvement of non-governmental agencies in public services raises the question of financial sustainability. NGOs in social services are almost entirely dependent on the government, thus their financial stability is questionable.

However, the regulatory background does not only mean laws, such as price regulation, procurement law, etc., but the emergence of behavioural norms and the enforcement of the law as well. The importance of the organizational structure is that it affects the efficient use of financial resources through the incentive structure and behavioural norms. The institutional framework and the design of these financial means define the incentives and the room for maneuvering both for the local/central government and the service providers in the provision of public services. The relation between the government and the service provider can be described as a principal-agent problem (Le Grand, 2002). The key organizational question is the relation between the government (principal) and the service provider. The relation could be defined within the government sector, which happens when the budgetary institutions provide the services. For example, the relation between the school management and the local government in Hungary is determined through the educational programme and the budget. In

the case of off-budget institutions[1], the relations are defined by the contract which may stipulate some kind of risk-sharing procedures besides the price and the quality of the services.

Financing public services requires reimbursing the service provider, whether it is provided through a budgetary institution, a municipal company or a private entity. Public services can be funded through user charges and/or grants. The service provider may have a relation to the central government and/or the local government. The next figure focusing on the household sector shows the main funding sources.

The service provider gets revenue from the user charges[2], from the grants provided by local governments and from the central government grants (the source of the grants are the taxes paid by the users). The households (users) pay taxes and get income support from local and central governments. Local governments finance their grants (and income support) from local taxes and central grants. The key question is what kind of incentives for the service provider are created through the financing and organizational arrangements.

The chapter will focus on the basic funding structure of the services related to the institutional environment of service provision[3].

In the first part we deal with the problems of user charges. After clarifying the economic background and the different types of user charges, we examine the different methods whose aim is to increase the paying capacity of the households. This is very important in transitional countries, where the household capacity to pay for the services is limited. At the end of the first part we discuss the different incentives related to user charges including the "informal pricing".

The second part of the chapter focuses on grants. After summarizing the main economic justification in using grants for financing public services we will deal with the grants which go directly to the service provider and the grants which go first to the local government and are afterwards forwarded to the service provider. The main message of this part is that the local institutional structure has an effect on the efficiency of the grants structure.

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[1] The financial data (turnover, revenues, and expenditures) of service providers outside local governments are off-budget institutions. It means that their budget, although they are owned by local governments, is not part of the local government budgets.

[2] User charges are the charges for the goods or the services that the user is required to pay. There is a link between the payment and the service provided, but it may vary considerably in terms of the degree of "cost-recovery" (Bailey, 1998, p. 126). The tax, as an alternative financing method, is an "unrequited transfer" and there is no relation between the paid amount and the service provided.

[3] Our interest is limited to the operational part, especially the user charges and the grants, and its relation to the organizational structure of service delivery; thus in this chapter we do not deal with the issues of capital investment.

Figure 1: Funding sources of local public services
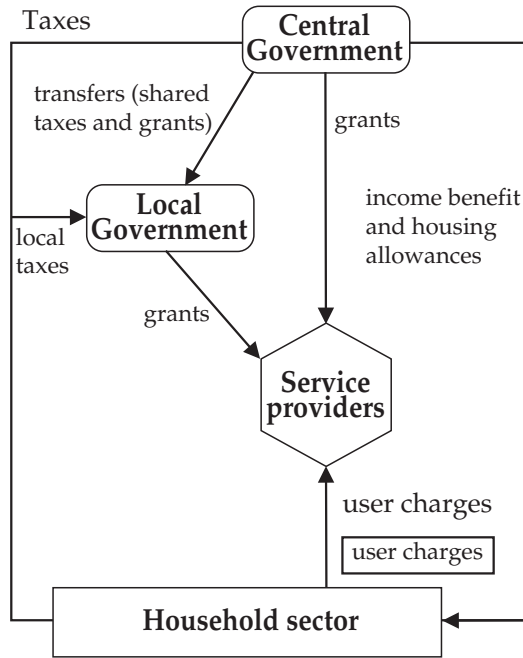
User charges

1. Economics and politics of user charges

User charges have played an increasing role in the financing of local governments in recent decades in the OECD countries, but this is a relatively new financial technique[4].

According to the economic theory, the appropriate policy is clearly to charge the correct price based on roughly the long-run marginal cost criteria (Bailey, 1995). Only thus will the correct amounts and types of service be provided to the right people - that is those willing to pay for them. Efficiency thus demands user charges to be levied wherever feasible. It is often suggested, however, that equity considerations argue against user charges. "Although in principle the incidence of user charges is no more relevant than the ultimate incidence of the price of cheese, studies in different countries have shown that the distributive

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[4] However, there is greater disparity in the administration and collection of user charges and fees. Full information on revenues is not available only through the analysis of sub-national government accounts, because the significant part of user charges are collected through off-budget institutions In particular, for user charges and according to the organization of service provision, the revenues may be recorded in the accounts of private companies contracted by the public sector, in the accounts of companies wholly or partly owned by the local government(s) or by departments within the local government administration. Thus it is very difficult to get precise comparative data about the use of user charges in the local government sector.

Types of user charges

At least three types of user charges can be differentiated: (1) service fees, (2) public prices, and (3) specific benefit charges. Service fees include such items as license fees (marriage, business, dogs, vehicles) and various small charges levied by local governments for performing specific services - registering this or providing a copy of that - for identifiable individuals (or businesses). In effect, such fees constitute cost reimbursement from the private to the public sector. In contrast, public prices refer to the revenues received by local governments from the sale of private goods and services (other than the cost-reimbursement just described). All sales of locally provided services to identifiable private agents - from public utility charges to admission charges to recreation facilities - fall under this general heading. In principle, such prices should be set at the competitive private level, with no tax or subsidy element included unless doing so is the most efficient way of achieving public policy goals, and even then it is best if the tax-subsidy element is accounted for separately. A third category of charge revenue may be called specific benefit taxes. Such revenues are distinct from service fees and public prices because they do not arise from the provision or sale of a specific good or service to an identifiable private agent. Unlike the prices which are voluntarily paid - although like the fees paid for services that may be required by law - taxes represent compulsory contributions to local revenues. Nonetheless, specific benefit taxes are (at least in theory) related in some way to the benefits received by the taxpayer in contrast to such general benefit taxes as fuel taxes levied on road users as a class or local general business or property taxes viewed as a price paid for local collective goods (see below). Examples abound in local finance: special assessments, land value-increment taxes, improvement taxes, front-footage levies, supplementary property taxes related to the provision of sewers or street lighting, development exactions and charges, delineation levies, and so on. Most such charges are imposed either on the assessed value of real property or on some characteristic of that property - its area, its frontage, its location.

Source: Bird, 2001

consequences of charging for local public services may even be progressive. In any case, attempting to rectify fundamental distributional problems through inefficiently pricing scarce local resources is almost always a bad idea, resulting in little if any equity being purchased at a high price in efficiency terms." (Bird, 2001, p 6.).

There is some confusion about the precise distinction between the user charges and the local taxes. Of course there are revenue sources which clearly fall into the tax category (e.g. sales, income and property taxes). Other revenues, such as park entrance fees, sewer charges, and highway tolls - payments for government services used - clearly fall into the user charge category. But there are also numerous examples of revenue sources that are not so easily categorized, because the actual financial design of the fee better fits the tax category. For example, the fee for garbage collection levied compulsory on every property ("garbage tax") is closer to the taxes than the user charges. On the other hand, some taxes levied on the areas of development are closer to the benefit prices than a typical tax (this is called impact fee, and is levied, for example, in an area of development to share the cost of the infrastructure investment).

Different types of services have different potential for "charging". The "economic nature" of the services sets the limits to the use of user charges. One way of justifying the differences in public pricing is the categorization of the services into the "need", "protective", "amenity" or 'facility' services (Bailey, 1999, p 133). The services related to the "needs", such as social services (income benefit programmes, housing allowances, etc.) are fully funded from the central or the local resources, while on the other extreme, the facility services (like photocopying) are fully funded from the user charges. The "protective" programmes are the services close to the need approach, e.g. shelters for the homeless, school meals, etc. and the "amenity" programmes (e.g. special classes) are financed as a combination of the grants and the user charges.

The other rationalization of the application of user charges is the external benefit of the programmes. If the whole benefit is reaped by the user of the services, the full cost recovery is justified; if the majority of the benefit is derived at the community level, the subsidy is justified.

However, the "charging" policy is loosely connected to the economic principles. The sector strategies establish the framework for the possible direction in public pricing policy. For example, the possible role of student fees in financing education is a question for the central government not for the local government or its institutions. But among

the limits set by the sector policies and the legal framework, local institutions could have an important role.

The applicability of user charges depends very much on other factors, such as enforcement, collection method, measurability, etc. (see possible options in the area of waste collection, in the next box).

Revenue raising possibilities in waste management

User charges are commonly utilized to recover a portion of the costs of solid waste management from those generating the waste. User charges can generate substantial revenues and provide incentives to minimize waste, especially if structured so that those who pollute more, pay more ("polluter pays principle"). Although user charges can be imposed at different stages of solid waste management (including collection and disposal), in many cities they do not cover the full costs of solid waste management activities. While citizens and enterprises are generally willing to pay for solid waste to be collected, they are often unwilling to pay the full cost of disposing of the waste in a sanitary manner. Experience in many countries has shown that charging the full costs of disposal may create incentives for littering and open dumping, especially if the enforcement of regulatory standards (i.e. no dumping) is weak and entities can avoid paying the user charge by disposing of the waste themselves.

Analysis of the financial records of many developing country cities shows that current practices for cost recovery for solid waste are very weak (recovery rates of less than 10 percent are not uncommon) and have substantial scope for improvement. Options to recover the costs associated with solid waste management range from instituting or enhancing garbage taxes, collecting tipping fees, or relying on other general revenues (including the property tax and business licenses). Choosing among these options depends upon the relative importance of various criteria: whether revenues are adequate and easily collected, whether the polluter pays for the damage inflicted, whether the option is politically acceptable, and whether payment of the revenue can be enforced.

User charge option:
"Garbage Tax": The garbage tax is typically a flat tax collected with other taxes, such as the community tax. It can be supplemented with

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a tax on establishments and products that generate garbage, for example, tax on plastic packages, restaurants and similar services should be levied. This is tax because the payments are not proportional with the quantity of the services. It can generate adequate revenues if rates are set based on costs, and are updated as needed. It is often collected with property tax because direct collection is expensive (about 10-13% of total costs). The "polluter pays" principle is valid only to the extent that the rate depends on surrogate for waste generation, like lot size and property value. It requires political will to set and update rates. It is difficult to withhold services for non-payment.

Volume or Weight Based Fees: *Volume-Based Fees mean that the fee depends on the quantity measured as volume or weight of the waste* to dispose. It generates adequate revenues as long as fees are set based on costs and updated as needed. It is difficult to collect, however, because it requires sophisticated refuse collection system. It fits to the "polluter pays" principle, but politically raises difficulties. Leads to dumping behaviour without local inspection and enforcement capacity.

Tipping Fees (for unloading waste at a landfill, transfer station or recycling facility): Substantial revenue if based on full costs of investment and operation. If weight-bridges are utilized, it is easy to collect. The "polluter pays" principle is followed, if hauler to waste generator passes on fees. Municipalities are often reluctant to pay fair share. Enforceable, but must verify that trucks go to disposal site.

Other revenue options can also be taken into consideration such as property taxes, business licenses, utility surcharges, or General Fund Subsidies (including transfers).

Source: World Bank[5]

The utility surcharge represents an interesting case when "general taxes" are paid through the fee for public services. One of the reasons for this is that the willingness to pay is higher for the fees for public services than for the taxes.

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[5] http://wbln0018.worldbank.org/External/Urban/UrbanDev.nsf/Urban+Waste+Management/B5478BCC312272128525688D0051A0E8?OpenDocument

2. Increasing household capacity to pay for services

An important way of financing public services is to subsidize users through different programmes. These programmes demand side subsidies, while the grants transferred to the service providers can be considered as the "supply side" programmes.

In the former socialist countries of Eastern Europe, housing allowances were the critical element in public sector finances. Housing allowances are demand-side subsidies, usually in the form of a discount on the bill the resident receives for public sector services (water, district heating, housing, etc.). They are typically provided on a means-tested basis to low-income families to help them pay these costs; generally they are structured so that poorer households receive larger benefits. Housing allowances were widely adopted in the region (see Lux, 2003, Katsura and Romanik, 2002, Lykova et al. 2004). The demand side programmes can be financed 1. from the central budget, 2. from the local governments' budgets or 3. from the budget of the service provider. Typically the uniform housing allowance programmes are financed from the central budget, but there are examples for some matching schemes as well. In Hungary (until 2004) the housing allowances were financed from the local governments' general revenues. The service providers can contribute to the funds designed to help low-income households (see next box).

The demand side subsidies are the most important techniques to manage the problem of the low-income households in the transitional countries. Apart from this solution (which can be termed the target group solution) there are methods which try to control the demand through a modification of the user charges (tariff solution). Through the "user charge specification" (giving allowances to a certain group of users) the demand for public services can be increased or maintained (at the time of economic recession). These are indirect subsidies typically paid by the "good payers". The experience of the transitional countries has showed that the problem of low-income households cannot be solved without increasing the end use efficiency (Hegedüs, 2003). The critical point is the efficiency of public service companies, that is the "end-use". If the companies are not under any pressure to improve their efficiency, the efficient pricing supplemented with a housing allowance system will not guarantee the best use of public resources.

According to the public finance literature the programmes which involve income redistribution (e.g. housing allowances) should be financed from the central budget. In most cases, local governments manage the income subsidy programmes through the matching grant systems. It

means that a certain share of cost (5-20 %) is paid from local budgets, which gives an incentive to a more careful selection of the recipients of the programme.

Budapest Utility Allowances Scheme

The Municipality of Budapest has set up a foundation (popularly called the Compensation Fund). Its board of directors consists of the delegates of the servicing companies, the representatives from the city's Assembly and the members of certain civic organizations. Under its statutes, the service companies (i.e. water supply, sewage, solid waste disposal, and district heating companies) transfer 1-2 percent of their sales returns to the Foundation (this contribution amounts to nearly 10 percent of the arrears). The companies are granted special tax exemptions based on these public utility transfers. It is the public utility companies' basic business interest to keep the arrears at a level that does not jeopardize their daily operations or the provision of their long-term services. These companies regard their contribution to the Foundation as a business technique aimed at reducing their losses and also as a guarantee for the smooth continuation of their services (as will be seen, these contributions are directly linked to the companies' attempts to preserve their consumers' willingness to pay). The programme envisages granting the district heating allowances to the households in the lowest tenth of the income scale (maximum 25.000 households) and water, sewage, and waste disposal allowances to 50 percent of the households in the lowest tenth of the income scale (40.000 households). Consequently, the allowances tend to cover around 15-20 percent of the utility bills per household.

Source: Gyori, 2003

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3. User charges and incentives

The ultimate funding sources of local public services are the user charges and the grants/transfers. This means that each service provider has to recover its cost through the user charges paid by the beneficiaries of the services and some kind of the transfers either from the public sector (local or central government) or private donations. The lack of real decentralization (expenditure and revenue autonomy) led to the

"no-cost recovery" situation, which inevitably caused a huge service level decline (Hegedüs, 2003).

Informal pricing

Donations and voluntary contributions for public purposes are another type of revenue. In principle, no return for this contribution is given. The social and the educational sectors often benefit from donations. Service providers under fiscal pressure want to increase their revenues, but try to keep them as off-budget revenues. Typically donors can write off their donations from their tax base, which gives an incentive to the institutions to raise money through foundations, even if they replace regular user charges. In Hungary many schools finance special services through "foundations". Parents pay the fees for the courses to the schools' foundations. Extra-curricular language courses, tennis classes, for instance, are financed in this way. Another example is The "Clever Love" Foundation of the children's day care center in Berettyóújfalu registered in 1995. The objectives of the foundation were 1. to promote the integration of the kindergarten education into the school education; 2. to develop the children's skills by means of special activities that do not constitute part of the regular education (crafts workshops, drama groups, physical education etc.); 3. to purchase additional equipment (e.g. sport equipment, a small weaving loom, books, musical instruments); 4. to pay for the teachers of extra-curricular activities. The board of the foundation decides on the use of the financial support and the proceeds, considering the objectives specified in the foundation deed. The payment is voluntary, but almost every parent pays a smaller or bigger amount every month.

Source: Hegedüs, 2004

The institutional setting of the service sector (education, health care, social, utilities etc.) has an effect on the mechanism of setting user charges. The first question is which level of government is responsible for "setting" the prices. To set the prices typically means procedures, or an approval process through which the service provider will be given the "price" of services. In some cases these are very simple procedures, when a law or a government decree defines the prices. For example, the

fees for social services (public meals, social homes, etc.) are typically defined through government decrees. In other cases, the government has only a "regulatory" role, which sometimes means that they have a strong say in the pricing process, but the government does not always have the capacity to exercise any real control over the pricing, and different levels of government can share the responsibility for pricing.

The formal role of service providers in pricing is limited. However, in practice, service providers make the proposal for the change of the prices, and through this process they can have an influence.

In social services where the equity is an issue, the service providers have a very limited influence in the decision of the user charges. However, there are informal ways to increase the effective contribution of the user to finance services (e.g. donations and voluntary contributions).

Setting tariff in Budapest Public Transportation

Public transportation in Hungary is a local responsibility. In Budapest, the Municipality of Budapest has the right to set the tariffs. However, the central government subsidizes the public transportation by paying the tariff allowances for the pensioners and the students. The size of the transfers depends on the tariff: the higher the tariff, the higher the subsidy. The procedure is that first the assembly decides on the proposal made by the city-owned Public Transportation Company, but because of the government subsidy, the tariff changes have to be approved by the central government, as well. Right after the transition, the new assembly opposed the tariff increase for political reasons, sacrificing the state subsidy (the tariff at that time covered 40% of the cost of the public transportation). In 2003, when the city decided on a substantial tariff increase, it was the central government that rejected the approval of the increased tariff.

Source: BKV (Budapest Transport Company)

In the public utility sector most of the countries in the region have delegated the pricing functions to local governments, but the real influence depends on several other things. For example, the pricing procedure is very important in itself as well. In some countries in the region, the local government units have the right to set the tariff, but they

have to be approved by the central government or by the relevant central government agency. There are some cases when the central government gives a subsidy proportional to the tariff to the service provider (see previous box).

In this case, the right of central governments to give or withhold its approval, that is, to share the responsibility for pricing, is understandable. Service companies need security, especially if they make long-term investments, because they can incur losses if their services are underpriced. The law defines the procedures or accounting rules which again - depending on how enforceable the laws are - could limit the manoeuvring room for an organisation with the price-setting rights.

Governments struggle with the rising service spending and the user charges represent a possible incentive mechanism to control the costs. A recent study (Borge and Rattso, 2004) indicated that 30-40% of any cost increase is passed on to consumers in the form of higher user charges. Moreover, user charge financing has a significant negative effect on the unit cost. An increase in the user charge financing by 10 %-points is expected to reduce the unit cost by 6-9%.

Grants

1. Economic effects of grants
In countries around the world, the costs of public services are often shared between those who use them (i.e. households, commercial and industrial establishments) and governments. The government cost-sharing arrangements include matching the grants[6] of the higher government levels and the general fund subsidies from local governments. In Hungary, matching grants are used, for example, in local government benefit programmes, where 80% of the programme cost is paid by the central government and 20 % by the local government. An example of the general fund subsidy (in financing education) is a grant based on the standard cost of a student and typically finances 70-80 % of the cost.

Matching grants are used to induce local governments to provide a socially and environmentally desirable level of public services. Without these grants, the level of the output of the services would be lower than the social optimum. General fund subsidies reecognize the public good and equity aspects, i.e. with the help of the grants each municipality is

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[6] Matching grants are the grants with the specification that the amount transferred must be matched by the local funds.

able to secure a minimum level of its public services. An adequate cost recovery (supported by the grants) is the key to both the sustainability and the private sector participation in service provision.

The basic question of the public policy related to the grant structure is the possible effect of the grant design on the response of the sub-national government and the service providers to the grants. If we can answer this question, the criteria of an efficient grant system can be defined. The "theory of grants" examines how different kinds of grants should affect the budgetary behaviour of the lower levels of government. Gramlich (1977) identified three types of grants which have - on the basis of the grant theory - different consequences, and studied the empirical evidence supporting the theory. The Case A grant (the open-ended matching grant) is suited to capture the spill-over benefits because it subsidizes the supply of public services where the benefit goes over the boundary of the sub-national government. The Case B grant (the close-ended lump-sum grant) compensates for the difference in income levels and consequently public services. The Case C grant (the close-ended categorical grant) is supposed to provide the minimum service or spending levels for different government- provided goods and services.

Empirical research has partly corroborated the "grant theory". However, research has highlighted the criteria for bad grants (Bahl, 2000). The reasons for "bad grants" fall into four categories. The first is to discourage local government autonomy. That is, the central government is unwilling to give up control over governance that would come with ceding the revenue-raising powers to local governments. As an alternative, intergovernmental transfers are given as a local government revenue source. The second reason might be an attempt to maintain or enforce uniformity. The goal of the central government might be to resist diversity on the part of local governments, in terms of expenditure mix or revenue structure. The third reason could be a belief that local governments are more corrupt than the central government, and therefore a shift of responsibility to subnational governments would lead to a waste of revenues. There is some grain of truth in the claim that local government officials are more susceptible to fall under the influence of local citizens because they are closer to the local electorate. Fourth, a transfer system may be put in place as part of the strategy to offload the budget deficit on to the local governments. For example, a grant system may be put in place but become underfunded at a later point when the central budget is pressed.

2.Grants at service provider level

Grants to service providers can be based on a standard (normative) procedure or can be negotiated.

The example for the first solution are the grants based on the standard cost. It means that the transfer only covers a certain standard cost. If local expenditure exceeds this amount, a reduced grant - or no grant at all - is given. The standard cost solution frequently has no close relation to the actual cost, which is typically higher than the standard. In this case, the grant based on the standard cost is a matching grant, where the matching rate depends on the actual cost.

The grants based on the actual cost are typically negotiated, and no limit as to the standard costs or the like exists. It means that the actual cost minus the user charges are funded through the grant (see next box).

Water sector subsidy in Hungary

The Hungarian government has phased out a large part of water sector subsidies from the state budget since beginning to move towards a market economy in 1989. The subsidy reduction in the water sector is significant. The major steps taken by the Hungarian government to reduce the high state budgetary subsidy for water include decentralizing the responsibility of the central government for providing public water services and raising water tariffs. The central government has legally transferred water supply facilities to local authorities, along with ownership of existing water assets. Water tariffs have been raised to the level based on a formula that includes the cost of inputs, depreciation, maintenance, and a return of assets. As a consequence of the decentralization, the 33 water companies were disintegrated into 250 companies, and the price differences increased greatly. To compensate for the high production cost in certain areas of the country, the central budget allocated a fund (3 billion in 2003) to reimburse the service producer with high production costs. According to the grant formula, the difference between the production cost and the maximum price set by the government is given to the companies.

Source: Papp, 1999

The importance of these two methods lies in their effects on the organizational incentives. In the first case, economic rationality pushes

organizations to economize with the cost and to restructure their services towards the better-paying activities. The second solution could lead to a sub-optimum situation as well. In the negotiation process (because of the asymmetric information issue[9]) the service provider could withold the facts, which makes it impossible to control the actual expenditure. The general rule is that the standard cost solution is more efficient if the risk of opportunism is limited or if it is too expensive to get a "tight budget control" (contract procedures could improve this situation).

Cross-subsidies can play an important role in financing certain services. One of the typical examples is the housing service when the rents do not cover maintenance costs, and the Public Management Companies use non-housing revenues (rent for commercial property) to cover the loss on the residential units. The important factor here is that cross-subsidizing is not the decision of the service provider but of the local government (principal). However, larger institutions, which have more than one task, frequently use the techniques of cross-subsidies.

3. Grants at local government level

In the decentralised system, service providers get the transfers from local governments. However, this does not necessarily mean that local governments have real decision-making powers on the use of the grants. The pass-through grant means that money is transferred by local governments directly to service providers. In this case, grants are a part of local budgets, but local governments do not have the discretionary right on the use of the funds. In Hungary, the typical pass-through grants are the fund from the National Health Fund or the grant to the Fire-Fighter Services.

The grant typology

There are several ways to classify *transfers*. Transfers mean financial flows from the central level to the subnational level. They have two basic forms: revenue sharing and grants. *Revenue sharing* is a nationwide based taxes and rates, but within a fixed proportion of the tax revenue (on a tax-by-tax basis or on the basis of a "pool" of different tax sources) being allocated to the subnational government, based on (1) the revenue accruing within each jurisdiction (also called the derivation principle) or (2) other criteria, typically

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[9] The regulator never possesses as much information as the service provider.

population, expenditure needs, and/or tax capacity (Shah, 1994). *Grants* are financial resources flowing from one government (grantor) to another government (recipient). There is very little practical difference between the revenue sharing, if the allocation is not based on the origin and grants. The other approach of the taxonomy of grants is tied to the degree of the autonomy of the subnational governments to use the transfer. In the case of *unconditional transfers*, no strings are attached to the use of the money. The *conditional* (or *categorical*) grant defines exactly how the money is used, and provides financial help for particular services. Between these extremes are the *block grants*, which can be used freely on a defined functional area. The block grant can be spent in a broad area of local government service, such as urban development, with recipient governments having substantial autonomy to decide on the specific use to which the funds are actually put. *Matching grants* require the recipient local government to provide, according to the matching rate, their own share to the services supported. Matching categorical grants match expenditure on a specific grant-aided service. Matching grants can be *open ended or close ended*, which means that the pool of the grant is determined or left open. *Effort related grants* are typically unconditional transfers and are related to the revenue effort of the local government. The revenue effort is usually measured in terms of tax effort: the greater the revenue is raised from local taxes, the more grant the local government receives. The grants can be allocated as an *entitlement* or can be *competitive.* Local governments can be granted an entitlement to a specific amount of funds provided that they submit a proposal, which satisfies the funding criteria for approval by the central government. In the case of competitive grants the local governments compete against one other by submitting requests which best meet the central government funding criteria.

