



MONTENEGRO
THE MINISTRY OF INTERIOR
AND PUBLIC ADMINISTRATION



Montenegro

Strengthening Inter-Municipal Cooperation in Montenegro



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TABLE OF CONTENTS

Joint Greetings	6
1. Introduction	8
2. Inter-Municipal Cooperation (IMC)	9
a) IMC Definition	9
b) Advantages of IMC	10
3. Legal Framework	11
a) European Legal Framework of Inter-Municipal Cooperation	11
b) Legal Framework of Inter-Municipal Cooperation in Montenegro	12
c) Legal Framework of Inter-Municipal Cooperation in FYR Macedonia	13
d) Comparative Analysis of Legal Framework in Montenegro and FYR Macedonia	17
4. Institutional Framework of IMC in Montenegro and FYR Macedonia	17
a) Institutional Framework	17
b) Institutional Framework of IMC in Montenegro	18
c) Institutional Framework of IMC in FYR Macedonia	19
5. Status of IMC in Montenegro and FYR Macedonia	20
a) Case of Montenegro	20
b) Case of FYR Macedonia	23
i. Supporting IMC Development in FYR Macedonia	23
ii. UNDP's Support to IMC	25
6. Recommendations	29
a) Recommendations	29
b) 14 Steps to Be Considered (Source: Inter-Municipal Cooperation - A Guide for Practitioners)	32
Annex 1: Articles of the Law on Local Self-Government in Montenegro regulating IMC	34
Annex 2: Articles of the Law on Local Self-Government in FYR Macedonia regulating IMC	36
Annex 3: Questionnaire	39
Annex 4: Tables of Survey Results	41
Bibliography	48

Joint Greetings

Dear Readers,

It is with great pleasure that we present to you the publication *Strengthening Inter-Municipal Cooperation in Montenegro* as the first of a series of activities designed under our joint Programme for Capacity Development for Local Self-Governance of Montenegro.

Over the last year the Ministry of Interior and Public Administration and the United Nations Development Programme (UNDP) in Montenegro discussed the possibility of initiating a capacity development programme to support municipalities in their efforts to attain high European standards and better serve local citizens. As a result of the discussions, the overarching programme of cooperation was developed last October. The main programme components include organizational development, municipalities networking, increased citizen participation, and governance benchmarking indicators at the local level. These are outlined in analyses such as the Report on Assessment of Development Needs in North Montenegro, conducted by the UNDP.

Presently there are certain development disparities among the northern, central, and southern parts of Montenegro. The global economic and financial crisis, coupled with lack of skilled human resources, expertise, and strategic planning capacities at the local level, seems to hinder the creation of sustainable economic development and undermine efforts for job creation.

To tackle these issues, various efforts have been made by policy makers and international partners to strengthen institutions and develop processes and human resources in order to be able to achieve national sustainable development objectives and contribute to the overall development of Montenegro.

We believe that inter-municipal cooperation (IMC) can also contribute significantly to ongoing efforts towards provision of higher quality and affordable public services and improvement of the

governance capacity, particularly of small municipalities.

We also believe that the legal, institutional, and operational experiences of developing IMC practices in the Former Yugoslav Republic of Macedonia could be of great benefit to policy makers and other relevant stakeholders in Montenegro.

This publication can certainly represent a guideline to institute frameworks in the area of IMC and create a joint service provision and administration through the establishment of cooperative arrangements among municipalities in Montenegro.

We hope that this publication will serve as a useful tool to further Montenegro's efforts in promoting, developing, and maintaining IMC activities.

Sincerely yours,



Alexander Avanesov
UNDP Resident Representative to Montenegro



Ivan Brajović
Minister of Interior and
Public Administration of Montenegro

1. Introduction

The objectives of this publication are: (1) to raise awareness of the current state of inter-municipal cooperation (IMC) practices in Montenegro, (2) to discuss the experience of the region (namely, the Former Yugoslav Republic of Macedonia) and draw useful findings from it, and (3) to provide recommendations for further development of IMC in the country.

To grasp an accurate picture of the present state of IMC's legal, institutional, and operational practices in Montenegro, the Ministry of Interior and Public Administration in close cooperation with the UNDP Montenegro produced and circulated a questionnaire to 21 municipalities in the country. In this publication, the key findings as well as recommendations derived from the survey results will be illustrated in order to shed light on where we essentially stand in terms of IMC in Montenegro and what steps should be taken to further consolidate the framework of IMC. Among the key findings from the survey are that municipalities have developed cooperative arrangements among themselves and also established various partnerships at regional and European levels and that a majority of municipalities regard the Law on Local Self-Government as a sufficient legal tool to cope with IMC (please refer to Annex 4 for more details).

In addition, comparative analysis of legal frameworks installed in Montenegro and FYR Macedonia will be provided so as to better understand the similarities and differences of legal frameworks in the area of IMC in both countries. The results to be noted include: while the main legal instrument regulating IMC in Montenegro is the Law on Local Self Government, IMC has been regulated in FYR Macedonia first by the Law on Local Self-Government and then by the Law on Inter-municipal Cooperation adopted in June 2009.

While FYR Macedonia has a specific legislation devoted to IMC, there is a clear convergence in the legal meaning of IMC, which is regarded as an effective tool in both countries for addressing regional disparities as well as reforming local public administration, aimed at securing delivery of affordable and quality public services. In both countries, cooperative agreements are concluded on the basis of freedom of association among local self-government units.

Similarly, institutional frameworks of IMC in both countries will be illustrated in this publication. The key stakeholders for establishment and consolidation of institutional frameworks include the government, municipalities, and associations of municipalities (the Union of Municipalities of

Montenegro in the case of Montenegro and the Association of the Local Self-Government Units in the case of FYR Macedonia).

The analysis of best practices in the field of IMC in FYR Macedonia, which has already implemented four IMC projects supported by UNDP since 2006, will be utilized in order to identify the mechanisms and strategies that will contribute to development of IMC initiatives in Montenegro. The success of the IMC practices in FYR Macedonia is essentially attributed to the creation of a favorable institutional milieu as well as a financial scheme for establishing IMC implemented by the UNDP FYR Macedonia in cooperation with the central government.

In conclusion, this publication will present useful guidelines for municipalities and other relevant stakeholders in Montenegro to refer to when developing IMC by taking into consideration the successful experiences of FYR Macedonia in this field as well as the survey results analyzed by the UNDP Montenegro in cooperation with the Ministry of Interior and Public Administration.

2. Inter-Municipal Cooperation (IMC)

a) IMC Definition

Inter-municipal cooperation can be defined as a form of partnership that “involves a number of local authorities, or municipalities, in proximity to one another, which join forces to work together on developing and managing public services, amenities and infrastructure or on service delivery, to better respond to the needs of their users and with the aim of local development.”¹

The importance of IMC lies in the fact that “the development of inter-municipal co-operation is essential in view of the numerous challenges facing local authorities, such as the need for modern societies to be efficient in the context of decentralisation and globalisation, in order to meet growing and increasingly complex social demands and the needs of a more mobile and sometimes unduly fragmented population (big cities, small size of municipalities, municipal fragmentation, highly scattered rural population, etc.).”²

In short, IMC is to be conceived as a voluntary association of at least two municipalities in a defined geographic area for the purpose of jointly performing functions or improving/optimizing the quality of public services delivery. In addition, as an essential component of the process of decentralization, IMC allows municipalities to jointly manage certain important services in

¹ Deffigier, Clotilde. *Intermunicipal co-operation: Manual of the European Committee on Local and Regional Democracy (CDLR)*. 2008.

² Congress of Local and Regional Authorities. *Recommendation 221, 2007, Institutional Framework of inter-municipal cooperation*, Art.4, p.1.

such areas as urban, spatial and development planning, environmental protection, economic and sustainable development, and agricultural and food production among others.

b) Advantages of IMC

The key advantages of developing IMC include³:

1. Sharing administrative overheads for the performance of administrative tasks and services
2. Reducing unit costs and improving public service quality through the achievement of economies of scale and access to more advanced technology
3. Achieving minimum economic size that justifies the production of a service
4. Providing the same level of quality of services across several municipalities
5. Addressing situations when citizens live in a municipality where they pay their taxes but benefit from the services provided by another municipality (spillover effects or externalities)
6. Enhancing economic, social and environmental protection performance through coordinated planning
7. Attracting investment funds from public, private, or donor sources whose projects may require a minimum project size or ask for joint projects among groups of municipalities (for instance, the EU IPA (Instrument for Pre-Accession Assistance) Funds for the (potential) candidate countries and the EU Structural Funds for the EU member states often require either a minimum project size which cannot be achieved individually by a small municipality or explicitly seek to stimulate joint projects between groups of municipalities.)

Thus, most often cooperative arrangements among municipalities result in actual money savings, improved or sustained delivery of services or programs, increased ability to attract funds, and an enhanced ability to share costs and skills, while encouraging compromise, consultation, evaluation, strategic planning, and goal setting. IMC also “optimizes use of knowledge and know-how of the partnering municipalities, helps to eliminate duplication of effort, and promotes a culture of organizational co-operation.”⁴

In addition to these advantages, the Congress of Local and Regional Authorities points out that “inter-municipal co-operation has significant advantages in comparison with the merging of municipalities and the privatisation of public services, as mergers sometimes run counter to the traditions of the local population and the privatisation of public services is not sufficient to compensate for the lack of public bodies responsible for managing and taking decisions concerning

³ UNDP, et al. *Inter-Municipal Cooperation: A Guide for Practitioners*. 2009.

