

February 2014

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# NALAS Newsletter

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achievements  
and  
2014 plans

NALAS family  
grows

NALAS 2015  
in Plovdiv,  
Bulgaria

South East  
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in the focus



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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## NALAS Newsletter, Issue 8, February 2014

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# Editorial



Dear reader,

The end of the year is a good time to recapitulate the last 365 days, assess where we are and what we have achieved. The start of the year is, however, a time for new beginnings. It is a perfect chance to start implementing the new year's resolutions, do good things and do them good.

This issue of NALAS Newsletter wraps-up NALAS successes throughout 2013 and opens a new, hopefully even more enriching chapter for NALAS and its members, local government associations from South-East Europe (SEE).

In May 2013, NALAS became a Pillar Dimension Coordinator and member of the Coordination Committee of the **South East Europe Strategy 2020** led by the Regional Cooperation Council. The Strategy was adopted on 21 November and the final document has incorporated the important role of local governments in contributing to economic growth in SEE.

In September, the second NALAS International Municipal Fair, **NEXPO 2013** took place in Rijeka and Opatija, Croatia, gathering over 2000 participants, including 230 Mayors representing over 270 local governments, and around 120 businesses and development agencies from SEE. This event provided a unique opportunity to present the work of the municipalities, learn new things, interact, exchange, and create partnerships. We believe that contacts established during NEXPO will be bringing their results over a longer period of time.

During the whole year, **NALAS Knowledge Centre** continued to serve as the main regional knowledge hub for local government issues in SEE, offering wide range of services for its members and their constituencies, the local governments. The 5 NALAS Task Forces worked hard to address priority topics of fiscal decentralisation, urban planning, solid waste and water management, energy efficiency and sustainable tourism.

A compilation of policy papers was developed by member associations and published in the form of e-publication titled "Discussions on the Changed Context and Trends in **Fiscal Decentralization** in SEE". The "Fiscal Decentralization Indicators for South East Europe: 2006-2011" became available in all local languages..

NALAS work throughout 2013 also included numerous projects, activities, conferences, workshops, policy papers, study visits, publications, that you will read about in this Newsletter. Our website, [www.nalas.eu](http://www.nalas.eu) remains an important link to latest information and knowledge from the whole Region.

Last, but not least, in 2013 our Network has grown for **one full and two associate members**. We now gather 16 full and 7 associate members. The Albanian Association of Communes as a full member, the Association of Small Towns of Ukraine and the All-Ukrainian Association of Village and Settlement Councils of Ukraine, as associate members will contribute to NALAS work, but also benefit from the various learning, networking and exchanging opportunities our Network provides.

The new year brings many new challenges. NALAS will start preparations for NEXPO 2015 in Plovdiv, Bulgaria, will intensify the activities for establishing the E-Academy, will strengthen the Knowledge Centre and will implement various activities and projects in its key focus areas.

We are all proud to be part of NALAS, a network that makes a difference in the local government sector in SEE. But, our work is strongly supported by all of you: our members, donors, partners, supporters, collaborators. I would like to thank you all for your commitment to NALAS mission and wish you many joint professional successes in 2014.

Enjoy reading!

**Anton Peršak**  
President of NALAS  
Mayor of Trzin Municipality, Slovenia

# KEY 2013 ACHIEVEMENTS AND 2014 PLANS

- NALAS coordinated the Government for Growth Pillar of the South East Europe Strategy 2020. The final document incorporates the role of local governments in contributing to economic growth in SEE.
- Second NALAS International Municipal Fair, NEXPO 2013 in Rijeka and Opatija, Croatia
- Projects: Establishment of a Matchmaking Platform for local governments and the business sector; Development of a Cost and Financing Model in Solid Waste Management; Think Globally, Develop Locally; ATTRACT-SEE; Urban Partnership Program
- Publications: Discussions on the Changed Context and Trends in Fiscal Decentralization in SEE; Matchmaking for a Greener Europe; Fiscal Decentralization Indicators for South East Europe: 2006-2011” translated in all local languages; drafted Toolkit for Sustainable Tourism Development
- Online Matchmaking Platform for municipalities and business sector
- Online tool for Solid Waste Management: Cost and Finance Model
- Thirteen Quick Responses provided to member LGAs in different topics, mostly related to local economic development
- VIII NALAS General Assembly
- Strategic Partnership with EC/LAF/TAIEX, organized two study tours on EU Regional Policy and Local Economic Development
- Workshop: Municipal Finance Databases - going towards evidence based intergovernmental finance reform
- Training: Public and Media Relations for Knowledge Management Assistants
- Taskforce meetings in Urban Planning, Energy Efficiency and Fiscal Decentralization
- Position Paper “SEE Tourism Goes Local”
- Strategy for promotion of Women and Youth in Local Life
- NALAS became an Ambassador of the European Charter on Equality of Women and Men in Local Life
- One full and two associate members joined NALAS



# NALAS family grows: one full and two associate members joined the Network



**D**uring the VIII General Assembly, the Albanian Association of Communes (AAC) became a full member of NALAS.

*The Albanian Association of Communes* is a national organization, founded in 1997, for a unified representation of communes of Albania, in the context of supporting and promoting local governance and democracy. The Association represents 308 communes of Albania, covering about 55% of country's population. AAC is committed to deepening the decentralization process in Albania, strengthening the capacity of municipalities, improving the institutional and legal framework to help local entities, and their ongoing information.



During the meeting of the NALAS Committee of Liaison Officers, held on 8 December 2013 in Ljubljana, Slovenia, our Network has been enriched with two new associate members. The Association of Small Towns of Ukraine and the All-Ukrainian Association

of Village and Settlement Councils of Ukraine joined NALAS family, which now has 16 full and 7 associate members.

*The Association of Small Towns of Ukraine (ASTU)* facilitates city mayors' professional growth and competence; represents the interests of communities and local self-government bodies and influences development of Ukrainian communities. It gathers 278 members, towns with population below 50,000.

*The All-Ukrainian Association of Village and Settlement Councils of Ukraine*, includes rural and village councils, which represent almost 9,000 communities and over 80% of the rural population in Ukraine. The Association protects the interests of rural communities, and works for their social, economic and cultural development.

Local government reforms in Ukraine have a long way to go facing challenges such as the division of competences between different government levels, the financial autonomy, the equalization system as well as territorial organization.

The new member Associations expect that their NALAS membership will help them achieve their missions by learning from the experience of other NALAS members in lobbying for the interest of local governments, exchange of experiences in local development and EU accession process, as well as establishing partnership between towns from different countries.



# NEXPO INTERNATIONAL MUNICIPAL FAIR

NALAS and its partners started the preparations for NEXPO 2015 in Plovdiv, Bulgaria

Plovdiv, Bulgaria, the next host of NEXPO in May 2015



**T**he third NEXPO International Municipal Fair will be organized in May 2015 in Plovdiv, Bulgaria by NALAS, the National Association of Bulgarian Municipalities (NAMRB) and the City of Plovdiv. NEXPO 2015 will focus on Governance for Growth, sharing best practices of local governments which contribute to economic growth and job creation.

The preparations for NEXPO 2015 are on their way. On 10 January 2014, NALAS and NAMRB visited Plovdiv, met with the Mayor, his Deputy, the municipal team and visited the fair venues. Plovdiv, known as a fair city, has over 100 years of experience in organizing fairs and offers the largest fair venue in South-East Europe, spread on 159,100m<sup>2</sup>, with 17 multifunctional exhibition halls.

*"We are very happy and proud to host NEXPO 2015 here in Plovdiv. Our city has a lot to show and we hope that this will be the best NEXPO edition ever",* said the Mayor of Plovdiv, Mr. Ivan Totev.

Plovdiv is a remarkable city. Known as the oldest living city in Europe, it offers impressive history,

culture, architecture and art. Along come the modern investments in the city, EU projects, industrial zones, e-governance, which make this city a nice place for living, but also a great example to learn from. NEXPO 2015 will provide an opportunity for networking among South-East Europe municipalities, learning from each other, matchmaking with the private sector and showcasing case studies and best practices in sustainable local development.

The National Association of Bulgarian Municipalities is one of the strongest NALAS member associations. It has been established in 1997, and since 1999 it unites all 264 municipalities in Bulgaria. NAMRB has extensive experience in organizing large-scale events and international cooperation. In 2005 NAMRB has established NAMRB-Aktiv Ltd, specialized in event management and consultancy. During NEXPO 2015, NAMRB will organize its Annual Meeting, with over 500 Mayors and delegates.

Stay tuned for more information and looking forward to seeing you all in May 2015 in Plovdiv!