Sources: LGI/WBI, 2003

With pass-through grants the incentive structure is embodied in the contract between the central government and the grant's beneficiary. Thus it could be based on the standard cost regulation or the negotiated budget (in Hungary, for example, hospitals are financed through the standard cost method, while the Fire Service relies more on the negotiated budget).

Local governments have general purpose grants which can be used for any legitimate purpose, in the same way as the their own tax revenues. However, formula grants allocated on the basis of objective criteria (e.g. some measures of taxable capacity and/or expenditure needs) are frequently general-purpose grants, if their use is not earmarked (see previous box).

General purpose grants can be allocated on the formula basis or ad hoc basis. The formula usually includes the variables that reflect the variation in the need and the cost across jurisdiction; sometimes the formulas compensate for the low fiscal capacity or reward a high fiscal effort. The formula that uses with high weight the number of the beneficiaries of certain services means that the grant is conditional. The reason is that the grants typically do not cover the total cost of the services and de facto require from local governments to co-finance the service. The grant formula in this case includes the "per beneficiary" factor. Consequently, if the grant per beneficiary is lower than the actual cost of the services per user, the grant is earmarked independently of the fact that cost-sharing is not legally required.

Normatives in Hungary

For the performance of their mandatory responsibilities, local governments are automatically entitled to normative contributions from the central budget. This, however, is not a form of task-financing, as the spending of such subsidies is not subject to restrictions. A local government decides at its own discretion how much it spends on what tasks. Initially (in 1990), global contributions dominated (relating at first to the total number of residents, later to the number of individuals in the various age groups). Later on, however, the share of contributions based on the indicators of more concrete tasks (number of children in créches, kindergartens, primary and secondary schools, those using the services of student hostels, social institutions, etc.) made up an increasing part of the total funding. The aim of this, however, was to improve the allocation of such funding from the central budget among local governments. There is only one item that is directly related to the revenues collected by the local governments. Each forint of the actually-collected holiday accommodation charge is matched by two forints of subsidy - this makes up less than one per cent of the total budgetary subsidies.

Source: OECD, 2001

The third option to give grants through local governments for public services is the specific (conditional) grant. In this case it is the local government who has the "legal contract" to the central government. They have to guarantee the quality and quantity of services their office or the service provider (typically budgetary institutions) offer (the earmarked grants are very similar to the pass-through grants).

Grant structure and distortions

In the current Hungarian intergovernmental transfer system, grants are negotiated annually. The grant structure, depending on the type of grants, in one way or another affects the economic behaviour of local governments. As local governments try to maximize the amount of grants they receive from the central government, the grant allocation process may distort their financial decisions resulting in a situation where local user preferences have no or little effect on the provision of services. The response of local governments to the grant allocation system can be described as optimal when they discontinue or minimize the provision of services with low grant-to-cost ratios and of low local priority. The grant-to-cost ratios can be low not because of insufficient grant financing but due to the high costs incurred by over-capacity or bad management. An example of such behaviour was the closing of nursery schools in the early 1990s due to the lack of grant financing and partly because of a smaller number of eligible kids. Only when municipalities discontinue the provision of the services which were badly needed by a community but received insufficient grant financing, can their economic behaviour be considered distorted. An extension of this type of distorted behaviour is when municipalities reduce the scale or quality of important local services, typically by neglecting adequate maintenance or renovation work, or by scaling down the level of services. Another form of municipal response to the low grant-to-cost ratios for certain local services has been to transfer the responsibility for their delivery to the county level.

Sources: Hegedüs, 2003

The categorical and the general purpose grants, as we have seen, affect the behaviour of the local governments differently. However, the distinction between these types of grants is artificial because of the

"fungibility" of money. The availability of grants frees up other local revenues that would otherwise be spent on supported public services. So in this way there are two options: 1. local governments allow tax reduction and make it possible for the households to increase their individual consumption, or 2. local governments increase the expenditure on another, non-supported area. In other words, the funds may end up being used for any purpose even though they were intended for a specific one.

Local governments regulating the service providers could formulate two strategies. The first is the *traditional model of budgeting and financial management based on historical cost*: In this case, the budget for an institution is a projection based on the previous year's figures (plan) and the budgetary items for institutions are a product of individual bargaining, which can be modified during the fiscal year according to the changes of external and internal conditions[8]. The other strategy tries to give clear financial rules for service providers and base their transfers on formula grants[9]. In various cost elements different methods are used to estimate the order of the magnitude of funding, depending on the functions of the given service provider.

Conclusion: service contracts and enforcement

There are other factors as well. Contracts themselves have an effect on the incentives, and this could modify the grant design. The "mission" of institutions (e.g. social institutions) can also be an important factor in explaining the behaviour of organisations, which contributes to the outcomes (Besley and Ghatak, 2003).

The financing of local public services can be reduced to instruments: user charges and grants. The institutional framework and the design of these financial means define the incentives and the room for manoeuvring both for the local/central government and the service providers in the provision of public services. The relation between the

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[8]This makes everyday practices rather ad hoc and substantially reduces the financial discipline of institutions. Institutions tend to over-spend as the budget is underestimated anyway, and are not worried if they cannot collect the planned revenues since they are overestimated anyway. A further consequence of this practice is that they do not pay their bills, for instance utilities, and are indebted to local government-owned companies. Clearly, this is a case of organized irresponsibility and shows the power status of the professional /financial management of an institution how much it can overspend. A further negative consequence of this solution or inevitable practice is that the information for the local body of representatives is necessarily incomplete, as the apparatus and the institutions cannot reveal the internal details of the financial management, which often violate the spirit and sometimes the requirements of legal provisions.

[9]In this theory, transfers for local governments should cover the difference between the expenditure needs and the revenues capacity. This method is *close* to this idea.

government and the service provider can be described as a principal-agent problem (Le Grand, 2002).

The key problem in the principal-agent relation is that the agent (service provider) can behave "opportunistically" (the principal is the political, decision-making unit of government; the service provider can be part of the government, such as various departments, or budgetary institutions, independent or quasi-independent units). It means that - according to the theory - and because of the asymmetric information, the service provider (seeking its interest) will deviate from the behaviour prescribed by the regulators (principal) whenever this is advantageous to him. The regulation of the user charges and the grant structure influence the chance of the danger of "opportunistic behaviour".

Beyond the institutional framework (basic laws, etc.) and the financial elements, the "service contract" and its enforcement are a determining factor influencing the efficiency of services. The contracting should be interpreted in a broader sense, as it includes some modern budget methods (programme budgeting), monitoring and performance measurement.

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Rosana Ščančar

Community Development

At the beginning there must be at least a wish for a change for the better

The lady in charge of fostering the development of mountain villages was new to the village and the general area of the place where the man from the above story comes from. He comes from a small valley with pristine nature, numerous gorges, and clean and cool water, with a lot of trees, an area where the conditions for farming were harsh. The biggest development problems of the region were the age and education structure of the inhabitants, and of course the non-existing and expensive infrastructure (roads, electricity, phones). She was happy that the man showed some interest, some desire, some need to change things for the better. To fulfil the potentials, which the new road into the valley brought, this energy needed to be used as quickly and in as organised a manner as possible.

Defining problems

Madam. I am from that small village that is almost empty because everyone has left. Last year they built a road to our village, and they covered it with asphalt. Now everything will be easier. We will be able to drive up to the house. We will be able to build. We can drive to work every day. Other people will be able to visit us when they feel like it. The road has opened up a connection to the world, and it also makes it possible for the world to reach us. But I would not like to go away. I would like to return there, and I would like to work and live at home. I always wanted to have a small village restaurant. People that passed by our house always stopped here. I also have an accordion. The state has always neglected us. Even the road that was made, was made very late. Almost too late. Most of the houses are empty. But some of the people would come back. Only if the state helped. If only the state and municipality gave us the money that would enable us to renovate our houses or build new ones. And I would really like to have that restaurant. The municipality should have helped us...

Development institution:
"Developers" as coordinators of development activities

It is optimal that besides the local leader, or the local action group, there is a developer responsible for the development of a specific local community. It is sensible that they are employed by the development agency. But because their financing is a constant problem, it would be an ideal solution that they are partly financed by the municipality, and partly through their projects. The developer always works on different levels: from the individual to the municipality, from the region to the ministries and the international programmes.

It is a demanding job since the developer:

• must be aware of the normative arrangement, national development strategies, system enforced measures as a whole

• must be able to discuss different areas and fields

• must be able to argument their position

• must be comfortable with project management and

• must have the capability to talk with everybody: ordinary people, experts, artists, politicians and bureaucrats.

Due to the above-mentioned reasons, the satisfaction stemming from the successful completion of a project and the people's gratefulness is great. The coordinator of development activities must be active in all the phases of the development drive: from the starting analysis and the provision of development directions, to the systematic coverage of the implementation tasks and projects.

Their mission is also:

• the coordination of implementation priorities

• adjusting the implementation activities to the ever changing conditions

• coordination of local interests with the national and the global ones.

The developer must know how to promote partnership amongst people in the field (especially in the area of business opportunities), how to attract investments of businesses into the area, and how to guarantee the cooperation between the expert, the public and the development institutions, the NGOs and the interested individuals.

In this way the developer guarantees:

- that the development work will be done systematically and professionally
- connectedness and coordination of different interests, needs, and demands
- the currency of development measures and implementation projects
- the maximum use of municipal and system incentives for supporting the development ideas of individuals and communities and
- the applicability of development plans.

The work of the developer does not end with the acceptance of the development plan (document); it continues with the organisation of the environment in a way that it accepts the proposed plans and develops them even further with its own inner strength and interests. The developer transfers the focal point of their work on the evaluation of the achieved results, to the coordination of different activities, counselling and helping with individual and joint projects which are more and more market-oriented (new jobs). In case the development measures do not bring about the expected results, or that there are some undesired side-effects of the development measures, the developer must be among the first to notice and identify them. It is their mission to initiate the process of searching for the reasons. They must ensure the cooperation of experts and locals, so that the existing situation and trends are assessed in an interdisciplinary way. If necessary, the development goals must be re-defined, as well as the measures for attaining these goals. The constant monitoring and evaluation of development changes requires from the developer to communicate round-the-clock with different social groups and individuals on different levels. They must be up to date with the processes of global restructuring of the world, and at the same time understand and follow the development processes on the regional and local level, where all the processes inevitably have some kind of an effect on individuals. Familiarity with the natural, social, and economic environment in which the developer is active, and a constant contact with the people are of fundamental importance for the success of the development programmes.

For the developer it is difficult to always be appraised of the situation on different levels, because there is no real flow of information between the scientific-research community, the public-political community, the economy sector, and the developers. The communication with different representatives of the social system is left to the self-initiative of each

individual developer. The time spent on this is normally not accounted for as "paid work", because it does not produce directly visible results; therefore it is often regarded as a "free time" activity. This demotivates the developers, and drains their energy which might be used for professional training, which in turn reduces the quality of their work. In a world which is experiencing fast and global (structural and contential) changes, where the basic development values are increasingly include people, the quality of life and the preservation of natural habitat, in a word - human development - permanent training and cooperation of developers, and an understanding of global changes is very important for the success of the development processes. Sustainable human development must primarily rely on individual areas' resources, on the selective linkage with the outside world and on the respect for human integrity.

Local leader, local action group

Formulating proposals

You know, madam, I went through the proposals you sent last time. Because I did not want to decide alone, I called in the others and we got together and though things through carefully. Here is our suggestion: I want a restaurant and I want to go into tourism. There is an interesting gorge next to our house, and if you walk through it you come to a waterfall, that is a natural landmark. And the neighbour's old thatched cottage, with the old tools; the kitchen needs to be redecorated and opened for visitors. In summer, our river is so wonderful, so clean, and the water temperture is just right. Our neighbour has decided to enlarge his flock of sheep. I will buy some of them, so that I can serve lamb in my future restaurant. He plans to sell some to other restaurants and with the rest of the flock he can start a cheese business. The animal meat from other farms is already being processed into salami and other meats. He would also like to have a deer and a moufflon pen, but for now, that investment is too daunting. The other neighbour is already calculating if he has enough land to enlarge his cattle herd to increase the milk production so the agricultural cooperative may employ an extra farm hand. He will cut the grass on all the open areas in the valley so that the reforestation and bush growth will not be a problem. He also wanted to keep some pigs, but the toll on the environment would be

too great to be economically sound. The other villagers were not too keen on a pig farm in their midst, either. The smell and the sewage... those things somehow don't fit into our valley. And the best news is yet to come. A young family that up until now only occasionally visited their parents' farm, has decided to build a fish farm. They have already had the first analysis of the water done, and the results are excellent. We are negotiating with a foundation for environment protection to come here, check the location and give us their opinion. You know, we could use your help here. I can talk with the locals and organise us, but only you can handle these municipal representatives and experts. And be sure to tell them that this is a sustainable project, and that at some point we will merge all our options into one. This is about using what we have. We are building ourselves, our knowledge, and we are offering what we have and do, things that are interesting to others. So that we can survive here at home.

Local leader, in contact with the people in the field on a daily basis, is a very important element for the success of local development. They are the driving force and the organisers of different activities. The best combination is when the local leaders also manage successful business projects, because they are the best examples to motivate people. For a local community, a municipality or a development agency, local leaders are a permanent reference point, the best go-between for the local population, they help with the organisation of activities and recognise new ideas in the local environment, coordinate them and forward them to the appropriate institutions. In a small rural community of 400 people, located in the heart of an underdeveloped area, the owner of a restaurant took on the leading role and organized the local people. The community opted for tourism development, and due to the local leader's commitment and the developer's assistance, they have become a known and popular tourist destination. The owner of the restaurant invested in a camp, farm tourism is developing, local farmers are selling their products to local restaurants and directly to tourists, the road was resurfaced to accommodate the increased traffic, the disused local school was turned into a national accommodation and teaching centre for school children's extracurricular activities and is fully booked year-round. Without a dedicated local leader who is also a successful businessperson with a sense of social responsibility everything would have been much harder.

In the areas without a local leader or a small local action group to represent the interests of the local community and guarantee its activity, the development process is slower, and a lot more energy has to be channelled into motivating people. In such cases it is necessary for the municipality or the development agency to produce a developer responsible for the field-work and the constant cooperation with the population. A successful development programme demands somebody to be in charge of coordinating and leading the development activities at the local level, and to be responsible for the constant cooperation with the public management, the expert and the development institutions.

From division via changes to clearly articulated interests

Experts, who deal with the promotion of development, find themselves in different situations when preparing, coordinating and implementing the measures and programmes for development. Sometimes, the locals are indifferent to the events taking place in their community to the point of not having any personal wishes. In such cases, a lot of time and encouragement are necessary (meetings, lectures, different events, visits of successful individuals from other areas, financial initiatives for certain activities, etc.) to make the people participate and take part in discussions about their own future, and the future of their community.

It is very common to come across a situation in which the most vocal individuals channel all their energy into constant criticism of everyone and everything. They are angry with their neighbours, employers, local community, expert institutions, and especially with the municipality and the state. There is always someone to blame for their problems. And the others are always the ones who are supposed to solve their problems. Changing their attitudes towards their community's development and their perception of it, is the thing to start with. The most persuasive argument is a visit from individuals who have successfully carried out their projects, to effectively show that it is possible to change a lot of things even in difficult conditions, only if there is a will and interest. In such situations it is important to conduct individual discussions with the loudest critics, and to analyse with them the advantages and the disadvantages of life and society. Where the most outspoken members of the community usually express a negative and critical attitude towards their environment and its development, the developer must be especially persistent and patient in the communication with people.

Also, the municipal government must show some interest in changing and supporting the developer's activities in their local community.

In the development work it is important to build from the fact that a specific community is made of people who live there. And it is with them, such as they are, that you have to work with. It is important to awaken an interest in them for cooperating in the joint planning of the future, and for their participation in the implementation of the tasks. They have to realize that the development of their community is in a broader common interest as well as in their own private interest because it will also improve their living conditions.

People as community and as individuals; their active interest and participation are the cornerstones of change and success of development measures in local environments. People must believe that problems can be solved (a belief in the possibility of a change for the better). At the same time they must know that this depends mostly on them, on their committment and effort, how quickly and how successfully the changes will take place (self-initiative, the use of endogenous development resources in local environment).

From a clearly defined interest to the formation of development directions

Organizing debate

Since our first discussion on the options for helping the people in our valley to achieve and fulfil their desires and needs, the local inhabitants have met frequently on several occasions. We debated our interests and possibilities, mostly about things we should do to develop (in our homes and in the valley) different economic activities, which would guarantee our log-term survival. With the help of the representative from the regional development agency, whom we call "our developer", we analysed our desires, needs, knowledge, spatial possibilities of different individuals and individual families, identified and developed business ideas. We analysed these latent ideas by way of the knowledge that a person undertaking an activity would need, their financial abilities, the conditions for the registration of such an activity (adequate space, equipment, etc.), and also from the perspective of how acceptable such an activity is for the environment. "Our developer" played the

key role at this point, because besides his advice to individuals, he provided an analysis of our suggestions from the environmental perspective, and from the perspective of the development of our community in general. Different experts have done an analysis of our area. The workshop about the shortcomings and the possibilities of our area, in which we also participated, was very interesting. They called it the SWOT analysis. They say it is important that *we present our interests and development goals, and exchange different thoughts and coordinate directions for the further development of our valley, at the meeting with the representatives of different expert institutions, of the municipality and of the broader community*. Our developer persuaded us to cooperate with the expert institutions familiar with the legal requirements in specific areas, and who are aware of the special provisions that we have to fulfil in certain business activities. And now, when we need a better marketing of our village so that more tourists visit, our developer helped us establish cooperation with other communities so that we could join our resources in joint marketing.

Origins of sustainable approach to promotion of development - how developers go about their tasks

Different processes in the world (globalisation that affects local producers, climate changes, environmental standards, communications, etc.) prove that the local and the global levels are linked. The autonomy of the individual and of the interest groups is increasing as is the amount of information available to an individual (the process of individualisation). At the same time their interdependency is increasing as well, along with the influences of the outside world (globalisation). The new information technology and the widening disparities between territorial units (as a negative effect of economic growth, whose only goal is profit) have made us realize that the planning of development must overcome the partial and narrow interests of smaller groups, because this causes dependency. The planning of development must take into account both the global (world, national) development trends and the local development potentials. Gradually, the hierarchy of values is changing: from favouring economic growth and consumer ideology towards an awareness of our dependency on nature, on other people and cultures, and about the long-range effects of environmental

deterioration. Our planet (natural environment and social system) should be left in a state that will enable our descendants to live on it. The paradigm of the continual industrial growth has been exchanged by the paradigm of the sustainable development. The equilibrium between economic, social and spatial development is becoming more and more necessary and desired.

An active partnership in the organisation of an individual's life and of a community's life (local, regional, national, and international) is the basic paradigm on which today's local democracy and the programming of development is based.

Active partnership means connecting, coordinating, integration, cooperation and trust amongst individuals and communities, and between different public-management, development and expert institutions and economic actors.

Development is a process: a long-term and gradual change for the better, successful when we approach it as a whole i.e. when we include, coordinate and connect different facts, interests and possibilities in the natural, economical and social environment on the basis of equality; it means including and acknowledging the appearance of these factors on different levels, from the local to the national and the global ones. In the development process we must act consciously, actively, and in an organised manner.

Our story, which began years ago and is still going on, is the same as all the current cases of the promotion of development, local democracy and regional agencies:

- we upgrade the analysis and prognosis of the situation, based on simple statistical indicators (economic, demographic, social, environmental), and on the extrapolation of the development trends with the method of qualitative know-how, practical experience and our own judgment. Such an analysis is based on the integral and qualitative indicators, and on the ability to grasp the multitude of local/regional and global development trends. The assumptions of such research are comparability, sustainability, its systematic nature, and causality, although it is often hard to get the needed statistical or qualitative indicators and we have to conduct our own research to obtain them

- we put great emphasis on motivating people with the intention to include them into the debates about the future, so that they can realise and activate their development potentials in their own environment, become involved in the development planning, and

start thinking about business possibilities of their own family; in short, our goal is their self-initiative

- we promote participation (cooperation) of individuals and different interest groups in the planning and the implementation of the development tasks
- we formulate the development programmes that:
  - are sustainable (they refer to all aspects of life and work)
  - are based on the use of endogenous (internal) development potentials of the area
  - take into account the global and the national development trends
  - are applicable, i.e. that the development strategy with long-term and short-term goals is realizable in the implementation part of the programme, which consists of the operative development measures and the implementation projects for the achievement of individual goals
- we guarantee partnership and coordination between different individuals and institutions, and protagonists of individual projects in all phases of planning and implementing the development programmes
- we monitor, counsel and help with the use of different stimulative measures and forms of help, that are accessible at the local, regional, national, and international level for the implementation of individual projects.

Situation assessment and valorisation of development potentials (SWOT analysis)

In the sustainable approach to the planning of development, the developer must answer the question of how to combine different aspects (economic, social, demographic, spatial, environmental, cultural, historical, etc.) and analyse the whole range of events and actions in a certain social space. The developer must do this on the basis of the given methodological principles. The developer must take into account different indicators of social standard and natural environment, assess the consequences of the existing processes, and compare them with the situation and processes in the wider area. The SWOT analysis is an important methodological tool that - through the discussions in which representatives of different filds participate, along with the representatives of different interests and sciences - identifies, ranks and assesses development strengths and weaknesses of the

local environment. At the same time the SWOT includes analyses of the development opportunities and risks that appear in the outside environment, and that should be taken into account.

The key role of the developer is to include into the assessment of the situation all expert and other institutions that are active in the area in question, or that are interested in the area in question. An explanation of the reason why their help is needed has to be prepared and given to these institutions. Normally their participation is not an issue, at least in the preparatory phase of the   analysis, because the analysis is connected to their "narrow" expert themes. But it is very difficult to ensure their participation in the integral valorisation of a certain space and in the dialogue about the development measures. At this level it is necessary to take into account different interests and possibilities of the local environment, and at the same time to take into account the possibilities of implementing individual ideas and projects. This demands compromise, a trying process (coordination of development goals and implementation tasks), especially in the areas that are highly valuable from the standpoint of environmental protection, poorly equipped with infrastructure, and where potential economic activities demand interventions into space and affect the environment.

Encouragement and motivation

People become interested in the development of their area gradually and only if they associate these changes with better opportunities for themselves and their families, and the inner social circle. A dedicated developer starts cooperating with the locals when the local community senses a problem and wants to deal with it, or when a representative of a certain area clearly expresses a desire for assisstance from the public and development institutions with the implementation of their ideas. When the local people are disinterested, it is important to motivate them, or to bring an investment into the community (renew an interesting facility, manage tourist infrastructure, co-finance a business project, support the activities of non-profit organisations, offer training to people in tourism, etc.). The developer must see to it that the people are timely informed about all the important decisions, and that they have a chance to actively participate in all the phases of the programme preparation and implementation: from the analysis and assessment of development potentials (their own, and of the community), the formation of the development goals, the strategy and the operative development

measures, to the agreement on the activities for the implementation of agreed goals.

The leaders of the implementation projects should primarily be from the local community; if none are available, only then should we look elsewhere. In the areas with weak potentials for development, the outside initiatives and assisstance are needed at first. Also the outside bearers of activities represent an influx of fresh energy and initiative. We motivate people by organizing counselling and workshops, by checking the conditions for developing new economic activities, by providing the conditions for an adequate use of the comparative advantages of the area, by counselling in the preparation of technical documentation for buildings and for obtaining financial resources, by helping with the organisation and functioning of local action groups and NGOs, whose priority goals are development, protection of economically unprofitable public services (village schools, health centres, care for the elderly), and with other measures that depend on the needs of individual areas. All training, counselling, organisational, financial and business assisstance must result in concrete aid to individuals and groups in the implementation of their ideas and projects. The biggest motivational effect on the locals who lack courage are successfully implemented projects. In the areas where people were not motivated and included into the development activities (people's participation), and where, consequently, they did not become their carriers (self-initiative, organised activities of local action groups), the development incentives did not have long-term results e.g. a small industrial town where the state aid enabled the launch of a development project, and the elaboration of a development plan and the priority development projects. Foreign and national experts were hired to prepare the plan and the development projects. Although some local people participated in the workshops and public meetings, they did not really take the ownership of the project. When the experts left and the implementation was supposed to begin, there was not enough will and capacity to bring the projects to their completion.

People: key element of development

It is the duty of development institutions to protect the long-term interests and the integrity of the people in the area where they are active. The interventions into a social space must not degrade the conditions of living and working of the locals. *People as individuals, and people as a*

community living in an area, are the key factor of development work. The inclusion of people into the processes of planning and implementing of development programmes is enabled by the understanding of different specialties in real environments, which guarantees the feasibility of development measures and their successful implementation. Individuals are the ones who take the brunt of the impact of the development measures. Therefore it is imperative that their interests and their possibilities are given priority when setting up both the long-term and the short-term goals of development. When the interests of the local population are short-term, and do not take into account the negative side-effects on nature and the social environment it is the duty of the developer to expertly, and in an appropriate fashion, explain to the people the unacceptability of their suggestions for the long-term sustainable development of their area.

