



ADJUSTING THE REFORM COURSE TO THE SPECIFIC NEEDS
OF THE LOCAL SELF-GOVERNMENT UNITS IN NORTH MACEDONIA

PUBLIC ADMINISTRATION REFORM ON LOCAL LEVEL

ADJUSTING THE REFORM COURSE TO THE SPECIFIC NEEDS
OF THE LOCAL SELF-GOVERNMENT UNITS IN NORTH MACEDONIA

Publication: PUBLIC ADMINISTRATION REFORM ON LOCAL
LEVEL – ADJUSTING THE REFORM COURSE TO
THE SPECIFIC NEEDS OF THE LOCAL
SELF-GOVERNMENT UNITS IN NORTH
MACEDONIA

Publisher: OSCE Mission to Skopje

Editor: Dushko Todoroski – National Programme Officer at
the OSCE Mission to Skopje

Circulation: 300 copies

**Design
and printing:** Polyesterday, Skopje

Skopje, 2020



This publication was prepared in co-operation with ZELS – the Association of Local Self-Government Units of the Republic of North Macedonia. The content of this publication does not necessarily represent the views or the position of the OSCE Mission to Skopje.

LIST OF ABBREVIATIONS

OSCE Organization for security and co-operation in Europe

LSGUs Local Self-Government Units

PAR Public Administration Reform

WB Western Balkans

MISA Ministry of Information Society and Administration

MLSG Ministry of Local Self-Government

MF Ministry of Finance

AA Agency for Administration

CSOs Civil Society Organizations

ZELS Association of Local Self-Government Units

LPSE Law on Public Sector Employees

LAS Law on Administrative Servants

LGAP Law on General Administrative Procedure

PwDs Persons with disabilities

Table of Contents

Executive summary	5
Introduction	7
Background and objective of the paper	7
Methodology	9
1. Public Administration Reform Strategy 2018-2022 and the Local Self-Government Units	11
1.1. Policy creation and coordination.	13
1.2. Public service and human resource management	15
1.3. Accountability and transparency.	18
1.4. Service delivery and ICT support to the administration	20
2. Involvement of the local level in PAR strategies throughout the Western Balkans	24
2.1. Montenegro	24
2.2. Republic of Serbia.	25
2.3. Republic of Croatia	26
3. Three policy options for convenient approach to public administration reform on local level in North Macedonia	29
3.1. Policy option 1: Measures, activities and indicators targeting the local level within the current chapters of the Action Plan for implementation of the PAR Strategy	29
3.2. Policy option 2: Separate area within the PAR Strategy and the Action Plan targeting the specifics of the local level	31
3.3. Policy option 3: Separate Action Plan dedicated to public administration reform on local level	33
4. Conclusions and recommendation on the most convenient policy option for public administration reform on local level	36

Executive summary

The Public Administration Reform (PAR) Strategy 2018-2022 of the Republic of North Macedonia sets out policy interventions in the areas of policy creation and coordination, public service and human resource management, accountability and transparency, and public services and ICT support to the administration. After a detailed review of the measures, activities and indicators within the four pillars, it was concluded that the Strategy strictly targets the central level institutions, while it also includes measures where the local self-government units (LSGUs) are affected, albeit without emphasizing their specific needs. Even though there is a substantial difference between the functioning of the central and local level, especially in the service delivery to citizens, the specifics of the municipal administration are not properly represented within the PAR Strategy.

The local level is fundamental for any reform process, as the LSGUs most often represent the citizens' first point of contact with the state apparatus. Having in mind the current state of play and the identified needs on local level, the objective of this paper is to provide strategic directions to policy makers on how to incorporate the specifics of the LSGUs within the Public Administration Reform Strategy in a comprehensive and meaningful way. The OSCE Mission to Skopje in co-operation with ZELS - the Association of Local Self-Government Units, coordinated a process where the main stakeholders identified key challenges and solutions related to public administration reform on local level.