⁴ Union of Nova Scotia Municipalities. *Handbook on Inter-Municipal Partnership and Co-operation for Municipal Government*. 2002.

municipal affairs”⁵

3. Legal Framework

a) European Legal Framework of Inter-Municipal Cooperation

The main documents that provide a legal framework for cooperation among municipalities in Europe have been designed within the Council of Europe. At this level, municipal cooperation is mainly regulated by the European Charter of Local Self-Government.

The European Charter of Local Self-Government aims to provide a set of European standards in order to give more dimension and protection to local self-government in Europe. The Charter is articulated into three different sections, with the first one being most relevant to the concept of IMC. The first section of the European Charter “covers the right of local authorities to co-operate and form associations.”⁶ Among 10 articles within the first section, Article 10 is specifically devoted to inter-municipal cooperation.

Article 10 is in its turn articulated into three provisions. The first provision “covers co-operation between local authorities on a functional basis with a view in particular to seeking greater efficiency through joint projects or carrying out tasks which are beyond the capacity of a single authority. Such co-operation may take the form of the creation of consortia or federations of authorities, although a legal framework for the creation of such bodies may be laid down by legislation.”⁷

The second provision deals with associations. The objectives of associations are “to represent all local authorities of a particular kind or kinds on a regional or national basis. The right to belong to associations of this type does not however imply central government recognition of any individual association as a valid interlocutor. In a Council of Europe instrument of this type, it is normal that the right to belong to associations at the national level be accompanied by a parallel right to belong to international associations, a number of which are active in the promotion of European unity along lines which accord with the aims laid down in the statute of the Council of Europe. However, Article 10.2 leaves to individual member states the choice of means, legislative or otherwise, whereby the principle is given effect.”⁸

The last provision of Article 10 establishes that “[d]irect co-operation with individual local authorities of other countries should also be permitted, although the manner of such co-operation

⁵ Congress of Local and Regional Authorities. *Recommendation 221, 2007. Institutional Framework of Inter-municipal Cooperation*. Art. 5, p.1.

⁶ Council of Europe. *Explanatory Report on the European Charter of Local Self Government*, p.3.

⁷ Ibid.

⁸ Ibid.

must respect such legal rules as may exist in each country and take place within the framework of the powers of the authorities in question.”⁹

b) Legal Framework of Inter-Municipal Cooperation in Montenegro

Montenegro ratified the European Charter of Local Self-Government on July 28, 2008. Pursuant to Article 10 of the European Charter, local communities are entitled to mutual cooperation in accordance with the national legislation in order to perform tasks of mutual interest. Local communities also have the right of membership in international organizations that deal with local self-governments. Moreover, municipalities can establish forms of direct cooperation with local authorities of foreign countries.

Within the national law, the right to local self-government is guaranteed (Article 22 of the Constitution of Montenegro). The right to local self-government includes the right of citizens and local self-government authorities to regulate and manage public and other affairs based upon their own responsibility and within the interest of the local population (Article 113 of the Constitution of Montenegro). The basic form of local self-government is a municipality, but some other forms of local self-government may be established in compliance with the law (Article 114 of the Constitution of Montenegro).

IMC in Montenegro is governed by provisions within the Law on Local Self-Government, which devotes 11 articles to IMC and serves as the main reference for policy makers and practitioners concerned with IMC. Since its original formulation in 2003, the Law on Local Self-Government has undergone amendments and revisions (last in year 2009) to arrive at its definitive version and improve the specification of the rights and duties of the local self-government units, which makes it a sufficient legal basis for planning and implementing the IMC arrangements.

The Chapter XIII of the Law on Local Self-Government (“Co-operation and Association of the Local Self-Government Units”) is concerned with two different aspects of municipal cooperation: the freedom of association of local self-government units (Articles 127-130) and inter-municipal community (Articles 131-137).

Articles 127-130 regulate the cooperation among municipalities and the Association of municipalities (for example, the Union of Municipalities of Montenegro), although the latter is regulated more specifically within the Statute of the Association. According to Article 127, when

⁹ Council of Europe. *Explanatory Report on the European Charter of Local Self Government*, p.3.

performing tasks of their primary jurisdiction, municipalities can freely cooperate and combine resources in execution of tasks of their common interest in order to address the needs of the local population, which will be based on principles of voluntarism and solidarity.

Articles 131-137 refer to establishment of inter-municipal communities which allow municipalities to jointly perform certain affairs related to administration and public services in a more economic and efficient manner. Article 133 exemplifies a role that the central government is expected to play legally in the area of IMC: “[t]he Government shall give consent to the regulations on establishing the Community or termination of activities of the Community.”¹⁰

In addition to this role, Article 37 stipulates that “[w]hen the Government estimates that performance of affairs of municipal primary jurisdiction is of common interest for two or more municipalities, it may demand that municipalities perform such affairs in common or determine that such performance is of public interest and provide conditions for its implementation.”¹¹

c) Legal Framework of Inter-Municipal Cooperation in FYR Macedonia

Law on Local Self-Government

Before the Law on Inter-municipal Cooperation entered into force in June 2009, the Law on Local Self-Government essentially regulated inter-municipal cooperation in FYR Macedonia, which was adopted on January 24th, 2002. Among others, the articles within the Law on Local Self-Government that are mainly relevant to IMC include Article 14 (*Inter-Municipal Cooperation*), Article 22 (*List of Competencies*), and Article 61 (*Establishing and Abolishing of the Shared Administration*).

In compliance with Article 14 of the Law on Local Self Government, municipalities have the right to cooperate among themselves when performing their competencies. Article 14 stipulates that for the purpose of accomplishing common interests and tasks that fall within the competencies of municipalities, the municipalities may join funds and establish shared public services and shared administrative bodies in certain areas, in accordance with the law. The last two paragraphs of the Article confer to municipalities the right to cooperate with units of local self governments of other states, as well as international organizations of local communities (Paragraph 4) and provide for the duty of the Ministry of Local Self Government to keep records on the realized international cooperation of the municipalities, in accordance with the law (Paragraph 5).

¹⁰ Law on Local Self-Government of Montenegro. (“Off. Gazette of RMN”, No. 42/03, 28/04, 75/05, 13/06, “Off. Gazette of MN”, No. 88/09 of 31 December 2009) and correction from the Parliament of Montenegro Service, “Off. Gazette of MN”, No. 3/10 of 19 January 2010.

¹¹ Ibid.

Article 22 lists the competencies of the municipalities in FYR Macedonia, which clarify the areas in which municipalities can cooperate among themselves (please refer to Annex 2 for more details).

Article 61 regulates the establishment and abolishment of shared administrative bodies on the basis of a decision adopted with the majority of votes by members of each municipal council. The Article provides for a written agreement that shall be signed and shall define: “the municipalities that establish the shared administration body; seat of the shared administration body; the type, scope and way of the performance of the activities; usage of the facilities and equipment; financing; the manner of its abolishing; and control over the operation of the shared administration body.”¹²

In spite of the fact that the Law on Local Self-Government provided a broad and enabling legal framework for municipalities to jointly implement local services through IMC, the implementation of IMC in practice has shown that municipalities lack legally prescribed administrative procedures for establishment and operation of IMC, as well as incentives that will stimulate wider and uninterrupted application of IMC. Also, the models of possible IMC were limited. Such factors essentially led the legislators to conclude the need for a Law specifically devoted to IMC, which was eventually created and entered into force in June 2009.

Law on Inter-municipal Cooperation¹³

The Law on Inter-municipal Cooperation in FYR Macedonia consists of 43 articles and is articulated into 8 different parts. In this section, a brief description of each part will be introduced.

The First Part (“General Provisions”):

The Law on Inter-municipal Cooperation governs the manner, conditions and procedures for establishment of inter-municipal cooperation and forms of financing, registering and supervising of IMC as well as other issues of importance for IMC.

In this part, inter-municipal cooperation is defined as “the cooperation established between two or more municipalities for a more efficient and cost effective execution of the competences set forth by law and for achievement of their common interests and goals.” In addition, “inter-municipal cooperation shall also mean the performance of certain functions under the competence of municipalities by one municipality on behalf of one or more other municipalities pursuant to a

¹² Law on Local Self-Government of the Former Yugoslav Republic of Macedonia. 2002.

¹³ Law on Inter-Municipal Cooperation of the Former Yugoslav Republic of Macedonia. 2009.

contract entered into by the municipalities.”

The Second Part (“Establishing Inter-Municipal Cooperation”):

IMC shall be established “for joint performance of functions, under the competence of municipalities and the achievement of common interests and goals.” To reach this purpose, municipalities shall join financial, material and other resources. A decision to establish IMC shall be passed by each of municipal councils concerned (a majority vote of municipal council members needed).

This section also introduces the distinction between a proposal and an initiative for establishing IMC. While a proposal shall be made by a mayor or by a municipal council member, an initiative to establish IMC may be raised by at least 10% of a constituency in a municipality.

Citizens are indeed allowed to present initiatives for establishment of IMC and a municipal council is obliged to inform citizens about its decision (whether the initiative has been accepted or not) within 90 days after the submission of the initiative.

The Third Part (“Forms of Inter-Municipal Cooperation”):

This part is concerned with establishing two main forms of IMC: IMC may be attained through (1) establishment of bodies of IMC (such as joint working body and commission, joint administrative body, and joint public services); and (2) contracts for joining funds and resources and contracts for performing certain works (competencies) by one municipality for other municipalities.