The assisstance and the stimulative measures should suit the features of the environment, and the capabilities of people to use them. The developers who are responsible for the development promotion at the local level must constantly monitor the changes that occur at the regional and the national level, and at the same time they must be active in the debates, the decision-making and the implementation of concrete development projects at the local level. Their advantage is that besides the theoretical know-how they also have a lot of practical experience, and can proficiently defend the suggestions for changing the normative regulations and system incentives. The legislation is formed on the basis of the indicators that show the average values of a phenomenon. But life, just like any real environment, is full of differences and distinctions. In specific environments, the normative generality causes incoherencies and negative side-effects. The laws and systematic incentives are drafted by people who sit in bureaucratic government institutions and cannot foresee the effects of individual measures in different environments and economic activities. The measures of economic rationality in urban areas are automatically applied to rural and sparsely populated areas, which is totally inappropriate, because the extent of the accessibility of individual goods and services in the rural areas is quite higher than in the urban environments. An interdisciplinary approach to the formation of a system of development measures, the linkage of different ministries and the inclusion of developers, who work in the field, and deal with the formation of systemic solutions, is proceeding very slowly, though it is of fundamental importance for the new paradigms of understanding development which, in contrast to the principles of industrial growth, underlines the autonomy of the individual,

the humanness of interactions, the respect for legality, safeguards the equilibrium in the natural habitat, and protects the differences and specifics as an important basis for innovativeness in the process of guaranteeing a positive sustainable development.

Agreement on implementation of accepted measures and development projects

Programming the development is an integrated, dynamic, and multidisciplinary process. The drafting of sustainable development programmes must not end with the analysis, the formation of strategy and the definition of development measures. *The key part of the document for the development process is the plan of the implementation of the proposed measures. The implementation activities and projects must be operative, and the proposed solutions useful, so that the locals are willing to accept them and capable of implementing them.*

It is important that in the programme formation stage, the search for the pople who would be responsible for certain tasks is already under way, and that the possibilities for the necessary financial resources for the implementation are being looked into. The key people in the discussion about the preparation of the plan for the implementation of the development programme are the people who came up with some suggestions in the first place, the development agency, and the municipality. In the opening phase of the implementation, many activities are connected with the organization of the infrastructure (and other) investments, and it is very important that the municipality with its own budget supports these projects. The implementation plans of the development programmes must be shown in the annual budgets of the municipalities and of the region, and they must also be visible in the annual programmes of development and sometimes even expert institutions. If the municipality is short of funds, it should start with small projects that give more immediate results, and in the meantime intensively search for the ways to obtain co-financing from the regional, national or international sources and private capital. To get support from the council members for a development project, it is important to explain to them the benefits of the project again and again so that over time they develop the right attitude towards the development activities. The developer has to be active in this as well and if the municipality cannot afford to establish its own development institution, it should be formed at the regional level.

Monitoring and evaluating programme implementation (indicators)

The wholesome approach to the promotion of development includes the availability of an on-site developer, even after the programme has been accepted. In the implementation phase, the developer counsels and helps those responsible (individuals and groups) for the development projects and monitors the results of the implemented tasks. They must organise an efficient system of monitoring of implementation activities and of the evaluation of its effects. The evaluation of the effects and

taking into account the changes happening in the wider, global environment, are a basis for the correction of development goals and for the preparation of the implementation projects in the next programme stage. It is a dynamic process and requires a constant cooperation with all the partners included in the development programme.

The development indicators are a special problem in a comprehensive analysis of a certain space, and they also present a problem later on in the process of evaluating the consequences of the development measures. There should not be too many indicators. We should sensibly choose those that are most relevant for an area and for the goals set for that area. By all means they must measure the situation in different segments of social and natural environment. Usually the most basic, generally accepted indicators for economic, social, spatial, and environment protection are used. For the understanding of the specifics of individual areas it is sensible to use compounded indicators (a bigger number of basic indicators and their interdependency), and the findings of the public opinion surveys (polls, interviews). In this way, the evaluation of the quality of satisfying the material, social and spiritual needs of the people and the condition of the natural environment are more relevant, as is the planning of future measures. When using the indicators it is important to know that certain indicators in different environments represent a totally different quality of the measured phenomena. The selection of indicators appropriate for analysing a certain space and their interpretation has to be done by means of a close cooperation among the experts from different institutions, the developer and the local experts who are familiar with the situation and have a tacit knowledge about the affected space.

Partnership, accountability, constant monitoring from the developer

The developers, especially those active at the local level are in favour of a sustainable, multidisciplinary, and active approach to development. We try to monitor global changes on different levels of social development (the relationship to environment, the natural and cultural heritage, the meaning of the spiritual dimensions of human life, the demand in the tourist sector, ecology as an important share of economic investments), and we try to take them into account in a sensible way, when we plan and implement the development measures. In real life we usually try to assist those areas that need our help most. In the process

we cooperate with individuals or social groups which seem to be the protagonists of progressive development. We base the development on the internal resources of a specific environment and on the people who live in this space. The outside stimulants and the mechanisms for help available at the level of the region, state, or at the international level, are always sensibly used when they can help us to hasten the implementation of development measures. *The developers on the local level are expected to have a constant, active, conscious, expert relationship with the individuals and with the area in question. They are responsible for their work (proposed solutions, counselling, conception of projects, evaluations of the situation, evaluations of the consequences of different measures).*

Implementing decisions

Madam, what if everything falls apart? If we don't manage to come through with our investments, if people won't be able to work as we are planning now? What if somebody changes their mind? Who'll be accountable? Last time a very educated gentleman told us in his lecture that everybody is responsible for their own decisions. Well, it's all right for the decisions. But all the other stuff is not just up to me, or just up to us as a community. You will continue to help us, won't you? Can you believe that I am more afraid now about how our projects will end, then I was when we planned them. This is for real now. We all invested quite a lot of money into different analyses, documentation, business plans... Well that's what I am saying. We mustered courage to put our desires on paper, we made the plan how to reach those goals step by step, so we will do it. But you'll have to help a bit. We are going to need our developer for a long time to come. You know, we want to do some things the old-fashioned way. And then the inspections will come, and the penalties, and the EU standards, and the rest... Will you please make sure that he'll be able to give us an hour or two of his time in the future also?

All the other partners also carry the burden of responsibility, but the developers are the ones who coordinate, connect and execute things. The closer the partnership, the bigger dispersion of the responsibility for the adopted development decisions. It is easier to carry out corrections and modified decisions. In our experience the most successful development programs are those where a developer is constantly

present. In those situations the community as a whole is progressing faster, because the planning of development is an ongoing process. The implementation activities (joint projects and small-business projects) use the maximum of all available resources. There is a constant search and training for the carriers of future tasks. Where there is no developer that would coordinate development activities, local leaders and local action groups slowly lose momentum. The energy needed to organise development activities slowly diminishes. To avoid this, the region and the municipality must take their own share of responsibilities and ascertain the continuation of expert help for the development processes in local areas.

An example of how to deal with local community development is given below. The case is a report on the results of the Urban Institute "Local Government Reform Project", that took place in the city of Pula, a medium-size Croatian town on the Adriatic coast. It is an example of a successful local community development project, which is still being implemented. In this case the role of the developer was taken up by an external (foreign) actor, the Urban Institute.

Best practice examples

Pula, Croatia: City that has been changing its identity

Today, Pula is a city that is changing its identity, a city that strives to promote democratic society and to make the most important decisions concerning Pula at the local level, strengthening Pula's autonomy as the freedom for community, together with all civil freedoms for all its citizens.

Pula today has reasons for optimism due to the visible results of intensified economic activity. Pula, through some loan-giving programs, has been trying to transfer the overall conduct of business to entrepreneurs and is supporting investment into production and new jobs. One third of the companies on the territory of the County of Istria are registered in Pula. Pula is responsible for a significant chunk of Istria's foreign trade as a predominantly export-oriented city, mostly due to shipbuilding.

Pula today is a dynamic city development-wise and its budget reflects this. Pula's municipal administration, with its development and social management approach, is trying to balance the citizens' wishes and requirements and the realistic possibilities, starting with the application

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of a system of modern methods for improving the municipal management and for creating a solid and reliable local government, using the methods and experiences of the Local Government Reform Project (LGRP) in Croatia.

Neighbourhood Councils - partners in civil society building

In the 2001-2005 mandate, the city of Pula will provide the premises for the neighbourhood councils: spatial, technical, professional and other conditions for the neighbourhood government activities on the municipal territory, to enable the citizens to access the municipal administration from every neighbourhood council via the Internet. The city of Pula will in this mandate, through the elections for the remaining neighbourhood councils in all parts of Pula - as partners in local government development and civil society building - involve all its citizens in the process of decision-making regarding the development of every part of the city, continuing with the management changes and the improvements through which a more efficient city administration service-providing is to be achieved.

The city of Pula, in cooperation with the neighbourhood councils, will go on with the projects of city planning through reconstructing the facades as well as through some communal programs and the required zoning documentation, the organization of the existing and new residential and business zones and the secondary sub-centres of the city, increasing the level of urban culture and activities.

Biggest projects and biggest challenges: sewage system and waste depot

The city of Pula has launched two big communal projects: the building of the sewage system and the reconstruction of the Kaštijun waste depot. Although this year the budget will not be burdened with the additional two percent for building the sewage system, the funds raised up to now in combination with other funds will be used for building a sewage system on Stoja, where 4 million kunas will be invested this year and about 14 million next year.

According to the findings of the state audit, the discretionary use of the funds for the Kaštijun depot was the responsibility of the previous

government that in the period of 1997-1999 spent 12,9 million kuna on other facilities instead of on the reconstruction of Kaštijun. The funds for the reconstruction of the Kaštijun depot will be secured primarily through the return of the funds raised so far, which also means to conduct an investigation of those responsible for the spending of the 12,9 million kunas from 1997 until 1999. In the centre of the city, the challenging tasks of the belated and long overdue cleaning and reconstruction of the draining rainfall system, neglected for 50 years, are underway.

The municipal administration is trying to solve the basic infrastructure and traffic problems, by focusing the development of that segment on constructing parking garages, improving public transportation and parking, revamping the public transportation system by purchasing six new buses and improving traffic signalization. The bus station has been moved from downtown to Šijana, new, urban-style bus stops have been set up and a roundabout built at the entrance to the city.

The city of Pula pays particular attention to the improvement of the services provided by the utility companies, but is facing unpredictable costs concerning the infrastructure due to a prolonged no-investment period - wherever some work commences, it turns out there is a need for a complete overhaul of the existing infrastructure - which slows down the planned work dynamics.

Not to repeat mistakes: Anticorruption Council

Learning from the mistakes from the previous periods and aware of the fact that to successfully fight corruption, political will and decisiveness as well as political commitment and responsibility to voters and citizens are of utmost importance, the city of Pula Board formed its Anticorruption Council, since the fight against corruption is the basic component of the process of democratisation, the modernization of administration, the establishment of fair conditions on the market and the protection of citizens' rights and freedoms. Pula is the first Croatian town to have launched an anticorruption programme at the local level and the main tasks of the Anticorruption Council are detecting potential sources of corruption, taking preventive measures in enterprises and educating employees and the public.

Protection of municipal land, urban planning and space

Pula has taken a firm stand on the protection of the municipal land on which - since the process of privatisation - certain private companies have set their eyes on. The local government, the government closest to the citizens, has the right to defend its citizens' heritage, for we have no other heritage. In the process of economic transformation, the companies have not assessed the value of their land, nor have they entered that value into their assets, which results in the requests that this unresolved right be conferred on the local government by means of certain legal and other modifications.

Parallel with the completion of urbanistic documentation, the city of Pula has collected and analysed the archive materials in order to valorise and mark sites. In doing so, the city authorities get assisstance by means of their international cooperation with sister-towns as well as through their own initiatives e.g. establishing the Council for the Protection of Fortification Architecture which listed some 60 fortifications and cannon nests in order to protect them and put them to some civilian use. The city of Pula, in cooperation with the Ministry of Defence, is trying to identify all the locations that might further the city's development and are no longer important for the defence, in order to re-designate those locations for tourist purposes, new apartment complexes, and for the tertiary sector as well.

The municipal administration completed its preparations for creating a database of the business premises owned by the city and the assets owned by the state, plus the updated utility companies' ownership records. By improving the regulation and the criteria for the reimbursement of the funds invested into the municipal premises, Pula has attempted to find a more satisfactory solution for the relationship between the landlords and the tenants.

Pre-school, education, sports, health, welfare and culture

Almost one quarter of the budget is allocated for pre-school care, education, sports, health, and welfare. The improvements in the quality of education in Pula have been achieved through different programmes under the umbrella name "quality school", through the individual approach, the work with talented children, the foreign language learning from the earliest age, the additional training of the professional

staff in educational institutions, the prevention of drug addiction through the curricula and the extracurricular activities.

During 2002, certain improved practices of primary school asset management were initiated in such a way that a significant shift was made in investing into the capital facilities and the investment maintenance. The program of non-profit organizations' grants to the citizens has been realized by awarding 115 student scholarships and by subsidies to non-profit organizations.

The amount of 9, 24 million kunas has been allocated in the budget for sports, including the sports recreational programme "Sports for all". In order to more efficiently manage the available sports facilities, the sport public institution was set up in Pula.

The swimming pool on Pragrande is under construction (preceeded by a competition for the design of the entire complex), as is the reconstruction of "Dom mladosti" and the gym at the primary school in Stoja - the facilities in which an exceptionally important international sporting event is to take place: the European Boxing Championship for seniors in 2004. That is a great responsibility, but also an excellent opportunity for the sports, cultural and economic promotion of the city of Pula, Istria and Croatia.

Pula has a strong welfare programme that provides assistance to meet the basic needs of the impoverished, the invalids and other needy persons. 2010 poverty-stricken people plus 2250 more are taken care for by 16 disabled persons associations, the beneficiaries of Pula's generous Welfare Program.

Significant funds have been siphoned into the Faculty of Philosophy and the construction of the Faculty of Economics and Tourism. This year, another great educational and cultural facility will be finished: the City Library.

Various cultural manifestations, such as transforming the former military barracks "Karlo Rojc" into a multi-cultural student centre with a plethora of activities, have put Pula on the cultural map, which has had a positive effect on Pula's development. Soon, within the future center, some 80 city associations will be active; in the next phase, a student canteen will be opened and a hostel built.

The promotion and protection of human rights and the rights of minorities nad the building of civil society are part of the strategic approach to Pula's development in which the latest international legal, constitutional and legislative solutions in the area of protecting parity and identity of all minorities living in Pula have been adopted and applied.

Citizen create urban identity - lifetime education for the administration

By involving the citizens of Pula into joint project realization, they create the city and its urban identity, shape the present and the future together with the administration, based on dialogue, tolerance and cooperation. It is thought that the permanent education of city employees is necessary at present because of the rapid changes of all technologies, including the managerial ones.

Therefore, the following is required of all the city administration employees - first of all to identify the administration's human resources in order to improve them. More than 50 percent of Pula's civil servants in the administration were trained in the use of information technologies for administrative purposes. Furthermore, the city statute requires that the administration's activities be transparent by means of using information technologies. Pula's city administration heavily invests into the education of the civil servants, convinced that Pula's development depends on the creative, efficient and lifelong acquiring, expansion and use of knowledge - and quickly accepts the offers of consulting services, aware of the fact that outsourced consultants bring dynamics into the administration and enrich it with new knowledge, skills and solutions, particularly in pressing situations.

Therefore, for the administration of the city of Pula, the following priorities remain:

- education of its own and entrepreneurship management
- investment into construction and development of infrastructure capital
- developing interactive relationship with citizens - consumers and buyers

- strategic positioning of development, supporting development projects to overcome technologies of low-capital intensity

- openness to green-field investments

- faster adoption of other solutions and

- supporting high productivity and innovations (within the city administration as well).

Local development agents: the case of Timis county, Romania

Local governments are interested in enhancing their capacity of action and in fulfilling the expectations of the community in which they work. In small municipalities, the capacity to act and be successful is hindered by the lack of sufficient partners, staff and finances to develop projects. One of the success models, developed in EU countries is the „local development agent" (or facilitator - see www.caledonia.org.uk/communit.htm). Romania has recently adopted this model, with the hope to aid rural communities and small towns to attract national and international projects, relevant for their development. Of enormous help was the expertise provided by the Agency for Economic Development of Nordrhein Westfalen, Germany to develop a Romanian-adapted concept of „local development agent", with tasks such as:

- strategic development

- project management

- community development

- fundraising for projects relevant to the community

- marketing and promotion of the municipality

- ensuring inter-institutional local and international co-operation

- other tasks, arising from newly identified needs of the community.

So far, in Timis county only 24 local development agents have been employed by the local governments in small towns and rural settings, but similar projects have been developed in other counties, such as Cluj and Bistrita Nasaud (it is important to state that some of the Romanian local development agents had already exchanges of experience with

similar agents from Bekes county, Hungary and from Saratov region in Russia). Of great help proved to be the PHARE programme, since EU financed, through the PHARE RO 0104.03/2.2 the project „Local development agent - an actor for stirring local development", within the component „NGO development". After four years of work, local development agents in Timis county succeeded to obtain financing for 35 projects developed by them as follows:

- for infrastructure projects   2.872.603 euro
- for social services   512.586 euro
- for environment   432 euro
- for cultural projects   1.150 euro
- for public administration moderniyation   84.141 euro.

Other activities: participation in national/regional contests for projects, creation of 4 community associations, development of strategies for 15 municipalities (see also: www.adetim.ro; unfortunately the English version does not contain the descriptions of projects).

In one small town only, for instance, Jimbolia, the most Western town of Romania, situated in the vicinity of the Romanian-Hungarian border, the local development agent, operating since January 2000, succeeded to carry out projects such as:

- *ROMA Access - a step forward to improve the social status of Roma people in Jimbolia*, project financed through PHARE with 16.500 euro (consisting of training offered to Roma people, in order to access the labour market)
- *Creation of the microregional association Banat Ripensia for developing municipalities*
- *Councelling center for citizens* - a project financed with 19.550 euro
- *Development strategy of Jimbolia - an instrument for dialogue in local partnerships etc.* (www.jimbolia.ro, yet the projects are not available in English, but the mayor is available for further references).

Similar European experiences can be studied from the following references:

www.observaonline.net/html/inglese/ingl.htm - Italy

www.lefs-leonardo.org/project/lefsen.htm - Spain, but for partners in UK, Greece, Poland, Italy and Spain, for creating a network of local development agents

www.cal.ngo.pl - Poland

www.uwex.edu/ces/cty/monroe/cnred/documents - USA, for Community Resource Development Agents

casnws.scw.vu.nl/publicaties/venema-councillor.html - Senegal, for rural councillors who would act as local development agents

Zlata Ploštajner and Ivona Mendeš

Citizens Participation

In transitional countries, experience with democracy is relatively short, uneven and very often frustrating. For a further development of democracy in these countries, the "double democratisation" is needed in the sense of democratisation of the state and the civil society, since they sustain each other, make each other possible, and also limit each other.

Faced with a set of completely new challenges in a globalized world, governments at all levels increasingly realize that they will not be able to conduct and effectively implement policies - as good as they may be - if their citizens do not understand and support them. So, they are looking at the new or improved models and approaches for better informing and involving their citizens in the policy-making process.

The place where these processes begin is the local community. Local governments in transitional countries are confronted with problems such as decentralization, fragmentation, underdeveloped mechanisms of public participation, a lack of highly educated professionals, and many other problems. However, in today's highly complex world it is only at this lowest level of democracy and autonomy that a direct dialogue between the citizens, their interest groups and politically elected decision-makers can be held. Effective local democracy is therefore vitally important for higher levels of democracy. Each citizen in a local community should have a chance to practice active citizenship and gain the necessary experience for participation at higher levels and to develop democratic political culture.

In that process, however, they should be aware that it is sometimes impossible to achieve a compromise or consensus, because the readiness of the participants, their openness to other views, varies a great deal. But the public dialogue is also a school of democracy, where citizens through practical work learn to perform their citizenship roles.

Motivation and stimulation for participation is important

The period of transition in the countries of Central and Eastern Europe has brought severe problems to many communities and their citizens. Many local firms have gone bankrupt, so there are not enough jobs,

communal infrastructure needs improvement, public services are deteriorating, environmental problems are pressing, people are unsatisfied with the quality of life, they need jobs, better prospects for their children, etc. After the change of political and economic systems their expectations were high, but they have not been fulfilled. Gradually, they have lost enthusiasm and interest in community affairs, and now they are mainly focusing on their own well-being and struggling to ensure a decent life. Politicians, who make great promises before elections, disappoint them. They talk about democracy, the rights and welfare of citizens, but when citizens come to a city hall with a problem, they sometimes do not receive any help. From the point of view of citizens, politicians often make the situation even more complicated. Where politicians and businessmen have access to financial, political, legal, and institutional or media resources, citizens do not. So what can they do? Many fall prey to the feelings of apathy, despondency, hopelessness or helplessness, they say "nothing" and distance themselves from politics and community affairs. Citizens distrust politics, local politicians and government officials, and do not believe that politicians really care about them and their needs. Due to the legacy of the previous political regime, citizens also lack the experience of active citizenship in a democracy.

> **Practical basis for participation of citizens in regional self-government in the Istrian County (Croatia)**
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> The County Executive Board of the Istrian County in 1997 adopted the conclusion on the Forms of Participation of Citizens in the Activities of Local Communities, recommending this document to all the municipalities and cities in the county. In the introduction to the text "Forms of Participation of Citizens in the Activities of Local Communities" it says that the participation of citizens is a desirable value and that it is necessary to establish various forms of citizen participation in the activities of the local community, including: civil initiatives, above all petitions (for which they believe there is a legal vacuum in the Istrian County); referendums; informative activities via the local media; centres for citizen questions (in the form of an agency within the representative bodies of local governments which would offer legal advice and inform citizens on the decisions of the bodies); monitoring and participation in the work of representative bodies and so on.

For citizens to become motivated for participation, they have to get a feeling that their voice counts, and that they can influence the situation and the course of action. They have to be provided with an opportunity to speak freely about everything that bothers them. Their opinions have to be treated with due attention. There are different forms of citizen participation, including voting, referendums, municipality or community assembly, public presentations, public exhibitions and public discussions. These forms of participation might be called traditional methods. But, due to the changed circumstances, those forms of participation are often not enough. Because they offer limited possibilities for expressing the interests and opinions of citizens, they have to be supplemented by new forms, which have evolved in the last decade.

A few new forms of citizen participation:

1. Citizens organizing themselves (breast cancer survivors, environmentalists or similar) to lobby and influence public policy. This way of participation of citizens in local government has its own legitimacy, and it can consequently trigger off changes in local activities. For example, public protests can be organized based on the citizens' initiative, at the invitation of one or more political parties or trade unions, or through the combined efforts of citizens, political parties, trade unions, and other parties from the public political sphere. Also, informal communication and interaction with the representatives of local government, on the basis of which the authorities change their decisions, takes place every day in various locations (streets, markets, cafes, restaurants, neighborhoods, and a like).

> **Protests**
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> In the Istrian County public protests are quite frequent, especially the smaller ones, and at these protests various public demands are expressed which, although not legally binding, can trigger off some changes in the work of local authorities.

2. Forming different citizens' alliances which initiate, propose or comment on the respective new legislation. This is important because what many local councils and authorities consider to be a priority might be of only marginal importance to the citizens who may be interested in different issues that are simply not dealt with by the administration.

3. **The Internet has become a communication tool between citizens and different levels of government, or serves as a meeting point for citizens to discuss different issues.** The relationship between the government and the citizens is becoming increasingly complex and multifaceted. The development of information technology is changing the context of governance. New communications technologies allow citizens to overcome the barriers of physical distance and to organize themselves more quickly and effectively. This increased access to information has a "democratizing effect" - politicizing citizens and often mobilizing them into action.

4. In order to participate in the development of their communities, citizens and other stakeholders create public spaces to discuss common projects (from the initiative to the implementation). This last form of citizen participation will be the main focus of this paper, because it expresses the citizens' motivations and enables a dialogue with numerous parties in the community.

Local politicians and officials have to support citizens participation

When local governments are struggling to improve the situation, to foster economic development and upgrade local communal infrastructure and public services, it is often necessary to hire experts to help local officials prepare the programmes. But when such experts suggest conducting a survey about the needs and views of local

populations, and organize workshops in villages and towns to discuss the problems and the needs of the local people, local administrations often doubt usefulness of this. They say it is time-consuming, expensive, and most people have nothing valuable to say since they are not competent.

Professionals assisting participation in Kranjska Gora (Slovenia)

After the establishment of the Kranjska Gora municipality in Slovenia (during the 1990s), its government decided to make special effort in order to stimulate the development of the local communities that were lagging behind and not showing any initiative. The municipality selected a team of professionals to assist the local communities in preparing their development plans and projects. The team approached its work on the premise that citizens have the right and the responsibility to become informed on the development issues concerning their community, as well as the right to comment them.

The head of the development department in one town, where such activities were suggested, said it bluntly: "It is waste of time and resources. People just complicate things, they do not understand, they are selfish, they argue with each other, they just criticize what we do… it is better to do it alone, it is more efficient." The local administration in that town preferred to form working groups to which local politicians, administrators, representatives of different interests and some local experts were appointed. Within these working groups different topics were discussed, so that the expert team would get better informed about the local situation, while the elaboration of the programme was left up to them. The expert team was hired for the preparation of the plan because they were experts in this field so they were supposed to do their work. When they prepared a plan, they had the final public presentation and that was it.

