

August 2012

NALAS Newsletter

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NALAS Presidents Meeting

The state of Fiscal Decentralization in SEE

Regional conference on fiscal decentralization

NEXPO 2013

News from NALAS Members



Addressing climate change



Network of Associations of Local Authorities of South-East Europe
Réseau des Associations de Pouvoirs Locaux de l'Europe du Sud-Est

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Editorial



Dear Reader,

This summer edition of NALAS Newsletter brings in many interesting topics related to the role of local governments in the region of South-East Europe.

NALAS Presidents' meeting held in June in Tulcea, Romania, emphasized the key role that local governments have in preventing and mitigating climate change. Local authorities are the closest to the people, and even though climate change is a global process, its effects are strongly felt at local level and should be dealt with by the local communities. You will read more about the concrete efforts of NALAS member associations from Macedonia, Kosovo and Moldova to address climate change in their countries.

In this Newsletter, you will find out some of the conclusions of the latest important NALAS report "Fiscal Decentralization Indicators in South East Europe", which provides reliable comparative data on municipal finances and intergovernmental fiscal relations in South-East Europe and already attracted high interest among the wider expert community.

You will get to know more about the upcoming NALAS Conference on Fiscal Decentralization and the International Municipal Fair NEXPO 2013. Also, we'll bring forward some of the activities of our member associations.

NALAS, a Network of 15 Local Government Associations, which covers around 9000 local authorities and 80 million citizens throughout South-East Europe remains your privileged partner in promoting decentralization and good governance.

Enjoy reading!

A handwritten signature in black ink, appearing to be "Özgen Keskin". The signature is stylized and fluid, written over a horizontal line.

Dr. Özgen Keskin
NALAS President

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NALAS Presidents Meeting “Climate Change on Local Governments’ Agenda in South-East Europe” opens important climate change issues

It has now become a tradition that the Presidents of Associations of NALAS network get together annually to discuss and build common positions on priority issues. This year’s meeting focused on Climate Change and was hosted by the the Romanian Association of Communes (ACoR), from 15 – 16 June 2012 at Danube Delta in Tulcea, Romania.

Driven by NALAS ongoing activities in the area of energy efficiency and prevention of climate change, but also inspired by the location, Danube Delta, a famous natural reserve with an exceptional preservation of biodiversity, the discussion focused on “Climate Change on Local Governments’ Agenda in South-East Europe”. Participants looked at the global trends in this area and discussed how the associations and local governments are positioning themselves to meet these challenges.

In his opening speech, NALAS President Mr. Özgen Keskin said: *“The topic of this year’s Meeting of NALAS Members’ Presidents was chosen with the concern of our own responsibility as decision makers and people who can make difference. Actions for preventing climate change and mitigating its effects should be taken now, today, by each*

climate change is a global process, its effects have strong influence and affect and should be dealt with by the local communities.”

NALAS’ members, the associations of local authorities, proved that they are aware of the challenges and are trying to contribute to the joint effort to mitigate the effects of the climate change.

Exchanging local, regional and global experiences

During the Presidents’ Meeting, NALAS presented the activities and results of the project “Think Globally Develop Locally”, implemented in partnership with UNDP, in Macedonia, Moldova and Kosovo. This project, being open to include other countries as well, raised high interest among participants. NALAS member associations from Macedonia, Moldova and Kosovo presented their Action Plans on Climate Change, exchanging va-

luable experiences with their fellow colleagues, while the Union of Municipalities of Marmara, presented the Climate Action Plan of Turkey. Other presenters included: Ms. Daniela Carrington, from the UNDP Bratislava Regional Center, who focused on “How serious is the problem of climate change?”.

Ms. Viorica Bisca from the Danube Delta Biosphere Reserve presented the Danube Delta and the climate challenges it faces. All NALAS members Presidents and directors took part in the discussions, sharing



of us regardless of our social status, gender, political beliefs, and it is because the consequences of the climate change affect us all. We, as mayors, will need to deal with these consequences at local level because we are the authorities closest to the people, and even though

NALAS activities in this area include: the project Think Globally Develop Locally, the Covenant of Mayors to cover whole South-East Europe Initiative, the work of NALAS’ task forces on Energy Efficiency, Solid Waste and Water Management, and on Sustainable Tourism.





their local experiences to prevent climate change and their vision for the future.

Contributing to the global sustainable development agenda

This event was organized just days before world leaders, along with thousands of participants from governments, the private sector, NGOs and other groups, were about to come together on the other side of the world in Brazil for the biggest world summit in 2012, Rio+20 United Nations Conference on Sustainable Development (20-22 June 2012) to discuss how to reduce poverty, advance social equity and ensure environmental protection on never more crowded planet to get to the future we want.

As a contribution to the Rio+20 objectives, leaders of NALAS member Local Government Associations looked at the global trends in this area and discussed how local government associations from South-East Europe are positioning themselves to meet these challenges. NALAS members agreed to send a letter to United Cities and Local Governments (UCLG), sup-

porting their eight recommendations for Rio+20, and further enhancing them to emphasize the important role that local governments play in ensuring sustainable future for all.