The Fourth Part (“Stimulation, Monitoring and Financing of Inter-Municipal Cooperation”):

This section establishes that the Government may allocate financial stimulations (incentives) to support or stimulate IMC, according to the basic criteria as stipulated in Article 32 of the IMC law. Two bylaws are envisaged (one currently in the governmental procedure and the other in the process of being developed): one bylaw on the competencies of broader importance and interest, for which the Government may allocate funds to stimulate and support IMC, as well as another bylaw on the detailed criteria and procedures for allocation of funds.

It also provides for the establishment of a Commission for stimulating and monitoring IMC by the Government. This Commission shall be composed of representatives from the Ministry of the Local Self-Government, Ministry of Transport and Communication, Ministry of Environment and Spatial Planning, Ministry of Education and Science, Ministry of Labor and Social Policies, Ministry of Culture, and Ministry of Finance and the Protection and Rescue Directorate as well as the councils of the statistical-planning regions and the Association of Local Self-Government Units.

The most important mandate of the IMC Commission is to initiate changes and amendments of the legislation that affects IMC and to exchange opinions on the two aforementioned bylaws.

The Fifth Part (“Record of Inter-Municipal Cooperation”):

This section of the Law is dedicated to the “Record of IMC,” which shall be kept by the Ministry of Local Self-Government.

The Sixth Part (“Supervision”):

IMC shall be supervised by the municipalities establishing it. However, this section of the Law also contemplates the possibility of establishing a coordinative body to supervise and coordinate IMC between two or more municipalities. The supervision of the implementation of the Law on IMC is under the jurisdiction of the Ministry of Local Self Government, which shall compile and submit to the government of FYR Macedonia an annual report on the performance of IMC.

The Seventh Part (“Publication of the Acts for Inter-Municipal Cooperation”):

It establishes that these acts shall be published in the official journal of the municipality, unless otherwise prescribed by law and that the Contract or Agreement for the establishment of IMC shall be published in the Official Gazette of the Republic of Macedonia.

The Eighth Part (“Transitional and Final Provisions”):

The Law on IMC ends with the specification of some Transitional and Final Provisions (section VIII), which includes the day on which the Law on IMC is entered into effect (July 2, 2009).

d) Comparative Analysis of Legal Framework in Montenegro and FYR Macedonia

The Law on Local Self Government in both countries allows cooperation among municipalities. This principle is based on the right of association. Cooperation is conceived in both cases as a form of association that has an optional and voluntary nature.

With respect to the areas of services where IMC should be applied, the Law of Local Self Government in both countries establishes that local self government units are free to create cooperative arrangements in all the areas where they have primary jurisdiction (Law on Local Self Government of Montenegro, Article 127 and Law on Local Self Government of Macedonia, Article 14).

On one hand, IMC in Montenegro is developed through agreements of cooperation and at the moment, there are no bodies specifically designed for stimulation, monitoring, and management of IMC arrangements in the country. On the other hand, IMC practices in FYR Macedonia are more institutionalized because (1) FYR Macedonia introduced a Law on Inter-Municipal Cooperation in June 2009 with the technical support provided by the UNDP FYR Macedonia and (2) the Law gives the possibility of establishing bodies specifically devoted to IMC.

A Law specifically devoted to the concept of inter-municipal cooperation certainly demonstrates its legal advantages, “in so far as it allows all the participating institutions to benefit from the legal stability essential to the implementation of joint activities. For local people it also facilitates clear identification and knowledge of the inter-municipal co-operation structure and gives it legal consistency.”¹⁴

4. Institutional Framework of IMC in Montenegro and FYR Macedonia

a) Institutional Framework

Two main types of structures are considered for establishment of IMC arrangements. The first structure of IMC is institutionalized and characterized by a high degree of legal stability and a low degree of flexibility. The second type of structure is characterized by a greater degree of flexibility and a lower degree of legal stability.¹⁵

Moreover, the fact that IMC may involve organizations other than municipalities is to be taken

¹⁴ Deffigier, Clotilde. 2008.

¹⁵ Ibid.

into consideration by decision makers when reviewing the possibilities of developing cooperative agreements.¹⁶ In other words, inter-municipal cooperation could come in a variety of forms. “[I]t may be freely chosen by local authorities or imposed; it may be provided for by law or by other means (by contract); it may entail setting up a public-law or private-law legal entity or a new local authority, which may or may not be subject to the provisions of the European Charter of Local-Self Government; it may be governed by very general or, on the contrary, highly specific, binding provisions.”¹⁷

The term “cooperation” essentially signifies interactions among local self-government units that require a cooperative agreement regarding the terms of the relationships and results in the creation of institutionalized structures of IMC.¹⁸

IMC can also presuppose the existence of a contractual agreement. The key difference between the terms “legal partnership” and “cooperation” lies in the fact that the term “cooperation” is used to indicate the establishment of a cooperative arrangement among municipalities, while “in a legal partnership the partners jointly assume certain legal responsibilities.”¹⁹

b) Institutional Framework of IMC in Montenegro

The Government of Montenegro, particularly the Ministry of Interior and Public Administration, has been instrumental in providing a significant support to IMC through production of this publication and facilitation of a dialogue in order to further strengthen IMC practices. Municipalities have also shown their strong interest in IMC; all of them filled out the survey prepared by the Ministry on IMC development in Montenegro, which shed light on the current state of IMC arrangements in the country.

Another stakeholder that is positioned to play a crucial role in promoting inter-municipal cooperation is the Union of Municipalities of Montenegro (ZOCCG). The Union of Municipalities of Montenegro is an Association organized with the aim of accomplishing common interests and needs that represent an immediate interest of local communities and citizens as stipulated under the Statute of the Union of Municipalities of Montenegro. Among other activities, the Union of Municipalities of Montenegro is in charge of accomplishing mutual cooperation among municipalities in order to jointly realize local population’s interests and also international cooperation with local self-governments of other countries and regions.²⁰

¹⁶ Union of Nova Scotia Municipalities. 2002. p.1.

¹⁷ Congress of Local and Regional Authorities. 2007. Art.7, p.1.

¹⁸ Kantor, Paul. 2008.

¹⁹ Union of Nova Scotia Municipalities. 2002. p.2.

²⁰ Statute of the Union of Municipalities of Montenegro. 2009.

In addition to the fact that there are no bodies specifically set up for IMC, municipalities in Montenegro have yet to establish inter-municipal community as stipulated in the Law on Local Self Government (Article 131).

c) Institutional Framework of IMC in FYR Macedonia

The Ministry of Local Self-Government plays a crucial role in giving IMC a more institutionalized framework in FYR Macedonia. The Ministry developed the Law on IMC and the respective bylaws for stimulation and support of IMC. It also chairs the work of the IMC Commission whose aim is to create a more favorable legal environment in support of IMC.

Moreover, the Association of the Local Self-Government Units of the Republic of Macedonia (ZELS) is an important institution for promoting IMC practices in the country. One of the main tasks of the ZELS is to encourage and assist with various forms of cooperation and association among the members for the purpose of resolving common problems.²¹ In this sense, the ZELS deals with duties and responsibilities similar to those of the ZOCCG.

In a legal sense, the Law on Inter-municipal Cooperation essentially shapes institutional framework of IMC by providing stimulation, monitoring, and financing for IMC as well as legal security/stability about the procedures to be followed by local self-government units when establishing IMC.

Furthermore, the Law on Inter-municipal Cooperation regulates the establishment and functioning of a Commission which was established by the Government of FYR Macedonia specifically for stimulation and monitoring of IMC. Among other functions, the Commission plays an important role in monitoring the established forms of IMC, reviewing and giving opinions on the annual report on the implementation of IMC, initiating amendments to the legislation pertaining to IMC, and publishing examples of best practices of IMC, while the administrative functions of the Commission are performed by the Ministry of Local Self-Government.

The Law also provides for the possibility of establishing several forms of IMC structures. Examples of structures are: joint working bodies and commissions (Article 10), joint administrative bodies (Article 11), joint public enterprises (Article 18), joint public institutions (Article 24), and the performance of certain functions by one municipality on behalf of other municipalities (Article 29).

²¹ Bylaws of the Association of the Units of Local Self-Government of the Republic of Macedonia. 2004.

In contrast to Montenegro, IMC in FYR Macedonia has been promoted through a departmental redistribution of resources for the establishment of shared administrative bodies that essentially promote IMC. To be more concrete, examples of these bodies include joint departments in the areas of urban planning, tax collection and local inspection (in transport, construction, education, finance, catering and tourism).

With the support by UNDP and other donor organizations for establishment of IMC, along with the Law on the IMC, which clarifies the different legal models of IMC and defines financial incentives for this cooperation, municipalities have improved mutual trust and have been inspired to enter into cooperative efforts (especially those that have limited local financial and human resources and experienced difficulties in accomplishing properly their responsibilities and in providing services to their citizens).²²

5. Status of IMC in Montenegro and FYR Macedonia

a) Case of Montenegro

To better understand the current state of IMC practices in Montenegro, the Ministry of Interior and Public Administration in cooperation with the UNDP Country Office of Montenegro prepared and circulated a questionnaire to all municipalities (21) in the country. The survey, which all the municipalities responded to, was conducted by the Ministry of Interior and Public Administration and analyzed by the UNDP Montenegro. In this section, the overall content of the questionnaire and a summary of the survey result will be discussed. More details on the survey and the tables of the survey results, including recommendations provided by municipalities, can be found in Annexes 3 and 4.