# Plovdiv in pictures



# NEXPO 2013 in Croatia: Paving the Road to EU Integration

The second NALAS International Municipal Fair, NEXPO 2013, took place in Rijeka and Opatija, Croatia from 25-27 September 2013. It gathered over 2000 participants, including 230 Mayors representing over 270 local governments, and around 120 businesses and development agencies from South East Europe. NEXPO attracted 134 journalists producing several hundred media articles.

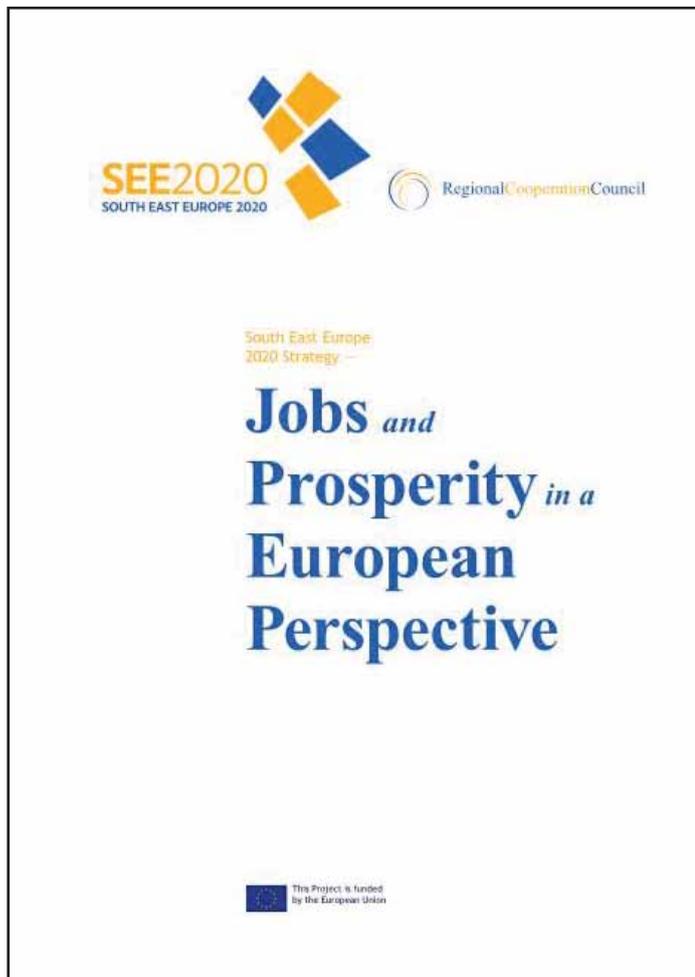
NEXPO 2013 programme consisted of an opening conference, 27 workshops, exhibition booth area, a designated space for Mayors' interaction and rich cultural program from Croatia and SEE. The Fair also hosted matchmaking meetings between municipalities and the business sector

in energy efficiency and renewable energies. Within NEXPO 2013 a new service for NALAS member associations and their local governments was launched: a Matchmaking Platform for municipalities and the private sector to meet, present each other and identify collaboration opportunities in the areas of Energy Efficiency and Renewable Energy.

The online Matchmaking Tool available at the NEXPO 2013 website consisted of 162 profiles of municipalities and businesses. There were 5876 profile views before and over 12000 profile views after NEXPO 2013. NALAS previously conducted a Needs Assessment with findings presented in the publication "Matchmaking for a Greener Europe".



# The newly adopted South East Europe 2020 Strategy expected to bring growth and prosperity



The Ministerial Conference of the South East Europe Investment Committee adopted the SEE 2020 Strategy at a meeting of the Regional Cooperation Council (RCC) in Sarajevo on 21 November 2013.

The goal of SEE 2020 is to bring competitiveness and economic development in the focus by reaching a target of 1 million new jobs, doubling the total regional trade turnover from current 94 to 210 billion euro and rising the GDP per capita from current 36% to 44% of the EU average by 2020. The Ministers emphasized that food processing and tourism should be the priorities for action under SEE 2020.

The strategy also puts an emphasis on the subsidiarity principle and the role of local governments in promoting economic growth. NALAS has been actively involved in developing the "Governance for Growth" Pillar of the strategy and will continue to play an important role in implementation and monitoring of actions under the "Effective Public Services" dimension.

The goal of the SEE 2020 strategy is to improve living conditions in the region and bring competitiveness and development back in focus, closely following the vision of the EU strategy Europe 2020.

Check NALAS website to download the Strategy.



# NALAS TASK FORCES

## NALAS Task Forces: the core of NALAS Knowledge System

**T**he five **NALAS Task Forces** in: Urban Planning, Energy Efficiency, Fiscal Decentralization, Water and Solid Waste and Sustainable Tourism are at the heart of NALAS, bringing together the best experts from the region, competent associations' staff and professionals employed in the local government administration, who are directly facing the consequences and challenges coming from policies and laws which define the system of local government. NALAS Task Forces have a key role in knowledge production and dissemination.

### Key achievements of NALAS Task Forces in 2013 and plans for 2014

#### FISCAL DECENTRALISATION

- The report "Fiscal Indicators for South East Europe: 2006-2011" was translated in Macedonian, Albanian, Croatian, Serbian, Turkish, Romanian, Montenegrin, Bulgarian and Bosnian language.
- The report was used by the Union of Municipalities of Montenegro as an inspiration for an on-line, public Municipal Finance Database, available at [www.uom.co.me](http://www.uom.co.me).
- Publication: Discussions on the Changed Context and Trends in Fiscal Decentralization in South East Europe
- Workshop on Municipal Finance Databases -Going towards evidence based intergovernmental finance reform
- Cooperation with World Bank-Austria Urban Partnership Programme (City to City Dialogue events, participation in the e-Course on Municipal Finance)

In 2014, the Task Force will focus on developing the third edition of the report "Fiscal decentralisation Indicators for SEE" for 2012, organising a municipal showcase on "Financing Local and Regional Infrastructure Projects in South East Europe" within the NALAS General Assembly, initiating an Urban Governance Retreat as a capacity building activity for its Task Force members which would hopefully lead to producing a more in-depth fourth edition of the report FD Indicators analysing the trends in 2013.

#### SUSTAINABLE TOURISM

- Meeting of the Task Force in Sveti Kriz Zacetje, Croatia
- NALAS Position paper "SEE Tourism Goes Local"
- Draft "Sustainable Tourism Planning Toolkit"
- Address at the conference "The Most Beautiful Villages in the Mediterranean" and the Closing Conference of the project "A trans-local network for the cooperation between Italy and South-East Europe"

In 2014, the Task Force will focus on promoting the principles set in the position paper "SEE Tourism Goes Local" and will finalize the draft "Sustainable Tourism Planning Toolkit" into a practical, step by step, online guide for strategic planning of local tourism.

#### URBAN PLANNING

- *Implementation of the ATTRACT-SEE Project*
- *Hosting ATTRACT-SEE meeting in Skopje*
- *WBI City to City Dialogue online forum on local development and urban planning*

#### ENERGY EFFICIENCY

- *NALAS Covenant of Mayors to Cover Whole SEE Initiative*
- *Successful completion of the Regional Initiative "Think Globally, Develop Locally"*
- *Survey Scaling Up Energy Efficiency in Buildings in the Western Balkans: Guidance Note on Municipal Budgeting and Finance*

#### WASTE AND WATER MANAGEMENT

- *Developed Cost and Finance Model for Solid Waste Management in SEE, tested in 4 municipalities in 4 countries, available for online use of all SEE municipalities and public utilities*
- *Participation in the final conference of the project 'A Local Biodiversity Action Planning Network in the Western Balkans - SEEBAP II'. NALAS Task Force member Ms. Daniela Djurovic was a speaker and a panelist in Ensuring Sustainability of Local Biodiversity Actions Towards the Future.*

*In March 2014, the Task Forces on Urban Planning, Energy Efficiency and Water and Waste Management will have a planning meeting each where they will draw their annual and overall plans, as well as fine-tune the priorities in accordance with those of LGAs and NALAS Strategic Plan 2013-2017.*

## “SEE Tourism Goes Local” - a carefully planned and managed tourism for continuous use in the future that brings benefits to the present

**N**ALAS Task Force on Sustainable Tourism worked to build a common understanding of what is the essence, vision and principles of the sustainable tourism development at local level in South Eastern Europe (SEE). The result of this work is the position paper “SEE Tourism Goes Local” which encourages sustainable tourism planning and development across SEE through deploying the potential of the NALAS and builds a common reference point for local communities and local government associations (LGAs), recognizing tourism as a relevant economic option.

**NALAS Vision for the local tourism is that the local governments manage tourism in a sustainable way so that three values could be met:**

- Happy community and guests
- Fair distribution of tourism expenditure, and
- Qualified care and nurturing of natural and cultural heritage

These three values should be met in developing local tourism in SEE:

- First, it should take into equal account the needs of local communities and guests. Long-term viability needs satisfied visitors who return and who recommend others to visit, which means delivering an experience that meets or exceed expectations.