“The role of local authorities and the processes of decentralization and consolidation of local autonomy at all levels (including communes and small towns) has to be recognized in the Rio+20 Conference Declaration, as this is a prerequisite for implementing direct changes in the local communities to deal with climate change. Sustainable actions to deal with climate change by local authorities assume a very broad and multi-dimensional perspective, including creation of a whole spectrum of climate-friendly local environment, in partnership with other actors, such as the civil society and private sector. At the same time, this requires strong, autonomous and efficient local government, capable and motivated to use all available administrative and financial capacities conducive to real results multiplied by widest population involvement in solution of climate problems”, stated NALAS letter to UCLG.

Covenant of Mayors Office to cover the local governments in the whole South-East Europe

During the NALAS Presidents Meeting, delegates reviewed the progress of the initiative for establishing a Covenant of Mayors Office that will ensure coverage of the Western Balkans region, as a follow-up of NALAS General Assembly held in Prishtina in March 2012.

With the current organization of the Covenant of Mayors, South-Eastern European municipalities from the candidate and poten-



tial candidate countries are excluded from the reach of a Covenant of Mayors Office in their region. For comparison, such offices are established or planned to be established for the neighbouring countries from the Eastern Partnership and Central Asian Cities, and North Africa.

Therefore, NALAS sent a letter to the President of the European Commission Jose Manuel Barroso to advocate for opening such an office and followed-up with the Director General of DG Enlargement Stefano Sannino and Mercedes

Bresso, the President of the Committee of the Regions. Participants agreed that NALAS should strive to conclude the process for establishing of Covenant of Mayors Office to cover the whole South Eastern Europe.

The conclusions for the immediate steps that are to be taken include:

- The National Association of Municipalities in the Republic of Bulgaria will be proposed to lead the Initiative as Mr. Vladimir Moskov was the NALAS leader during whose presidency the initiative started.
- Mr. Vladimir Moskov will propose the initia-

tive to be discussed at the relevant working groups of the Committee of the Regions.

- The mayors from the candidate and potential candidate countries for European Union membership who are Covenant's signatories to start a petition which is to be presented to the European Commission.

Experiencing Danube Delta

The program of the event also included a boat trip that provided a unique opportunity to experience the highly diverse flora and fauna of Danube Delta, unique in Europe, hosting 23 natural

ecosystems with numerous rare species. This area is particularly known for the highest concentration of bird colonies in all of Europe, including cormorants, pelicans, white tailed eagles and glossy ibises.

A successful meeting with excellent hosts

The Annual NALAS Members Presidents Meeting was hosted by the the Romanian Association of Communes (ACoR), who proved to be excellent hosts.

"Our Association is one of the newest members of NALAS, and for us NALAS has been a very useful experience, as well it is for other countries. Organizing the event itself, has been a great experience for our association and we

are ready to offer to organize the next NALAS General Assembly here, in partnership with the Moldavian association", said Mr. Emil Draghici, ACoR President and a Mayor of Vulcana Bai Municipality.



What they said about the event

"I'm very pleased with what I saw here, in the Danube Delta in Tulcea. This is a unique place, which very much correlates with what we were discussing during these two days. The natural heritage has to be protected not only here, but in the whole world. As we heard from one of the presenters, each day the World spends an energy equal to 400.000 atomic bombs. Each person on the Earth has to seriously think about what we do and how it affects our lives-that is why this topic is very relevant and important in general and in particular, in NALAS work. The conclusion I take from the meeting is the importance of the use of renewable energies, that won't pollute and will provide better and cleaner lives. We, the leaders, and important organizations like NALAS have to offer support to make this reality." *(Mr. Ahmed Bashev, Vice President, National Association of Municipalities in the Republic of Bulgaria)*

"It is important to raise the awareness of local governments about their role in fighting the climate change. In that respect, meeting in Tulcea organized by NALAS was of utmost importance. First of all it gave us the forum to discuss related issues and, second, it enabled us to hear how local governments in SEE are already fighting the climate change. Looking globally, this micro-effort is an excellent contribution to the global goals". *(Mr. Mladen Ivanovic, Coordinator of the Association of Municipalities in the Republic of Croatia)*

"I think it is very good that NALAS organized this meeting on the globally important topic of climate change, which has to be of interest for all of us in the countries of South-East Europe and their local self-governments. Presenters during the conference had very interesting presentations, while participants provided their contribution during the discussions. Some of the information we heard sound very alarming and we all need to do something to change world's environment". *(Mr. Rajko Golubovic, Secretary General of the Union of Municipalities of Montenegro)*

Local Government Associations from Macedonia, Kosovo and Moldova take an important step to address climate change

In the 21st century, local governments will have to simultaneously address climate change and sustainable development through their investment decisions, economic development strategies, and regulatory behavior. Local governments can mitigate climate conditions through their land use, urban and transit planning, building and infrastructure construction and rehabilitation, energy choices, and water and waste management. Through development strategies, as well as their own investment and procurement practices, local and regional governments can also promote the transition to a low carbon economy.

As climate change will increase in relevance across the policy spectrum, local governments will need to find their voice related to climate change. "Think Globally, Develop Locally" TGDL (Integrating Climate Change into Local Development), is a 4-year programme implemented by UNDP Bratislava Regional Center and NALAS which aims to create leadership on climate change issues at national, local, and community levels in South-East Europe (SEE) and build capacity for local governments and communities to take appropriate action with support by their national government.