Overall Content of the questionnaire

The questionnaire was composed of 7 sections and 20 questions:

- 1) **Policies and Strategies** – municipalities' important strategic decisions and meeting the needs of citizens and stakeholders in the strategic directions.
- 2) **Leadership** – development of leadership in municipalities' missions and visions, and the role of leadership in establishing the relations with the citizens and the stakeholders in the

²² UNDP FYR Macedonia IMC Programme. 2008.

community.

- 3) **Processes** – municipalities' view on enforcement of competences in the areas of urban planning, taxes, inspections, and utility services, and service delivery to citizens.
- 4) **Partnerships** – partners of each municipality.
- 5) **Inter-Municipal Cooperation (IMC)** – implementation of IMC in the past, areas of IMC projects, funding projects, and partners at different levels.
- 6) **Cooperation of the Ministry of Interior and Public Administration and Your Municipality** – municipalities' view on the Law on Local Self-Government and recommendations to the Ministry for further IMC development.

Key Findings of the Survey:

- Municipalities did not indicate the existence of a document, strategy, or action plan which is guiding them in designing, developing, and implementing IMC. The only documents for planning and implementing IMC coincide with the Statutes of the municipalities, the decisions made by the assembly registered on official documents, or the strategic plans of the Municipalities, which are of general nature and not specifically devoted to IMC;
- Most municipalities consider the Law on Local Self Government sufficient for developing IMC (Please refer to Table 3);
- Municipalities expect the central government to be involved in IMC initiatives, projects, and programs (Please refer to Tables 8-10);
- Municipalities have adopted various measures to involve citizens into the decision-making process: public discussions, forums, rallies, mailboxes for complaints, etc (Please refer to Table 4);
- Although there are examples of IMC throughout Montenegro, there are obvious differences in the number of IMCs developed. In other words, while some municipalities have been pursuing IMC more actively, others have been committed to a fewer number of IMC arrangements (Please refer to Tables 5-7);
- The areas of services that municipalities tend to focus in forming IMC vary (Please refer to Tables 1-2):
 1. Tourism development, which represents the priority area for the municipalities of



Andrijevića, Bar, Budva, Herceg Novi, Kolašin, Mojkovac, Plav and Šavnik.

2. The creation of regional landfills and recycling centers, solid and water waste management and water supply, which are the main areas of interest for the following three groups of municipalities:
 - a) Andrijevića, Berane, Rožaje and Plav;
 - b) Bijelo Polje, Mojkovac and Kolašin;
 - c) Nikšić, Šavnik and Plužine.
 3. Spatial, urban, investment, strategic and development planning, including building, road infrastructure and quality of the space, which represent priority areas of services for the municipalities of Andrijevića, Bar, Berane, Bijelo Polje, Budva, Cetinje, Herceg Novi, Kolašin, Kotor, Plav, Nikšić, Rožaje, and Šavnik.
 4. Environmental protection and preservation, sustainable development, which are the policy and strategic priorities for the municipalities of Bijelo Polje, Herceg Novi, Kolašin, Kotor, Mojkovac and Nikšić.
 5. Agriculture and (organic, quality) food and livestock production, which are priorities for the municipalities of Mojkovac, Šavnik and Rožaje.
- In addition to the areas of services listed above, the level and focus of cooperation seems to vary depending on the municipalities. While some municipalities are more involved in some form of cooperation with municipalities in Europe, other are more focused on cooperation at the country level (Please refer to Tables 8-10).
 - Geographical proximity seems to be an important factor in establishing IMC in the country, although examples of cooperative arrangements among municipalities that belong to different regions do exist. For instance, the municipalities located along the coast have developed intensive cooperative arrangements mainly among themselves; nonetheless they have provided support for IMC projects among municipalities in the northern part of the country.
 - Some of the main barriers in forming IMC were identified by the municipalities:
 1. Not sufficient involvement of Ministries in activities conducted at the municipal level. Ministries are expected to provide support particularly in the area of financing IMC projects and keeping municipalities informed about IMC opportunities.
 2. Lack of coordination of the projects that municipalities are drafting and carrying out together, including fund raising activities.
 3. Need for a more precise definition of the competencies of the local government units

when compared to the competencies of the central government.

4. Need for financial assistance to initiate and implement IMC projects.

b) Case of FYR Macedonia²³

i. Supporting IMC Development in FYR Macedonia

IMC has been supported in FYR Macedonia with the aim to contribute and support the reform in the context of the decentralization process for the devolution of centralized competencies to municipalities.

FYR Macedonia is a territorially fragmented state that is comprised of numerous small and rural municipalities. Thus, IMC has been regarded as an efficient tool to provide affordable public services to citizens by meeting their increased expectations for better service provisions.

In the initial stage of the decentralization process, small municipalities of FYR Macedonia suffered from lack of guidance from central institutions and experience at the local level for the implementation of decentralized functions as well as weak governance capacities. In addition, local self-government units could count only on limited financial and human resources to accomplish their competencies.

As a consequence, the country experienced some constraints in promoting IMC. For instance, the institutional and legal framework was insufficient, partly because IMC was regulated only by Articles 14 and 61 of the Law on Local Self Government, but also due to the absence of technical support and financial incentives. In addition, “municipalities were lacking experience in establishing, developing and maintaining IMC forms of partnership”.²⁴

However, these initial difficulties were overcome by financial, policy, and technical support provided by the international development community, including the UNDP.

Financial support: The initial set up of IMC was launched in 7 municipalities by the UNDP, GTZ, and EBRD. And the grant scheme for IMC replication was provided by the OSCE for 6 cases of IMC and the UNDP (with financial support from the Government of Norway) for 11 cases of IMC.

²³ UNDP FYR Macedonia IMC Programme. 2008.

²⁴ Ibid.

Policy and technical support: The UNDP FYR Macedonia also provided support at the policy and technical levels.

At the policy level, it provided support for the production of a manual on IMC, collection and dissemination of IMC best practices, drafting of the Law on IMC, several IMC-related procedures and regulations, two bylaws and technical assistance for the IMC Commission, and sharing of the most successful experience and peer-to-peer exchange.²⁵

The development of governance capacities of the partnering municipalities and the provision of support to help them reach sufficient standards of operations required a review of the organizational structure of IMC, for instance, through the creation of joint departments for urban planning, tax collection and local inspections. To ensure the needed governance capacity of services provision, activities such as technical assistance, trainings, consultations and study visits were provided to local self-government units as well as representatives of relevant line ministries.

In the area of tax registration and collection, IMC practitioners organized a promotional campaign to raise awareness regarding tax collection and registration and updated the taxpayers' databases by evaluating the real estate market value.

Also, at the technical level, support was provided to municipalities in preparation of urban plans, IT and specialized equipments (i.e., creation of a wireless network to connect the partnering municipalities as well as front and back offices so that joint departments and citizens assistance centers can ensure the flow of information) as well as necessary software in the area of taxes and urbanism and DMS (Document Management System).

The establishment of joint administrative departments and citizen service centers in each municipality together with the personnel employed in these departments shows that FYR Macedonia has set up the necessary human and institutional capacities for the implementation of IMC and developed a financial scheme, which would ensure the sustainability of IMC arrangements on a national scale (with the support of the OSCE mission and the UNDP FYR Macedonia).

Thus, the experience of FYR Macedonia shows that upfront investment is needed for establishing IMC, but IMC arrangements could provide cost savings in a long term. It also illustrates that in order for IMC to be effective, there is a need for a clear understanding of the roles and actions

²⁵ UNDP FYR Macedonia IMC Programme. 2009.

of all stakeholders involved as well as transparent communication and consultation with local citizens.

In terms of the areas of IMC, tax administration and tax collection are considered fairly straightforward due to their ability to raise revenues. IMC in inspection services in the areas of environment, urban planning, construction, and education has also proven to be carried out smoothly; one municipality that has gained expertise in these areas can provide other municipalities with the resources and technical expertise.

Furthermore, IMC arrangements are established for joint service provision, joint administration, or planning and coordination of joint activities in the areas of regional development (strategic planning for statistical regions), support to good governance for development and addressing local organizational deficiencies.

ii. UNDP's Support to IMC²⁶

In September 2006, UNDP FYR Macedonia started an IMC project, in cooperation with the Ministry of Local Self-Government, in order to provide support for IMC among rural municipalities of Bosilovo, Vasilevo, and Novo Selo. Based on this experience, good practices were replicated to further support 9 other municipalities. The support of UNDP involves provision of necessary equipments, software and capacity building through a series of trainings, workshops, on-the-job trainings to all interested municipalities as well as support to the Ministry of Local Self-Government to enforce favorable and enabling IMC legislation.

With the support of UNDP, the current number of formally established IMC arrangements in the country amounts to over 15, involving more than 35 municipalities in various areas of municipal competencies, such as financial management and tax administration, urban planning, local inspections, local economic development, etc. In addition to these, some municipalities have established IMC with each other outside of the scheme established by the international donor community.

To illustrate the progress that FYR Macedonia has made in the field of IMC over the past few years, some examples of past and current projects supported by the UNDP FYR Macedonia will be introduced in this section.

²⁶ UNDP FYR Macedonia IMC Programme. 2009.

a) Past Projects

As a pilot IMC project supported by the UNDP FYR Macedonia, municipal councils in three neighboring rural municipalities of roughly equal size (Bosilovo, Vasilevo, and Novo Selo) came to a decision based on the Law on IMC for establishing IMC to move forward with an initiative taken by three mayors and consequently, agreements about cost sharing, management and monitoring of service delivery among the three municipalities were signed.