But to encourage real participation, local officials and administrators also have to understand its significance, so it is useful to have workshops for them about local development and citizen participation. Such workshops can present some best-practice cases, showing that active citizen participation is a necessary precondition for an elaboration of a high quality plan and its successful implementation. While it is possible to prepare a very nice plan without consulting the public, such a plan will run into enormous problems in the implementation. Citizens will

be poorly informed about the plan; they will have to be forced to obey the decisions and they will often obstruct them, all of which makes the implementation hard if not impossible. A very comprehensive programme might be prepared, but there is a lack of people who would

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Taking citizens seriously

In the case of Kranjska Gora, the mayor and the head of administration agreed that the project can be carried out in accordance with the team's method and that they will also participate in it actively.

Opening local administration to citizens

Regardless of their function and organizational unit, all employees in the Istrian County are obliged to:

- Always and on every occasion listen to citizens
- Be friendly and efficient in the receipt or referral of initiatives, suggestions, complaints, objections, queries, messages and other proposals by citizens
- Make note of every suggestion made by a citizen, which is related to the work of the bodies of the Istrian County
- Be extra considerate in their communication with persons with special needs.

The successfulness of the communication with citizens is evaluated through public opinion polls, analysis of press-clippings and the complaints made by citizens. In their reports about their work (these are usually annual programmes and reports, and the so-called four-year mandate programmes and reports), various departments of the Istrian County prove their responsibility toward their own work and their responsibility toward the citizens of the county. In the creation of practical frameworks for the participation of citizens in local government, Istria has made great strides. But this is only part of the county's mission: to accept the system in management according to the requirements of the valid international norms ISO 9001: 2000 and ISO 14001: 1996 described as the "efforts to surpass the requirements of the regulations and to develop its own standards of good practices".

implement it. The city hall cannot do it alone. What can be done? Get people involved, do things for them - with them, not instead of them.

So the workshops that experts will organize with local people will focus on their real-life problems and search for possible solutions, identifying the opportunities for citizen action. It will also serve for motivational purposes, to make people aware that they can do many things themselves if they join forces.

Also, if the local administration, the agencies for development at the national level, or similar institutions want to encourage participation and involve citizens in the projects that concern their well-being, a good way to motivate them is to knock on their doors and talk to them personally. It is necessary to explain in those conversations what the results of the proposed projects will be, why their involvement is important, and how they can make a difference with their engagement. People are drawn to public-interest activities that produce tangible results within a reasonable period and they participate when their participation makes a difference.

Professionals have to foster citizens participation

The problems also quite often arise with professionals who participate in decision-making process as experts, since sometimes they are not willing or able to discuss their argumentation with laypersons. It is not just the problem of language and complex arguments; it is also an unwillingness to accept other modes of knowledge as legitimate. Professionals are also sometimes not aware of their broader social responsibility and do not understand that policy-making processes must also reflect the concerns of other people that are infused by value choices which cannot be made based on scientific evidence alone.

Although it is recognized both in theory and practice that the public must be more involved in public decisions, many professionals and experts dealing with public issues are, at best, ambivalent about public involvement or, at worst, they find it problematic because the complexity of modern issues cannot be attacked with common sense and ingenuity. As a result, most of them do not actively seek public involvement. They believe that the only base for decision-making should be scientific knowledge. While this is to a certain extent true for some issues, many of them cannot be resolved solely by scientific input, but increasingly require some decidedly non-technical ethical and political decisions. Citizens probably lack technical knowledge, but they possess certain

knowledge about their community and locality, which can be very valuable, and as citizens, they have a right to participate in ethical and political decisions. But even though citizens do care about the issues facing their communities, they are often "pushed out" of the public process, because the local political and administrative systems, presumably based upon expertise and professionalism, leave little room for the participatory processes.

The real citizen participation in the decision-making process requires a broader concept of knowledge. It is not only the scientific expertise that counts, but also the intuitive, tacit knowledge of citizens. Theirs is practical knowledge stemming from learning-by-doing, learning by experimentation, from supporting continual innovation and adaptation. Both the expert and the layperson knowledge have a legitimate place within the decision-making process.

It is extremely important for citizen participation that professionals are open to citizens and accept them as partners in the areas of public interest. Even more, professionals can foster public participation because they can convince local officials that it is worthwhile and at the same time show them some positive practical results through the projects they conduct.

Citizens participate when they feel that their participation counts

Participation through a survey

In Kranjska Gora, the expert team persuaded the local officials that a high level of citizen involvement is crucial and worth money and time. The team prepared a questionnaire and sent it to every household. Where a household consisted of two or three generations, additional questionnaires were provided, and every generation was asked to answer the questionnaire separately. In a covering letter giving some information about the project, they were also informed that the team members would collect the questionnaire on a certain day (Sunday), when most residents should be at home. The team opted for this personal collection of the questionnaires to establish a closer contact with the community members and to use the occasion to discuss the project with them and answer all the questions or concerns they would probably have.

This approach was necessary because, at the very beginning, the team recognized a high degree of apathy among the citizens and the team members wanted to animate them and persuade them to get involved.

Based on the proposals from the community, the expressed interests of the community members and the team's suggestions, the working groups were formed for different areas of interests. The team provided for a structured, facilitated and in-depth deliberation that encouraged the participants to consider each other's views in a non-confrontational manner and reach a compromise or consensus on the issues. In this way the members also learned certain rules and developed the skills necessary for the participation in public deliberation. They learned to accept the differences in opinions and interests as legitimate, and as the basis for further discussion, which could and should bring them closer.

The team members gathered additional input from the citizens and other stakeholders (business, NGOs, clubs, etc.) to sort out the main issues and form the proposals of how to effectively address them. The team members conducted interviews with the community officials and other stakeholders to give them an opportunity to express their views. Special meetings were organized for different groups (business, NGOs and other associations) to get them actively involved.

All the meetings were open to public, so that every citizen, though uninvited, could participate. The relevant information was regularly published and delivered to every household, so that the citizens could monitor the progress.

The representatives from the municipality and certain state offices were invited to attend certain meetings, so that the municipal and state aspects and views could be considered within the projects. Also, in this way, new channels of communication emerged, that can be beneficial to the implementation of the local programme and, at the same time, they give these officials an opportunity to discuss the practical consequences of their policy and the regulatory activities with the citizens and the interested parties.

Decision-making structures and processes have to be open for participation

Local authorities must find ways to include their citizens in the discussions about public questions. Participation in public discussions and other public actions should be a positive experience for citizens, opening the possibilities for active citizenship and for joint learning through debates, thus contributing to the realization of democratic principles in practice. Citizen participation should not be an obstacle for local government actions; it must be an integral part of its action, because its basic mission is to strengthen democratic institutions in a society. At the same time it increases social capital in local communities and their members' readiness to act together for the common good.

Public hearings in Crikvenica (Croatia)

Enabling citizens to give suggestions concerning the decisions that have special significance for their everyday life is the basic reason why the authorities of the city of Crikvenica on the Croatian coastline decided to involve their citizens in the process of adoption of the local city budget. They believed that the most efficient methods of involving the citizens in the process of adopting the local city budget was the organization of public hearings, the conduct of surveys, the organization of discussions about topics, and the organization of discussions in committees. However, considering the size and other characteristics, they opted for a public forum as the most efficient method of involving the citizens in the process of adopting the municipal budget.

The benefits of a public forum as a method of involving citizens in the process of adopting the local budget are multiple since it improves the decision making process, enables obtaining information on various issues and problems, and makes the citizens more willing to accept certain decisions, it improves understanding between the representatives of the local authorities and the citizens of a local community, creates the local authorities' image as open and accessible, assists the local government's representatives to set the budgetary priorities. Finally, the aim of a public forum is to obtain the support of the public regarding the strategic budgetary goals and thus facilitate the adoption of the budget.

The city of Crikvenica organized two forums on the local budget; the first was in December 2001 when the Proposal of the Budget of the City of Crikvenica for 2002 was presented, and the second time in December 2002 when the Draft Proposal of the Budget of the City of Crikvenica for 2003 was presented. Involving the citizens in the budgetary process justified the expectations of the municipal bodies of Crikvenica, and enjoyed the support of the citizens. The goals that were set when planning these public discussions were almost completely realized, and the response of the citizens from almost all age- and interest groups was satisfactory, considering the fact that this method represented an innovation in the communication between the representatives of the local authorities and the public.

Consultative councils in Romania

To foster the interest of the public and to fulfill the European criteria regarding accountability, Romania widened the possibilities of letting its citizens into the decision-making process at its initial stages. Local councils may, according to the law "decide on an association with Romanian or foreign juridical persons, with NGOs or other social partners, in order to finance or organize activities, services or projects of local public interest." A breakthrough was made at the Local City Council of Timisoara, which decided to take the Proximity Consultative Councils as partners, which consisted of the citizens living in the Timisoara districts. Out of the thirteen proposed consultative councils, eight were created. At least seven citizens of full age (18 and over) from the same district must inform the city council about their intention to create a Consultative Council and must register at the city hall. Their work is voluntary (not paid), and the sessions of the council are public. Their suggestions are analyzed, developed, and further discussed by the specialized committees of the local city council.

Public participation can range from information sharing through consultation to more active forms of participation, such as partnerships, that involve strong citizen influence over public policies and services - which should be the main goal. Where participation is used only as the legitimization for the already adopted decisions, and is not meant as an active co-operation in decision-making, the co-operation is supervised, managed and, on many occasions, manipulative. This in most cases

happens by making important decisions internally or by consulting with the chosen experts, and presenting the fully elaborated proposals to the public only for comment or, sometimes, just for information. If there is no openness and readiness by politicians and administrators to respect the contributions of all participants in the debate, the public debate serves only as a smoking screen and a legitimization tool for the already accepted goals, which means that citizens do not find their participation worth it.

Effective citizen involvement is essential for good public policies and good governance. Elected officials, administrators and citizens all play important roles in governing local communities. Therefore, it is crucial for local governments to promote and sustain an environment of responsive citizens involvement. To elicit such commitment, the acceptance of some guidelines for elected officials and public administrators might help:

- Value active citizens involvement as essential for the future of the local community.
- Design the policy-making process to make room for different forms of citizens participation (of individuals and of different organizations).
- Provide adequate financial and staff support to citizens participation.
- Organize involvement activities to make best use of citizens' time and effort.
- Provide citizens with an opportunity to be involved in the process of policy development, planning and project development from the very beginning.
- Provide communications that are comprehensible, timely and broadly distributed.
- Respect and consider all citizens' input and respond to their perspectives and insights in a timely manner.
- Carry out deliberative processes according to democratic principles, so that citizens participate as equals and are ready to listen to each other's arguments and take them into account when forming decisions.
- Encourage opportunities that reflect and publicly express rich diversity of local communities.
- Support and sustain ongoing networking among citizens, local governments, local government officials and staff.
- Provide training for local government officials and professional staff in the area of citizens participation, in order to develop participatory

organizational culture and individual attitude favorable to citizens participation.

- Coordinate interdepartmental and inter-jurisdictional activities so that they support citizens participation and make it more effective and meaningful.
- Regularly evaluate the effectiveness of citizens involvement in search for possible improvements.
- Provide publicity for successful cases of citizens participation to motivate others to follow suit.
- Permanently search and encourage new forms of citizens participation.

Participation gives visible results

> **Citizens' working groups**
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> Working groups were very active in Kranjska Gora. Along with the expert team they met regularly and carefully elaborated their action proposals. Based on the working groups' results, the team prepared a draft version of a development plan. Meetings were organized to check with the citizens and other stakeholders and ensure that what the team put forward as recommendations, correctly reflected the citizens' and stakeholders' views and priorities. In fact, in this phase of the process, the citizens and other stakeholders met with the professionals and experts. This allowed the differences to be identified and common ground found. Furthermore, this allowed the team to assure the decision-makers that their recommendations enjoyed the support of the community, and that the actions growing from these recommendations would be carried out or supported by the community members.

When people take part in community activities, groups should be formed based on the expressed personal interests. Groups last when made up of people who really enjoy each other's company. No one voluntarily spends a lot of time with people they do not like. At the same time, do not expect too much from people, since this is extra work for them. One person should not be involved in too many activities. Together with some serious business, there has to be time for pleasure. People are drawn to group activities that are fun, creative or educational. Groups that focus only on work drive people away.

At the beginning it is very important that professional assistance is provided for the implementation of the project ideas. People often do not have enough experience with organization and management, so they need some support, but after a while they become more skilful and they can do many things themselves. Training and counseling in different areas of expertise will help them carry out their ideas and projects. Successfully implemented projects will encourage others to engage in community activities.

Making public participation permanent

While some communities produce active citizens who are able to organize themselves and require participation, others lack local civic leaders. In such communities the first impulses often come from the outside and, based on the articulated actions of its proponents, participation slowly gains momentum. However, the goal should be to make it permanent, to make it a way of life for the respective local community.

Participation as a continuing activity

Experience from the two public forums conducted in Crikvenica about the budget proposal shows that there is a need to continue such activities, and the discussions showed that the citizens were ready to perceive the general interest and give good suggestions without imposing their narrow individual interests. In order to make that method obligatory, regardless of the changes in the local authorities, a provision stipulating the obligation of conducting a public debate before finalizing the proposal of the city budget was written into the regulations of the City Board of the City of Crikvenica.

For joint action, the citizens and all other participants need to accept certain personal norms such as:

• Everyone has the right to participate and speak
• Respect the views of others; personal attacks are prohibited
• Readiness to act as a representative of particular interest but respecting broader community interest and legal rules
• Commitment to broader community interest

- Trust as obligation to act in accordance with accepted decisions
- Consensus as "general agreement" instead of unanimity for common decisions
- Openness and transparency of all activities.

Participation in joint deliberation and negotiation broadens individual horizons by exposing people to other views and opinions. It endorses cooperation and develops social capital that increases the capacity for collective action within a community. Through their practical commitment and some special training activities, citizens develop these norms and also the readiness to take responsibility for their own and their community's future. Sometimes it seems impossible to educate many, but it is often enough to find one or two locals who can lead. One or two people can make all the difference by serving as catalysts to bring many people together, who would otherwise remain apart. These leaders should be higly committed to the local community. It is this local community and a shared sense of belonging that connects the participants in a special way and enhances their responsibility for the results and the successful resolution of local issues.

It is impossible to list or regulate all of the ways and forms (especially external) of citizen participation in local government. For this reason, some ways and forms of participation of citizens take place outside the existing legal and practical framework, but not contrary to it. In some of them there are legal or operative gaps, so that citizens who wish to participate in these new ways in local government lose out on legal or institutional security, but gain on spontaneity.

Best practice example: The cooperation of the city of Osijek, the USAID and the Urban Institute in the local government reform project

Project: communication via the Internet between the citizens and the city administration - WCA Internet Portal

In the city of Osijek, the Urban Institute in 2001 implemented the Web Connected Application - WCA model in the area of information management - which enabled the system of information exchange in the city administration among the administrative departments, and between the citizens and the city board.

The new WCA model has opened new possibilities for Osijek:

- for internal work and communication from a distance for the city councilors, city board and city administration (access to databases, direct and indirect multi-purpose communication)

- providing services to the citizens from a distance (direct and indirect communication, documents, applications, etc.)

- the participation of citizens in the work, development and setting of priorities of the city administration (via a defined Permanent City Conference, permanent surveys, direct communication, etc.).

This model is supposed to improve efficiency of the city administration, and the democratization through citizen participation in cooperating and communicating with the city administration. The local government, city districts, neighborhood councils and the city-owned companies have been integrated into an interactive information system. The integration has raised the internal efficiency of the local self-government to a higher level. In this way, in addition to increasing work efficiency, the cost for the material has also been reduced.

The business communication using these new possibilities supporting direct, indirect and multi-purpose communication has enabled the optimization of the working processes and the allocation of the available resources. The possibility of service delivery to the citizens and investors at a distance, and without the need for a specialized training, has opened up the process of assigning of working and communication channels from higher instances to the lower, operative ones. The number of clients coming personally to the departments is much lower now.

Many published documents and their topics increased the quality and support to all external users, investors, etc. The transparent legal framework, business conditions, databases, clear market possibilities, the timely promotion of local government programmes and projects, all directly affect the functioning of the local government economic development. A constant presentation of functions, responsibilities, legal framework, budget, projects, regulations and ordinances of the local government, and the transparent input of needs, ideas, projects, ordinances and the orientations of development, have *directly increased citizens participation in the functioning of the local government.*

The citizens express their ideas about the evaluation of the performance and efficiency of the local government, and they also generate ideas, which increase the local government's efficiency. The regular structured conferences and open working channels for the local government councilors contribute to the development of democracy.

Snježana Vasiljević

Ethnic Relations and Examples of Positive Practice in Eastern Europe

Introduction

The objective of this study is to show how some Eastern European countries have managed to launch the initiatives at the local level conducive to the creation of multiethnic societies. This is important not only because of achieving the goals set up by the international community but also because of providing some positive examples for others in the process of implementing programmes, initiatives and legislation for the advancement of multiethnic relations at local levels. The positive effects of particular examples of the positive practice of ethnic relations are often very difficult to bring about. Sometimes, it is difficult to distinguish between the examples of the positive and the negative practice, especially if we focus on the conflicts in sensitive societies such as the Western Balkans. However, it could be said that any practice that can contribute to the improvement of ethnic relations and to the protection of minorities could be considered a positive practice.

The region of the Western Balkans, despite the turbulent period during and after the war has - besides a lot of negative examples - also provided some examples of best practice concerning the advancement of ethnic relations at both the regional and the local levels. In this era of enlarging Europe and the numerous initiatives focusing on the improvement of ethnic relations and protection of ethnic minorities in the region of the Western Balkans, other countries bordering this region, such as Hungary and Romania, have also shown some positive examples of shaping multicultural societies in this part of Europe.

This study is divided into three parts: a short introduction, a review of the examples of best practice in the countries selected for this research and the conclusion of the study emphasizing that these examples can be used in the broader region for the purpose of maintaining peace and stability as well as for creating a society with developed and improved interethnic relations. The countries chosen for this study are Hungary, Romania, Croatia, Bosnia and Herzegovina, Serbia and Montenegro, and Macedonia.

Examples of positive practice

Hungary

In Eastern Europe, Hungary is one of the best examples of positive practice in ethnic relations. The following examples will support this argument. A specific positive practice, known from the Hungarian experience, is the introduction of the institution of the ombudsperson for national minorities since this can substantially contribute to the improvement of the situation of minorities and to the promotion of their rights.[1] The institution of an ombudsperson for national minorities exists only in Hungary of all the East-European countries covered by this study. Even though in other countries similar duties are performed by ombudspersons for human rights, experience has shown that there is a need for additional mechanisms for the protection of minority rights. The Hungarian experience can serve as a good example for other countries in the region, as the state authorities should bear the burden of responsibility for the preservation of values and good inter-ethnic relations in a country. On the other hand, the local authorities should also share the burden of responsibility in fostering tolerance and good relations among different minority groups. The prestige of the Romany Local Government is high in the whole community. The Romany Minority Local Government of Nagykanizsa has a special influence in the county. It has provided different training for its members, as well as for the leaders of the local minority governments of the entire county.[2]

One of the examples of good practice at the local level are the school experiments in two Roma villages in the Alföld which represent innovative educational programmes in Hungary. The actors involved in these two experiments were the local governments and the public institutions. In the first village, the mayor initiated a new programme aimed at improving its school's level of education and the relationship between the school and the parents. In developing the level of

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[1] One of the most important aims of the ombudsperson is to strengthen the confidence of citizens in state institutions. Anyone may turn to the Parliamentary Commissioner if s/he feels that the action of an agency, or as a result of an agency's decision, proceedings or negligence, a violation has taken place in her/his national or ethnic minorities' rights, or that the direct threat of such a violation is imminent. See for more details at the official site of the institution of the Parliamentary Commissioner for National and Ethnic Minority Rights at: http://www.obh.hu/nekh/en/index.htm.

[2] One of the positive examples are the innovative educational programmes in Nagykanizsa. This good practice has resulted in an educational curriculum about the Romany minority for all students, the cooperation with all elementary schools in Nagykanizsa, the classes on the Romany culture and history, the relations between the ethnic and the Hungarian students have been greatly improved, the number of Romany students in high schools in Nagykanisza increased by approximately 30 students. This has had a positive impact on the local practice though the local government has resisted attempts at transplanting these activities to other locations. Borbély Nagy, Éva, *Innovative Educational Initiatives in Nagykanizsa.* Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx= no&id=37.

education, the mayor hoped to bring to an end the practice that the children of wealthier non-Roma families attend school in the nearby city. The other objective of the alternative programme was to create a closer relationship between the Roma and the non-Roma inhabitants. The second programme attempted to integrate the Roma in the community while urging them to keep their traditions and values. The record of the various stages of the school programmes can serve as a good example for other multiethnic communities.

Despite the good educational programmes and activities at the local level, educational discrimination still exists. The local minority self-government has tried to eradicate educational discrimination on the local level. This can be seen in the following example of talent fostering and democratic training of the Roma secondary school students at Residence Hall Collegium Martineum in Manfa in southern Hungary. Talented Roma students are given the opportunity to study and live in the Hall where they take part in its democratic governance and receive guidance in how to become key players in the society. The actors involved in this initiative are the local NGOs, minority organisations, minority self-government and local leaders. The gifted Roma students from the secondary schools in the nearby city of Pecs are provided with high quality educational facilities and community-type accommodation at the Residence Hall. They learn - through the democratic governance of the Hall, the specialised courses and the meetings with the Roma and the non-Roma intellectuals and politicians - how to become more influential and socially mobile individuals as well as key players in building democracy for and within the Roma community. As most of these students come from highly segregated settlements, usually economically and culturally destitute hamlets, their chances of gaining access to the qualified job market and the political sphere are improved by their stay in the Hall. The good practice is the result of the application of local level initiatives involving international non-governmental partners.[3]

Romania
The second country chosen for this study is Romania. Due to the traumatic events in the 20th century Transylvania, the local ethnic and

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[3] Location: the good practice takes place in Manfa, a village close to Pecs in southern Hungary. Minority/target groups: talented secondary school Roma students from small, usually segregated villages from south-western Hungary. Aszalos, Zoltan, *Talent fostering and democratic training of Roma secondary school students, Residence Hall Collegium Martineum in Manfa in Southern Hungary.* LGI Case Studies Database. Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx= no&id=215.

religious communities tend to live more or less isolated from each other in order to avoid confrontations. This, in turn, creates difficulties in learning each other's language and culture and in building up coexistence. In addition, there is a lack of forums and opportunities to inform people about the culture of different ethnic groups in Romania.

The Multicultural Academy[4] is part of the events and programmes organised by the Intercultural Centre at the Pro Europa Liga (Tirgu Mures, Romania), an organisation which promotes communication and dialogue between different cultures, ethnic groups, religious communities, the preservation of otherness and differences, and the prevention of conflicts. This programme is also supported by the national NGOs, the international government organizations, and the international NGOs. The Academy is financed by the Heinrich Böll Foundation from Germany. The Academy is run the entire school year as a "travelling University," and has four sessions held in four different locations depending on which culture is in the focus of that particular session.

Another example of improving majority and minority relations in Romania is the Minority TV. The purpose of this programme is representation of minorities in public discourses and improving intercommunity relationships.[5] The main goals of this minority programme are: to broaden the number and the spectrum of their viewers by presenting the culture of the ethnic minorities from the region of Dobrogea (Turkish, Tartar, Lipovene, Greek, Armenian, Albanian, Roma, Hungarians), and to inform them about their home country. The locations of the programmes vary:they are filmed in Dobrogea and abroad - in Turkey, Greece, Russia, and Hungary. To boost the coexistence of the Romanian majority with the minorities, the programmes are made in the Romanian language by Romanian journalists so that the majority population can learn about and understand the minority cultures around them. The programmes are structured as talk shows and interviews which present the traditions, customs, religion and social problems of the ethnic groups.

Concerning the education of the minorities, a good example of positive practice in Romania is the integration of the Roma children in the school

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[4] Haller, Istvan, Ardelean, Laura, *Multicultural Academy in Romania*. LGI Case Studies Database. Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=148.
[5] MTC (Maritime Training Centre) TV is one of the three local televisions in Constanta (TV Neptun and Canal 56) broadcasting in the County of Constanta, with between 500.000 and 1.500.000 prime-time viewers. On Wednesdays, the MTC has a minority programme: "Convietiuiri la Marea Neagra" (Coexistence at the Black Sea). Musat, Dan and Beizadea, Haralambie, *Minority TV*. Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=155.

in Valea Rece. The education of the Roma children in Valea Rece[6] is an example of a combination of different sources and efforts in minority education. The education of the local Roma children was initiated by some Hungarian teachers from the town; they received financial help and know-how from the US Peace Corp. The Franciscan Order of the Catholic Church is also involved, mainly by providing monks for the spiritual education and the Roma language teaching, as well as two nurses for medical services. The legal base and help was provided by the OASIS Foundation, a local NGO with an environmental protection profile. They applied for financial assistance to different international charity organizations. A few teachers were recruited and paid by the County Educational Administration; also, three young volunteers from Scotland participated in the educational work. Also, two Roma teachers are now employed at the nursery school.[7]

Bosnia and Herzegovina

Bosnia and Herzegovina declared its independence in April 1992, triggering off the bloody war which lasted from 1992 to 1995. The Dayton Agreement, signed in November 1995, brought the war to an end. The results of this three-and-a-half year war were several hundred thousands casualties, more than twenty thousand people disappeared, some two million expelled and displaced persons, thousands of invalids, the destroyed economy and industry. The war significantly altered the demographic structure, so presently there are no precise data about the new demographic structure and the size of the population.[8]

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[6] Valea Rece is the poorest suburb of Tirgu Mures. 250 Roma families live there (with 3-5 children on the average per family) in squalour. Most adults are unemployed and make their living by collecting and selling recyclable materials. 85 percent of the population is illiterate, the children have difficulties in attending school and they quit after a year or two. Gorog, Ilona, *Education to integrate Roma children in school in Valea Rece.* LGI Case Studies Database. Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=156.