Project activities are concentrated around three major Outputs:

Output 1: Leadership and critical choice capacities developed among national and sub-national leaders for an integrated response to climate change

Output 2: Small municipalities strengthened through inter-municipal cooperation arrangements to achieve sustainable development

Output 3: Community involvement increased in local environmental governance and resource

NALAS plays role in delivering results on Output 1. In the first phase of the Project, three pilot Local Government Associations (LGAs): the Association of the Units of Local Self-Government of the Republic of Macedonia (ZELS), the Association of Kosovo Municipalities (AKM) and the Congress of Local Authorities from Moldova (CALM) are involved. UNDP Country Offices in Macedonia, Kosovo and Moldova will coordinate the activities on Outputs 2 and 3. Based on the available funds and resources, the Programme aims to spread its activities to other non-EU countries in SEE where NALAS members are coming from.



During the first half of 2012, three Climate Change Action Plans (APs) were developed by the pilot LGAs. These Action Plans elaborate priorities of the associations and their members in addressing climate change issues. The process of developing the APs increased awareness and understanding among the association committees and other municipal staff of climate change mitigation and/or adaptation measures.

Although the Action Plans differ to each other, taking into consideration the local needs and circumstances, all Associations' vision is to: increase the Associations and municipalities' capacities to reduce



the negative impact of climate change, improve climate change awareness, implement climate change prevention, adaptation and mitigation activities and establish appropriate monitoring mechanisms, in the same time stimulating multi-sectoral collaboration in dealing with climate change.

The three associations have already undertaken the first concrete steps to address climate change issues: AKM has organized national roundtable discussion where representatives of central and local governments, experts and NGOs discussed climate issues in Kosovo and the role municipalities can play. ZELS established a network of municipalities to address climate change and energy efficiency on local level, while CALM established a Working Group for AP development and implementation. All pilot LGAs will be involved in monitoring process regards to APs implementation. As a first step, and based on the Action Plans, the three LGAs developed nine project concepts that tackle different aspects of climate change, some of which will be supported by TGDG Programme,

while others will be used for additional fundraising.

Knowledge products developed under Output 1 of the Programme

- Analysis: Three policy papers to support LGAs and municipalities in positioning themselves regarding implementation of national legislation related to energy management, energy efficiency and local ecosystems management (available in English and local languages)
- Comparative policy paper: Climate change adaptation and mitigation experiences from other countries in South-East Europe (in English)
- Analysis: Fiscal and financial instruments used to promote energy efficiency and local ecosystems management (in English)
- Three Action Plans to address climate change issue by pilot LGAs (in English and local languages)

For more information about the Project, please contact: Georgi Hristov, NALAS Project Specialist, hristov@nalas.eu.