Upon agreement, joint administrative bodies were established. Each joint department is hosted by a different municipality (a joint inspection department headquartered in Bosilovo, a joint tax administration department in Vasilevo, and a joint urban planning department in Novo Selo) and hence serves as back offices.²⁷

Citizens have direct access to public services at the Citizens Assistance Centers (operating as front offices) which were established in each of the three municipalities to provide services via Internet and other tools, to provide models and web-based solutions for accessing information and networking among the three municipalities. An example of these web based solutions was the establishment of a wireless network among the three municipalities.

Additionally, an IT expert and an internal auditor have been hired jointly to service all three municipalities, providing cost savings for each. Citizens of the Novo Selo municipality exemplify the positive effect of establishing such joint departments by stating that “[i]nstead of us knocking at many doors, the documents are moving around and we ultimately get service at our place of residence.”²⁸

Meanwhile, “several rural municipalities have signed service agreements with more experienced urban municipalities for the collection and management of tax receipts,” which is another example of the past IMC projects that are focused more on buying and selling of services.²⁹

The main result of the project was the creation of the conditions for the successful implementation of IMC agreements in the area of tax administration and collection in the municipalities of Brvenica and Čaška as well as Tetovo and Veles. Brvenica and Čaška bought services from the tax departments of Tetovo and Veles. Tax departments in urban municipalities provided services to rural municipalities for an agreed fee and a wireless network between partnering municipalities was created to enable the more efficient flow of documents and ensuring delivery of services in

²⁷ UNDP FYR Macedonia IMC Programme. Inter-Municipal Cooperation and decentralization in the Former Yugoslav Republic of Macedonia, Issue number: 12/2009.

²⁹ Ibid.

²⁸ Ibid.

rural municipalities. The services provided include assessment and registration of tax payers, real estate holdings, and updating the property tax database, in order to increase the smaller municipalities' revenues.

b) Current Project³⁰

The objective of the Programme “Inter-municipal Cooperation for better Service Provision and EU Accession” is to contribute to the development of IMC in the country, complementing the achievement of one of the main objectives of decentralization (i.e. the efficient provision of affordable and quality public services to citizens and development of the needed institutional and professional capacities). Ultimately, the IMC Programme seeks to establish an effective and sustainable system for supporting IMC, which would be adopted and expanded by the Government through its own policies and resources.

Creating necessary human and institutional capacities for establishment of IMC and developing a financial scheme that will enable implementation of IMC on a national scale are achieved through the following components:

Component 1) Building a Critical Mass of IMC Knowledge and Capacity

The objective of this component is to increase awareness and build technical and institutional capacity for implementation of IMC initiatives. In a one-year period, a comprehensive training programme was designed, containing a number generic and specialized IMC trainings and workshops for various target groups, such as mayors, presidents of municipal councils, municipal civil servants, administration and senior representatives of line ministries. Over 350 participants benefited from the trainings and workshops delivered by UNDP in cooperation with the Ministry of Local Self-Government.

Component 2) Establishing an IMC Assistance Financing Scheme

This component aims to address one of the main obstacles for development of IMC initiatives on a larger scale: lack of financial resources for IMC initiation and implementation. In cooperation with the Ministry of Local Self-Government, IMC financial scheme has been designed for replication of existing good IMC practices in the areas of financial management, internal audit, tax collection, urban planning activities, inspection services, and economic development.

³⁰ UNDP FYR Macedonia IMC Programme. Annual Progress Report. 2009.

The criteria and procedures for management and monitoring of the IMC financing scheme were developed in such a manner to be consistent with the EU (IPA) procedures and to be easily transferable and applicable by the Government (the Ministry of Local Self-Government), once the UNDP IMC Programme is finished. A total of 22 applications by 48 municipalities were received (over 50% of the municipalities in the country) and evaluated by the IMC Evaluation Team (IMCET) which the Ministry of Local Self-Government chairs. 11 new forms of IMC were granted with participation of 24 municipalities for a total amount of 205,000 EUR where participating municipalities contributed 15% of the total cost of the IMC projects. As of January 2010, these IMC projects are in the implementation phase.

Component 3) Establishing an IMC Knowledge Management System

This component is to establish an IMC knowledge management system which will accelerate the process of replication of IMC practices in the country and stimulate the exchange of knowledge and experience at national and international levels. For this reason, the IMC Web portal has been developed (www.imc.org.mk) that ensures networking and two-way communication between central and local governments as well as sharing of best practices and lessons learned among local governments. Additionally, it provides opportunities for the local and global communities to express their ideas and opinions and motivates involvement in IMC activities.

Component 4) Facilitating an Ongoing Policy Dialogue

The objective of this component is to facilitate an ongoing policy dialogue among the central government, municipalities, donor community, financial institutions and private sector for coordinated strategic approach and to enhance national policies in support of IMC. The UNDP and the Ministry of Local Self-Government agreed on provision of support for proper enforcement of the newly adopted Law on IMC, such as technical assistance for preparation of rules of procedures for the IMC Commission (Article 34), system for record keeping of IMC arrangements including the format (Article 36), and the functioning of the IMC Commission as a tool for better coordination between different ministries and inter-ministerial actions in support of IMC.

A desk review for possible financial incentives for IMC was prepared and presented at a discussion forum before senior representatives of line ministries. The UNDP provided technical assistance to the Ministry of Local Self-Government in drafting the bylaws on areas of broader importance and

interest for which the Government may provide financial support (Article 32 of the IMC Law). The technical assistance for drafting the bylaw on detailed criteria for stimulation and support to IMC is ongoing.

The UNDP is maintaining regular consultative meetings with the USAID, SDC, GTZ, and OSCE for possible interventions within their programs for IMC in local development and service provision.

6. Recommendations

This final section of the publication presents key recommendations derived from the experience of the Former Yugoslav Republic of Macedonia as well as a useful chart that illustrates what to consider in exploring the establishment of inter-municipal cooperation. These recommendations are essentially to serve as a useful tool to further continuous efforts made by the Ministry, Union of Municipalities, municipalities and other stakeholders in promoting, developing, and maintaining IMC activities in Montenegro.

a) Recommendations

In light of the progress made in the current literature devoted to IMC as well as the experience gained in this realm by other countries (namely FYR Macedonia), some general recommendations can be derived for guiding next steps in Montenegro. However, these recommendations are not to aim at offering the frame for IMC development and/or an exhaustive list, but rather serve as an inspiration for all the readers to initiate, continue, and/or expand their engagement in IMC.

1. Creating a framework for institutional and financial support to IMC by building on assessment that is to be conducted within the country as well as successful experiences and best practices in the region and beyond. The example of FYR Macedonia clearly indicates that without adequate (institutional and financial) support, initial costs related to development of IMC projects, especially in the case of smaller underdeveloped municipalities, can be a hurdle and therefore a limitation to a long-term collective benefit and improvement of the quality of services for the citizens.
2. Raising public awareness and promoting the IMC through capacity building on IMC topics to both elected representatives and municipal administration by trainings,