[7] The Educational Centre has achieved very good results.. The number of pupils who enrol this state school is increasing yearly. In general, 90 percent of the children who attend this educational centre have improved their school performance. Every schoolyear, the children there are given school supplies and the teachers in the Roma educational centre monitor and encourage their pupils' educational efforts.

[8] According to the 1991 census, Bosnia and Herzegovina had 4.38 million inhabitants, and the national structure was:

- Muslims, 1.9 million (43,7%)
- Serbs, 1,.4 million (31,4 %)
- Croats, 756.000 (17,3 %)
- Yugoslavs, 240.000 (5,5%)
- Roma and others, 100.000 (2,1%)

Helsinki Committee for Human Rights in Bosnia and Herzegovina, 1999.: *Report on the Implementation of the Framework Convention of the Council of Europe on the Protection of Minorities in Bosnia and Herzegovina.* Available at: http://www.minelres.lv/reports/bosnia/bosnia_NGO.htm.

The present state of the human rights and fundamental freedoms of the citizens in Bosnia and Herzegovina is very poor. A number of citizens are deprived of their elementary rights to live in their own homes and to use their property, the freedom of movement is restricted and risky, the educational system is strongly influenced by the ethnically-dominated political and state authorities in the entities, and there is blatant discrimination in employment as well. The position and status of the ethnic minorities is similar to the political and economic environment in Bosnia and Herzegovina. The position of the ethnic minorities, primarily the Bosnian Roma, is almost the same in both entities - very bad and disturbing. The Roma make the largest minority group.[9]

The creation of a multiethnic society in Bosnia and Herzegovina would be a significant step in the improvement of ethnic relations in the Western Balkans. Therefore, several examples of positive practice will be looked into in this chapter. The first example is an initiative for providing legal aid and information to refugees and displaced persons. The Centre for Information and Legal Assistance (CIPP)[10] provides legal aid and information to refugees and displaced persons wishing to return to their pre-war homes, in particular to the region around Zvornik (Bosnia), and from that region to other parts of Bosnia (1998-2000 and beyond). It also educates local authorities regarding the displaced persons' right to return. The CIPP[11] focuses on solving property claim disputes, often employing mediation to settle such problems so that displaced persons can go home. The CIPP also collaborates with some research organizations to study the quality of judicial processes in the Serbian entity of Bosnia.

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[9] Before the war, about 25 minority groups apart from the Roma, very small in size, lived in Bosnia and Herzegovina. Solely in the area of the town of Prnjavor (Western Bosnia), before the war there were 23 nationalities. However, after the war, there remained only the Roma and Jews out of all the former minority groups in Bosnia and Herzegovina. A special emphasis is to be given to the so-called "new minorities" which were created as a direct consequence of the war, that is, due to the "ethnic cleansing" and the persecution, and which are characteristic for Bosnia and Herzegovina. They are composed of the members of all three Bosnian /Herzegovinian people (Bosniaks, Serbs and Croats) who live in the entity whose constitution does not envisage their people as constitutional.

[10] The Centre for Information and Legal Assistance was founded in the spring of 1998, and began its legal aid programmes at that time.

[11] The Centre for Information and Legal Assistance's existence is the result of the local grassroots initiative, assisted by the grants from international governmental and non-governmental organizations. There is no concrete aid forthcoming from the local or national government of Bosnia. At times there has been implicit resistance from the local Zvornik government to the CIPP's programs, due to some disagreements regarding the goals. But at present there is at least a minimum level of cooperation. Lippmann, Peter, *Center for Information and Legal Assistance (CIPP) provides legal aid and information to refugees and displaced persons wishing to return to the region around Zvornik, Bosnia, and from that region to other parts of Bosnia (1998-2000 and beyond).* Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=167.

Before the war, out of the Zvornik[12] municipality's population of 81.000, approximately 60 per cent were Muslims and the rest were Serbs. A few months into the war, the entire Muslim population had been expelled, and the Muslim-owned property brought under the control of the new Serb-dominated government. Many homes were taken over by the Serbs who had been displaced from various locations in the Muslim-Croat Federation (Bosnia's other entity), such as Tuzla and Sarajevo. Thus in the post-war period the displaced Serbs in the Zvornik area and the displaced Muslims in Tuzla and other parts of the Federation, all encounter problems regarding the restitution of their pre-war property. In addition, there are both Muslim and Serb refugees in the neighbouring countries and further abroad who would like to return home.

The next example focuses on the initiatives in Srebrenica. The Bosnian town of Srebrenica wintessed the worst atrocities in Europe since WWII. More than 8.000 Muslims were massacred there during the occupation by the Serbain military in 1995. After many years, the refugees are beginning to return and the aid has started to flow into the region. In 2001, eight citizen groups formed a network, the Forum of Srebrenica NGOs, in a joint effort to make their voices heard and, even more important, to create a joint lobby for Srebrenica's economic and social reconstruction, and for the return of the refugees. The forum was sponsored by the Danish Refugee Council (DRC), which was active in Srebrenica from 2000 through 2002. To show that reconciliation is possible even in the town and the region of Srebrenica, the staff members of the mentioned organisations are both Muslims and Serbs.

Due to the financial support it has enjoyed, the Forum created a website for the local NGOs to help channel the information on the relevant projects and to inform the donors and policy makers about the conditions in the town. One of the Forum's numerous important activities are the organised pre-return visits of displaced persons to Srebrenica, as well as of the displaced persons still in Srebrenica to their homes. Those visits are planned and coordinated by the Forum's affiliate organisations. For example, it has taken the displaced Serbs from Srebrenica to Glamoč, Donji Vakuf, and Sarajevo, and has organized visits and resettlement projects of the displaced Muslims from the regions of Tuzla and Sarajevo to the villages around Srebrenica. The forum also supports sports and cultural programmes that help to bring together young people from both entities in the long-term interest of

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[12] Zvornik, situated on the river Drina, is one of the largest towns along Bosnia's eastern border with Serbia. During the war this area was one of the first to be taken over by the Serbian separatist forces (in April-May of 1992). Today, Zvornik lies in the heart of the eastern half of the present-day Republika Srpska, one of Bosnia's two post-war entities.

reconciliation and coexistence. For example, it has organized some indoor soccer tournaments among three municipalities in the Federation and three in the Republika Srpska.

Civil society is playing an important role in building peace and stability. The vital role of the NGOs in Srebrenica is mobilizing the resources and the will to heal the deep wounds and facilitate social integration. Another organisation (The Centre for Legal Assistance) provides legal counselling for the returning refugees. The Forum members organize training courses as well. It is not enough to return to your home but also to find work or be able to set up a business of your own. The organization "Srebrenica 99" was established and launched for the same purpose in mid-1999[13]. In the summer of 2000, in spite of occasional violent opposition, this organisation enabled the first group return of refugees to several villages near Srebrenica. Besides Srebrenica 99, some other actors were involved in this project e.g. the local NGOs, the ministry, the national NGOs, the international NGOs, the minority organizations and some local leaders. The purpose of establishing Srebrenica 99 was to help the displaced Muslims still living in refugee camps and abandoned homes in the cantons of Tuzla and Sarajevo to return to the municipality of Srebrenica. The formation and operation of Srebrenica 99 is based solely on the local citizen initiative. The organization has received some valuable assistance from the Tuzla Canton government. However, Srebrenica 99 has received no assistance from the local authorities in Srebrenica.

Another organisation established to support the return of displaced persons to their homes is the Democratic Initiative of Sarajevo Serbs (DISS)[14]. The purpose of this initiative was to inform the Serbs displaced from Sarajevo and its suburbs during or shortly after the 1992-1995 war about their right to return. The organisation, responsible for advocating the protection of human rights and equal legal status for all three main ethnicities in Bosnia, has been encouraging the two-way return, that is of Muslims and Croats to the Republika Srpska, as well as of Serbs to

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[13] Lippmann, Peter, *Srebrenica 99, an organization based in Tuzla, north-eastern Bosnia: struggling to establish the return of Muslims displaced from Srebrenica and nearby villages (1999-2001 and beyond)*. Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=173.

[14] The DISS is purely a non-governmental initiative that arose out of local needs. It initially met with some opposition from the local government but recently, as a result of international pressure, this opposition has decreased and in some instances even turned into mild support. The Democratic Initiative of Sarajevo Serbs was formed in the Sarajevo suburb of Ilidza, in February of 1996. The DISS was founded by a small number of Serbs who remained in Sarajevo after the reunification, with the goal of advocating the two-way return and respect for human rights. The main target of DISS's programmes are the displaced Sarajevo Serbs living in the eastern part of the Republika Srpska.

Sarajevo. Besides the DISS, other actors such as local NGOs, local governmental institution, international NGOs, minority organisations, and local leaders, have played an important role in this process.

Having outlined several examples of best practice in Bosnia and Herzegovina, we might conclude that the described practices, in general, have helped to decrease interethnic tensions and to foster the peace-implementation process and the democratisation of Bosnia and Herzegovina. The local government, the media and the international organizations represent the key actors in this process of improving interethnic relations and conflict resolutions. It is also important to point out that those actors have helped to foster the development of independent media and the future democratisation of public space by means of their peacemaking activities.

Croatia

In December 1991 the Croatian Parliament passed the Constitutional Law on Human Rights and Freedoms and the Rights of National and Ethnic Communities or Minorities in the Republic of Croatia.[15] Passing this law was a precondition for the international recognition of Croatia as an independent state in January 1992. At that time, Croatia, like the other states created on the territory of the former Yugoslavia, had envisioned a relatively high degree of the protection of the collective rights of their minorities.[16]

The current situation concerning the protection of minority rights is much better than previously, due to the recently adopted Constitutional Law on Minority Rights Protection and the strong pressure from the European Union concerning the Croatian application for joining the EU. The adoption of this new Constitutional Law on Minority Rights Protection can definitely be considered a positive practice in this field. The Stabilisation and Association Process will take some time and during that period Croatia is obliged to take all the necessary measures to improve the position of its ethnic minorities and the ethnic relations in general in order to contribute to the fostering of the regional cooperation in developing multiethnic relations in the Western Balkans. However, the main objection of the international community is that the Croatian authorities have demonstrated a lack of political will regarding the protection of the Croatian Serbs and the safeguarding of their right to

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[15] The Constitutional Law on Human Rights and Freedoms and the Rights of National and Ethnic Communities or Minorities in the Republic of Croatia, *Official Gazette* 65/91.

[16] The right to education in the minority scripts and languages at all levels of education, the right to the official use of the languages, various opportunities for the preservation of ethnic, language and religious identity and the institution of the political representation of minority interests.

return to their pre-war domiciles in Croatia. It is therefore very difficult to find good practices at the government level that promote positive relations between the ethnic groups.

The Constitution of the Republic of Croatia[17] stipulates that Croatia is a state "established as the national state of the Croatian people and other peoples and minorities who are citizens of Croatia … and the state guarantees them equality with the citizens who are Croats as well as the national rights on the basis of the democratic standards of the UN and the states of the free world." The constitution guarantees the official use of other languages and the Cyrillic alphabet and other alphabets besides the Croatian language and the Latin alphabet under the conditions regulated by the special law.

At the internal political level the issue of the minority rights and the position of certain minority groups were treated differently than at the level of the central government in Zagreb as well as at the level of local authorities. From the creation of the Croatian state, the central authorities' treatment of this issue depended on the pressure by the international community. A consistent and long-term and systematic policy of minority protection aplying the European standards and principles has not been a priority. Local self-governments and authorities have responded to this problem differently. Some districts have no minority groups or their number in negligible. Other districts have sizeable national minorities but the support for the realization of their collective rights has only been rhetorical.

The good practice in Rijeka is very important for Croatia and all minority communities. In supporting the activity of minorities there are three kinds of objectives: the goal is for the minorities to preserve their identity, culture, language and religion. The local government in Rijeka is democratic, operates by the European standards and supports all its inhabitants while respecting their differences. The common interests of the ethnic minorities and the local government bring about social harmony and contribute to the fundamental principle: equality and understanding without discrimination.[18]

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[17] Constitution of the Republic of Croatia, *Official Gazette* 41/01.
[18] The Primorsko-Goranska region has 14 towns, 21 communes and 604 villages on the north-western side of the Croatian Adriatic coast. The oldest sources show us that in the local government in Rijeka there were many Croatian representatives. Foreign tradesman, artisans and peasants settled here and became citizens of Rijeka. In the course of several generations some of them became noblemen and got a seat on the city council. The possibility of economic prosperity and openness of the local people attracted many people to the region to launch some economic activity. This historical ethnic mixture primarily consists of Italians, Slovenes, Roma, Serbs, Muslims and Montenegrins. The ethnic minorities make up more than 25% of the population of the Primorsko-Goranska region. Stankovic, Zoran, *Ethnic Communities and National Minorities in Primorsko-Goranska District.* Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=77.

The signing of the peace agreements of Erdut and Dayton in 1995 signalled the end of the war in the Balkans, but it only heralded a host of other problems related to the re-establishing of an environment conducive to the peaceful coexistence of different ethnic groups. A number of non-governmental organisations have arisen and seem to be filling the void that has resulted from this absence of political will to rebuild or stabilise what have historically been multiethnic communities in Croatia. One of the examples are the projects of the Centre for Peace, Non-violence and Human Rights, Osijek (hereafter called the Centre for Peace), exemplary of the good practices enabling the creation of viable multiethnic communities.[19] Headquartered in the troubled region of Eastern Slavonia, the Centre for Peace is involved in a number of projects across the region falling under one of the three project areas developed by the Centre: the Human Rights Promotion and Protection Project; peace education, geared toward organizing workshops for psycho-social support; and peace-building, geared toward the rebuilding of trust between Croats and Serbs. These programmes aim to apply the "good practices" established by some Croatian non-governmental organizations in the attempt to facilitate the implementation of the agreements reached in Dayton and Erdut regarding the resettlement and repatriation of Croatian citizens of Serbian ethnicity to their pre-war places of domicile in Croatia.

The Info-Klub Vukovar (NGO) is an example of a communal and open local public forum for the Serbian and Croatian communities in Vukovar. It provides a place where people can meet, and also to realise that not only have they common concerns and problems but also that regardless of their nationality or ethnicity they can work together on solving these problems or be better informed about local issues or services.[20] This 'meeting place' takes two forms: one is physical, i.e. Info-Klub is a place where people can drop in any time of the day to read newspapers and magazines, surf the Net or use PCs. There is also a playstation for

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[19] These projects are particularly interesting for at least two reasons: first, they are in line with the requirements of the international community for the successful implementation of the Erdut and Dayton agreements. Secondly and more importantly, these projects of the Centre for Peace are implemented at the grassroots level, and deal with the concrete post-war problems people are faced with in their everyday life. These problems will not be remedied overnight or in the near future, as there are numerous obstacles which must be overcome, including the financial, logistical, and psycho-social ones.

[20] The current practice results from the initiative at the local rather than the regional level, as the PGDI has entered into a partnership with the Association for Peace and Human Rights Baranja. Info-Klub, initially a PGDI's project, now comprises 11 branches, seven of which are currently active (four are temporarily closed; 2 of which, if reopened, will be operating at a different location). Gosselin, Tania. *Info-Klub Vukovar (NGO): building a communal and open local public forum for the Serbian and Croatian communities in Vukovar, Croatia 1999-.* Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=163.

teenagers. Second, Info-Klub regularly organises debates or citizen forums where people are free to join the discussion on the local public issues and concerns. The following example focuses on a project initiated and operated by a local NGO from Vukovar called Projekt Građanske Demokratske Inicijative (PGDI). The task of Info-Klub is to provide for the citizens the relevant information regarding local public issues and to facilitate contacts and communication between the Serbian and the Croatian communities in a town that was nearly completely destroyed in the war.[21] Apart from providing a physical place where the citizens can obtain this information and meet regardless of their nationality (according to the coordinator, most of those who visit the Klub are young people), the Info-Klub organises round tables or civic forums for all citizens of Vukovar.

Serbia and Montenegro

The Federal Republic of Yugoslavia came into being in 1992 as a federation of the constituent republics of Serbia and Montenegro, two of the six republics of the former Socialist Federal Republic of Yugoslavia. As a matter of fact, three constitutions are in effect: the Federal Constitution of April 1992, the Serbian Constitution of September 1990, and the Montenegrin Constitution of 1992. There is some incongruity between these three fundamental documents, particularly regarding the Serbian Constitution, which had been adopted before the Federal Constitution. A large number of republican laws have not been brought into line with the federal laws, and furthermore, such major federal legislations as the Criminal Code, the Minorities Protection Act and others are not implemented in Montenegro.[22] However, at this point, the adoption of the new Minorities Protection Act might be considered a positive practice in this field.

The Yugoslav, Serbian, and Montenegrin Constitutions and the Kosovo Constitutional Framework guarantee equality before the law and equal protection of the law to all, including those belonging to national

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[21] The first Info-Klub opened in 1998 in Bilje as a locale where people could come to read newspapers and magazines, mingle and assist one another. After a year, the Info-Klub entered into a partnership with another NGO, the Association of Peace and Human Rights 'Baranja', and the organisers decided to expand their activities by opening the Info-Klub branches in other towns of the region. Info-Klub Vukovar opened its doors in March 1999. In April 2000 it became a fully-fledged organisation (while remaining part of the Info-Klub network).

[22] *The Law on the Protection of Rights and Freedoms of National Minorities*. Available at: http://www.minelres.lv/coe/report/FRY_NGO.htm.

minorities and ethnic groups.[23] The Serbian and Montenegrin Parliaments have special bodies dealing with the issues related to the exercise of minority rights (Committee on Inter-Ethnic Relations in Serbia, and Committee on Human Rights and Freedoms in Montenegro). The representatives of minorities serve on these committees. In addition to the Federal Ministry for National and Ethnic Communities, the Montenegrin Government has a department for national ethnic groups which ranks as a ministry and is headed by a representative of a minority group. There is no ministry in Serbia specifically responsible for the protection of minority rights. The provincial administration of Vojvodina has also set up the Secretariat for Regulations, Administration and National Minorities, which is headed by a representative of the ethnic Hungarians, the largest minority community in Vojvodina. The Kosovo Assembly has the Committee on the Rights and Interests of Communities made up of two members of each community elected to the Assembly.

One of the legal duties of the state and local authorities is to promote special measures for the protection of minority rights. Some special measures promoting the equality between the minorities and the majority have always been taken to deal with the effect rather than the cause. Such measures are most frequent in the areas in which the minority communities are the majority population, and are taken by the relevant local authorities through the institutions set up by the local community. After the armed conflicts in 2000 and 2002 in the southern Serbian municipalities of Preševo, Bujanovac and Međeđa, Serbia adopted a crisis-resolution plan. The plan, which includes the measures to promote the equality of all the communities in the area, was in principle supported by the Albanian community but its implementation leaves much to be desired. The first significant measure was the dissolution of the existing local assemblies and calling of early local elections. The result of the elections is that now the Preševo, Bujanovac, and Međeđa Assemblies, for the first time reflect the ethnic makeup of the population. Some proposed amendments to laws have not always taken into account the real needs of persons belonging to minorities in the areas where they are in the majority. The planned abolition of the

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[23] In all three constitutions, Yugoslavia is defined as a national state. This is an essential constitutional prerequisite for determining and guaranteeing minority rights. The protection of human and minority rights is envisaged to be in the jurisdiction of the new state-union of Serbia and Montenegro. The activities of the present Federal Ministry for National and Ethnic Communities would be continued by a new Ministry of Human and Minority Rights: "The laws of the FRY shall be applied in the affairs of Serbia and as the laws of Serbia and Montenegro." *Constitutional Charter of the State-Union of Serbia and Montenegro.* Available at: http://www.mfa.gov.yu/Facts/const_scg.pdf.

Court in Bački Petrovac (Vojvodina), for instance, shows that the needs of the Slovak community have largely gone unacknowledged.[24]

Before the enactment of the Minorities Protection Act, the Roma community had the status of an ethnic group and was formally in the position of inequality in respect to both the majority population and the other minorities. This law, however, accorded the Roma the status of a national minority and the authorities were obliged to adopt the legislation and the measures that would "improve the position of persons belonging to the Roma national minority." Yugoslavia thus became the eight European country to legally declare Roma a national minority, wishing to promote their social integration. An inter-ministerial group on the Roma rights was established to draw up a programme of the affirmative action measures for the Roma. The group is made up of officials from different federal, republican and provincial ministries; its activities are coordinated by the Federal Ministry for National and Ethnic Communities. In mid-September 2002, the Ministry signed an agreement with the international organisations in Yugoslavia about the formation of an expert group to formulate a strategy for the integration of the Roma community. This strategy, which includes the issues of housing, education and employment, is expected to be ready by the end of the year.

The example of Subotica[25] shows us that in multiethnic states the issue of equal representation of different communities in different areas of social life, government and the economy is a sensitive problem. Moreover, if different ethnic communities have a strong sense of separate national identity and if, furthermore, they are politically organised, these issues require some extra attention. In Subotica[26] one of the important issues that the local-government deals with are financing cultural activities and the policy of appointments and employment. In financing culture, the local government has used a

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[24] *Shadow Report on the Implementation of the Framework Convention for the Protection of National Minorities in Serbia, Montenegro and Kosovo*. Available at: www.minelres.lv/coe/report/ FRY_NGO.htm.

[25] Korhecz, Tamás, *Subotica - Maintaining the Haven of Multicultural Coexistence during Extreme Nationalism.* Available at: http://lgi.osi.hu/ethnic/csdb/results.asp?idx=no&id=68.

[26] The town of Subotica is located a few kilometres from the Hungarian border. It is the second largest town in the Autonomous Province of Vojvodina (Republic of Serbia) with more than 100.000 inhabitants. Three strong national groups dominate Subotica: Hungarians, Bunjevac-Croats and Serbs. The largest ethnic group in Subotica is Hungarian. The standards of minority protection have substantially diminished after Milošević's takeover. Furthermore, these changes have resulted in an overall centralisation of social life. Education, mother-tongue education of national minorities, official use of languages, electronic media, all interior matters, etc., have become the exclusive domain of the federal authorities. Autonomous provinces and municipal local governments have lost almost all of their previous influence in these areas. Korhecz, Tamás, *Example of Subotica*. LGI Case Studies database. Available at: http://lgi.osi.hu/publications/2000/26/28.PDF.

variety of actions and measures. One of them, for example, is the presentation of the existing and the establishment of new cultural institutions founded and financed by the municipality (e.g. the City Library, the National Theatre, Radio Subotica, the Municipal Museum, etc.). Another example is the most important long-term objective: the reconstruction of the major national cultural centres in the city. Besides, there are other activities of the municipal government such as financing other cultural associations and events in Subotica and Vojvodina. Concerning the appointment and employment policy it is important to stress that one of the main objectives of the local government in Subotica since 1992 has been the preservation of the ethnic representation in the town administration and public companies. Most important among these institutions are local government officials, municipal administration and public companies and institutions established by the municipality. The financial and appointment policies of the local government in Subotica have never been nationalistic and have always shown respect for the multiethnic character of the town. However, in Serbia, the cultural and the linguistic diversity have been exploited by the regime to cause conflicts, discrimination and domination, even though they have often been allegedly recognised as an asset. The policymakers in Subotica have proven that the political divisions along ethnic lines do not necessarily result in a policy of domination and exclusion, but can produce mutual respect as well.

Macedonia

Of all East-European countries, Macedonia has had a specific and eventually successful transition from authoritarian rule to democracy. During the democratisation period, the interethnic relations and the question of minority rights were the topmost domestic political priorities. Fortunately, the actions taken by the government regarding the solution of the minority rights problems have fostered Macedonian democratisation and stabilised the country.[27] Supported by the policies of the central authorities, the local governments in Macedonia have been able to protect and promote the welfare of ethnic communities. This approach "reduces the presence of the central government in all social fields and enables practical problem-solving and the satisfaction of citizens' needs and interests at an institutional level, in the concrete surroundings of the place where they permanently live and work."[28] In

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[27] Idas Daskalovski, 2000: *Minority Political Participation and Education in the Municipality of Chair.* Available at: http://lgi.osi.hu/publications/2000/26/10.PDF.

[28] Najcevska, Mirjana, 1995: Democratic Local Government and Appropriate Territorial Division Can Prevent Ethnic Conflict, *Annual of the Institute for Sociological, Political and Judicial Research,* Skopje, p.25.

this view, the municipality is the key to successful democratic development in a given multiethnic state.