NALAS Report Reveals the State of Fiscal Decentralization in South East Europe

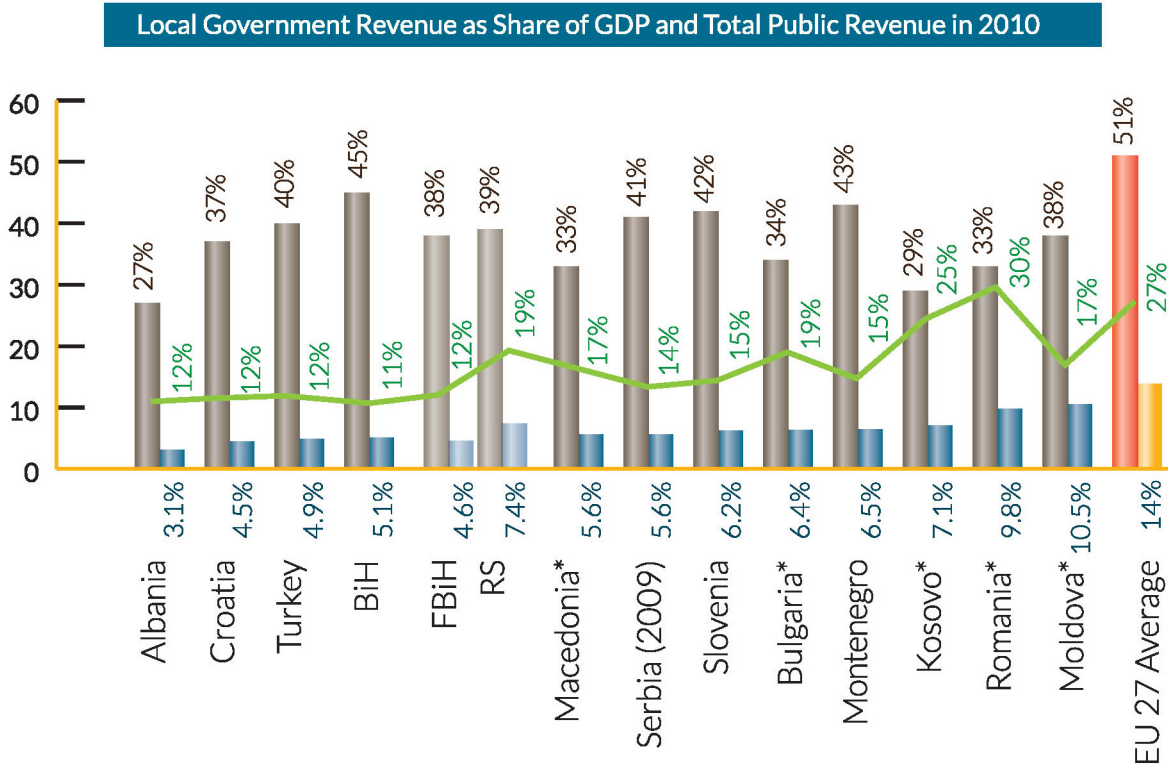


While the process of decentralization, including its political, administrative and fiscal aspects continues to be a key priority of the local governments in the region of South-East Europe, the fiscal decentralization remains one of the key challenges of this process.

The report "Fiscal Decentralization Indicators for South East Europe 2005-2010" is a product of 15 associations of local authorities joined under the umbrella of NALAS. The report offers interesting insights in the progress of the fiscal decentralization and autonomy of the local governments in SEE.

Some of the Report's key findings include:

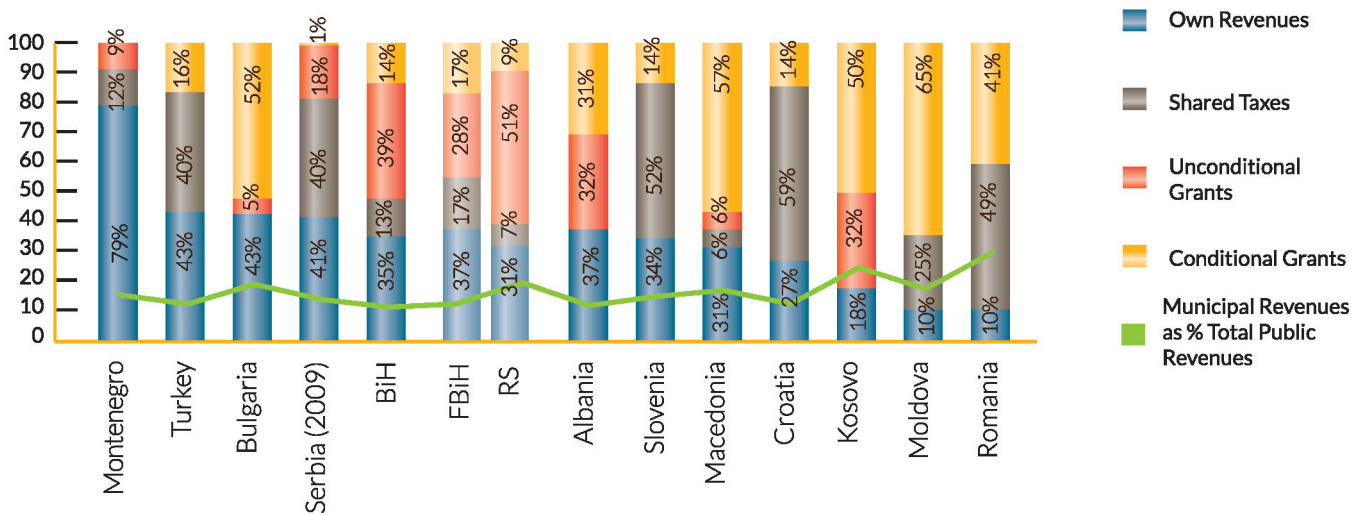
- Decentralization in South East Europe is still work in progress: In no country in the Region do local government revenues expressed as a percentage of either GDP or total public revenues approach the average for the EU.



- Over the last five years there have been few major structural changes in the finances or service responsibilities of local governments across South-East Europe. This suggests that the effort to decentralize power and money to local governments that began in the late 1990s slowed down in the latter part of the last decade.

- Structurally, the low population densities of local governments in most of South East Europe, and the high percentages of populations living in capital cities, may be impeding the progress of decentralization in the region. The low population densities make delivering public services to dispersed settlements difficult and costly; The concentration of wealth (and power) in capital cities makes it harder to give most local governments robust own-source revenues and complicates the development of effective equalization mechanisms.
- Throughout South-East Europe, unconditional grants play a relatively small role in the financing of local governments. This is significant because it is through unconditional grants that most countries provide poorer local governments with additional revenues. The underutilization of unconditional grants in most of South-East Europe raises serious questions about the equity of the intergovernmental finance systems in the region. Answering these questions, however, requires further data collection and analysis.
- In much of the region, local governments derive significant shares of their own-revenue from quasi-fiscal instruments imposed on real-estate transactions, new investment, and business operations. In a number of places, central governments are moving to constrain these practices as part of larger efforts to improve the business enabling environment. As legitimate as these efforts may be, they will decrease the already limited financial autonomy of local governments unless ways are found to replace the lost revenues.