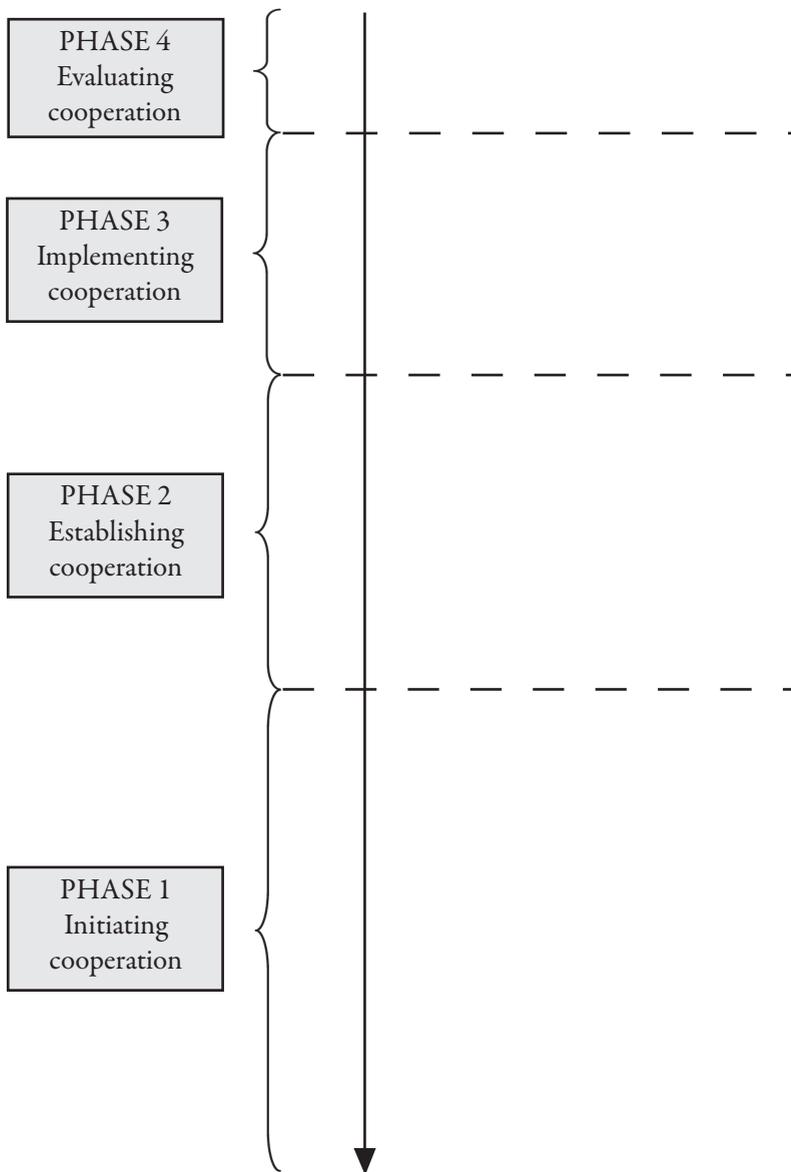


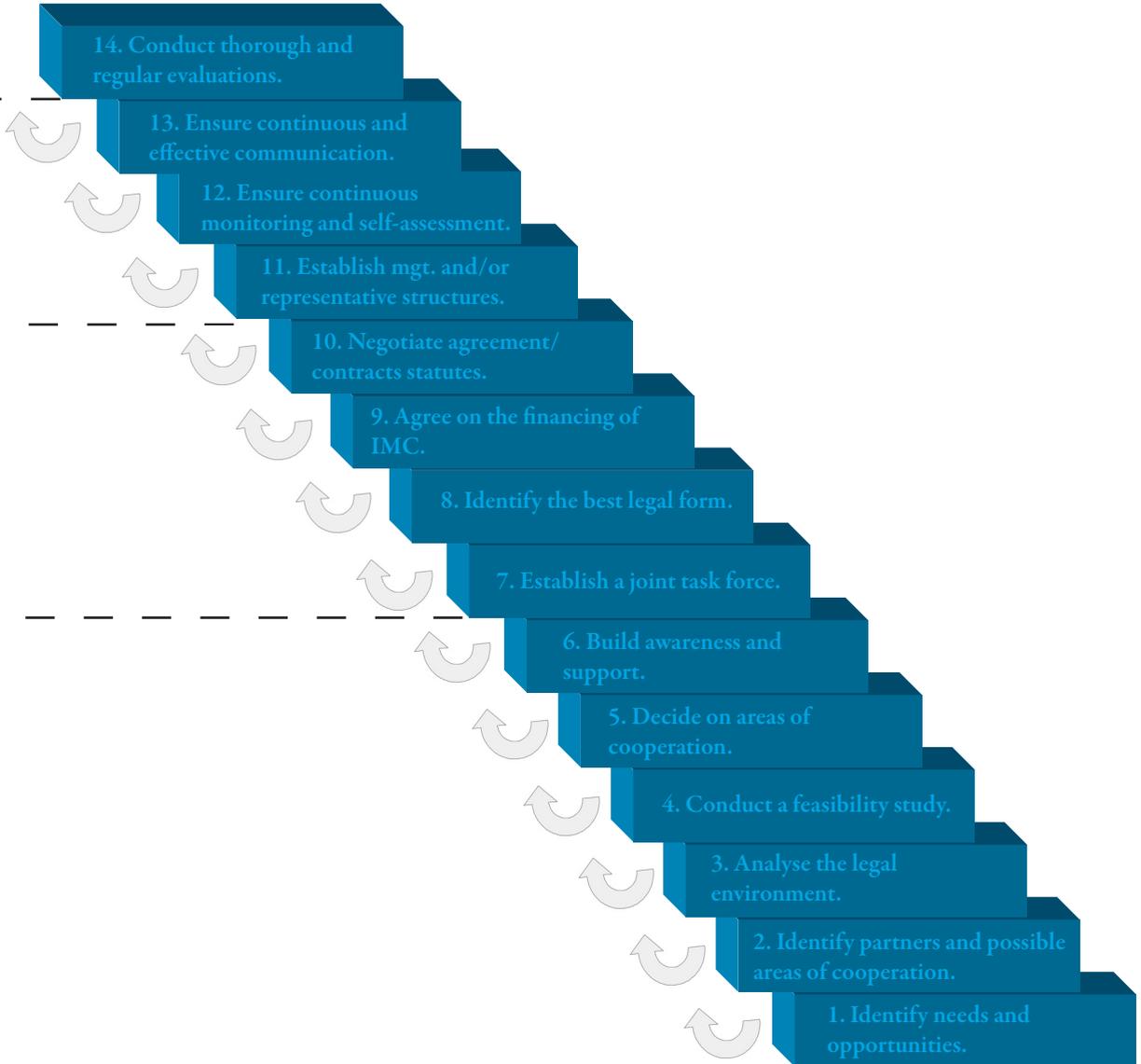
workshops, and/or round-tables as well as country-wide selection of an IMC pilot in a competitive process and support of its implementation by the donor community in relation but not limited to: provision of technical expertise, advising, and financial support. FYR Macedonia's experience shows that efforts to promote IMC have contributed to increased understanding of the importance of cooperating and partnering among municipalities. It is also encouraging for a donor if municipalities have already demonstrated their ability to develop and implement projects through IMC especially in the context of EU Pre-Accession Funds, the rural development component, and complex infrastructure projects involving more municipalities.

3. Establishing a system that will collect the data, then systematize, analyze and disseminate the information on IMC in Montenegro. This system will enable monitoring and evaluation of the IMC leading to effective and efficient IMC as it will represent the basis for the formulation of well-targeted policy recommendations and capacity development programmes that will further facilitate and encourage IMC. An IMC pilot in combination with putting a system in place will enable better understanding of the existing framework, incentives, and obstacles, and in relation to that, necessary changes to be made and support mechanisms to be created.
4. Exploring the opportunities of addressing regional disparities through IMC. There are examples in FYR Macedonia where rural areas (group of municipalities) have benefited from the transfer of successful practices from urban or more developed municipalities. Additional analysis or using the existing ones produced in the preparation of the Strategy for Regional Development in Montenegro can be the next step in delving into this issue. Strategy for Regional Development (2010-2014) can be an additional useful mechanism for deeper understanding and addressing this issue.
5. In order to channel the efforts of the Ministry most productively, the Union of Municipalities, and all municipalities and to create appropriate mechanisms to support IMC, it could be beneficial for Montenegro to develop in a consultative process a Strategy with an Action Plan for IMC that will define priority areas, collect and build upon the successful experiences of IMC so far and other processes such as implementation of Strategy for Regional Development. The above mentioned system (point 3) will be used for monitoring implementation and regular update of the Strategy and Action Plan.

6. Establishing direct communication and close cooperation with FYR Macedonia as they are more advanced in this process while their experience seems very relevant for Montenegro.

b) 14 Steps to Be Considered (Source: Inter-Municipal Cooperation - A Guide for Practitioners)





Annex 1: Articles of the Law on Local Self-Government in Montenegro regulating IMC

Law on Local Self-Government in Montenegro³¹

Article 37

When the Government estimates that performance of affairs of municipal primary jurisdiction is of common interest for two or more municipalities, it may demand that municipalities perform such affairs in common or determine that such performance is of public interest and provide conditions for its implementation.

XIII CO-OPERATION AND ASSOCIATION OF THE LOCAL SELF-GOVERNMENT UNITS

The freedom of association of the local self-government units

Article 127

Based on principles of voluntarism and solidarity local self-government units may, when performing affairs of their primary jurisdiction, freely co-operate and combine resources in execution of tasks of their common interest, for the purpose of addressing the needs of the local population.

Article 128

Municipalities may found their own association of municipalities within the territory of the Republic of Montenegro.

The Association from the paragraph 1 of this Article shall be considered as founded by more than half of the municipalities.

Article 129

Upon registration, the Association of municipalities shall obtain the capacity of a legal person. Organization, methods of work and finance of the Association from paragraph 1 of this Article shall be regulated in the Statute of the Association.

The competent Ministry for the local self-government shall decree the sample and the method of keeping the register of Association of municipalities

Article 130

Municipalities and the Association from Article 128 of the present law, within their competencies,

³¹ Law on Local Self-Government of Montenegro. ("Off. Gazette of RMN", No. 42/03, 28/04, 75/05, 13/06, "Off. Gazette of MN", No. 88/09 of 31 December 2009) and correction from the Parliament of Montenegro Service, "Off. Gazette of MN", No. 3/10 of 19 January 2010.

may freely co-operate with local communities and associations from other countries for the purpose of realizing common interests and combine into regional and international organizations of local authorities.

Inter-municipal community

Article 131

In order to perform certain affairs related to administration and public services in common and more economic and efficient manner, municipal assemblies may establish inter-municipal communities (hereinafter: the Community).

The Community shall be established by means of an agreement between municipal assemblies.

Article 132

Agreement on establishing the Community shall stipulate:

- 1) founders;
- 2) name and headquarters of a Community;
- 3) representation and pleading for a Community;
- 4) type, scope and method of performing of affairs;
- 5) Community bodies, method of work and decision-making;
- 6) financing;
- 7) method of supervision over Community's work by municipalities;
- 8) accountability of a Community for performing affairs;
- 9) publicity;
- 10) procedure for leaving the Community;
- 11) termination of the activities of the Community;
- 12) other issues important for organization and functioning of the Community.

Article 133

The Government shall give consent to the regulations on establishing the Community or termination of activities of the Community from Article 131 of the present law.

Article 134

The Community shall be registered in a file kept with the Ministry responsible for the local self-government.

Article 135

When the agreement stipulates that the Community is competent to rule on rights and duties

of citizens in administrative matters, the Chief Administrator in the Municipality shall rule over disputes related to administrative regulations adopted by the bodies of the Community.