- Second, it should strengthen the number and quality of local jobs directly and indirectly, while seeking a widespread and fair distribution of economic and social benefits of the tourism.

- Tourism development should respect and enhance historic heritage, authentic culture, traditions and distinctiveness of host communities, while maintaining and enhancing the quality of landscapes, both urban and rural, and avoid physical and visual degradation of the environment.

The current opportunities for local tourism development in SEE lie in the worldwide trends towards alternative and special interest tourism which



SEE is a millennia-old cultural space, where shared history and memory of a geographically contiguous group of countries generated an outstanding cultural and natural heritage. This “treasury” includes tangible heritage such as historic buildings and artifacts and intangibles like cultural traditions.

complement the fairly developed coast-side tourism in SEE and brings about relevant development chances for inner destinations too.

Tourism is important locally because it not only supports jobs in accommodation and related tourism services but also induces a market for goods and services in sectors as diverse as transport, retailing, construction, culture, food processing, fishing and agriculture. Differently for other sectors, tourism is a resource-based industry whose “raison d’être” is to be consumed where it is produced. Destinations only exist by virtue of people that visit it and by making available at the local level an amalgam of resources which make up the “tourist experience”, that is the tourism product delivered by the destination and consumed by tourists.

**Decisions about tourism development should therefore be taken at the lowest level of governance** and where is appropriate to make decisions centrally, and the local stakeholders affected by tourism should be consulted and encouraged to participate. It is thus particularly important to:

Fully engage the local community in the development of tourism policies and plans.



Empower local communities to influence decisions on tourism development in their area, including the provision of the skills and knowledge that people need to participate effectively in decision making at the local level.

The destination planning and development should occur in a complex set of institutional and public-private arrangements that include different organizations, including non-governmental ones.

The public-private approach, based on clear goals, objectives and indicators would also allow for a smart prioritization of investments.

**The issue of finance is central to sustainable tourism.** Local municipalities should strive for enhancing fiscal federalism to sustain collective tourism services and investments, enforcing public-private partnership schemes and accessing to national and international funds, such as the EU structural funds. Such funds should also directed to sustain capacity building in the field of sustainability, including both private and public operators at the local level.

Please check NALAS website to download the full Position Paper.

# A joint meeting of NALAS Task Forces in Energy Efficiency and Fiscal Decentralization: creating synergies for impact

**O**n 3 and 4 December 2013, in Skopje, Macedonia, NALAS organized a joint meeting of its Task Forces in Energy Efficiency and Fiscal Decentralization. Some thirty experts from SEE local governments and local government associations exchanged experiences and good practices on fiscal decentralization and energy efficiency, learned about the recent developments in the region, discussed the possibilities for joint cooperation and planned the future activities of both task forces.



NALAS presented its new Strategic Plan for the period 2013-2017, outlining the vision for the NALAS Knowledge Centre and the important role that Task Forces have in knowledge generation and dissemination. Also, updates were provided on the key past activities and achievements, including NEXPO 2013 International Municipal Fair, NALAS role as a "Governance for Growth" Pillar Coordinator of the of the newly adopted SEE 2020 Strategy, as well as specific developments in the areas of energy efficiency and fiscal decentralization, such as the Covenant of Mayors Initiative, research on energy efficiency as part of the NEXPO 2013 preparations, the TRACE online course delivered in collaboration with the WB e-institute and the upcoming survey with the World Bank "Scaling Up Energy Efficiency in Buildings in Western Balkans". ORF Energy also presented their five year programme on energy efficiency.



In the area of fiscal decentralization, the most important product was the Report on Fiscal Decentralization Indicators for SEE, Budva Conference on Fiscal Decentralization and its Declaration. The key findings and conclusions of the Report were presented and discussed among participants. This report shows a huge population density in the capital cities, followed by concentration of revenues. Most of the local governments' revenues come from the national governments, which puts a risk of unstable,

unpredictable and politicized transfer systems. Another trend that is happening in the region is attacking the local government's own revenues, such as the land development fee, as a result of the pressure by the business community. On the other hand, there are other unused revenue potentials, such as the property tax and the personal income tax.

In the discussions, participants expressed concerns that decentralization is being done based on political criteria, fiscal decentralization does not happen at the desired pace, local government revenues are not stable and predictable and many countries face initiatives for new territorial organization, done without any consultative process. In participant's view, NALAS provides a unique opportunity to exchange experiences and good practices, which can be a solid



base to develop arguments when negotiating and lobbying to the central governments on national level.

The Task Forces brainstormed on the possibilities for cooperation between the two groups. The conclusion was that there is a huge window of opportunity for joint activities, ranging from model analyses of financial effects on energy efficiency measures on municipal budget, fiscal policy for ESCO companies, coordination between energy efficiency planning and energy efficiency financing, evidence based lobbying, etc.

Through a World Café group work method, divided in four groups, participants discussed the “Barriers for Financing Energy Efficiency Projects at Local Level in South East Europe”, focusing on: the obstacles for municipal investments in energy efficiency in public buildings and recommendations for overcoming them; barriers for the involvement of the private sector and ESCO companies; components of intergovernmental transfers that can be used to finance energy efficiency investments; and analyses conducted to support energy efficiency investments. The vivid discussion in all groups produced number of conclusions and recommendations which will be incorporated in the World Bank study.

After the joint sessions, during the second day, the two Task Forces continued with their individual work. The

Energy Efficiency Task Force focused on the recent developments in the member associations in regards with energy efficiency, as well as ongoing projects on national, association and municipal level. Also, the group discussed the priority topics to be addressed in the next year.

The Fiscal Decentralization Task Force highlighted the most relevant developments in SEE countries, focusing on the new law on metropolitan municipalities in Turkey and its effects; the current issues in fiscal decentralization in the Federation of Bosnia and Herzegovina; the protests of Moldovan mayors and the stake for fiscal decentralization; and the property tax and other reforms in Slovenia and the potential impact on the local governments. The Bulgarian association presented their best practice in developing a Bulgarian edition of the report on fiscal decentralization indicators.

The Task Force members also discussed the existence of LGAs' committees on municipal finances and their main activities and planned the key 2014 activities of the Task Force, among which the priority is the new Fiscal Decentralization Indicators Report and the conference during the next NALAS General Assembly. At the end of the meeting project ideas for improvement of municipal finance management at local level were discussed.

# NALAS Task Force on Urban Planning: boosting urban development of SEE

**F**rom 25-26 November 2013, NALAS Task Force on Urban Planning met in Skopje, Macedonia to discuss the current urban planning challenges in South-East Europe. Task Force members informed each other about the recent developments in their countries in regards with urban planning, ongoing national and municipal projects most relevant to urban planning, as well as the role their Local Government Associations have in these processes.

A few of the Task Force members that took part in the meeting reported that their countries (Macedonia, Croatia, Albania) undergo a process of legalization of illegal buildings. Hundreds of thousands applications have been filed for legalization in the past two years and only 5-10% of them have been decided upon.

As of June 2013, Macedonia launched electronic issuing of building permits, which became obligatory as of 1 November 2013. Turkey currently implements several huge projects related to urban development in the Bosphorus, including the third airport in Istanbul, bridges, underground road infrastructure, etc. A few of the countries experience discussions for new territorial organization, or regionalization, in most of the cases without considering the opinion of the local authorities. Therefore, the group shared a bitter feeling that the SEE Region might be facing implicit wave of centralization.

Task Force members got the chance to learn more about the new NALAS Strategic Plan (2013-2017), the plans for further development of the NALAS Knowledge Centre, and the important role that Task Forces have in the NALAS Knowledge System. The Task Force also brainstormed on the focus that they should have to contribute in advancing the Urban Planning practices throughout the SEE region.

Territorial development and territorial attractiveness in the context of municipal urban planning were also in the focus of the meeting. The Attract SEE project and its partners attended part of the Task Force Meeting and explained their activities to improve understanding of comprehensive territorial dynamics and coordination



among different public policies to achieve territorial cohesion and other development goals at all levels (transnational, national, regional and local).

The meeting of the Task Force in Urban planning also included a visit to the Association of Local Self-Government Units of Macedonia (ZELS). This NALAS member succeeded to completely digitalize all administrative procedures pertaining from Law on Construction, including: issuing of building permits, reconstruction and superstructure permits, requests for issuing a permit for building use, requests for approval of a preliminary project, requests for changes during the construction, requests for change of an investor, requests for approval of preparatory works, requests for conversion approval, requests for issuing a reconstruction approval, requests for issuing an approval for adaptation and requests for issuing a decision to carry out a construction for which no building permit is required.