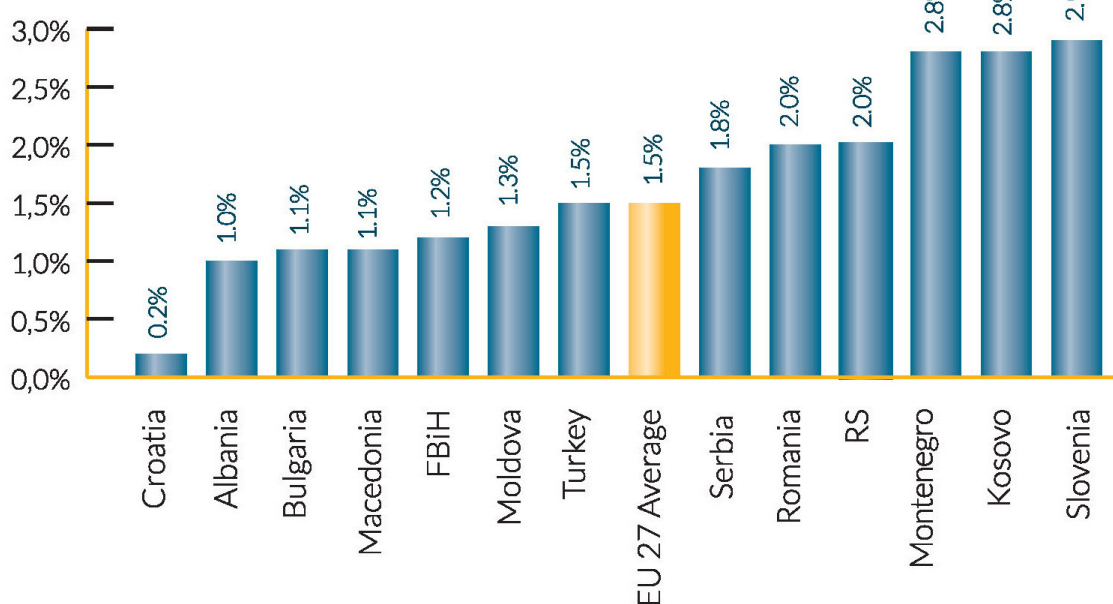
Composition of Local Government Revenues in 2010



- In no area of South-East Europe does the Property Tax produce revenue equal to 1% of GDP, the EU average. Property tax collection therefore needs to be improved. At the same time, it is difficult to expect the Property Tax to yield anything like the revenue it does in North America or (parts of) Scandinavia (2-3% of GDP). Moreover, achieving EU norms will not radically improve the fiscal autonomy of local governments in most of the Region. To improve the fiscal autonomy of local governments it may be more useful to focus attention on supplementing Personal Income Tax sharing, as is widely practiced in the Region, with giving local governments the right to impose local surcharges on Personal Income Tax, as is done in Montenegro and Croatia.

- In most of South-East Europe, local government investment spending as a percentage of GDP is at, or below, the EU average of 1.5% of GDP. This is troubling given the amount of sorely neglected, and costly (network) infrastructure that local governments in the region are now responsible for building. Local government investment spending as a percentage of GDP is at or below 1% of GDP in Albania, Bulgaria, Macedonia. It is also under 0.5% in Croatia, one of the richer countries in the region.

Local Government Investment as share of GDP



- In most of South-East Europe, local governments have not been assigned significant social sector functions. In Romania, Bulgaria, Moldova, Macedonia and Kosovo, however, local governments are fully responsible for financing pre-tertiary education, including paying teachers' wages. In all of these places - but particularly in Bulgaria and Macedonia - there is evidence that local governments and/or schools are underfunded. The "block" grants that local governments receive for pre-tertiary education also do not function as block grants, and in most cases remain highly earmarked.
- Local government borrowing is still a new phenomenon in most of South-East Europe and nowhere does the total outstanding debt of local governments exceed 3% of GDP or 8.5% of total public debt. There is some evidence that local governments in Montenegro, Romania, and Serbia turned to the debt market to make up for revenues lost during the global recession.

For downloading the whole Report, visit NALAS website: www.nalas.eu.

Regional Conference: The Future of Fiscal Decentralization in South-East Europe brings Local Government Associations and Ministries of Finance together

To further support the process of fiscal decentralization, NALAS, in partnership with the Ministry of Finance of Montenegro and the Union of Municipalities of Montenegro organizes a Regional Conference: The Future of Fiscal Decentralization in South-East Europe, from 1-2 November 2012, in Budva, Montenegro.

The Conference relates to the commitments undertaken by the countries of South-East Europe to implement the principles of the European Charter of Local Self-Government. It aims to discuss, strategize and develop a deeper understanding of the challenges and opportunities facing the Region in finding the right ways to finance projects and activities of sustainable local development.

It will provide a space for a dialogue between the Ministries of Finance and the Associations of Local Authorities on local government financial needs.

The conference is expected to foster a regional intergovernmental dialogue on the intergovernmental financing schemes and mechanisms to reinforce the fiscal decentralization process in South East Europe.

The presentations and discussions will reflect the best practices, but also joint challenges and opportunities facing the Region in providing sustainable financing of competencies of the local governments.