The territorial jurisdiction of the Chief Administrator from paragraph 1 of this Article shall be defined in accordance with the Law on General Administrative Procedure.

Article 136

Persons employed in the Community bodies shall exercise their rights, duties and responsibilities with bodies of The Municipality in which the Community is located.

Article 137

For the purpose of supervision over the work of Communities, the provisions of the present law that regulate relations and co-operation of local self-government bodies and State bodies shall apply accordingly.

Annex 2: Articles of the Law on Local Self-Government in FYR Macedonia regulating IMC

Law on Local Self-Government in FYR Macedonia³²

Article 14

(Inter-Municipal Cooperation)

(1) In the performance of their competencies, the municipalities may cooperate among themselves.

(2) For the purpose of accomplishing common interests and performing common tasks that fall within the competency of the municipalities, they may join funds and establish shared public agencies, in accordance with law.

(3) For the purpose of performing certain competencies, the municipalities may also establish shared administrative bodies in certain areas, in accordance with law.

(4) The municipalities may cooperate with units of local self-government of other states, as well as international organizations of local communities, and may be members of international organizations of local governments.

(5) The ministry responsible for the performance of functions related to local self-government shall keep records on the realized international cooperation of the municipalities, in accordance with law.

³² Law on Local Self-Government in the Former Yugoslav Republic of Macedonia. 2002.

Article 22
(List of Competencies)

- (1) Municipalities shall be competent for the performance of the following activities:
1. Urban and rural planning - urban planning and issuing of technical documentation for construction and issuing of construction permits; regulation and maintenance of construction land;
 2. Protection of the environment and nature - measures for protection and prevention of water, air and land pollution, protection of nature, protection against noise and ionizing radiation;
 3. Local economic development – local economic development planning; determining of development and structural priorities; running of local economic policy; support of the development of small and medium size enterprises and entrepreneurship at local level and in that context, participation in the establishment and development of local network of institutions and agencies; promotion of partnership;
 4. Communal activities - potable water supply; technological water supply; drainage and treatment of waste waters; public illumination; drainage and treatment of precipitation; maintenance of public hygiene; collection, transport and treatment of communal solid and technological waste; regulation and organization of public local transportation of passengers; supply with natural gas and heating energy; maintenance of graves, cemeteries, crematoria and provision of burial services; construction, maintenance, reconstruction and protection of local roads, streets and other infrastructure facilities; regulation of traffic regime; construction and maintenance of street traffic signalization; construction and maintenance of public parking spaces; removal of improperly parked vehicles; removal of damaged vehicles from public spaces; chimney sweeping; construction and maintenance of markets; maintenance and use of parks, green spaces, park-forests and recreational spaces; regulation, maintenance and use of river beds in urbanized parts, determining of names of streets, squares, bridges and other infrastructure facilities, etc.;
 5. Culture – institutional and financial support to cultural institutions and projects; preservation of the folklore; customs; traditional handicrafts and similar cultural heritage; organization of cultural events; encouraging of various specific forms of artistic work;

6. Sport and recreation - development of general sport and recreational activities of the citizens; organization of sport events; maintenance and construction of sport facilities of public interest for the municipality, support to sport associations;
 7. Social welfare and child protection – kindergartens and homes for the elderly (ownership, financing, investments and maintenance); exercising of social care for disabled persons, children without parents and parental care, children with educational and social problems, children with special needs, children from single-parent families, deserted children, persons exposed to social risk, persons with drug and alcohol addiction problems; raising of citizens' awareness, housing of persons put to social risk, sheltering and education of pre-school children;. Performance of these competencies shall be in accordance with the National Program for Development of Social Care;
 8. Education – establishing, and financing, and administering of primary and secondary schools, in cooperation with the central government, in accordance with law; organizing of transportation of students and food and their accommodation in dormitories;
 9. Healthcare – governance of the network of public health organizations and primary care buildings to include representation of local government in all the boards of all publicly owned healthcare organizations; health education; health improvement; preventive activities; protection of health of workers and protection at work; health oversight over the environment; oversight over the contagious diseases; assistance to patients with special needs (mental health, child abuse, etc.); and other areas that will be determined by law;
 10. Execution of preparations and undertaking of activities for protection and rescuing of citizens and goods against war destructions, natural and other disasters as well as against the consequences caused by them;
 11. Firefighting activities performed by the territorial firefighting brigades;
 12. Supervision over the performance of activities from under municipal competency;
 13. Other activities determined by law.
- (2) Competencies referred to in paragraph 1 of this Article shall be performed in accordance with the standards and procedures determined by law.
- (3) It shall be determined by law which of the activities of the municipality is mandatory.

Article 61

(Establishing and Abolishing of the Shared Administration)

(1) Shared administration bodies for the performance of certain competencies shall be established or abolished on the basis of a decision adopted with majority vote of the total number of members of each municipal council.

(2) Based upon the decisions referred to in paragraph 1 of this Article a written agreement shall be signed and it shall define: the municipalities that establish the shared administration body; seat of the shared administration body; the type, scope and way of the performance of the activities; usage of the facilities and equipment; financing; the manner of its abolishing; and control over the operation of the shared administration body.

(3) The agreement referred to in paragraph 2 of this Article shall be published in the “Official Gazette of the Republic of Macedonia.”

Annex 3: Questionnaire

INTER-MUNICIPAL COOPERATION DEVELOPMENT IN MONTENEGRO

I POLICIES AND STRATEGIES

1. *In your opinion, which are the most important strategic decisions in municipality headed by?*
2. *In what manner do you, as well as other municipal civil servants, embed the needs of the citizens and stakeholders in the strategic directions?*
3. *How do you translate the strategic decisions into individual tasks of municipal civil servants?*

II LEADERSHIP

1. *In what way does the leadership develop the mission and the vision of its municipality?*
2. *What is the leadership's role in establishing the relations with the citizens and the stakeholders in the community?*

III PROCESSES

1. *What is your view on the enforcement of competences in the areas of urban planning,*

taxes, inspections and utility services?

- 2. For which competences and the enforcement thereof do you think you could be a leader in the region around your municipality?*
- 3. In what way do you deliver the services to the citizens and what is your perception of the quality of this delivery?*

IV PARTNERSHIPS

- 1. Who are the key partners of your municipality? How do they contribute towards the achievement of the strategic goals of the municipality?*
- 2. What kind of partnership relations have you established with other municipalities in the region your municipality gravitates to?*

V INTER-MUNICIPAL COOPERATION (IMC)

- 1. Did you implement any projects of inter-municipal co-operation in the past period?*
- 2. If YES, from which areas were the projects implemented and what were the results?*
- 3. Were the previous IMC projects funded and how were they funded?*
- 4. Were the projects implemented in cooperation with the municipalities from Montenegro and if YES, which ones?*
- 5. Were the projects implemented in cooperation with the municipalities from the Region and if YES, which ones?*
- 6. Were the projects implemented in cooperation with the municipalities from Europe and if YES, which ones?*
- 7. Were any IMC projects planned in 2010 and in the upcoming years?*

VI COOPERATION OF THE MINISTRY OF INTERIOR AND PUBLIC ADMINISTRATION AND YOUR MUNICIPALITY

- 1. Does the Law on Local Self-Government offer enough possibilities for Inter-municipal cooperation development?*
- 2. What are your recommendations for further IMC development in the area where the Ministry can offer support?*
- 3. Is there any document based on which you plan and implement inter-municipal cooperation and overall foreign affairs of the municipality?*

Annex 4: Tables of Survey Results

Priority Areas for Policies and Strategies in Montenegro's Municipalities

Table 1

Tourism Development	Regional Landfills, Recycling Centers, Solid - Water Waste Management, Water Supply
Andrijevica	Group A (regional landfill and recycling center): Andrijevica, Berane, Rožaje, Plav
Bar	
Budva	
Herceg Novi	Group B (regional landfill): Bijelo Polje, Mojkovac, Kolašin
Kolašin	Group C (regional landfill): Nikšić, Šavnik and Plužine
Mojkovac	
Plav	Tivat (water supply and regional landfill, in cooperation with Kotor and Budva)
Šavnik	
Žabljak	
Ulcinj	Ulcinj (regional sanitary landfill)

Table 2

Spatial, Urban, Investment, Strategic and Development Planning		Environmental Protection and Sustainable Development	Agriculture (organic) and Food and Livestock Production
Andrijevica	Plav	Bijelo Polje	Nikšić
Bar	Pljevlja	Herceg Novi	Mojkovac
Berane	Plužine		
Bijelo Polje	Podgorica	Kolašin	Rožaje
Budva	Nikšić	Kotor	Šavnik
Cetinje	Rožaje		
Herceg Novi	Šavnik	Mojkovac	Žabljak
Kolašin	Tivat	Pljevlja	
Kotor		Podgorica	

Municipalities' View On the Law on Local Self-Government

Table 3

Fully Agree		Partially Agree
Andrijevica	Nikšić	Kolašin
Bar	Plav	Kotor
Berane	Pljevlja	Rožaje
Bijelo Polje	Plužine	
Budva	Podgorica	
Cetinje	Šavnik	
Danilovgrad	Tivat	
Herceg Novi	Ulcinj	
Mojkovac		

Comments: There is a convergence among almost all municipalities in recognizing that the Law on Local Self Government offers enough possibilities for inter-municipal cooperation development, and some municipalities have this statement by argumentation.