Since June 2013, 1044 requests have been registered into the "E-building permit" information system. The procedure of 436 subjects has been completed, while 205 building permits have been issued. In ZELS' opinion, the success of this system opens the door for introducing new electronic tools for providing good and efficient services to citizens. In the upcoming period, ZELS plans to disseminate their practice in electronic issuing of building permits in several SEE countries.

# NALAS hosted the third meeting of the ATTRACT-SEE project

**O**n 26 and 27 November 2013, in Skopje, Macedonia, NALAS hosted the third Project Partner's Meeting of the ATTRACT-SEE project. This project addresses the need for improved understanding of

The aim of the two day event was to review the progress of the project working packages related to the report on common territorial monitoring framework, template of action plan for establishment of territorial monitoring systems in involved regions, presentation of the draft national/regional attractiveness reports, presentation of the methodology of data model/data analysis – creation of country/region specific indicators, presentation of the draft of policy coordination process handbook and stakeholder involvement plan, etc.

The Attract-SEE project involves ten partners, an 'EU Associated Strategic Partner' and eight 'Observers' from nine countries. Steering Committee and Quality Management Board meetings were held as well.

In order to leverage the outputs of the Attract-SEE project within the NALAS regional context, a synergy between the Attract-SEE Meeting and the regular meeting of NALAS Task Force on Urban Planning was made. In that direction, a Joint Session of Attract – SEE partners and members of the NALAS Task Force on Urban Planning was organized on 25 November 2013. During the joint session, the participants had a chance to discuss solving municipal issues by the means of urban planning through the experience in Central and Eastern Europe. Territorial development and territorial attractiveness in the context of municipal urban planning was additional topic of interest among the participants.

To learn more about the project please visit: [www.attract-see.eu](http://www.attract-see.eu)

comprehensive territorial dynamics and improved coordination among different public policies to achieve territorial cohesion and other development goals at all levels (transnational, national, regional and local). In order to set up an effective monitoring system, the project aims to develop a 'Common Territorial Monitoring Framework', together with the relevant tools.



# Interview with Ms. Claudia Pamfil, a member of the Urban Planning Task Force



”By working together on building creative and innovative approaches to urban development, the learning process is more efficient and our Region can better capitalize the learning outcomes”

*Ms. Claudia Pamfil, TF UP member*

**M**s. **Claudia Pamfil** ([claudia.pamfil@gdl.ro](mailto:claudia.pamfil@gdl.ro)) is a member of the NALAS Task Force on Urban Planning, representing the Romanian Association of Communes. Ms. Pamfil is an Architect and Urban Planner. She is a professional technical assistance provider, trainer and project manager in areas related to integrated urban development, urban management, decentralization and public administration reform with experience in more than 12 countries. She continuously promotes community engagement in local public policies in general and urban planning in particular. Ms. Pamfil is the author of *Evolving Intergovernmental Relations for Effective Development in the Context of Regionalization* (published by Local Government and Public Reform Initiative – LGI Studies, Budapest, Hungary, 2003) that structured existing debates in different local and regional economic development approaches in Central and Eastern European countries and of various articles in the *World Bank Institute Magazine*, the *Newsletter of the Network of Institutes and Schools for Public Administration in Central and Eastern European Countries*, *Public Administration in Romania Magazine*, as well as *European Urban Knowledge Network – EUKN* (The

view of... Claudia Pamfil: Local governments are not doing enough to encourage citizens to participate, June 2010).

**Q:** Your country is preparing for the new EU programming period 2014-2020. What are the key urban development challenges that need to be addressed?

**A:** Probably the most challenging aspect would be to facilitate the development process (and to ensure its territorial dimension) in a different manner than a supply-driven approach. So far, the discretionary, politicised and uncoordinated way of channelling the resources has deepened the territorial imbalances – therefore, in my opinion we are in an unfortunate situation of rather correcting the previous endeavours, and more deeply the institutional system, instead of building on what was previously done. Even we are late, I think it would be better to make several steps back trying to rearrange the planning and policy making process itself toward a more inclusive and integrated one. I'm not sure to what extent the Romanian Government is ready to tackle directly the dysfunctional aspects in this respect, but I hope a certain redesign will take place

in order to stimulate for real the horizontal and vertical partnerships and associations at territorial, inter-institutional and inter-sectoral level. And I also hope that redesigning process will go in deep – as for example the regionalization – to find the most appropriate way of responsibilities and mirrored resources allocation as to achieve economy of scale along with communities' active involvement.

**Q:** In what way can the NALAS Task Force on Urban Planning support urban development throughout South-East Europe?

**A:** First of all, it is about a kind of fight against the difficulty of being alone climbing mountains... so it is about helping each other by coordinating exchanges to make things happen. And making them happen in the same or similar pace throughout the SEE Region. By disseminating information and outputs, as well as by working together on building creative and innovative approaches to urban development, the learning process is more efficient and our region can better capitalize the learning outcomes.

**Q:** How do you see your participation in the NALAS Task Force on Urban Planning? What does this mean to you personally and to your Association?

**A:** I am continuously impressed by the positive energy of the Task Force on Urban Planning members and I try to contribute with my own – definitely stimulated by the group and the information that everyone brings as expert and as representative of his/her Association. We have the opportunity to touch so many interesting and challenging topics – such as data & information systems for planning, land management, social impact of the spatial planning, fiscal policies as tools for urban management, mobility and accessibility, etc. Our interaction and mutual projects makes me understand better the situation in my own country and also helps me to be better equipped to propose future initiatives, in line with the regional “symphony”, to the Romanian Association of Communes which I proudly represent. It is definitely a colour and a sound that makes us evolve. Stronger.



# YOUTH IN THE FOCUS

## Local strategies and measures for youth employment

*by Barbara Horvat, Slovenian Association of Municipalities and Towns*

**Y**outh unemployment is one of the key social and economic challenges of the past ten years in Europe. Long-term unemployment can leave long-lasting effects on the individual, such as minimum wages or social exclusion. One year of unemployment at a young age can affect the amount of annual earnings age 42 up to 21%. Additional three months of unemployment before the age of 23 extend unemployment between the age 28 and 33 for two additional months. Youth unemployment has as well a negative impact on the overall economy of the country because of unused resources, which reduces the potential of economic growth. Therefore youth employment measures should be the most urgent area to the local environments especially in the time of economic crisis.

Facing youth unemployment is a global phenomenon, and obviously important for regional and local authorities as well. Therefore the European Commission has in recent years supported a number of projects to promote the development of local employment. Among these are studies that assess the current state of local development in the new Member States of the European Union, and highlight the challenges for local representatives in these countries. The Commission's emphasis has always been on promoting greater participation of the private sector, with reference to their sense of corporate social responsibility to play their part in creating a prosperous local community, but the EU is responsible for the transfer of knowledge and good practices in the field of utilization of EU structural funds (in particular the European Social Fund and European Regional Development Fund). The effects of globalization, constant technological change and the consequences of an aging population have prompted the Commission to the initiative on "New Skills for New Jobs". With initiatives to improve their capacity, the Commission wishes to assist local communities to cope with the new challenges in the field such as **green jobs, social entrepreneurship, cooperatives, co-working initiatives**, etc. Due to recession's pressure, the necessity is even more important.

As such, the local youth employment policy is of great importance to the local community. Design and implementation of measures to promote **employment is of substantial benefit to the economic and social development of local communities** – it serves to meet the local needs and reduces local sectorial shortages. Strategies for youth employment contribute even more effectively. Local authorities may, by appropriate management of young people's transition from education to the labor market, by strengthening their competencies in accordance with the needs of the local labour market, by creating an environment that is friendly to entrepreneurship of young people in the local community, and by providing a variety of incentives for the employment of young people in local economic and non-economic activities, restrain learning and working potential of youth in the local community. This was also the emphasis of the revised European Charter on the Participation of young people in local and regional life of the Congress of Local and Regional Authorities of Europe. Local government plays a crucial role in the development of local employment, it has jurisdiction as to the direction of local development. Capacity of local authorities to facilitate local development differs from one country to another, but also from municipality to municipality, depending on their size and resources. Due to the fact that in just a few countries the creation of local self-government has been completed already, should be a priority for all NALAS countries to **strengthen the capacity of local governments to promote and implement local employment policies**.

What local government associations do? They can support development of local employment policies, organize meetings between stakeholders at the local level, organize seminars, meetings, training courses and workshops on local employment and development. They can also help in making contacts with non-governmental organizations, educational institutions, government organizations, employment and regional development agencies in forming consortia with employers in the local environment and the creation of working groups to reach a consensus on employment

strategies in a specific local environment. A strong system of local partnership will bring together all the necessary angles and resources that are essential for well-functioning and effective local administration. These efforts will be the most effective if all local stakeholders form a **strategy for the integration of young people in the local environment**, while devoting special emphasis to employability of young people.