The topics of the conference will include:

- Scale of Fiscal Decentralization in SEE/State Transfers/Shared Taxes
- Capital Investments at the Local Level in SEE
- Own Revenues
- Exploring New Ways: Creating a Municipal Investment Fund for SEE
- Capital Investment Planning in Times of Economic, Political and Social Instabilities
- The Role of Public Private Partnerships in Municipal Finance Strategies
- Case Presentation: Financing Bus Procurement for Istanbul Metropolitan Municipality
- Municipal Bonds in South East Europe: Prudent Strategy or Short Term Trend?
- EU Structural Funds for Capital Investment
- Municipal Self-Assessment as a Tool for Mobilization of Funds for Capital Investments.

For more information about the Conference:

WHEN:
1-2 November 2012

WHERE:
Hotel Splendid, Budva
Montenegro

PARTICIPANTS:
Ministries of Finance
Mayors
Local Government
Associations
Municipal Finance Analysts
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For the second time, NALAS International Municipal Fair will bring together local governments from the South-East Europe and beyond

After the success of the first NEXPO, held in Sarajevo in March 2011, NALAS has started the preparations for the second one, to be held in Rijeka and Opatija, the Republic of Croatia, 25-27 September 2013.

The topic of NEXPO 2013 is **EU Integration**. NEXPO 2013 will bring together local governments, associations of local governments, development agencies, civil society and businesses from South East Europe and beyond. Also, it will provide opportunities for local governments to meet representatives of the business sector and attract potential investors for their projects (matchmaking).

NEXPO 2013 Structure

25 September (Day 1):

Conference on EU integration and General Assembly

26 and 27 September (Day 2 and 3):

NEXPO Fair, matchmaking, workshops, side events

NEXPO 2013 will be hosted by the Association of Cities of the Republic of Croatia (www.udruga-gradova.hr) in partnership with: the Association of Municipalities of the Republic Croatia (www.udruga-opcina.hr), City of Rijeka (www.rijeka.hr), and City of Opatija (www.opatija.hr).

NEXPO 2013 registration will be opened in December 2012. Please check NALAS website for more information.



12 October, the Day of the Bulgarian Municipality will mark its 15th anniversary

In 1998, with an idea to establish a new tradition in the history of the Bulgarian municipalities and to connect the past, the present and the future of the local self-governance in Bulgaria, the delegates in the NAMRB General Assembly made a decision to observe 12 October as a Day of the Bulgarian Municipality.

On this date, back in 1882, the State Official Gazette published the first Act for Municipalities and Urban Management, which regulated the structure and activity of local public authorities in the Principality of Bulgaria.

Bulgarian municipality plays an important role during the different historical periods of the State's development. The idea for establishment and deploying the

local self-governance is enshrined still in the first democratic Constitution of the independent Bulgarian state – those from Veliko Tarnovo, approved on 16 April 1879. It's first chapter, art. 3 stipulates: "Territory is administratively divided into districts, regions and municipalities".

The purpose of observing this day is to popularize the local authorities' activities, improve public understanding about their role in the development of the society, as well as to stimulate more active and participatory citizen's involvement in the process of governance at local level. Municipalities are creative in designing their own activities to observe the Day of the Municipality and these celebrations reflect their local traditions, ranging from sessions of youth municipal councils, various mee-

tings of municipal representatives with school children and students, competitions and awards, events and exhibitions, ceremonies and music performances.

From 1998 to 2002, the Day of the Municipality focused on various topics of importance: in 2000 it was the role of the local authorities in the process of Bulgaria's accession to the European Union and in 2001–the implementation of the European Cities Charter.

In June 2002, a decision was made to mark the Day differently each year. Following this decision, in 2003 was organized the first Annual Meeting of Local Authorities. For three days, more than 100 representatives of local authorities and ministries debated on topics of

great importance for the municipalities, such as: good budgetary practices, systems for public procurement, management of municipal property, and rules for external aid projects elaboration.



This year the celebration of 12 October will become part of the European Week of the Local Democracy, organized by the European Committee on Local and Regional Democracy and the Congress of the Local and Regional authorities of the Council of Europe.

The focus will be on the preparation of municipal projects for the next EU planning period and the need for a new regulatory framework for the local authorities. Also, 130 years from the adoption of the first Act for Municipalities and Urban Management will be celebrated.

AMTS Brings Municipalities Together to Benefit from Energy Projects



The Association of Municipalities and Towns of Slovenia (AMTS) on 27 June 2012, in the framework of their Covenant Capacity Project, in cooperation with the companies Actum and Alianta

organized an information event and a workshop entitled "AMTS for Energy Projects in Municipalities".

Climate change is one of the key challenges and priorities of the EU member states. Local communities, with concrete actions and investments at the local level also have an important role. They contribute to the achievement of the targets for renewable energy (RE) and energy efficiency (EE) (the climate-energy package of the EU 20-20-20 by 2020).

For this purpose, the municipalities in Slovenia produced Local Energy Concepts (LEC), which provide concrete actions and investments. In an effort to be able to help municipalities, both in the preparation of LEC as well as in their execution, the Association of Municipalities and Towns of Slovenia joined the project Covenant CAPACITY as the only Slovenian partner. At the same time AMTS strives to connect municipalities and enable a common and coordinated approach in the planning and implementation of development projects in the field of RE and EE.