The Republic of Macedonia is a country which also had its share of ethnic violence due to the armed rebellion of the Albanian minority against the Macedonian state triggered off by the Kosovo war of 1998/1999 and its aftermath. Even after the peaceful resolution of this conflict, ethnic tensions still persist. The progress of Macedonia is constantly hindered by this interethnic mistrust. Fear, lack of communication, and divergent visions of the country's future stand in the way of the optimal utilization by Macedonians of the advantages a multicultural society has to offer. The Macedonians and the ethnic Albanians - along with the small percentages of Turks, Serbs, Vlachs, and Roma - live caught in a web of cultural, linguistic, and religious differences. But although Macedonia is one of the most ethnically mixed countries of the former Yugoslavia, its society is profoundly segregated. The segregation in all spheres of life along ethnic lines is profound. The TV and radio stations are controlled and operated either by their Albanian or Macedonian owners and broadcast exclusively in their respective languages from their respective viewpoints. Private clubs, theatres, and restaurants rarely cater for constituencies different in any significant way. The public school system is also heavily segregated. Children of a single ethnicity grow up together, speaking one language in the classroom. Friendships are formed within their respective groups and rarely cross religious and cultural lines. A general lack of communication across ethnic and linguistic barriers inhibits interethnic understanding and hardens ethnic stereotypes. Therefore, education plays a crucial and fundamental role in developing and transforming people and societies.

The project "Mozaik" was implemented mainly in the western part of Macedonia and covered the cities of Skopje, Kumanovo, Gostivar, Struga and Debar because they are ethnically mixed. In the cities of Gostivar, Struga, Debar and Kumanovo the percentage of the population of Albanian ethnicity is very high and there is a need to establish some co-operation between different ethnic groups. Because of this, the target groups in this project were the four- to six-year-olds, both of the Albanian and the Macedonian descent.[29] This project has two

[29] The "Mozaik" interethnic kindergarten project in the Republic of Macedonia expresses explicitly its involvement and commitment to this (including both transformation and conservation). It is their objective to maximise children's self-reliance and self-confidence through their participation in decision-making; offer children a new and non-competitive model for solving conflicts among themselves; develop in the children respect for different cultures and languages through equal use of the two languages and contact between the two different cultures; show that the bilingual and bi-cultural education can be successful and that modern interactive and child-centred methods are worth replicating in the state educational system. Mirjana Najcevska, *Bilingualism in a Kumanovo Kindergarten*, available at: http://lgi.osi.hu/publications/2000/26/08.PDF.

main objectives - introducing into the kindergarten-level education a bilingual approach and a child-centred pedagogy, which includes conflict resolution skills. The major actors involved in the project were: a government ministry (the Macedonian Ministry of Labour and Social Policy), the media, an international NGO (Search for Common Ground in Macedonia), educational institutions, the Swiss Agency for International Development; the Ethnic Conflict Resolution Project (ECRP) of the Department of Psychology, University of Skopje. Eventually, the Mozaik project should be integrated into the public (and future private) system, and its public activities could then be financed by the Ministry of Labour and Social Policy.

Another similar project is "Babylon". The "Babylon" Project exists in eight Macedonian cities and Tetovo is one of them. It is a centre where children from different nationalities can come together and learn some new things in the fields that the centre offers.[30] Although Tetovo is among the biggest cities in Macedonia it does not have a place where children from different nationalities can get together to have a good time and at the same time learn something. The "Babylon" centre is the only place of this kind in the city. The project "Babylon" is designed to bring together children from all nationalities together at the same place and try to build friendships that will overcome the antagonisms that have been building for years. The project's main aims are improving the interethnic relations by assembling children of different ethnicity in a place called "Babylon" and involving local authorities in the project. The actors in this project are the local government, the local NGOs, the media, some international government organizations and some international NGOs.[31]

Conclusion

The anti-discrimination policy represents one of the means in the fight against ethnic intolerance and the protection of minority rights. The European Union put this issue on the agenda for all the countries wishing to join the EU. Since the countries of Eastern Europe have

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[30]Project Babylon - an activity centre for children from different ethnic nationalities in Tetovo, Republic of Macedonia, June 1999 - end of 2003. Location: Tetovo, the third largest city in Macedonia with approximately 50.000 inhabitants. The whole Tetovo region has approximately 200.000 inhabitants, 70 per cent are ethnic Albanians, 25 per cent Macedonians and the rest are Turks, Roma and Serbs. Since the project was regional, children from the surrounding villages also attended the centre. The situation in Tetovo is very complicated because different nationalities very rarely mix. There are neighbourhoods where only Albanians or Macedonians go, etc. The same happens in the schools where children are divided according to their nationality. People have prejudices against each other, another obstacle to achieving a better life and mutual understanding.
[31] Koceski, Sreten. *'Project Babylon' - an activity centre for children from different ethnic nationalities in Tetovo, R. Macedonia, June 1999 - end of 2003.* Available at: http://lgi.osi.hu/ethnic/csdb/results. asp?idx=no&id=169.

always been multicultural societies, history has shown us numerous examples of positive and negative experience in interethnic relations. Eastern Europe has always been interesting for researchers who study the issue of minoritiy groups. This is especially important now when Europe is struggling to be united and stronger than ever. East-European countries have undergone a period of transition and stabilisation and each country offers instances of both the positive and the negative practices concerning ethnic relations.

This article attempts to show that there have been numerous examples of best practice in every country that can be used for a further implementation of laws, programmes and measures in the countries of Eastern Europe. It could be said that all these examples have contributed to the stability and the improvement of the ethnic relations in this region. Some of the countries, such as Hungary, Romania and Croatia, have made significant headway in the protection of minority rights on both the national and the local levels; some of them, e.g. Serbia and Montenegro, Macedonia, Bosnia and Herzegovina, are lagging but following in their footsteps. However, a lot remains to be done in order to achieve high standards of human rights protection. The issue of regional cooperation proposed by the EU for the countries wishing to join the EU is extremely important in speeding up this process. The improvements of inter-ethnic relations, the implementation of positive legal norms and the measures to protect minorities' rights, including the promotion of multicultural societies are some of the steps that are necessary in order to produce some progress in this field. The examples of best practices can be very helpful for those responsible for the implementation of the laws and measures related to this purpose. In that respect, the burden of progress is placed on the main actors in this process, such as the state and local authorities.

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Mariana Cernicova

Partnerships, Co-operation, Networking - When the State Does Not Intervene

It all began in 1989, when Romania's dictator, Nicolae Ceausescu, wanted to wipe out hundreds of villages, mainly from Transilvania. As many as 206 Swiss communes took part in public protests and "adopted" the threatened villages. The fall of the communist regime on 22 December 1989 immediately triggered off a vast solidarity movement of the Swiss communes sponsoring the Romanian local communities. The "Operation Village Roumaines" (OVR) thus became more than a mere protest. Multiple humanitarian convoys were dispatched towards Romania. Some French and Belgium communes joined in an action of solidarity for the rural settings. In two years time, the OVR involved 4.500 communes, the decentralized cooperation being ten times more intensive than the inter-state relations, as pointed out by the French ambassador to Bucharest in 1992 and confirmed by the journalistic inquiry of "Paris Match" a year later. The OVR still exists, with the coordinating committees in the EU countries and Romania; the tangible results are the networking among over 50 communes in Romania, France and Belgium and a well-established touristic network, helping the development of agro-tourism in almost one third of Romanian regions (counties). This exercise of solidarity, cooperation and networking enormously boosted the development of local democracy in Romania, gave impetus to its local rural authorities to push for more responsibilities to be delegated from the higher administrative bodies and learned a valuable lesson that strength comes from pulling forces together. With time, the strong political aspects of cooperation faded away, giving way to cultural and economic exchanges.

Is Romania's case an isolated one? Definitely not. Although under different circumstances, local authorities in the former Yugoslavia benefited from the networking skills of similar bodies, affiliated to the Congress of Local and Regional Authorities of Europe, through the program "Local democracy embassies", launched in Strasbourg in 1993 with the express purpose of "giving support to municipalities dealing with the aftermath of the conflict". Five years later, a sum-up conference focused on the political and financial involvement of the partnering local and regional authorities and the work carried out by the delegates assigned to the local democracy embassies in Subotica (the Federal

Republic of Yugoslavia), Osijek/Slavonia, Brtonigla-Verteneglio and Sisak (Croatia), Tuzla, Sarajevo and Zavidovići (Bosnia and Herzegovina) and Ohrid (The Former Republic of Macedonia) and changed the rather confusing name of "embassy" into "agency" (Local Democracy Agency - LDA). The conference also evaluated the cooperation as valuable in terms of fulfilling the aims set forth by the program: to contribute to the improvement of living conditions, to foster exchange and inter-municipal cooperation, to strengthen democratic processes and to give substance to confidence-building measures (in accordance with the draft drawn by the Council of Europe) through intercultural activities, human rights and peace education, to encourage micro-economic projects, development and reconstruction aid. A Local Democracy Agency was and still is composed of the following partners: a host municipality, town or region which has accepted the general principles of the program and where the democratic process has been re-launched, at least three municipalities, towns or groups of municipalities or regions from different Council of Europe member-states which agree to join forces to operate the LDA and to make contributions according to their financial capabilities, partner institutions (such as the Council of Europe, the European Union, the European Bank for Reconstruction and Development, etc.), NGOs or other associative organizations. The financing of LDAs is provided by local authorities or regions, national governments, partner institutions or international donors. As recommended activities, the official documents list exchanges between local or regional representatives, school exchanges, family-to-family links (including reception or return of refugees), cultural exchanges, micro-economic contacts. The tangible results of the programme, ten years later (as presented at the anniversary meeting of LDAs in Subotica, in 2003), are numerous meetings, activities and good-practice developments, but also well-designed projects: "Promoting civil society and trans-border cooperation" (Ohrid, Macedonia), "Trans-border Cooperation in the Euroregion Danube-Sava-Drava" (Osijek, Croatia), "The Centre for Women's Rights" (Sisak, Croatia), "Actors for Tomorrow's Europe" (Verteneglio, Croatia), "Advanced Training Seminar for Young Political Leaders" (Subotica, Serbia), "Environment, health, development: an intercommunity project in the Zavidovići area" (BiH), "Stage of journalism for a free, independent and multiethnic information course of journalism" (Prijedor, BiH).

The above mentioned examples give a brief insight into what the East-West European solidarity means and into the network development, with loose ties between the involved authorities; the required solid

financial support is provided either by the committees organized by the network itself (OVR), or by joining various sources (LDAs, mainly through the Pact for Stability). At much lower levels, the twinning projects stimulated by the Council of Europe have brought together numerous rural and urban localities, from the EU and the non-EU countries, in a large variety of forms, the outcomes depending on the human and financial resources invested in the projects and on the content of the protocol.

Basic framework for cooperation

What is common to all these cooperation projects? First of all, there is a need for at least a minimum of paper work, starting with a *protocol*. This document stipulates who the involved parties are, their wish to cooperate, the intended *temporal* extension of cooperation (for a specified or unspecified period) and the *areas* (domains) of the cooperation, even if it comes to only accepting a donation or hosting an expert. Depending on the range of cooperation, the parties may stipulate the *resources* pulled together for pursuing the common projects (financial, human, infrastructure). And finally, when it comes to intensive cooperation, the parties may develop *institutions*, such as OVR committees, LDAs, forums, assemblies etc. and *procedures* regarding the practical aspects of cooperation. The protocol may be an informal memo, if the project is a one-time effort, or may bear the force of a contract or legal document, when financial resources are involved and especially when the instruments of cooperation (institutions) are developed (almost all models of cooperation documents, from the twinning protocols to the cross-border contracts for regions are available on the Council of Europe's official web site; however, the national practice varies greatly in memos or contracts and it really depends on the involved authorities how this matter is handled). The projects mentioned at the beginning of this paper started from the international/European level. Yet not all cooperation projects among local authorities are of international magnitude. More and more often these links are created on the intra-national level, since local authorities in post-communist countries have been learning rather fast the importance of cooperation at the horizontal level, with the neighboring authorities - when it comes to specific needs such as organizing services for the communities (water management, waste management, developing infrastructure) - or with the similar regional or national authorities when it comes to lobbying higher (and definitely more politically and financially powerful) authorities. The states, in turn, have

learned that dealing with lobbies is easier than with a loose gathering of authorities, each trying to promote local interests, and that in the international arena local authorities might prove important allies. European politics in fostering local initiatives and the lobbying of such bodies as the Congress of Local and Regional Authorities of Europe (Council of Europe), the Committee of Regions (European Union), the Assembly of European Regions, etc. has pushed for a quicker understanding, in the post-communist countries, of the value and importance of cooperation among local/regional authorities, both intra- and inter-national.

Why cooperate? This paper started with the examples of how uncalled for (but necessary!) the offers for cooperation were for the Central and Eastern European countries (more exactly, the countries included in the Pact for Stability programmes). Yet, cooperation is necessary, useful and even fun, even outside such ambitious networks. It stems from the everyday tasks of local/regional administrative bodies/authorities, accountable to the citizens in their respective settings or regions. Cooperation is *necessary* because:

a) the human and financial resources for action available to local authorities are limited

b) the competences rendered to local administration increase step by step, due to the implementation of new principles in public administration, such as decentralization and subsidiarity

c) citizens become more demanding, due to the strengthening of accountability of elected bodies in democratic societies

d) increasing pressure from other local actors, private capital especially

e) influence of new factors such as globalization, modern technology, etc.

Cooperation is *useful* because:

a) it attracts partners and funds otherwise not available to local authorities

b) it helps solve problems which are too big for a community to handle, but too small for the state to look into them

c) it enhances the capacity of local administration to fulfill the requests of the citizens

d) it facilitates progress and creates the possibility to introduce reforms;

e) it alleviates the pressure coming from the contemporary challenges such as globalization.

Cooperation is *fun* because:

a) it allows for experimenting in administration matters

b) it makes dreams come true

c) an enormous amount of innovation makes its way even to remote, isolated localities

d) local administrations can manifest their resourcefulness, bargaining abilities, problem-solving skills and the vision regarding the future development of their respective communes, towns, groups of administrative units or regions.

The remaining question is the *manner of cooperation*. Here the relevant literature gives a rather systematic answer, in four basic parts or types:

1) Loose cooperation or "pre-cooperation". This includes exchanges of information, activities aimed at creating a climate of trust and establishing common ground, reaching consensus for actions and procedures. The tools in this phase are: conferences, working groups, seminars, information/study visits. Practically all authorities, local or regional, have attended such events and can easily provide their own experiences.

2) Cooperation based on contracts. While the first stage is strategically oriented, this stage envisages more concrete responsibilities of each involved party. Authorities may jointly deal with a certain problem (water management, waste management, providing educational services for the population, developing infrastructure), organizing an event or developing a common project.

3) Partnerships resulting in creating an agency or institution empowered to act in the name of the involved parties. The example of LDAs is only one of many. In Hungary and in Romania, for instance, regional development is pursued by the responsible administrative bodies, not through their own personnel and institutions, but through "development agencies".

4) Special partnerships, involving the local (or regional) initiative, but financed mainly from other sources, such as private capital.

Each type can include, along with the public administration bodies/authorities, NGOs and private enterprises. In fact, the public-private partnership, though a rather new concept even for the EU countries, has been gaining momentum, as the answer to the necessity faced by local actors to keep pace with competition and market rules. Also, it should be emphasized that these types of cooperation apply both to the intra-national cooperation and the cross-border

(international) cooperation, with nuances due to the specificity of the actors involved, but not to the scope and the range of cooperation.

So far, only the positive aspects of cooperation have been pointed out. Yet, like in any other serious analysis, there is a balance between the benefits and the risks. And on becoming a partner for cooperation, one must keep in mind also the "dark side of the moon". There is no need to be overcautious, but certain measures should be taken so that the potential risks do not endanger the projects developed or proposed within the framework of a given cooperation activity.

Benefits	Risks
To achieve objectives more ambitious than resources available to authorities (human and financial) enable	Genuine priorities of citizens / administration are upset, due to different interests of involved partners
To stimulate development of localities or regions	One (or more) of the parties may pull out, at different stages project development, thus hindering or even stopping the project.
To enhance advantages of locality/region: geographic position, resources, favorable legislation (e.g. for remote localities, for disadvant areas, etc.)	Replacing strategic plans with short-term projects, concentrated on swift visible results but not always in accordance with more enduring problem-solving
To bring in new actors (other authorities, businesses, NGOs etc.)	Losing social/human dimension of local policy, while trying adapt to market and competition.

Of course, this chart does not include "force major" cases, such as dramatic social conflicts, deterioration of peace climate or (inter)national crises, when other priorities come first.

The success of cooperation depends, therefore, on a number of subjective and objective factors, which it would be wise to evaluate before entering into a fully-fledged cooperation. National legislation may foster cooperation or be completely indifferent to it. For instance, the French Code of Administration has a voluble chapter entitled "La cooperation locale", which starts with the statement that "territorial collectivities can associate to exercise their competences and create public institutions for cooperation under the current legislation". The code further develops the typology of cooperation and actions in over 200 articles! Unlike France, in Romania in 1993/1994 the regional (county) authorities were warned *not* to develop intra-national cooperation, which was sanctioned by law; such possibilities were

envisaged only for local actors. It took several years of lobbying for this interdiction to be banned (in 1997); only recently the legislation started developing the frameworks of intra-national cooperation (with the establishment of internal "regions for development", meaning not regions as such, but a form of cooperation among counties). Also, the discretionary right was granted to competent sub-state authorities to experiment and use local funds. Parallelly, some theoretical foundations were laid concerning inter-communal cooperation (included in the Law no. 339/2004 on decentralization, but with a promise for a separate law). Also, the international lobby is not to be neglected. The introductory examples of this paper showed that the European networks practically made the projects acceptable to national higher authorities, otherwise rather jealous and suspicious that they might lose control over local or regional authorities. The most important subjective and objective factors (of course, the list can be improved) are:

Subjective factors	Objective factors
(Prior) experience of local actors in cooperation, networking, developing projects	Economic power of the locality/region
Existence of certain communication skills and ability to set clear rules from the beginning (to avoid creation/accumulation of conflicts during cooperation)	Potential of local actors to build up partnerships
Correct perception and evaluation of micro and macro factors relevant for cooperation	Interests, aims and actions of public and private actors, connected to the cooperation

Because the picture is so complex, it is important to launch all cooperation efforts in the first stage, during which ample/costly actions are not yet undertaken, and during which a climate of trust can be built (or, vice versa: the termination of contacts does not create legal, financial or social problems) and the parties can take time to find common grounds for further activities. It is not unusual (and definitely it gives a good impression) to start with the exchange of ideas, to draft rather vague blueprint contracts, to develop the paperwork and to institutionalize the cooperation after a thorough evaluation of the strong and weak points in the partnership.

Too much theory? Perhaps, but it is necessary to give some serious thought to the concept of cooperation, which is not just a word in a

dictionary. Also, even in the same country people might mean something different when referring to new concepts, thus making explanations and debates a vital precondition of success. Below are some examples of cooperation, in complex forms, but with tangible/visible results as an inspiration for further action.

Food for thought: success stories of recent partnerships

Timisoara is the largest city in the western part of Romania (and the third biggest in Romania on the whole), with good economic development, close to the Romanian Serbian and Romanian-Hungarian borders, with a long experience in bilateral and multilateral partnerships, aimed at enhancing the evident advantages of the city (low unemployment rate, qualified labour force, good infrastructure, multiethnic composition, a number of universities and research centers, openness towards innovation and experiment in all spheres of activity). Among the numerous partnerships currently under way through a variety of implementation/management units (or institutions) anyone can study on-site, there are projects such as: the *Industrial Park Timis* (partners: Local Council Timisoara, Timis County Council and two private companies, SOLECTRON SA and ICCO SRL), *Technological Park Timisoara* (partners: Local Council Timisoara, Timis County Council, Economic Development Agency ADETIM, Timisoara Chamber of Commerce, Multidisciplinary Research Association West, Regional Development Agency V West, Polytechnic University and University of the West Timisoara), *Conference Center Timisoara* (partners: Local Council Timisoara, Timis County Council and the Timisoara Chamber of Commerce). Also it is useful to mention that the "Strategic Development Plan for Timisoara" is the result of the partnership of the local administration with more than 100 institutions (local administrations from neighboring villages, county councils, research centres, NGOs, businesses, etc.) which commenced in 1999 and is still going on.

In answering the question "why cooperate?", most local/regional authorities would first point out the economic benefits, and only then other outcomes such as cultural enrichment or (political) alignment with the European/international trends. So let's look deeper into a project which is unquestionably valuable for economic development, namely the *Technological Park*, as it has been described in the paper *Public-Private Partnership Timis: the concept,* sponsored by the Timis County Council and the Economic Development Agency ADETIM in 2001. The project's implementation has been monitored as well.

Partenerial structure for implementation provided an implementation unit to which all the involved parties delegated a representative. The structure is open to new partners (from the public, private or banking spheres), interested in holding the shares of the future Society for Managing the Technological Park.

Juridical (legal) status
According to the Romanian *Law on parks for developing information technologies* (no.134/2000), the Society for managing the Technological Park will be an economic enterprise with the sole activity of administering the park.

Necessity of the project
Timisoara is a strong economic and industrial center of Romania, but the ties between its research institutes, universities and industry are hindered by a lack of coordination in experimenting and implementing new, competitive technologies. The industry has undergone some tremendous changes and is confronted with the particular challenge of coping with information technologies. The necessity of using technological innovation in the region has been pointed out in the studies concerning the possibility to speed up the development of the city of Timisoara, the Timis county and of the Development Region V West (with the four western Romanian counties which compose it).

Opportunity
A project has to be not only necessary, but part of the agenda of local/regional actors. Therefore, a study of opportunity is important for fund-raising. The project was declared "loaded" with opportunity due to the fact that Timisoara hosts 6 universities, 29 research centers, important investors from multinational companies (Alcatel, Solectron, Katrein, Siemens etc.), domestic enterprises interested in modernization, and a solid net of services, ble to provide expertise, finances and activities to the project.

Objectives
Short term objectives concern the development of the documents necessary to create the park and to attract the necessary funds (including the feasibility study). The partners identified the following tasks: the definition of the concept of the technological park, the development of the physical infrastructure and services to support the companies operating in the park and the actual construction of the park.

Long term objectives in this case concern the desire to shorten the transition period for restructuring the economy and for attracting foreign investment in the region. The long-term targets of the partners for their participation in the project are: stimulating economic development, industries and commerce in the region; assisting in the fast trans-formation of the structure of labour force in the region; stimulating cross-border cooperation and inter-regional exchanges; linking industries with universities and research centers, expanding the labour market.

Results

So far, the following has been done:

- the concept of the "Technological park" has been defined
- the public-private partnership for implementing the project has become operational
- the sources for financing/co-financing have been identified (among others, a PHARE 2001 project for over 2,2 million euros has been accessed for this purpose)
- the feasibility study has been prepared
- the Society for managing the Technological Park has been created
- the target group for this project is aware of the opportunities opened by the park.

Stages/activities in implementing the project

- creating the public-private partnership for the project
- drafting the documents (feasibility study + technological project) for the actual construction
- creating the Society for Managing the Technological Park
- recruiting personnel and launching the activities
- making the park operational
- drafting the strategy for marketing and promotion.

Only the last two activities are still pending, but the project is rapidly developing.

Impact

The project is an essential component of the regional strategy for innovation in the Economic Development Region V West, implemented within the framework of the programme RIS/RITTS (Regional Innovation Strategies/Regional Innovation and Technology Transfer

Strategies and Infrastructure) of the European Union. The main priorities of this strategy are: using the local, regional and euro-regional potential to full extent. The Technological Park is envisaged as the hub of economic growth especially due to its vicinity to the Romanian-Serbian-Hungarian borders. The Technological Park is viewed as the nucleus of an efficient network for technological transfer, capable to ensure, organize and channel the transfer of know-how and to apply the research made by the specialized institutions from Timisoara, but also from the neighboring research centers in Hungary and Serbia. A favourable factor for such expectation is the recent opening of a crossing-point between the Timis county and Hungary, at Cenad-Kiszombor, a project developed within the framework of the Euro-regional cooperation Danube-Kris-Mures-Tisa (DKMT).

There are further examples, for instance regarding the water management in the Lugoj municipality (Romania again), where other eight local authorities from the communes belonging to the same water basin cooperate, jointly with a commercial enterprise and a research institute, in order to ensure a proper water supply for domestic and industrial use in the region.

These examples illustrate the problem of intra-national cooperation, with some regional and Euro-regional impact and with the possibility of using foreign capital and private partners. Rather often, especially due to the innovative model in Central and Eastern European countries, the Euro-regional or cross-border cooperation is considered an important tool for implementing confidence-building measures, for stimulating economic development in regions far from their national centers (which quite often suffer because of this distance in the form of a lack of interest for nationally sponsored investments), for toning down possible tensions along the borders. In the described area, several Euro-regions are already functional:

- Danube-Sava-Drava Euroregional Cooperation
- Danube-Kris-Mures-Tisa Euroregion
- Danube 21 Euroregion
- The Southern Adriatic Transfrontier Cooperation Initiative (between the border areas of Croatia, BH and Montenegro).

Maybe these cooperation projects have little to show for the time being. But they may (and do) look with confidence to the "older" cooperation ties of the cross-border type. For instance, the Arba region at the Hungarian-Austrian border. According to the Hungarian expert in CBC,

Gyorgy Csalotzky, after the political changes of 1989-1990, three phases of cooperation along the Austrian-Hungarian border can be distinguished:

a) Recognition of common interests and the rationale for cross-border cooperation (CBC). In this phase, the fields of cooperation are: economic relations, building infrastructural facilities in transport and communication, environmental protection, emergency protection, tourism, science, culture, education, health, sports, and civil relations.

b) Identification of projects, ideas and priorities (among them the development of joint programmes, development and exploitation of common information systems, fostering cooperation between chambers of commerce, fostering the creation of joint venture companies, endorsing economic agreements between companies, developing joint economic and financial activities on third markets, etc).

c) Finding the appropriate financial support for the planned activities. It is important to point out the fact that despite the disparity between the European programmes to finance the CBC (often criticized and presented as an obstacle to developing cooperation), Austria appealed to the INTERREG II programme, while Hungary used the mechanisms of PHARE CBC. The budget for 1995-1997 was 42 million euros, which was enough for 66 big projects and a large number of the so-called "small projects".