Developing strategies and mechanisms for youth employment requires **partnership and cooperation** in local communities. Partnership approach helps overcoming obstacles more easily and enables creation of comprehensive services for young people.

Researches have shown that the initiatives for youth employment, without greater involvement of employers are often unsuccessful. Employers are reluctant to employ young people, because they have no work experience. In order to overcome the gap in experience, subsidies should be provided, encouraging employers to increase the number of apprentices or trainees. The employers will get a chance to train personnel who will possess the required knowledge. Public involvement plays a big role, especially the media – municipalities can try to obtain "an ambassador" from the world of entrepreneurship, which will be a role model and a motivator for other employers. Although cooperation with employers is a great potential, they perceive it from their own needs, often narrowly

focused. So local authorities should keep in mind that the local strategy for youth employment is targeted sustainable. It would therefore be appropriate to create a working group, which would include employers and consider their recommendations for the implementation of educational seminars for young people.

**Education in the early years of child's life plays a crucial role in determining the basis for future acquisition of skills and general employability.** Longitudinal studies suggest that the personal benefits associated with early intervention clearly outweigh the costs of any subsequent benefits. Young people who leave school early and have low qualifications are particularly at risk in terms of long-term exclusion from the labour market. In Glasgow, the young people who belong to the risk group reached an agreement on the establishment of Action Plans. In practice, this means that the municipality within the program provides assistants who work with young people face to face. In many cases - especially at the beginning - it requires a proactive approach, where an assistant comes to students' homes. Soon after their first meeting young people are invited to another meeting to conclude an agreement on the plan of activities. This lasts 24 weeks and includes various training and practical experience at the workplace. Additionally young people are motivated with 30 pounds per week as payment for the activity.



Young people need to be offered **support in the form of information, advice, coaching and mentoring in order to eliminate obstacles to knowledge**. In particular, it is important for those young people who haven't been in contact with entrepreneurship and do not have experience in the labour market yet. This measure complements the information on entrepreneurship in the school environment. Information nowadays expands easiest through the Internet, through local and national employment centres and especially through social media (such as Facebook, Twitter, etc.). It is important to have available information on funding opportunities for small businesses. It is also important to provide advice for people in the field of entrepreneurship - in some countries local governments have set up special offices for counselling prospective and new entrepreneurs, and offer financial support for the establishment of a new business (70% financing).

Another valuable experience is to have a **mentor** in the company itself. The programme "**Erasmus for Young Entrepreneurs**" provides **training, networking and exchange of experience between European entrepreneurs**. This program is open to new entrepreneurs and entrepreneurs who are seriously planning to open their own businesses or have opened their own business in the last three years. On the other hand, the program invites experienced entrepreneurs who should own or run a small or medium-sized enterprise within the EU. With the help of this measure young entrepreneur set up their first business network.

According to Eurostat, in Europe, 3 million are **self-employed entrepreneurs**. This group of companies is the **largest employer and creator of employment opportunities**. Other employment models such as complementary activities and cooperative or social enterprise decisively influence the social integration of the younger population.

A very successful tool for supporting young people in entrepreneurship are also **entrepreneurship incubators**, which represent a physical working point for young entrepreneurs, while also providing support, mentoring and help in solving problems with the participation of more experienced entrepreneurs. In the German city of Brandenburg they established a great business incubator, home to 45 companies, offering them advice on entrepreneurship, taxation, banking, advertising and office equipment. Students of Brandenburg Faculty of Applied Sciences are even exempt from the payment of rent in the incubator for 6-12 months if they are ranked among the most promising young companies.

**Co-working** is a modern way of team activity that **promotes an open corporate culture**. Individuals, creative and innovative people, entrepreneurs, designers, search for ideas and test together concepts with the help of other persons with whom they on a predetermined day share premises and equipment. Collaboration, interdisciplinary development of ideas, open communication and sharing with others are the basic features of co-working and offers business environment in which by connecting people in organized groups creative ideas and business opportunities can be developed.

**Social economy** plays a **key role in solving problems in the field of employment and social inclusion**. Social enterprises are focusing on integration activities in the labour market, such as training, education, provision of employment opportunities directly and/or through broad support activities. Despite the possibility of selling products, **the main aim of social enterprises is not to maximize profit, but to meet important social needs in the context of economic sustainability**. Social enterprises are often well integrated in the local community, contributing to the development of formal and informal networks. In the next period the European Commission will contribute to the creation of a favourable environment for the development of social business in Europe, and of the social economy at large through legislative changes, initiatives and European funds.

**Cooperatives** are also very attractive form of employment for young people. In this model, the possession of shared resources, **entrepreneurial activity is beneficial to all involved**. They are autonomous associations of persons with shared resources on a voluntary basis to exercise their economic, social and cultural needs and participate in the democratic managed company. Although the design of cooperative decision-making process can be a bit challenging, still working together in the cooperative model - through common financial and human resources - helps achieve more compared to what can be achieved individually. In this way, **especially young people can overcome the lack of knowledge and financial resources**.

Such actions, measures and strategies for youth employment at the local level speed up the process of local development. In the same time, they enrich the local community with number of creative and innovative individuals who usually prefer a wider active participation in the local society. Finally, all these measures contribute to a substantial growth and improvement of the quality of life in the local community.

# NEWS FROM NALAS MEMBERS

## Insight on the Administrative Territorial Reform Initiative in Albania

The new government in Albania that came into power after the general elections of June 2013 has undertaken major actions on an Administrative Territorial Reform in Albania. As clearly stated in its programme, the Government aims for a thorough reform to local government to target challenges on the performance of existing local government units and the satisfaction of the citizens.

The current administrative division in Albania was approved in 2000, providing for 373 local units, out of which 308 communes and 65 municipalities as first level of government and 12 regions as a second tier. Considering the geography, economy, infrastructure and the actual situation, the number is widely perceived as a large one.

The demographic changes and decentralization reforms undertaken in the last 20 years indicate that the actual division does not fit the reality most of the communes and municipalities face. On one hand, there are communes dealing with rapid economic and urban development and with considerable increase of the population and on the other hand, small communes, mainly in remote areas of the country, face population decline and lack of progress. The balance of costs and benefits has shifted during the last two decades, on account of massive internal migration, technological progress and the growing expectations of citizens for public services.

The initiative for this reform is supported by the political parties in principle, although the opposition requires a consensus on other issues with the majority as a precondition for its participation during the process of the reform.

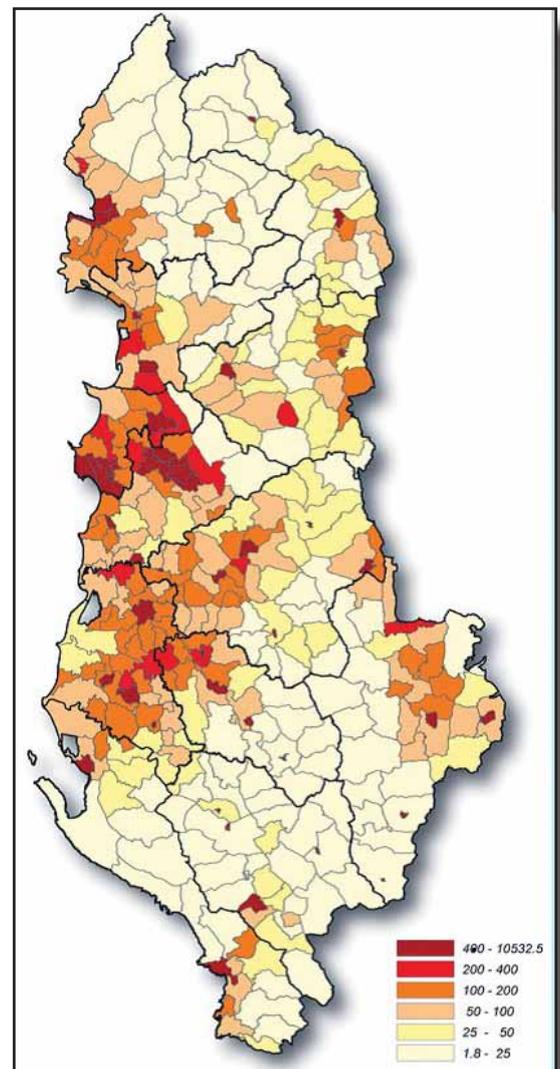
The reform is as well supported by other actors as civil society and international actors. When it comes to the Mayors, the reform faces challenges as it is not fully supported by local representatives, who argue about the time frame set by the Government, aimed to conclude the reform during 2014.