One of the options Slovenia hasn't used so far for financing energy projects is the technical assistance program ELENA, established by the European Commission and the European Investment Bank (EIB), which provides funds for investment in RE and EE at the local level.

The program co-finances production of technical documentation for investments in excess of 50 million EUR. Considering the small size of Slovenian municipalities, the ability for large investments is limited, but the opportunity might be seen in submitting a joint candidature. Therefore, AMTS presented the program ELENA and potential project proposals for the creation of a consortium of Slovenian municipalities.

The idea is that through a mutual cooperation and through help of AMTS to prepare regional Sustainable Energy Action Plans (SEAP), as an upgrade of the local energy action plans.

Based on estimates of the value of the municipal projects, AMTS assessed that they are worth around 25 million EUR, which is half of the minimum value for applying for ELENA funds. This calculation included 39 municipalities which intend to renovate 84 primary schools, 51 kindergartens and 97 other municipal buildings, but AMTS is still looking forward to gather even more project proposals. Resources for technical assistance from ELENA will be available in two years. Therefore, the municipalities should actively gain all possible sources for ongoing funding.

AMTS submitted the analysis of the project proposals to the Ministry for Economic Development and Technology. In order to combine the benefits of a successful application to the ELENA and co-financing from the Call for Energy Rehabilitation of Public Buildings of the Ministry, a tight cooperation with the Ministry is essential. In order to strengthen the cooperation between AMTS, its member municipalities and the Ministry ATMS organized a meeting of all stakeholders.

ATMS' initiative was taken very positive by the Ministry, as it brings benefits for both municipalities and the Ministry. ATMS will continue to work intensively on the creation of a consortium of municipalities. Also another meeting is planned with the Ministry to present the potential consortium of municipalities and a set of projects for the call ELENA and obtain information regarding the call for energy rehabilitation of buildings.

As soon as a sufficient number of suitable investments is accumulated, AMTS will till the end of September 2012 form a consortium to approach joint participation. In order to professionally support the application for ELENA, AMTS will issue a public tender for selection of a contractor for providing expert assistance in preparing applications to ELENA. It is expected that the application will be submitted in the first half of 2013.

Interview with Mr. Aleksandar Andrija Pejovic, the State Secretary for EU Integration and Chief Negotiator of Montenegro

Local government will play a key role in Montenegro's accession to the EU

Q: Montenegro has been granted the negotiations with the European Union. What will the negotiations mean for Montenegro?

A: The decision of the European Council for starting accession negotiations with Montenegro is a historical moment for our country and a huge success of all Montenegrin citizens. We are starting a new and different phase of the relations with the EU and its member states. Unanimous decision of all 27 member states is a clear affirmation that Montenegro has proven its commitment towards the reform processes and it has made a big success in the integrations.



Mr. Aleksandar Andrija Pejovic, the State Secretary for EU Integration and Chief Negotiator of Montenegro source: <http://www.dan.co.me>

The accession negotiations are most demanding phase of the EU integration process and they are negotiations on conditions under which a candidate state should access to the EU. The accession depends on the acceptance of the *acquis communautaire* which is divided into 35 thematic areas or negotiations chapters.

Through its negotiation position, Montenegro will define the method of accepting and implementing the *acquis communautaire*. In the same time, Montenegro will take care to protect its interests.

The negotiations will be a mechanism which will allow us to transform our community against Eu-

ropean standards and values and to create conditions for better life. Primarily we have to improve the rule of law by strengthening the system institutions and further decentralization. That will result in better positioning Montenegro at the international scene. It will also result in further economic growth. By improving business environment and attracting foreign investments, we will create conditions for opening new jobs and improving life standard. And this is the end goal of our journey to Europe.

We have to expect very intensive reforms and a hard work to do. It is important to keep on going with the quality implementation of European obligations, more intense activities on the implementation of reforms, to show our willingness and capacities to round up the legislative framework and implement it.

Q: You have been a Chief Negotiator since December 2011. It is obvious that undertaken activities had importance and quality, so the EU leaders suggested that negotiations with Montenegro should start from 29 June. How the negotiation team worked and how its future activities will influence in changing the image of today's Montenegro?

A: Leading the accession negotiations is a complex process which has its strict legal and procedures rules. According to that, we made a Decision for establishment of the negotiations structure. The Decision establishes 6 bodies for negotiations for accession of Montenegro to the EU. We will soon have a Parliament body which will monitor the negotiations process. After that we will have a complete negotiations structure.

The capability of people involved in the negotiations structure will be very important for the successful negotiations. So at the beginning of the negotiation process, we had wide consultations with all institutions and organizations to find the best staff through the conversations. After the consultations, working groups for Negotiations Chapters 23 and 24 have

been established. The Chapters 23 and 24 are related to judiciary and fundamental rights and to justice, freedoms and security. Soon after that, we organized a cycle of trainings for the working groups' members.

In my opinion, a quality internal dialog, constructive work and active participation of all members of the working group have achieved. This is very important for the establishment of the remaining negotiations bodies.

I will put a special emphasis on the fact that members of these two working groups made 58 presentations related to Montenegrin legislation related to the sectors of judiciary and fundamental rights and justice, freedoms and security for the pears from the EU during the bilateral screening meeting. Brussels gave us a number of compliments for such professional approach in the preparation of the screening.