Among the tangible results of this particular partnership, due to the Euro-regional planning and coordination, important projects have been implemented. Here is a brief list:

- Gongu-Györ port on the Danube
- An airport in the village of Per (Hungary)
- An International Trade Center in Györ
- An industrial area in Sopron
- Bicycle routes besides the Danube and lake Ferto
- Common industrial areas of Szentgotthard/Hungary and Heiligenkreutz/Austria
- Innonet incubator house.

Analysts, experts, practitioners, and representatives of public authorities recognize the value of such cooperation ties and urge for the model to be developed beyond specific details which may divert the attention from the essence of the matter: cooperation is valuable and has very practical outcomes, conducive to economic development.

To sum up

Success stories in the area are many. What most parties keep mum about, though, are the failures. A lot of times the expected outcomes cannot be realized, due to a large number of subjective and objective factors. Cooperation is time-consuming. It is also not very rewarding if a local/regional administrative representative only thinks about it in electoral cycle terms, since most often projects need a long period of "gestation". But this does not mean that, while waiting for the funds or the authorization, the involved partners should lose sight of the project. And local/regional governments may search for the partners not only among the similar bodies in their own country or abroad, but also for those institutions, businesses and NGOs capable of enhancing the organizational and financial capacity of the given authority for the envisaged project. For any idea to cross the border between the concept and the reality it is vital that all those who begin the race have the stamina, perseverance, and interest to reach the finish line. Here is a brief "check-list" for ensuring that a cooperation project will be a success story:

- the idea is shared/embraced by a large number of people (belonging to the public administration, NGOs, businesses, etc.)
- the project solves a problem regarded important for the local/regional community
- the paperwork is properly done (documents are comprehensible, responsibilities are defined and properly distributed, there is no room for misinterpretation)
- the legal frame is favourable (otherwise the law may terminate the project at various stages)
- the partners work consensually and have developed a smooth cooperation
- there is enough financial support and adequate personnel in charge with monitoring and implementing the project
- institutions created to implement/manage the project or its outcomes have the competence and the willingness to perform their duties, as described in the project
- when a project is completed, it is useful and used for the intended purposes

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- the local/regional administration does not see the projects isolated from the "big picture" of larger cooperation program-mes, networking, strategic planning.

The only possible concluding words are: be courageous, be imaginative, be perseverant - be successful!

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Lidija Pavić-Rogošić and Silvija Kipson

Environmental Protection in South-East Europe

> "It is necessary to understand the links between environment and development in order to make development choices that will be economically efficient, socially equitable and responsible, and environmentally sound."
>
> Source: Keating 1993

The well-preserved natural resources of SE Europe should be regarded as one of its greatest comparative advantages. Therefore, it should be constantly emphasised that the countries of the region have the realistic possibility to establish a modern and progressive society and, at the same time, to preserve a good quality environment that human security, development and prosperity highly depend on. Economic growth, social cohesion and environmental protection can go hand in hand, as the concept of sustainable development suggests. The sustainable use of natural resources, pollution prevention and nature conservation secure community welfare that should be the primary objective of every local self-government. In this respect, much can be done at the local level.

The aim of this chapter is to acknowledge the progress and some recent achievements at the local level (often the first step towards a global solution) in the field of environmental protection in the region. For this purpose, successful initiatives and undertakings of different actors within different frameworks are presented in the form of six case studies. The focus is on a variety of approaches, themes and objectives:

The Troyan Environmental Action Project (Bulgaria) was chosen as one of the earliest Local Environmental Action Programmes in Central and Eastern European (CEE) countries, initiated in 1992. Afterwards, LEAPs have been implemented to some degree in most CEE countries. The Troyan EAP has demonstrated how a municipality, with the active participation of its citizens and the effective planning tools, can prioritize environmental problems, formulate cost-effective strategies to deal with these problems, and create new partnerships to implement the desired actions.

Developing the guidelines for the sustainable development of Jelsa Municipality (Croatia) has been chosen as a case study to emphasize the importance of a participatory planning process in which a local

community had a proactive role, the practice still uncommon in the region. This often results in unfeasible projects and plans because people fail to perceive them as their "own", as they were not included in the planning and the decision-making process, and their opinions, approaches, values, and ideas were not taken into account. As a part of the planning process in Jelsa, a design has been defined which is currently available to the local authority: the first (often the most difficult) step in the direction of the planning of sustainable development.

What is LEAP?

The Local Environmental Action Programme (LEAP) is a participatory process for a regional or local community that leads to concrete environmental investments. LEAP involves setting environmental priorities and selecting the most appropriate actions for addressing priority environmental issues in the community.

LEAP provides a forum for bringing together a diverse group of individuals - sometimes referred to as a "Stakeholder Group" - with different interests, values, and perspectives. These individuals work together over a 12-24 month period - in partnership with the regional or local government - to agree on common priorities and actions for addressing environmental problems in the community. These priorities and actions are compiled in an Environmental Action Plan that serves as a blueprint for future environmental investments in the community. Recommendations from the environmental Action Plan are then incorporated into the decisions of the Regional or Municipal Council and other implementing bodies.

Why LEAP?

Your community will benefit from a LEAP, because the programme:
- emphasizes consensus approach among diverse sectors
- results in environmental actions with broad public support
- targets limited resources on most serious problems and biggest opportunities
- removes myths existing in communities (e.g. regarding real polluters and environmental issues)
- helps implement national policy at the local level
- supports implementation of the European Union requirements.

Source: ISC and REC 2000

The Integrated Municipal Waste Management in Ramnicu Valcea (Romania) case study contains successful practical solutions for managing municipal waste, one of the most acute environmental problems in the region - and wider. This case has already been recognized and acknowledged as one of the six Best Practices from Eastern and Central Europe in Urban Environmental Technologies at the Johannesburg Summit.

Another case study from Romania, from the town of Campeni, lists technical and economic advantages of the utilization of wood waste for the district heating fuel. It represents a remarkable step forward towards reducing dependence on non-renewable resources. The project also has a large potential for application in a number of urban areas with woodworking industries and district heating systems.

The activities in the Drina river basin aimed at solving the solid waste problem are presented as a case study from Serbia and Montenegro and Bosnia and Herzegovina. Having in mind the recent history of conflicts in the area, it is especially gratifying to see there is a will for joint actions in solving environmental problems at the cross-border level, initiated by local communities.

The protection of Eurasian Griffon (Croatia) is selected as a case study demonstrating an endangered species conservation. It owes its success to a holistic approach that includes working with the local community to protect not only the endangered species but also its habitat through sustainable practices. Additionally, the established Eco-centre serves as a tourist attraction and also promotes environmental education and voluntary work.

Finally, the theatrical event "Actors in Zagvozd"-Friends of Environment (Croatia) showcases a successful way of mobilising communities, activating rural areas and enabling the synergy between culture and environmental protection in order to promote natural and cultural heritage.

Although not every aspect of environmental protection is covered by this compilation, each of the selected case studies illustrates the outcomes of committed actions, stakeholders involvement, productive partnerships and sharing of resources and knowledge. It should also be noted that the financial assistance provided by international and donor organisations often played an important role, enabling local governments to overcome insufficient financing from the national budgets and to achieve their desired goals.

In conclusion, each case included in this overview has already

contributed to the better quality environment and made a step towards sustainable development of local communities in the region, often improving their quality of living and economic activities. Hopefully, the presented success stories will inspire and encourage future initiatives.

Case study 1. Troyan Environmental Action Project (Troyan EAP)

This case study is provided by the Institute for Sustainable Communities.

Location

Troyan (Bulgaria) is a community of 46.000 people situated in the northern foothills of the Balkan Mountains at the edge of a biosphere reserve and natural park. Approximately 145 km east of Sophia, its natural beauty and the ancient monastery make the area a popular recreational site.

Who participated

The project was managed by the US Institute for Sustainable Communities (ISC) that promotes environmental protection through participatory decision-making at the community level in Central and Eastern Europe and Eurasia through technical assistance and demonstration projects.

The Troyan EAP Committees comprised volunteers from citizen groups, farmers, teachers, students, municipal officials, and representatives from regional government agencies, non-governmental organizations (NGOs) and the private sector.

A US Peace Corps volunteer provided logistical support for the citizen committees.

Two full-time staff have been hired for the ongoing operation of the water conservation programme within the municipal leak detection office, and 1 full-time person has been hired at the municipal environmental education department for the environmental education programme.

Description

Environmental problems have compromised Troyan's beauty and economic prosperity. The poor solid-waste management and the inadequate sewage treatment were polluting the local water sources and causing health problems, and the combustion of high-sulfur coal and oil for home heating and industrial processes was polluting the air.

The municipality wanted to improve the environmental conditions but had little experience in environmental management.

The 21-month demonstration project was aimed at improving the environmental management capacity of both the Government and the NGOs at the national and community levels. In particular, the project's aim was to transfer the environmental management expertise to municipalities and develop a model for environmental planning and management using a comparative risk assessment process and participatory decision-making methods. The ISC conducted 6 training sessions with the Troyan communities. The specific tasks of the Troyan EAP were to evaluate risks to public health, ecology and quality of life (social and economic factors) associated with the community's environmental problems, to rank these problems based on their relative risks, and to develop and implement an action plan to address the most severe problems. The project participants were assisted in gathering reliable and relevant data, in improving the quality of environmental analysis, and in adopting cost-effective solutions.

Objectives
- To develop local environmental management expertise by introducing a planning model which incorporates environmental risk assessment and participatory decision making methods. These methods were used to prioritize problems, compare risks and formulate cost-effective solutions.

- To serve as a demonstration for other communities that wish to put in place effective environmental management strategies.

Implementation
The project consisted of the following phases: project organization and initial training; problem identification and comparison of environmental risk; development of an Environmental Action plan and the selection of strategies; implementing strategy, monitoring and evaluation.

Phase 1: project organization and initial training
During the initial phase of the project, in early 1992, two Citizen Committees were formed to undertake the work on the project:

1) The Policy Committee - responsible for educating the public, soliciting public opinion, and actively involving the public. They also helped to identify environmental problems for study, review data and analyses prepared by the Technical Committee, and assist in preparing the environmental action plan. Its members came from all

the groups in the community - local government, business, non-government organizations, farmers, citizens, students, teachers, media, etc.

2) The Technical Committee - responsible for collecting and analyzing information about the risks associated with various environmental problems and their potential solutions. It consisted of people with specialized training, expertise and experience in the fields of environmental and/or public health, natural sciences, economics and pollution control.

The Committee members were appointed by the Mayor of Troyan on a voluntary basis.

The mandates and the terms of reference for these Committees were established under the direction of the ISC. A project office was established, a local coordinator hired, and a US Peace Corps volunteer appointed to provide the logistical support for the Citizen Committees.

The ISC provided the Committee members and the project staff with the necessary training and resources required to fulfil the risk-based planning tasks. The Committee members were responsible for evaluating the risks associated with the community's environmental problems, ranking these problems on the basis of their relative risks, and for developing and implementing an action plan to address the most severe problems.

Phase 2: Problem identification and comparison of environmental risk

During the next phase the Policy Committee undertook a poll to determine which environmental problems were considered to be the most serious ones by the residents. Four thousand citizens identified the inadequate supply of clean drinking water, air pollution, deforestation, and surface water contamination as the most serious problems. This information was used by the Technical Committee in compiling the list of problems. The Policy Committee also carried out numerous activities to educate the public: holding briefings, publishing articles in the local press, and setting up notice-boards.

The Technical Committee collected further data and assessed the scope of related environmental problems. During the initial phase of the project, the categories of risk were selected by the Technical Committee for the evaluation of environmental problems. The specific categories of risk used to evaluate the problems in Troyan included public health, ecology, and the quality of life (social and economic factors). The final

list of the problems was subjected to a comparative risk analysis in which the best available scientific information was used to assess the relative risks of environmental problems for human health, ecology and the quality of life.

The environmental problems were ranked based on the scientific information derived from the risk analysis and the public input. To help the Technical Committee achieve consensus on the priorities, a two-day working session was held. During this session, the information associated with the risk analysis was reviewed and a practice ranking session was convened.

Through an examination of the data and the public discussions, the problems were eventually ranked. Jointly, the two Committees identified two problems as the highest priorities: the poor quality and the low quantity of drinking water and the pervasive air pollution.

Phase 3: Developing an Environmental Action Plan and selecting strategies

With a focus on drinking water and air pollution, the Committees established the long-term goals and gathered some information on the alternative actions from the U.S., Western Europe, and CEE. The Committees then evaluated these actions based on, among other criteria, their relative cost-efficiency, effectiveness in addressing the problem, and the amount of time needed for the implementation. The Committees summarized this information in an EAP. A draft EAP was then circulated for comment among the public, the Municipal Council, and the staff of the Municipality. After the comments had arrived and were duly incorporated into the draft, the Troyan Municipal Council approved the final EAP. The ISC provided a grant to the Municipality to help implement the recommended actions.

Phase 4: Strategy implementation

As a framework for action implementation, the Committees developed a detailed Implementation Plan that identified specific steps, specified responsible groups and agencies, proposed a timeframe, and established a budget for each action. The Committees decided to focus on three specific implementation actions: the detection of leaks in underground pipes, the industrial water consumption, and the environmental education.

The Committees, in cooperation with the Municipality and the local water utility, established a comprehensive programme to detect and repair leaks in the underground water main and distribution pipes. The

Committees discovered that almost half of Troyan's drinking water escaped through these leaks. The Municipality purchased some leak detection equipment, and a western expert helped the local water utility staff design and implement the programme.

The Committees decided to target industrial water usage since industrial plants consumed more than 60 percent of Troyan's drinking water supply. A specialist conducted the wastewater audits for five largest industries in Troyan; these audits revealed enormous opportunities for saving water and reducing the wastewater flows. As a result, the Municipality implemented an industrial water audit and the control programme to reduce the industrial water consumption. Finally, the Citizen Committees supported the establishment of the Troyan Environmental Education and Information Center within the school system, which promoted the environmental education in schools and of the general public.

Phase 5: Monitoring and Evaluation
The Citizen Committees and the Municipality established a joint management team to oversee the project implementation. Further, the Municipal Water Utility established a special unit to detect and fix leaks, and digitize the map of the underground pipe network.

Results
- Troyan Municipality repaired 70 leaks in the underground pipe network and replaced almost one kilometre of pipes, resulting in water savings of approximately 10%.

- Digitized the map of the underground pipe network was produced.

- A new environmental ordinance that requires industries to pay based on the amount of water they use and to file information on their water consumption with the Municipality was adopted. The ordinance requires the largest industrial water users to develop their own water supply, where feasible.

- An audit of the entire water system was conducted and detailed the water audits of the largest industrial plants. The plants were provided with the information on how much they were wasting, how much money this cost them, and the specific measures they could take to decrease their water use.

- The relationship between the Municipality and industry regarding environmental problems has improved as a result of the project. Major industries have subsequently met with Municipal officials to

discuss the solid waste and wastewater management plans. Several industries are now seeking funding to implement some low-cost pollution prevention methods.

- A new environmental education center that promoted environmental education in the schools and for the public was established.

- The EAP Committees produced several publications and distributed them to all Bulgarian municipalities: it conducted a national workshop to share the Troyan experience and encouraged other municipalities to initiate similar projects.

- A national environmental assistance programme is now emerging with some strong support from the Ministry of Environment. Three Ministries signed a Memorandum of Understanding pledging to work together to assist municipalities to address environmental problems and consequently established an inter-ministry environmental task force.

Lessons learned

- In the risk analysis stage, there were many problems in determining what information was available and from which sources, the ways of obtaining and accessing information; and data accuracy/validity. The ISC recommends that communities undertaking similar projects conduct a preliminary survey of information providers.

- It is critical that the key national and regional governmental agencies, which can provide environmental assistance to municipalities, are identified and their cooperation ensured. The municipalities would benefit from assistance regarding fiscal management, environmental legal authority and responsibilities, auditing and monitoring, using management tools, project design and implementation, environmental enforcement, project financing, work plan development, public participation and technical issues.

- Training should also be provided for the representatives of the national government agencies, the NGOs and the private sector in roles and functions, strategic planning, work plan and budget development, financial management, public involvement, monitoring and evaluating programme implementation. The project evaluation forms should be integrated into the training activities.

Financing

The US EAP, in cooperation with the US Agency for International Development, provided funding to the ISC to carry out the Troyan EAP (US$ 335.000) and to implement an action plan (US$ 60.000). The ISC provided a grant to the Municipality of Troyan of up to US$ 35.000 to implement the recommended strategies, and covered the cost of the publication of the project documents. The Municipality is responsible for providing a 10% contribution towards the implementation, either in labour or materials.

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Case study 2. Guidelines for Sustainable Development of Jelsa Municipality

This case study is provided by ODRAZ, Croatia.

Location

The Municipality of Jelsa, the island of Hvar (southern Adriatic), Croatia.

Jelsa Municipality is situated in the middle of Hvar, has approximately 3800 inhabitants and covers an area of 118 km^2.

Who participated?

The research was prepared and conducted by the NGO ODRAZ, based on its own field work and with an input from the colleagues from the International Institute for Industrial Environmental Economics from Lund, Stockholm Environmental Institute, and the Jonnaum Research from Graz.

The research was conducted in partnership with the local authorities, in cooperation with the local NGOs (CIMA Jelsa, CIMA Vrboska), and the participation of individuals dedicated to their community. Around 50 people were involved in the process.

Description

As in many local communities, the local government in the municipality of Jelsa *improvises rather than plans* its development. The reasons for

this are many, but the most significant ones are the poor information exchange (national - regional - local government - citizens), and the poorly developed good-governance (transparency, quality management, public participation).

An analysis of this lack of systematic planning at the local level was conducted by experts and relevant individuals.

A report "Guidelines for Sustainable Development of Jelsa Municipality" was developed as a baseline planning document for the local government. This process was envisaged as a *model* so it could be *replicated* in similar communities.

Objectives
- to *initiate* the planning process by using all available local resources to create a sense of priority and common interest aimed at achieving sustainable development
- to draft a vision of development of the municipality of Jelsa including a priority action plan as a baseline planning document for local government that would bring together relevant development topics.

Implementation
Step 1
Prepare and revise with authorities the assessment methodology and action plan for implementation. The methodology was based on the variation of the "problem tree" analysis.

The problem analysis was conducted regarding the problem's origin (where it belongs - the area, e.g. local government, SME, environmental issues) and dividing it into the cause and effect.

Problem (-weakness) ----> area ----> cause ----> effect
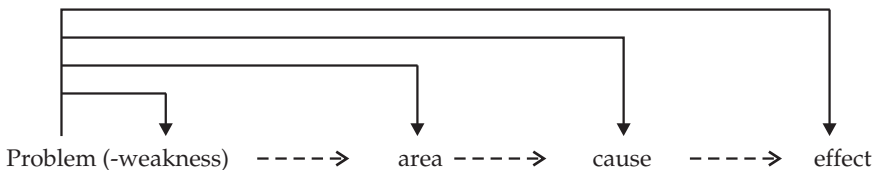
Step 2
Information gathering and overview of the situation in the municipality and the current development practices. Based on this information and input from the participants of the research the mapping of the current situation was completed. This current situation helped pinpoint the three main development scenarios (see table 1).

Step 3

The "Island Sustainable Development" Congress was organized to present the concept of sustainability, and the concrete examples and potentials of sustainability in different fields of work. Some of the topics covered marine biodiversity and marine protected areas, solar energy, organic agriculture, credit lines such as island tourism incentives, natural and historical heritage and eco-tourism, nautical tourism.

Each topic aroused great interest and the participants asked a lot of questions after the lectures and exchanged information. In this way approximately 150 islanders directly - and many more indirectly - raised the awareness of their own responsibility for their development as well as of the opportunities to do it effectively.

Step 4

The assessment of the opportunities for sustainable development included:

- individual interviews with 30 local representatives
- overview of the situation in the municipality and the current development practices
- problem cause-effect analysis
- analysis of developmental resource potentials
- producing development scenarios
- designing the development of Jelsa
- defining development priorities and potential projects
- publishing the report "Directions for Sustainable Development of Jelsa Municipality".

Based on the research and opinions expressed by the inhabitants of Jelsa during interviews, the overview of the situation in the municipality and the current development practices was compiled. The criteria in determining the priorities were: 1) importance, 2) urgency and 3) implementation ability. Based on these criteria, four priority areas were identified - the Main Development Areas (see table 2).

The overview of the situation can be presented in the form of the main development scenarios. The table below gives the simplified scenarios regarding the Main Development Areas (MDA). A more detailed analysis of each MDA was conducted and presented in the study but here only the general findings are offered.
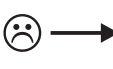
Each area in the scenario is given a mark:

- positive/desirable

- neutral/undetermined

- negative.

Arrows indicate the trend of improvement or deterioration of the specified area, while its curve direction defines the depth of the change.

Table 1.: Development scenarios of Jelsa Municipality

		Scenarios		
Main Development Areas		**Existent**	**Globalistic**	**Towards sustainability**
a	*The island carrying capacity*	☹ ↘	☹ ↘	☺ →
b	*Local development planning*	☹ →	☹ ↘	☺ ↗
c	*Local economy, self-employment*	😐 →	😐 ↘	☺ ↗
d	*Social capital, heritage, environment*	☹ ↘	☹ ↘	☺ ↗

This cumulative table presents 3 basic scenarios that try to encompass the 4 Main Development Areas. The nature of the shown trends is qualitative, based on the research findings. It should be noted, however, that the measurable development indicators should be defined in the future in order to secure a better and more precise planning.

Results

- For the first time an analysis of the local conditions was made in cooperation with the local community, regarding the problems and resources necessary for development, in order to determine the priorities and the areas of development

- A report "Directions for Sustainable Development of Jelsa Municipality" was produced as the basic planning document for the local government

- The assessment of the current situation in Jelsa Municipality includes a number of positive and negative aspects. The Main Development Areas logically follow from them. The table below presents the link between the main causes of problems with the promotors of development as well as with the main areas of development. Based on these areas, the overall design, priorities and possible activities will be envisaged

- Regional and expert institutions in charge of planning incorporated the findings into their activities
- The project's results will be used for educating other communities' local authorities.

Table 2.: Main causes of problems, promotors of development and main areas of development

Main areas of development	Negative aspects *(main causes)*	Positive aspects *(resources and values-promotors of development)*
The island carrying capacity	The island urbanization has most probably reached its maximum capacity.	Existing tourist accommodation and road infrastructure is enough for tourism development in environmentally sound manner.
Local development planning	The system of planning, cooperating, deliberating and negotiating does not exist. Improvisation and lack of transparency dominate in governance.	The need for defining mutual interests of local authorities on the island or region and the need for public participation are being recognized.
Local economy, self-employment	Tourism as dominant activity is not integrated with other businesses. Transition economy failed to provide mechanisms for developing entrepreneurialism or for marketing existingt domestic products.	Potential for family business, crafts, agriculture, tourism, development of new products and services.
Social capital, heritage, environment	Local population growth is negative. On the other hand, tourist pressure increases, jeopardizing local quality of life.	Heritage (nature, autochthony, tradition and rich history, architecture, antiquities and archaeology). Preservation of social networks through participation of youth in local development.

Lessons learned

Most of the foreign financial assistance fails in the attempts to provide the change for development, the reason being that they use their own concepts and approaches, along with the expertise inefficient in a community's *unique* surroundings. Learning how to launch a systematic

approach in a community's sustainable development planning is a long and arduous process that has to rely *completely* on local resources.

1. Foreign and domestic donors should invest in l*ocal level know-how* (1 EU or US expert costs as much as 5 to 10 local ones)

2. Local community and government should recognize their *responsibility* in enabling quality environment for the future generations

3. Regional government should be responsible for *bridging the tasks* expected by ministries and/or local governments

4. Local resources (public, private, individual) should *unite* around common interests especially building human potentials (youth, the unemployed) for sustainable business, social capital improvements and good governance.

Financing

Quality planning requires continual improvement. The first cycle was completed and further activities will depend on the commitment and wisdom of the municipality leaders. This includes different opportunities for fundraising that are available.

Therefore, the local self-government should define the direction of its development as soon as possible to be prepared to join positive trends in the country and abroad and to secure sustainability.

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Case study 3. Integrated municipal waste management in Ramnicu Valcea

This case study is provided by the Ramnicu Valcea Town Hall.

Location

Ramnicu Valcea, the capital of the Valcea county (south-central Romania), is a town of 125.000 inhabitants. It is situated at an altitude of 440 m on the right bank of the Olt river.

The main industries of Ramnicu Valcea are: chemical industry, processing industry, thermal energy and electricity production. Lately, Ramnicu Valcea has tried to acquire a new identity by developing tourism activities, taking into account the special natural potential of the area.

Who participated?

The German Agency for Technical Cooperation (GTZ), based on the Technical Cooperation Agreement concluded between the Romanian Government and the German Government has been carrying out a non-reimbursing assistance programme in Ramnicu Valcea in the field of urban waste management, since 1997.

The consultants of the German Company PPI (Project Partners International) and the sanitation company of Goettingen provided technical assistance.

In addition, German consultants and 10 students of the Ecological University of Bucharest assisted in detemining the composition of waste.