The Albanian Association of Communes (AAC) drafted and approved a Policy Paper on its position and a

roadmap for the reform. AAC supports the achievement of a political consensus as a first prerogative for a review of the administrative division in Albania. Such consensus would facilitate the involvement of existing Mayors that would not be influenced by their political parties. Furthermore, political consensus would avoid any potential assumption that the reform would serve the electoral interests of the political majority leading the process. Such consensus is not yet achieved thus becoming an obstacle for further steps.

AAC supports Mayors' concern about the timeframe of the reform, suggesting that the perfect timing for finalising the reform would be until the 2019 local elections and not those in 2015. Such recommendation

Administrative map of Albania



relates to the steps AAC suggests being undertaken. The reform, as AAC sees it, should provide for a voluntary phase until the local elections in 2015 and a compulsory phase till 2019.

In AAC's view, the reform should aim at a meaningful improvement of the capacities and performance of the local government through restructuring of the communes and municipalities within one region. The process of the reform should also provide preliminary steps to make room for flexibility to take into account local preferences and conditions, combined with central decision-making.

During the voluntary phase, the Government should provide incentives supporting the voluntary amalgamation of communes and municipalities aiming at significant results that would facilitate the further steps of the process.

During the second phase, the Government and local representatives should focus on the new legal framework for the new local units to be established. This would be an important part of the process especially when it comes to another reform that should be considered at the same time, that of the fiscal decentralization. It will also be the moment to discuss about responsibilities of the new local government,

public services, duties and responsibilities. In the absence of other reforms, the likely outcome is that powers will be transferred (whether de jure or de facto) back to central ministries or perhaps to strengthened regional authorities. This is evidently undesirable for local authorities.

A special attention is to be paid to the financial and human capacities which should match the requirement for provision of a wide range of public services, such as waste management, local roads infrastructure, urban planning, water supply and local economic development, to mention the most problematic.

AAC strongly recommends a well structured and regulated participation of the local authorities in this stage of the process. The second stage would end with the approval by the Parliament of the new administrative map and relevant legal framework which will then apply to the local elections of 2019.

The administrative reform has proven to be a difficult and ambitious process in many countries with a far more consolidated local government. A successful territorial reform should mostly benefit from the support of political leadership, of the citizens, civic sector and of Mayors and local councils as well.

## Online Database on Municipal Finance in Montenegro

The Union of Municipalities of Montenegro has established a **database on municipal finance** which includes aggregated fiscal data and indicators for all local government units in Montenegro. These aggregated data and indicators are shown in a very precise and clear way. Also, they are available on the UoM website, [www.uom.co.me](http://www.uom.co.me), to all interested users. The database was created with the support of the UNDP Office in Montenegro.

The main data sources for the database are quarterly municipal reports of revenues collection, execution of expenditures, total budget debts and unpaid obligations as well as general fiscal data for the whole public sector. These general fiscal data are official and available on websites (Ministry of Finance, MONSTAT – Bureau of Statistics, etc.) or obtained directly from the relevant state institutions.

Also, in structuring the content of the database, UoM used the NALAS “Report of fiscal decentralization



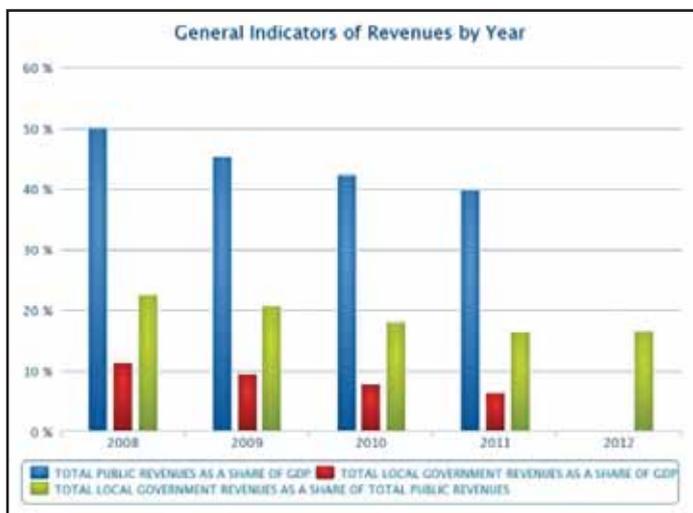
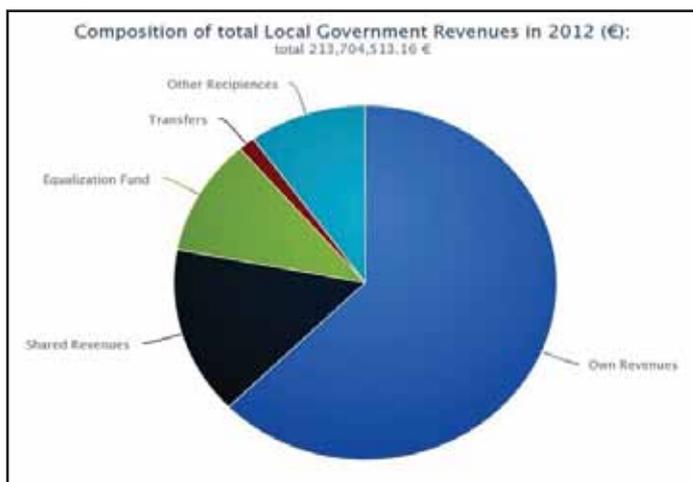
indicators for South-East Europe: 2006-2011” which was very helpful, especially for the determination of indicators.

Although municipalities are preparing quarterly reports of revenues collection, execution of expenditures, total budget debts and their unpaid obligations, UoM has decided to work exclusively with annual aggregated fiscal data for the local government units as well as total public sector. The main reasons for this kind of database are: simplicity, visibility, transparency and mutual comparability.

As a matter of fact, the database consist of annual

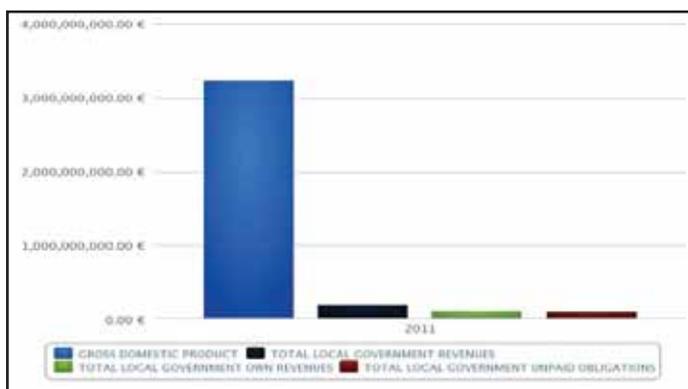
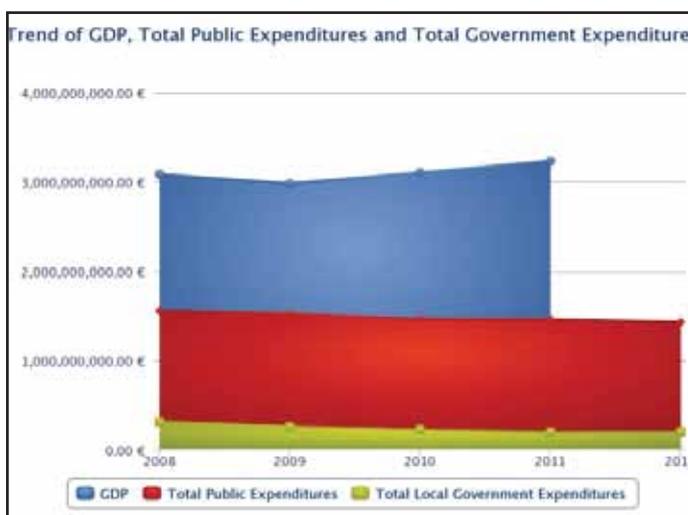
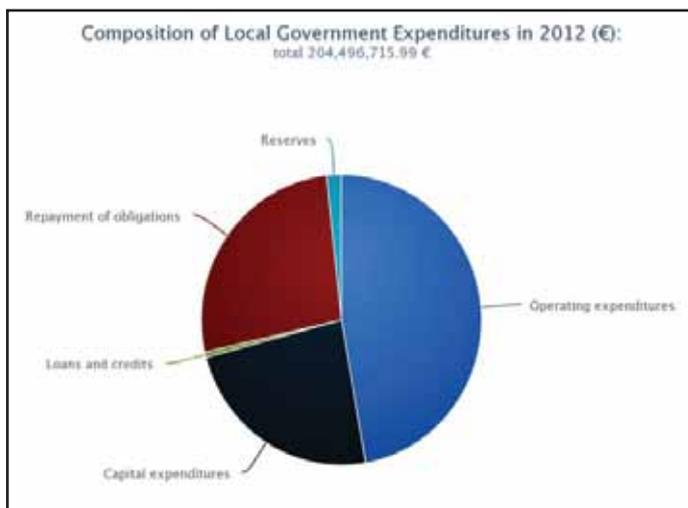
aggregated data about total: revenues, expenditures, unpaid obligations and debts for all local government units in Montenegro, starting from 2008; structure of these categories as well as some of general fiscal indicators. It is based on the economics classification of the budget's positions. Trend of these categories (from 2008) are shown in the part of the database about comparative review.