Q: Local government, as a part of the public administration, surely represents a key link in the chain of actors that are expected to made important moves and changes to contribute to the accomplishment of the conditions for the EU accession. In your opinion, whether our local governments are ready to response to all requests that were and will come from Brussels?

A: In the negotiations process, full of numerous duties and challenges, local self-government need to be a part of future strategic plans and activities. Integration process is not solely the ownership of central authorities but whole community as well, as the future membership will bring benefits and duties for all parts of Montenegrin society, for every individual.

Local governments can expect a lot of work in this field. It is important for employees in the local governments to be introduced timely and in details with the EU policies, legislation and standards and with reforms which should be implemented effectively in the coming period. It is important to based the reform of local self-government on the principles of the European Charter on Local Self-Government and to focus it on the strengthening the stability and on improving living standards of our citizens.

Likewise, Montenegro undertook commitment to adopt standards in the sectors of the development of the cross-boarder cooperation and strengthening regional policy and decentralization. In this context, available IPA founds for the local government are very

important. Cross-boarder Programs contained of 4 bilateral programs, Adriatic Cooperation Programme, Mediterranean Programme and South-Eastern Europe Programme are some of possibilities for local level to use EU founds on the best possible way. 30 mil EUR are



available through cross-boarder cooperation programs for the financial period 2007-2013. A significant portion has been used for the important infrastructure projects.

I would urge local authorities to be more involved in these programmes and to use the EU founds knowing that access to future cohesion and structural founds is in the preparation phase. We had opportunity to see some examples of useful encounters and exchange of experiences between our local authorities and local authorities of the EU member states. It is a great way to learn how to find financial resources provided by the EU integrations and future membership.

Q: Which are the major challenges that will face local governments? In your opinion, will these challenges be too demanding and will our municipalities have enough capacities to face them?

A: Strengthening administrative capacities primarily for the absorption of the EU founds and for the quality implementation of projects will be key challenges for local governments in the coming time. Beside that, it is important for local governments to develop quality cooperation with central authorities, NGOs, business associations and international organizations, regional and local authorities from the EU.

I will suggest to local authorities to develop their capacities and employ at least a person in charge for the integration process and cooperation with the EU cities, municipalities and regions and a person in charge for

preparation of projects and apply for the EU funds.

Q: A Joint Consultative Board between the EU Committee of Regions and Montenegro has been established. How important is the role of the Board and how its activities will contribute to creation of the EU environment at local level in Montenegro?

A: The Joint Consultative Board between the EU Committee of Regions and Montenegro was established in June last year, by the decision of the Council for Stabilization and Accession of Montenegro to the EU. The main goal of the Board is to promote dialog and cooperation between EU and Montenegrin regional and local authorities. This cooperation will help Montenegrin local authorities to prepare themselves for future activities within the EU after the acceptance.

Establishment of such body, which will begin operating in autumn, is very important for the overall progress of Montenegro. Surely, it will contribute significantly to the negotiations process for the accession of Montenegro to the European Union. Our representatives in the Board will have an opportunity to meet their peers from the EU local authorities, exchange opinions, hear good ideas and proposals, and also to present Montenegro and raise the level of knowledge about Montenegro in the Union.

Q: Joint and coordinated appearance of local governments through their association and the Joint Consultative Board between the EU Committee of Regions and Montenegro is a requirement for success of the EU integration process of Montenegro. In your opinion, what is the role of the Union of Municipalities of Montenegro in the entire process?

A: The Union of Municipalities of Montenegro has a key role for our representation in this body. Thanks to the Ministry of Foreign Affairs and European Integrations, the Union of Municipalities nominated 8 ordinary members and 8 alternatives in the Joint Consultative Board (JCB) and the JCB Secretary on the Montenegrin side. By this way, the Union of Municipalities declared itself for the holder of this part of the integration of Montenegro in the EU.

Beside this engagement, the Union of Municipalities of Montenegro has a role and it should participate in the very negotiation process between Montenegro and the European Union.

I believe that the Union of Municipalities will respond quality and professionally to its strategic tasks focused, above all, at strengthening capacities of local governments, especially in the context of the complex accession process.

Who we are?



NALAS is a network of associations of local authorities of South Eastern Europe (SEE). It brings together 15 Associations which represent roughly 9000 local authorities, directly elected by more than 80 million citizens of this region. The NALAS Secretariat, based in Skopje, is responsible for the overall coordination and the implementation of the activities.

Our network includes relevant local government associations from the region who are the legitimate partners in negotiations with their national governments.

We represent a mosaic of countries in the region with close cultures and traditions, with similar historical and political background and with an EU perspective. Most of our members are countries in transition. Some are already EU members, others are candidate countries or potential candidates, yet all of them still face a lot of challenges in strengthening local democracy.

We have a practical approach in reaching our vision: we work together in task forces and projects and we develop concrete solutions. We value our own expertise and learn from each other.

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If you want to contribute to the next issue of NALAS Newsletter, please contact NALAS Knowledge and Communications Manager Jelena Janevska at janevska@nalas.eu.



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