Citizen Participation into Local Affairs and Decision-Making Process

Table 4

Public Forums, Discussions, And Rallies in Local Communities	Other Methods
Berane	Andrijevica (Citizen Assistance Center)
Bijelo Polje	
Kolašin	Budva (Mainstreaming of citizen proposals)
Mojkovac	
Plav	Kotor (Mainstreaming of citizen proposals)
Podgorica (Also adopted the Decision on Participation of the Local Population in Public Affairs)	Pljevlja (Citizen Assistance Center)
Nikšić	
Rožaje	Plužine (Mail box for complaints)
Šavnik	
Ulcinj	Tivat (Citizen Assistance Center)

Comments: In accordance with the Articles 99-110 of the Law on Local Self-Government that are devoted to establishing the mechanism of the citizen participation, municipalities declare that they have adopted different measures, such as public forms, discussions, rallies, and mailboxes for complaints in order to involve local citizens into the decision-making process. However, the mechanism of incorporating the voices of local residents into the actual decision-making process (how it would work, what would happen after receiving complaints or requests from citizens, etc.) remains unclear and is yet to be further developed.

Levels of Cooperation

Comments: The next three tables report various partnerships that Montenegro's municipalities have formed, based on the answers municipalities provided in the survey. Cooperative arrangements are articulated into three different levels: **country**, **regional** (South Eastern Europe), and **European**. At the regional level, forms of partnerships are often coincided with cross-border cooperation. At the European level, municipalities benefit from the technical and financial support of European governments.

Table 5

Municipality	Country	Region	Europe
Andrijevića	Yes, with the municipalities of Budva, Bijelo Polje, Mojkovac, Kolašin and Plav.	Yes, with the municipality of Čajetina in Serbia.	Yes, with Austrian government.
Bar	Yes, especially with Podgorica.	Yes, with the municipalities of Drač, Bušat, the Skadar region of Albania, the municipalities of Korčula and Dubrovnik - Neretva in Croatia, the municipalities of Kopar and Nova Gorica in Slovenia.	Yes.
Berane	Yes, with the municipality of Rožaje.	Yes, with the municipality of Prijepolje in Serbia	Yes, with Austrian government.
Bijelo Polje	Yes, with those municipalities that are located along the river Lim.	No.	Yes, with Turkey.
Budva	Yes, particularly with Kotor and Tivat and provided financial support to Mojkovac, Šavnik and Plav.	Yes, but the questionnaire specifies only that Budva has cooperation with municipalities overseas.	No.
Cetinje	Yes, but only with Podgorica.	Yes, with some municipalities of Balkans (Belgrade, Mali Idoš, Velika Kladuša, Novo Sarajevo, Skadar etc.).	Yes, with the French city of Metz, the Italian city of Santa Severina and the city of Larnaka in Cyprus.
Danilovgrad	Yes, with all the municipalities cross the country, but particularly with neighboring municipalities.	No.	No.

Table 6

Municipality	Country	Region	Europe
Herceg Novi	Yes, as a part of the Regionalni vodovod - Crnogorsko Primorje.	No.	Yes, with Norwegian town of Levanger.
Kolašin	Yes, with the municipalities located within Bjelašica and Komovi region.	No.	Yes, as a part of the Austrian/ Montenegrin partnership.
Kotor	Yes, with the municipalities of Tivat, Budva, Herceg Novi, Ulcinj and Bar.	Yes, with Skadar in Albania, Croatia, Serbia, Bosnia and Herzegovina.	Yes, with the Italian regions of Molise, Puglia, Saregna, Abbruzzo and the Italian cities of Ferrara, Gorizia, Padova and Cagliari.
Mojkovac	Yes, with the municipalities of Bijelo Polje and Kolašin.	Yes, with some municipalities of Serbia, Republic Srpska and Bosnia and Herzegovina and as a part of the South East Europe Transnational Cooperation Program	No.
Nikšić	Yes, with the municipalities of Plužine and Šavnik.	No.	Yes, with Italy.
Plav	Yes, with the municipalities of Andrijeвица and Rožaje.	Yes, cross-border cooperation with several municipalities located in Albania (Kukeš) and Serbia (Vrnjačka Banja and Priboj).	Yes, with Switzerland (Canton La Locle and La Chaux-de-Fonds).
Pljevlja	Yes, with the most part of the other municipalities, including the northern region.	Yes, cross-border cooperation with Serbia and Bosnia and Herzegovina (with the municipalities of Kraljevo, Prijepolje, Priboj, Požega, Užice and Sarajevo). Cooperation with Slovenia.	Yes, with the Italian region of Molise.

Table 7

Municipality	Country	Region	Europe
Plužine	Yes, with the municipality of Nikšić.	No.	No.
Podgorica	Yes, especially with the municipalities of Bar and Cetinje.	Yes, with Sarajevo, Skopje and Zagreb.	Yes, with Italy as well as the central administrative district of Moscow.
Rožaje	Yes, with the municipalities of Plav, Andrijeвица and Berane.	Yes, it is in the process of negotiating a partnership with the municipalities of Tutin, Novi Pazar, Kraljevo, Raška and Peć.	No.
Šavnik	Yes, with the municipalities of Podgorica and Bar.	No.	No.
Tivat	Yes, with Kotor and Budva.	Yes, involved in cross-border cooperation projects.	Yes, in the context of IPA funding projects.
Ulcinj	Yes (partner municipalities not specified).	Yes (partners not specified).	Yes (partners not specified).
Žabljak	Yes, with Pljevlja, Podgorica and Kotor.	No.	No.

Recommendations Provided by Municipalities

Table 8

Recommendations (1)	
Andrijevica	<ul style="list-style-type: none"> • Need for amending the regulations related to the use of natural resources, management, use of property and financing of the local self-government in order for municipalities to gain more competencies.
Bar	<ul style="list-style-type: none"> • Need for developing legal solutions to regulate objects or buildings built without a construction permit; the absence of such solutions makes it difficult to put into practice urban technical requirements of buildings defined by the law. • Need for more inspectorates in order to guarantee better services in the area of utility services and to overcome the problem of division and overlapping of competences in this area but also in the areas of dump materials, sale of construction materials in public surfaces, along local roads, in highways zones, and illegal sale of construction materials.
Berane	<ul style="list-style-type: none"> • Need for the Ministry of Interior and Public Administration to promote IMC in the areas of ecology, environmental protection and tourism development.
Bijelo Polje	<ul style="list-style-type: none"> • Need for the Ministry to organize periodical or at least annual meetings with the representatives of municipalities to consider new ideas on possible improvements in the area of IMC development, identify the current challenges and evaluate the current level of cooperation.
Budva	<ul style="list-style-type: none"> • Need for municipalities to be informed about opportunities to establish cooperation among the Ministry, the Union of Municipalities and all municipalities.
Cetinje	<ul style="list-style-type: none"> • Need for further improving the coordination among municipalities and the exchange of information on the possibilities (of implementing common projects) offered to municipalities by domestic and foreign donors and encouraging municipalities to present themselves to foreign donors.
Danilovgrad	No recommendations provided.
Herceg Novi	<ul style="list-style-type: none"> • Needs for amending legal solutions of common interest (planning, local self-government structure etc.) and creating a regional network of local self-government aimed at solving common problems.

Table 9

Recommendations (2)	
Kolašin	<ul style="list-style-type: none"> • Need for other ministries (besides the Ministry of Interior and Public Administration) to provide support for IMC development in compliance with the competencies described in the Law on Local Self-Government.
Kotor	<ul style="list-style-type: none"> • Need for more involvement by the Ministry in the work and challenges that local governments are facing particularly with reference to the accomplishment of local self-governments' duties. • Need for the Ministry to provide local governments with stable financing. • Need for a more precise definition of the powers of the local self-government.
Mojkovac	<ul style="list-style-type: none"> • The support of the Ministry, which would be beneficial in the process of drafting cross border cooperation projects (IPA funds). • Consideration by the Ministry for devoting funds to organize competitions open to municipalities, which are invited to submit joint project proposals to implement IMC projects.
Plav	<ul style="list-style-type: none"> • Needed support from the following Ministries for IMC development: Finance, Interior and Public Administration, Transport and Maritime Affairs and Telecommunications.
Pljevlja	<ul style="list-style-type: none"> • Need for the Union of Municipalities to be much more engaged in fostering cooperation among local communities. • Need for certain regional projects directly coordinated by the Ministry.
Plužine	<ul style="list-style-type: none"> • Need for the reform on the position of municipalities in the legal system as well as the problem of constant centralization of functions. • Need for sources of budget revenues.

Table 10

Recommendations (3)	
Podgorica	<ul style="list-style-type: none"> • Need for the Ministry in cooperation with the Union of Municipalities to consider projects that are relevant for development of all local self-government units and support their implementation also with the collaboration of European and international associations.
Nikšić	<ul style="list-style-type: none"> • Need for the Ministry to be in charge of conducting a capacity assessment to evaluate the capacity of municipalities to implement IMC projects by taking into consideration the specific features of the local communities, launching initiatives, and guiding municipalities in the implementation of IMC projects.
Rožaje	<ul style="list-style-type: none"> • Need for the Ministry to provide a clear definition of forms, kinds and limits of IMC within the law.
Šavnik	No recommendations provided.
Tivat	<ul style="list-style-type: none"> • Need for the Ministry to continue to implement the best practices project and exercise a responsible management.
Žabljak	No recommendations provided.
Ulcinj	<ul style="list-style-type: none"> • Need for the Ministry to play a mediation role among the municipalities and organize trainings and seminars.

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