Finally, the database is divided in two parts where data are shown "by years" and "comparative data". In the part "by years", for every year (starting from 2008) it shows:



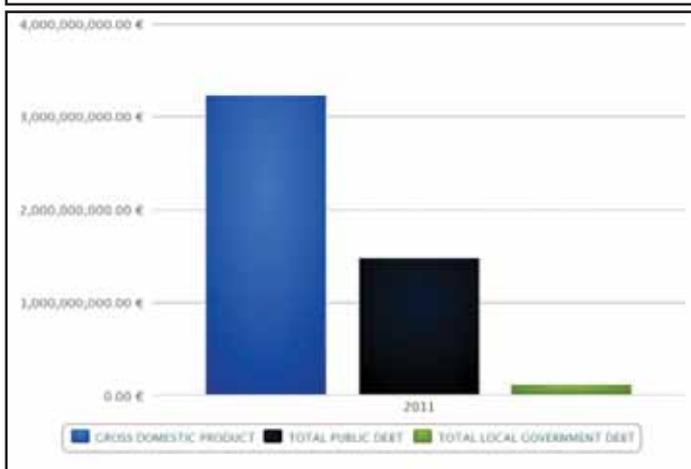
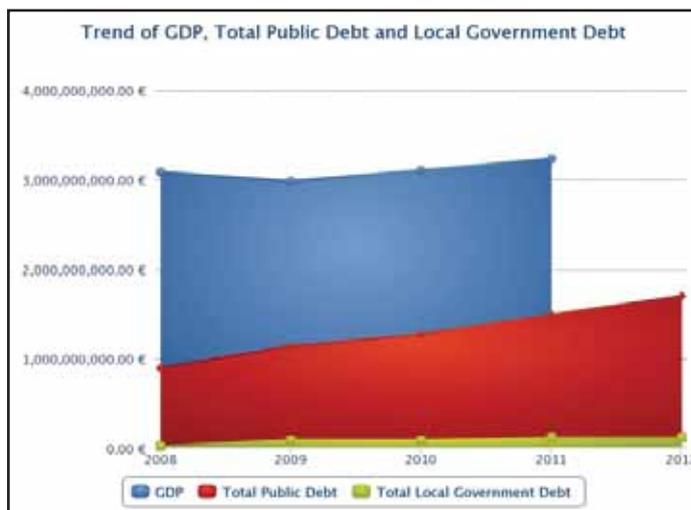
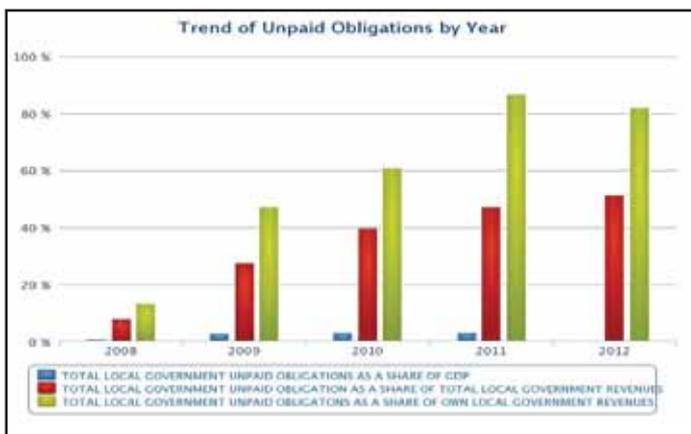
- **revenues:** GDP, total public revenues, total local government revenues, total public revenues as a share of GDP, total local government revenues as a share of GDP, total local government revenues as a share of total public revenues, composition of local government revenues, as well as local government own revenues (and deeper), shared revenues, transfers and other recipients;

- **expenditures:** total public expenditures, total local government expenditures, total public expenditures as a share of GDP, total local government expenditures



as a share of GDP, total local government expenditures as a share of total public expenditures, total public capital expenditures, total local government capital expenditures, total public capital expenditures as a share of GDP, total local government capital expenditures as a share of GDP, total local government capital expenditures as a share of total capital expenditures, composition of local government expenditures, as well as local government current expenditures;

- **unpaid obligations:** total local government unpaid



local government debt as a share of total public debt.

The trend of these data by years is shown in the part **“comparative data”**.

The database is available in Montenegrin language [http://www.uom.co.me/?page\\_id=10865](http://www.uom.co.me/?page_id=10865) and in English language: [http://www.uom.co.me/en/?page\\_id=1432](http://www.uom.co.me/en/?page_id=1432)

The main aim of establishing of the database is to provide local government units, relevant state authorities, NGO, and other interested users and visitors of the website, with accurate information on municipal budget execution on one place. It will ensure regular monitoring of the local public finance in Montenegro and it will be annually updated with new data and indicators.

obligations, total unpaid obligations as a share of GDP, as well as a share of total local government revenues and own local government revenues;

- **debt**: total public debt, total local government debt, total public debt as a share of GDP, total local government debt as a share of GDP, as well as total

## The Union of Montenegro Municipalities elects a new Secretary General



Refik Bojadžić, a lawyer from Bijelo Polje for the Secretary General of the Union of Municipalities of Montenegro.

The 29th session of the Executive Board of the Union of Municipalities of Montenegro (UoM) was held on 16 December 2013 in Podgorica. On this session, the Executive Board appointed Mr.

Mr. Refik Bojadžić was covering lots of important functions in the Municipality of Bijelo Polje. Among other, he has been the Deputy Mayor, as well as the President of the Assembly of Bijelo Polje. Also, he has been the Member of the Parliament of Montenegro.

He was very engaged in the work of the Union of Municipalities of Montenegro, where he has been the President of the Committee for Local Government Development two times. He has also participated in lots of Council's of Europe and other international organization's projects and programs. He spent all his career on the most important and complex leading jobs at the local level.

# Protecting local government financial autonomy: the cases of Moldova and Slovenia

On 21 November 2013, South East Europe got one of its key development documents, SEE 2020 Strategy, expected to bring growth and prosperity to the region. This Strategy puts an emphasis on the subsidiarity principle and the role of local governments in promoting economic growth. Unfortunately, in parallel, some SEE countries undergo processes that decrease the fiscal autonomy of the local government and by doing so, jeopardize economic development.

**Moldova** recently faced an attempt of the central government to postpone the reform of the local government, by avoiding implementation of the new legislation on local public finance. The Congress of Local Authorities from Moldova (CALM), said a strong "no" to the degradation of public administration system and decisive "yes" to local and national democracy in Moldova. Their actions included many meetings and negotiations attempts. After this did not give results, the Association organized protests of Mayors and put the financing issue in the focus of national media and the international community. CALM warned about "the consequences of non-approval of the legislation and further deterioration of local government in Moldova" extending to "all connected domains such as public administration, local and national democracy, corruption, justice and human rights".

This was not a painless process: in pursuing their mission, CALM faced number of obstacles, such as

intimidation of mayors, direct threats, penal charges, populism and direct buying of local governments' consent.

On 1 November 2013 the Parliament of the Republic of Moldova voted a new Law on Local Public Finances. The Law will come into force from 2015, being piloted in 2014 in 4 districts of the country: Basarabeasca, Ocnita, Riscani and Chisinau. The approval of the Law made the local self-governments hope that decentralization and local autonomy will become reality. As CALM insisted that the Law should come into force as of 2014, the struggle for democratization of Moldovan society, towards demolishing of corruption and towards significant improvement of public services is not over yet.

According to Mrs. Tatiana Badan, CALM President "The experience of the Republic of Moldova during the last twenty years proves that the lack of real fiscal decentralization represents one of the key issues and main cause of unsuccessful reforms in the field of decentralization and consolidation of local autonomy. We can speak a lot about EU values in the field of local democracy and decentralization, but without real reforms and changes in the field of local public finance, all this will remain just words without any practical relevance".

As for the new Law, Mrs. Badan emphasizes: "This law, developed during the last three years with large support of



international partners and involvement of CALM, is a hope for all local governments that in Moldova things finally are moving in the right direction and decentralization can become a reality. Moreover, we think that this Law is less for local governments – it is crucial for the people of Moldova – being the single fundamental law considered by the Parliament of Moldova during last four years, which is starting the process of decentralization, radically consolidating both local and national democracy, cardinally improving the system of public administration and quality of public services in the country and essentially diminishing the level of corruption in society. Unfortunately, our politicians in the last moment and from the very narrow (political) interests, tried to stop the adoption of this extremely important law. Only due to CALM and its international partners' pressure the law was adopted with implementation starting from 2015 and with pilot projects in 2014", concludes Mrs. Badan.