The Ramnicu Valcea Town Hall, the public local authority, was responsible for: improving the waste collection and transport system, determining waste composition, introducing the selective collection of organic waste, building up a pilot composting plant, drawing up investment projects, carrying out intensive information campaigns to raise citizens awareness ofn environmental issues. The municipality also had an important role in synchronizing the activities of the local actors involved in municipal waste management (households, private sanitation companies, environmental protection inspectorate, health inspectorate, small economic agents, etc.).

Description

The waste management system in Ramnicu Valcea was inadequate, resulting in higher loading periods, lower productivity for the sanitation

company, its non-esthetical aspect and a health hazard for the population and the environment. The waste disposal in the landfill was not controlled, causing environmental pollution while the citizens' awareness of the waste management issues was extremely limited.

The purpose of this project is the implementation of a new system of waste anagement in order to improve the city's sanitary and esthetical conditions, to protect the population's health and the environment, and implicitly, to bring the local administration in line with the European standards. The project began in 1997 and is ongoing.

Objectives

The main goal of this project is to promote a national strategy on urban waste management and to implement a waste management system in Ramnicu Valcea according to the European standards.

The municipality, together with the German consultants, set the following objectives:

- Developing a waste-management strategy
- Improving the collection and transport system of urban waste
- Reorganizing the waste-disposal system
- Reducing the amount of waste deposited currently in the landfill through the selective collection and composting
- Drawing up projects to obtain funding for an ecological landfill, a compost plant and shutting down of the actual landfill
- Monitoring all information regarding the waste-management system
- Raising population awareness on waste-management to the level of the European standards.

Implementation

The project has four main components.

The first component was the *introduction and improvement of the municipal solid waste-collection program for the town* by means of the donation of 5.000 bins and three compacting trucks from German government. The Town Hall organized meetings with the owners' associations in order to explain the bin locations and their importance so that the city collection sites be re-disposed and hygienized.

The second component and probably the most important was the *determination of the waste composition* to enable future informed decisions about the Integrated Waste Management Strategy for

Ramnicu Valcea. This action was supported by the German consultants and 10 students of the Ecological University of Bucharest, in four sessions (June 2000, October and February 2001 and May 2002). The analysis showed that more than 55% of the domestic waste is vegetable.

In accordance with the results of the waste-composition analysis, and beginning with November 2001, Ramnicu Valcea switched to the *selective collection of the vegetal waste* out of the inert waste.

This action also enjoyed the support of Germany: 4.000 recipients (bin type), with a capacity of 7 l for 4.000 apartments were deposited in the pilot area, as well as the machinery necessary to run a pilot station for composting (branch cutting machine, loader and mechanical sieve to sift the composted material). In November 2001, the municipality delivered 1.260 bins in the pilot area, accompanied with the informational materials with a view of raising the population's awareness.

The pilot project duly started, and so far more than 500 tons of compost have been created from the collected organic waste. The plan envisages a city-wide expansion of the programme.

The third component was the opening of the national *Information Center for Waste Management,* to raise the citizen awareness and educate and train the sanitation companies and public officials.

Related to this is the fourth component of the project: the development of the *Integrated Waste Management Manual*. In the next two years this manual will be used as a basis for training all interested public and private sectors in the Integrated Waste Management principles and the implementation of such programs all over Romania.

In order to go on with the implementation of the communitarian acquis in Ramnicu Valcea, regarding the waste disposal manner, the waste amount reduction through various treating and minimizing methods, the municipal authorities promoted an educational campaign in the field of environmental protection, both at the general population and the school establishment levels. Thus they published and distributed various materials, such as folders, posters, leaflets, booklets.

Results/achievements
- The waste-loading period was reduced from 15-20 min/m^3 to 3-4 min/m^3 and the risk elements for the population health and the environment decreased.

- Communication was improved between citizens, public administration, other local authorities and all stakeholders at local and national level, through the opening of the first Information Center in the field of Waste Management in Romania.

- The feasibility study regarding the Integrated Municipal Waste Management in Ramnicu Valcea was drawn up and submitted to the European Union; thus the ISPA financing was obtained.

- The current landfill was rearranged and a new technology was applied to control the disposal of waste and the first pilot plant for composting organic waste was built.

- The waste deposited was reduced through the introduction of the selective collection of organic waste in the pilot area initially comprising 1260 households.

- A web site was created, containing the data on waste management, the results obtained within the project framework, the analysis guidelines for determining the waste composition, the relevant legislation.

- Intensive information campaigns were carried out in order to raise people's awareness of the waste management issue, concomitantly with the introduction of ecology classes in schools.

- To date, 7 seminars were held and approximately 170 representatives of local authorities, public institutions and private waste companies were trained on the Municipal Solid Waste Management.

- The results obtained through this project prevailed in the decision to award the Diploma "City Towards EU Compliance Award" to the town for three consecutive years for its remarkable progress in the field of waste management, water and air quality, and the provision of access to environmental information.

- In 2002, the Dubai Municipality in the United Arabian Emirates and the UN-HABITAT awarded Ramnicu Valcea Town Hall the Certificate of Best Practice for this project.

- At the Johannesburg Summit, the same project was declared (together with other 5 projects) Best Practice from Eastern and Central Europe in Urban Environmental Technologies.

Lessons learned

- In order to implement the project successfully, the municipality needed experience and coordination from professionals in this field. Thus, the consultants not only provided financial support but also technical assistance and guidance. They provided concrete examples from a city (Goettingen) of similar size, and of approximately the same structure of relief .

- Another important aspect of the success was the presentation of every stage of the project in the local mass media. Public debates and briefings were organized in order to involve the public in the decision-making process. Consequently, the citizens were more open and willing to cooperate in the project's implementation. Also, by presenting project on the Town Hall web site (www.primariavl.ro), the results obtained were made public so that other local authorities could benefit from the experience gained by Ramnicu Valcea.

- The creation of the initial conditions, the objectives, and determining the priorities according to technical and economic criteria, form an essential element for the success of this project. It is very important to create a database and to establish the performance indicators so that the level of project implementation can be assessed at any moment.

- The public-private partnership should be taken into account in the process of implementing the project. The municipality must involve all the stakeholders (sanitation service providers, Environmental Protection Inspectorate, Public Health Inspectorate, non-governmental organizations, schools and kindergartens, commercial companies, owners associations etc.) from the beginning of the project in order to ensure the correct application of the decisions made.

Financing

The local authority benefited from the financial support from GTZ (5000 bins, three compacting trucks, the equipment for the composting plant and the Info Center, training for the Municipal Solid Waste Management).

The ISPA financing, amounting US$ 1,4 million, 75% of which represent non-reimbursable funds, was obtained for the following objectives: shutting down the current landfill, constructing a new ecological landfill and a composting plant and introducing a new collection system. 25% of

the investment will be provided from the local budget through an EBI loan that will be reimbursed using the sanitation tax.

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Case study 4. Wood waste utilisation for district heating

This case study is provided by the Romanian Agency for the Energy Conservation (ARCE).

Location
Town Campeni (Romania), with a population of 10.000, located nearby the Aries Forest Basin, at the feet of the Apuseni mountains in western Romania.

Who participated?
Partners in the project implementation were:

- Consultant: Romanian National Timber Institute

- PHARE Programme Coordinator: Romanian Ministry of Industry and Trade - General Direction for Programmes with International Organizations (financial part) and Romanian Agency for Energy Conservation (technical part)

- Co-worker: Romanian Ministry of Water, Forests and Environment Protection, General Direction for Monitoring and Ecological Control

- Designer and Supplier of Boilers: SC Terma Prod SRL from Romania

- Project beneficiaries: the district heating company GOTERM SA and Campeni Municipality Hall.

Description
Initial situation: Thermal power station no.1 equipped with four hot water boilers type PAL running on CLU (light fuel oil) and producing heat in amount of 2175 Gcal/year (8 h/day) and domestic hot water (2 h/day)

with the consumption of about 324 t CLU/year. Boiler efficiency: max. 70%.

Situation after modernization: Two boilers type PAL 15 made in Romania, running on sawdust with calorific power of 2.100 Kcal/kg.

The efficiency of the boilers measured after the test period is 83%, producing 4.087 Gcal/year, which is 88% higher than the old thermal power station operated in 1998. Moreover, the boilers are each provided with a spare burner on CLU being completely automated.

This project demonstrates the technical and economic advantages of wood-waste utilization as fuel for district heating. The project also has a large potential for replication in a large number of urban areas with woodworking industries and district heating systems: Nehoiu, Busteni, Vatra Dornei, Campulung, Moldovenesc, Abrud, Bicaz, Tg. Neamt, Gura Humorului, Campina, etc.

Objectives
- Utilisation of wood waste instead of fossil fuels for generating heat
- Reduction of environmental pollution (no dumping of this residue into the rivers)
- Reduction of costs for heat-generation.

Implementation
The beneficiary of this project is the town of Câmpeni, selected for the following reasons:

- high amount of wood residues from the Arieş Forest Basin - about 54.000 tons/year
- high cost of heat-production by light-fuel burning and the increased level of state subventions
- high pollution level of the Arieş River due to the dumping of wood residues and sawdust generated by the local wood-processing plants
- deep concern and cooperation of the local authorities e.g. the Câmpeni town council and the mayor's office of the county of Alba, as well as by the district heating companies GOTERM SA regarding the project implementation.

Based on the local wood-waste resources, the replacement of the two existing old boilers in the Thermal Plant with two modern boilers burning

sawdust, was chosen as an optimal solution. Boilers were designed and manufactured by Romanian companies.

This thermal power station has been provided with all the new systems suitable for wood-waste burning: unloading platform, silo, inclined belt conveyors, exhaust plant and automation.

The new boilers were put into operation in the winter of 1999.

Results

- Energy savings and reduction of fuel costs:

Project features	Initial situation	After modernisation
Calorific power of fuel Hi [Kcal/kg]	CLU 9.600	Sawdust 2.100
Specific consumption - ecc/Gcal -	0,204	0,172
Heat generation -Gcal/an -	2.175	4.087
Cost of heat generation - Euro/Gcal -	26,45	15,20
Subvention - Euro/Gcal -	18,0	3,1

- Reduction of environmental pollution
  - Utilisation of about 2.345 t wood waste/year
  - Reduction of CO_2 emissions released when burning fuel oil by some 1.000 t/year
  - Reduction of SO_2 emissions in the open by some 14,5 t/year

- Other advantages
  - The increase of available heat in the thermal station of about 88% represents an improvement in the population's welfare
  - A substantial reduction of subventions from the Local Council for covering the heat costs
  - The replacement of the fossil fuels (whose cost will increase in the future) by the cheap local fuel will benefit the poorer population
  - The reduction of pollution due to the dumping of wood residues into the rivers will increase the tourism potential and consequently boost the area's economic development
  - The use of the equipment designed and made in Romania will significantly reduce the investment costs.

Lessons learned

- It is possible to successfully transform one existing installation fueled by liquid fuel into a biomass-fueled instalation

- A strong cooperation between local authority, national / governmental agency, equipment providers and consultancy companies is of special importance for the project's success
- It is possible to reduce subventions for thermal energy.

Financing

The total cost of the project was about 120.000 euro: 100.000 was provided by the EURO PHARE funds and about 20.000 euro by the local funds.

The funding by PHARE grant is aimed at the implementation of a priority project within the strategy of utilization of renewable energy resources drawn up by experts from Romania and the EU and specially the biomass utilization for district heating.

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Case study 5. Cross border municipal environmental cooperation: The Drina River Basin

This case study is prepared by the Regional Environmental Centre for Central and Eastern Europe, Country Office Serbia and Montenegro.

Location

Drina River Basin, Lake Peručac - territory of the municipalities of Bajina Bašta (Serbia and Montenegro) and Srebrenica (Bosnia and Herzegovina),Bajina Bašta, town in the Western Serbia on the right bank of the river Drina. Area of the municipality is 673 km^2.

The municipality of Srebrenica is situated in the eastern part of the Republic of Srpska. The municipal center is the town of Srebrenica. The eastern part of the municipality lies on the bank of the Drina River. The total area of the municipality is 533,4 km^2 and the existing population of the municipality of Srebrenica is estimated to around 8.000 inhabitants (new census is expected).

Who participated?

- The Regional Environmental Center for Central and Eastern Europe (REC), Norwegian Ministry of Foreign Affaires

- Municipalities of Bajina Bašta (Serbia and Montenegro) and Srebrenica (Bosnia and Herzegovina); Municipalities of Užice (Serbia and Montenegro), Višegrad (Bosnia and Herzegovina), Foča (Serbia and Montenegro), Zvornik (Bosnia and Herze-govina); other interested municipalities in the Drina River Basin - local authorities

- Hydro Power Plants Višegrad and Bajina Bašta; Public Utilities (local and national), National Park "Tara" - relevant institutions

- NGOs.

The first stakeholders' meeting, held in October 2003 in Bajina Bašta, gathered for the first time the interested parities from the two countries in an effort to develop a unified approach to the technical solution for cleaning Lake Peručac, but also to obtain the common perspective for cleaning the Drina River banks and to discuss the option for further cross-border cooperation in different areas (information exchange, educational and public-awareness raising campaigns, NGO cooperation, etc). The meeting was organized by REC.

Norwegian Ministry of Foreign Affaires financially supported the project.

The entire Drina River Basin used to be managed separately, without a joint cross-border approach.

Description

The purpose of the "Cross-Border Municipal Environmental Cooperation: the Drina River Basin" project is to identify, design, prepare, and solicit external financing for a solution to the problem of solid waste that flows from the River Drina into Lake Peručac.

Within the framework of the project, the information on waste-management practices in the municipalities located in the basin was gathered. This information allowed to define the problem of waste and to recommend possible solutions. Following these activities, the REC organized a stakeholder forum, which gathered all the relevant parties to discuss the problem of waste and present technical options to clean Lake Peručac. The conclusions from the stakeholder meeting formed the basis of an agreement for further action to solve the problem. The dialogue initiated between the stakeholders at this meeting was continued in two working groups established to further develop and

finalise the agreement. Those were the Institutional working group (representatives of the cross-border institutions relevant for the project implementation) and the NGO working group (the NGOs from Bosnia and Herzegovina and Serbia and Montenegro).

Based upon the initial consensus and the results of the work in groups, the REC was responsible for preparing a detailed work plan to implement a feasible solution to the problem. The feasibility study and action plan proposed at the II stakeholders' meeting held in April 2004 enabled the communities in the Drina River Basin to seek financing for the solution to the problem of waste.

The data collection was conducted in two phases. In the first phase the REC experts together with the external consultants interviewed the regional actors and distributed the questionnaire to the municipal centers regarding the information on waste management, institutional background, previous activities, etc. In the second phase, the feasibility study was developed, jointly between the REC and the two working groups.

II stakeholders' meeting gathered both working groups. The technical solution for the problem (procurement of the water-cleaner vessel and the waste compactor) was discussed, which will be managed by the "Tara" National Park and the Public Utility from Bajina Bašta; also discussed were the supportive activities aimed at providing the sustainable effects of the project implementation (the cross-border NGO activity, the formation of the "Drina River Board" - a joint body that would monitor the implementation of the technical solution and prepare the activity plan for a broader stakeholders involvement).

Objectives
- Establishing consensus of all interested parties in the region of the River Drina and Lake Peručac on the proposed technical solutions for the prevention of further pollution by solid waste

- Organizing forums for all interested groups with the aim of elaborating the proposed solutions and expressing opinion

- Developing a cross-border agreement on supporting the chosen solution between the key interested groups regarding the project

- Development of a Feasibility Study which will be submitted for future donor financing.

Implementation

The overall activity plan for the project implementation was divided into three phases, following the project objectives:

1. Inception phase
   Establishment of the cross-border contacts, after almost ten years of atrocities and disputes in the region, was in the focus of the project implementation team. Also, an expert team was conducting field visits and analysed the questionnnaires.A pre-feasibility study was developed.

2. Identification of feasible solutions for cleaning Lake Peručac with supportive activities. Documents developed at this stage are the Feasibility Study for cleaning Lake Peručac and the conclusions of the two working groups. The next step is providing the equipment, as suggested in the feasibility study and approved by the stakeholders (water-cleaner vessel and waste compactor).

3. Supportive activities, establishment of the Drina River Board
   (this phase should follow the provision of the technical equipment).

Results

- The project brought together the stakeholders from the Drina River Basin for the first time in almost ten year to discuss a joint approach for solving environmental problems in the basin

- Cross-border environmental cooperation was established (institutions and NGOs)

- Inter-municipal agreement was developed between the municipalities of Srebrenica and Bajina Bašta, addressing various issues

- Selection of the best technical solution for cleaning Lake Peručac; it was agreed upon and approved by the stakeholders from both countries

- Stakeholders identified possible actions for the sustainable cooperation in the region, including a cross-border body (the Drina River Board), to provide assistance to target-oriented stakeholders groups (organic farming, eco tourism, cross-border waste management, etc.).

Lessons learned

- There is a will for joint actions in solving environmental problems at the cross-border level

- The institutional and other cooperation in the region is poor due to insufficient regulations and legal framework, but also because of insufficient capacities within the institutions and organizations at the local level.

- The environmental problems in the Drina River Basin could not be solved partially.

- The scope of activities should include capacity building and support to various groups of stakeholders (applying best practices, sharing experience)

Financing
The project was supported by the Norwegian Ministry of Foreign Affairs and implemented by the REC. The total budget amounted to 58.770 Euro.

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Case study 6. Eurasian Griffon protection

This case study is prepared by the Eco-centre "Caput Insulae"- Beli.

Location
The islands of Cres (specifically the ornithological reserves Kruna and Podokladi), Krk, Prvić and Plavnik (Croatia).

Who participated?
The eco-centre "Caput Insulae"- Beli in partnership with the Ornithological Institute and the local community of Cres.

Description
The Eurasian griffon colonies on the islands of Cres and Krk had about 25 pairs of the griffon vulture each. The locals did not know much about the value of these birds, and their sensitivity towards wider ecological

problems, which had a huge impact on griffons' life, was nonexistent. This fact caused massive poisoning of the birds, especially on the island of Krk. The local farmers had had some problems with bears and wild dogs which they tried to solve with illegal poisoning. There was also some legal poisoning going on by chemicals without the adequate precaution, causing the poisoning of water sources for other animals. This resulted in a critical situation on the island of Krk. Today, the colonies on the island of Krk have 3 couples and on the island of Cres 70 couples, due to a more active protection. The situation on the island of Cres is a result of many years of cooperation with the local community, which has made the people more environment-conscious. The relationship with the local community of Cres was also established, which allowed getting all the necessary information about the Eurasian griffons when imminently threatened (i.e. in case a young bird falls into the sea and needs to be rescued, the locals will do it on their own and bring it to the sanctuary or they will call the Eco-Centre for assistance). They also collaborate by bringing their dead animals (sheep) as food for the griffons. The marking of the young chicks has commenced, which enabled scientists to objectively assess the number of vultures. Each marked bird was consequently tracked, and the data about their movements around Europe collected; also, the number of these birds nesting could be established with precision. From those numbers the mortality rate can be deduced and the average rate of the increase of their colonies. The research data have been designed by the Ornithological Institute, and collected by the volunteers organised through the Volunteer Programme of the Eco-centre Caput Insulae - Beli.

Objectives
- to have completely self-sustainable colonies, with less human involvement each year
- to stop the poisoning
- to protect the marine area of the Ornithological reserves
- to spread the colonies over the areas where they used to live
- to have local people completely aware and involved in the protection of endangered species and their own environment.

Implementation
- marking the griffon vulture chicks
- building the bird sanctuary and quarantines

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- building the feeding areas and monitoring sites

- regular monitoring and data base updating

- entering the network of the similar projects and exchanging the information

- protection of the sea areas of the griffon vulture colonies

- workshops and projects with the local community about different topics (i.e. use of pesticides, promoting traditional farming connected with eco-tourism, etc.).

Results
- increase of the number of griffon vulture in the colonies from 25 to 70 couples on the island of Cres

- two feeding areas built

- bird sanctuary and quarantine built and completely operational

- joined the network of all the projects on the protection of vultures in Europe

- local people made aware and proud of the value of the Eurasian griffons' colony on their island.

Lessons learned
A complex programme of endangered species protection is not possible without the involvement of scientists, volunteers and the local people. The only possible way is to develop a programme with a holistic approach where the scientists and environmental protection NGO work together with the local community towards protecting not only an endangered species, but also the whole locality where this species lives together with people and their way of life in sustainability with nature, which is conducive to their welfare.

Financing
General sponsors of the Eurasian Griffon's project:

- Fima, Varaždin (1998), Croatian Institute for Physical Planning, Zagreb (1999-2000)

- Primorsko-goranska County, Budapest Zoo, Pliva and Agrocor financed the first feeding site

- Open society (Soros), Regional Environmental Centre (REC) and Croatian Television sponsored the building of the first sanctuary

- Croatian Ministry of Environmental Protection financed the building of the second sanctuary

- private donations of the visitors to the interpretation centre in the building of the NGO Eco-centre Caput Insulae - Beli

- private donations through the special programme of virtual adoption of the Eurasian Griffon

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Case study 7. Theatre Encounters "Actors in Zagvozd" - the Friends of the Environment event

This case study has been prepared by the Actors in Zagvozd cultural association.

Location
Zagvozd municipality, the Imotski Border.

Who participated
The cultural association of Actors in Zagvozd, the Zagvozd Town Council, the local community of the municipality of Zagvozd, painter and graphic designer Vedran Karadža, local people.

Description
This year the seventh *Theatre Encounters in Zagvozd* took place*.*

Since its inception, this cultural event has been quite successful. It has only confirmed a need for such a cultural content in rural areas: it has also been exceptionally well received by the population of Zagvozd and their visitors, as the beneficiaries of the project, but also by the general public and the cultural establishment.

Since the programme is carried out in a rural region, with specific spatial and environmental characteristics, a need was felt to advance the basic project in a way that a synergy should be established with other fields (e.g. environmental protection and sustainable development), with a

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goal of presenting to the local community and the general public - along with the cultural content - the developmental potentials of this region.

The developmental potentials of this region are the preserved environment, special natural resources and scenery, part of which belongs to the territory of the Biokovo Natural Reserve, i.e. a locality under legal protection. The non-protected area is also an area of unique regional features, traditional architecture, ethnographic heritage.

Unfortunately, we are witnesses that in this region, as well as in the entire Croatia, there is no sufficient awareness of the value of the traditional scenery or heritage, consisting of the scenery and environment, architecture and bio-diversity as a whole.

Therefore, the goal of this project's implementation is to link the cultural event with the environmental protection and sustainable development as well as to find new ways of educating and informing people about both fields.

By organizing a cultural event in a way that together with some cultural content the local environmental values and scenery are also presented, the wish is to sensitize primarily the local community and then also the general public to accepting new values. *In the context of this project this means inducing a responsible attitude towards the environment and the native region.*

Goals
Short-term goals:

- Raising awareness for a need for a responsible attitude towards the environment and the proper waste disposal
- Developing in the local population a positive attitude to the values of the native region and encouraging environmental protection and concern.

Long-term goals:

- Culturally sustainable development of villages with environmental protection as one of its basic assumptions

- Stimulating the cultural development of the local community through the acceptance of good-quality cultural contents, recognition and respect of the local traditional and natural heritage.

Implementation

1. Organizing a regional cultural event in a rural area along with the incorporation and presentation of the natural and cultural heritage of the whole municipality

2. Designing advertising materials of the events, the purpose of which - apart from promoting theatre encounters as a cultural content - will also be presenting the local resources of biological and environmental diversity

3. Organizing a local work drive of clearing the dumping grounds. The Zagvozd municipality secured the waste transport, 20-30 volonteers actively participated with occasional assistance of the local population

4. From the waste collected at the illegal dumping grounds an eco-installation is formed (in 2004 the installation was made by Vedran Karadža, a painter and graphic designer), which is then exhibited on the main square in Zagvozd during the cultural event

5. When the event finishes and is officially closed, the eco-installation is "publicly" removed, i.e. driven away and disposed of at the nearby waste dump

6. The campaign of clearing illegal dumping grounds, the creation of a new art installation and the disposal of the eco-installation at the dumping ground is "public" and the media are therefore invited to cover these events.

Results

- The public is better sensitised to environmental issues

- Clearing the nature of ca. ten tons of waste

- Enhanced responsibility of local population for massive waste and illegal waste areas

- Enhanced responsibility of the general public for the creation of illegal waste dumps

- The general public is better sensitised to cultural contents

- Promotion of sustainable development initiatives.

Lessons learned

The way in which synergy was achieved between the two fields (culture and environmental protection) proved to be a good way of promoting cultural and natural or environmental values.

Financing

- Ministry of Culture

- The County of Split and Dalmatia

- Zagvozd Municipality

- Numerous companies and public corporations

- Ministry of Environment, Physical Planning and Construction provided 40.000 kn for environmental campaigns.

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Appendix
The Phare programme, ISPA and SAPARD are three pre-accession instruments financed by the European Union to assist the applicant countries of Central and Eastern Europe in their preparations for joining the European Union

ISPA stands for *Instrument for Structural Policies for Pre-Accession* and finances environment and transport projects

SAPARD stands for *Special Accession Programme for Agriculture and Rural Development*

Phare stands for *Pologne, Hongrie Assistance a la Reconstruction Economique* and was established in 1989 to support the transition of Poland and Hungary to market economies and was later extended to include Albania, Bosnia Herzegovina, Bulgaria, Czech Republic, Estonia, Former Yugoslav Republic of Macedonia, Latvia, Lithuania, Romania, Slovakia and Slovenia, to provide assistance for community infrastructure in the areas of transport and environment.

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