The next challenge Moldova faced was the adoption of amendments to the law nr. 324, that envisages ceiling of local taxes. In the opinion of Moldovan Mayors, shared in a Declaration, "This will ruin the budgets of local governments in the Republic of Moldova, especially those of cities and towns". This will significantly influence local governments' abilities to provide the key services for their citizens, such as waste management, spatial planning, public lighting and other local needs. CALM President, Mrs. Tatiana Badan, says that this legislation was adopted with the lack of transparency and without consulting local public authorities. They are not in accordance with the Constitution of Moldova and are directed against the local autonomy. Most mayors have found out about the new provisions only after their publication in the Official Gazette.

Mr. Viorel Furdui, CALM Executive Director says: "Such acts damage the image of the state, in front of local

authorities, the national public opinion, but also in relation with international structures. Instead of concrete and effective actions promised in the decentralization field, there is a reverse process of limiting local autonomy and continuous violation of the rights and interests of the local communities of the Republic of Moldova".

On 28 January 2014, the Constitutional Court of the Republic of Moldova decided that the amendments to the law Nr. 324 are unconstitutional. The decision of the Constitutional Court is final and cannot be attacked; it comes into force on the day of its adoption. This was another small victory of local governments from Moldova in their fight for real local autonomy.

In November 2013 **Slovenia** got a new Law on Property Tax. The Law has been developed without participation of municipalities in the crucial phases of the negotiations and it is dramatically affecting one of municipalities' fundamental functions: the development function. Instead of being a fully local tax, with the new Law, property tax will be shared with the central government 50%-50%.

Once the proposed Law has been made public, the Association of Municipalities and Towns of Slovenia reviewed it and mobilized its membership and the national media to raise the voice against the provisions which threat local government's financial independence. A petition was organized and in one week more than 6800 signatures were collected against the proposed law and handed to the President of the National Assembly. Despite this, the Law on Property Tax was adopted on 15 November 2013. The National Council, an advisory, non-party and independent body, on 20 November voted a suspense Veto on the Law and the legislative proposal was sent back to the National Assembly. However, this did not change anything. It just prolonged the entering into force of the law and did not solve the problem.





Slovenian Mayors insist that the Law on Property Tax must encompass the following:

- Property Tax must be completely local tax;
- Understanding the financial crisis the country is facing, municipalities might only accept time limited (3 years) tax revenue sharing between municipalities and the state (50/50), after which all the revenues will go to the local level;
- The Law must maintain the autonomy of municipalities in managing spatial policy;

- Exempt or zero rate of taxation of municipal and public infrastructure, for all municipal property.

As a next step, on 22 January 2014, by filing a request for a constitutional review of the Law on Property Tax, the Association challenged the constitutionality of this Law, in front of the Constitutional Court, at it endangers the future of municipalities and the citizens' quality of life.

*"The adopted Law further eliminates the financial autonomy of Slovenian municipalities, which is unacceptable and a strong reaction of Slovenian municipalities will be needed. We will use all legal means",* says dr. Ivan Žagar, President of the Association of Municipalities and Towns of Slovenia.

Slovenian local governments also face significant cuts of the transfers from the central government in the past years. Therefore, the Association appealed that in the state budget for 2014 and 2015, the Government keeps the amount of at least € 536 per inhabitant.

As reported by NALAS members, similar tendencies of decreasing local financial autonomy are also noticed in Montenegro, Bulgaria, Serbia...

## Restructuring of AKM Collegia due to 2013 Kosovo Local Elections

On 3 November 2013, the local elections in Kosovo were held. Out of 38 municipalities, 13 elected their Mayor in the first election round, while the other 25 municipalities elected their mayors in second round, held on 3 December 2013.

These local elections have resulted with drastic changes in most of Kosovo municipalities and due to these changes, the political staff, such as Directors of Municipal Directorates, employed in the respective municipalities have been changed as well. Therefore, the 12 Collegia of the Association of Kosovo Municipalities (AKM) will be restructured in the following days.

In the direction of developing the capacities of the newly elected municipal assembly members, in November 2013, AKM has begun the implementation of the project "Training for Elected Municipal Assembly Members", financed by the Swiss Agency for Development and Cooperation (SDC).

The training program is being implemented in close collaboration with the Ministry of Local Government Administration (MLGA) and is being organized in five regional centres of Kosovo: Prishtinë/Pristina, Prizren/Prizren, Pejë/Pec, Mitrovicë/Mitrovica, Gjilan/Gnjilane. The training program will be finished by 14 February 2014.

# UPCOMING

## Two new projects will contribute to better water management in SEE

**A**s of 2014, two new projects, implemented by NALAS in partnership with the Open Regional Funds, Modernization of Municipal Services (ORF-MMS) are getting into full speed.

**Local Leaders in South East Europe: Lead for Change** project aims at improving the management, leadership and cooperation capacity of municipalities and municipal enterprises with a particular emphasis on the improvement of municipal services and the subsequent capacity to absorb dedicated international funds. To this end, the project will foster exchanges and disseminate modern management standards and norms among municipalities and municipal enterprises in the partner countries via the respective associations or networks.

The project will provide technical assistance to the pilot projects identified during a stakeholder dialogue for implementing grant or loan agreements with international donors and banking institutions. It will help to identify the real needs of the municipal managers in setting up adequate management instruments and processes during the early stage of the project implementation. Based on pilot investment projects (e.g. water loss reduction project, etc.) guidelines for setting-up modern, sustainable and customer-oriented management capacities for public utilities and necessary curricula will be developed.

The project has two components:

**Component 1.** Organisation and facilitation of a dialogue between central and local administrations, international financial institutions and donors and other relevant stakeholders aimed for improvement of coordination of the overall local administration modernization processes and training policies in the region

**Component 2.** Strengthening the corporate management capacity and leadership of top local managers

The Local Leaders in South East Europe: Lead for Change project will focus on four pilot countries: Bosnia-Herzegovina, Macedonia, Serbia and Croatia.

However, all interested NALAS member associations will benefit from the results of this project and will be included in the dissemination of the products.

**The Asset Management** Project aims at introducing asset management methods to improve efficiency and transparency in managing water and sanitation infrastructures in SEE. Selected pilot municipalities will benefit from the asset management methods and the regional exchange of practices, thus being able to improve the managing capacities of public utilities, better predict costs and tariffs, plan long-term investments and improve their efficiency.

The Project will be implemented through three components:

**Component 1.** Raising understanding of the benefits of Asset Management methods among decision makers in efficiency and transparency in managing water and sanitation infrastructures in SEE

**Component 2.** Developing data exchange standards between existing financial AM and GIS software, designing and establishing a web-based database and web-based modules for asset management complying with the needs in SEE

**Component 3.** Disseminating Asset Management methods in water and sanitation sectors at the local level in SEE

The Asset Management project will include beneficiaries from Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Serbia.



# Calendar of events



- 17-18 February 2014: Kick-off Meeting Local Leaders SEE Project
- 19-20 February: Project Planning Workshop
- 26-27 February: Gender Planning Meeting
- 10-11 March: Task Force Urban Planning
- 12-13 March: Task Force Energy Efficiency
- 14-15 March: Task Force Solid Waste and Water Management
- 25 March: Asset Management Project Kick-off Meeting
- 9 April: Task Force Fiscal Decentralization
- 10 April: NALAS CLO Meeting
- 10-11 April: NALAS General Assembly

# Who we are?



NALAS is a network of associations of local authorities of South East Europe. The Network brings together 16 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.

NALAS was created in 2001 following the first Forum of Cities and Regions of South-East Europe (Skopje, November 2000), organised by the Congress of Local and Regional Authorities of the Council of Europe. The Network was established under the auspices of the Stability Pact for South Eastern Europe (Working Table 1) and the Council of Europe. During the first years, NALAS functioned as an informal organisation with regular meetings, seminars and training programmes. In July 2005 NALAS became an officially registered association with its seat in Strasbourg. The NALAS Secretariat was established in March 2007.

NALAS promotes the process of decentralisation in cooperation with central governments and international organisations, considering local self-government as a key issue in the current process of transition affecting the various countries in South-East Europe. NALAS builds partnerships in order to contribute to the reconciliation and stabilisation process in the region and henceforth contributes to the process of the European integration of the whole region.

NALAS initiates and carries out regional initiatives for its members and helps the associations to become viable representatives of local authorities vis-à-vis central government. NALAS aims to provide services to local governments for the benefit of the citizens in the region and wishes to develop itself as the knowledge centre for local government development in South-East Europe, recognised among all relevant stakeholders.

# OUR MEMBERS

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