The country's approach to public administration reform in terms of involvement of the local level is very different from the cases of other Western Balkans (WB) countries. Serbia's approach, for example, towards public administration reform entails the specifics of the local level through separate measures, activities and indicators placed within the chapters of the PAR Strategy. Montenegro's approach towards public administration reform, on the other hand, clearly demonstrates the specifics of the local level through a separate chapter in the PAR Strategy, whereas Croatia's approach towards public administration reform addresses the issues faced by the local level, both through a separate chapter in the PAR Strategy, as well as through separate measures and activities in the other priority chapters.

In order to adjust the reform course to the specific needs of the LSGUs, three policy options for “localization” of the PAR Strategy in North Macedonia were developed, based on the research that examined the needs of the LSGUs and best practices from other WB countries:

- » **Policy option 1:** Measures, activities and indicators targeting the local level within the current chapters of the PAR Strategy and the Action Plan;
- » **Policy option 2:** Separate priority area (chapter) within the PAR Strategy and the Action Plan targeting the specifics of the local level;
- » **Policy option 3:** Separate Action Plan dedicated to public administration reform on local level.

Based on the key findings and conclusions from the process, the second policy option that envisages introduction of a separate area (chapter) within the PAR Strategy and the Action Plan, targeting the specifics of the local level, is perceived as the most suitable option in the current context in the country. The recommendation was made taking into account the need to include the specifics of the LSGUs in the PAR Strategy in a comprehensive but also acceptable way for both central and the local level, while also ensuring solid levels of feasibility, expected impact and financial sustainability.



Introduction

Background and objective of the paper

The Public Administration Reform (PAR) Strategy 2018-2022¹ of the Republic of North Macedonia aims to increase the efficiency, effectiveness and accountability of the public administration, thus ensuring that quality and easily accessible public services are provided to the citizens and businesses. The Ministry of Information Society and Administration (MISA) took the lead in the preparation of the PAR Strategy, supported by SIGMA², other international development partners, domestic civil society and academia. The Strategy has identified priorities that are generally part of the PAR strategies in other countries throughout Europe, and especially in the other WB countries. There are four strategic priority areas defined, namely: policy creation and coordination; public service and human resource management; accountability and transparency; and, public services and ICT support to the administration.

However, unlike in the other WB countries, the PAR Strategy in North Macedonia mainly focuses its activities on central level institutions and does not, therefore, recognise the local level as a key pillar for successful reform process. This approach was selected based on the then-current state of affairs. In a situation where the new Government inherited a “captured state” in 2017, as defined by the EU³, the de-politicization and capacity building of central level institutions was regarded as a top priority. On the other side, a decentralised concept of governance is applied in the country, where the local level is fundamental for any reform process and the LSGUs represent the citizens’ first point of contact with the state apparatus. Although the LSGUs have functional autonomy from the central level of Government, the definition of strategic priorities, as well as the laws that regulate the functioning of the municipal administration, including the employees at local level, are sole responsibility of the Government.

Even though there is a substantial difference between the functioning of the central and local level, especially in the service delivery to citizens, the specifics of the municipal administration are not properly represented within the PAR Strategy and the laws that regulate the public administration. The LSGUs, as defined in the Law on Local Self-Government, are in charge of providing a wide range of services to citizens that include urbanism, education, property taxes, communal services, i.e. decentralized competences

1 The PAR Strategy 2018-2022 is available at: http://mioa.gov.mk/sites/default/files/pbl_files/documents/strategies/srja_2018-2022_20022018_mk.pdf

2 SIGMA (Support for Improvement in Governance and Management) is a joint initiative of the OECD and the European Union. Its key objective is to strengthen the foundations for improved public governance.

3 2016 EU Report on North Macedonia. Available at : https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_the_former_yugoslav_republic_of_macedonia.pdf



that are very specific due to their nature of being the first contact of the citizens with the public institutions. On the other hand, each Ministry has a clear range of thematic competences, unlike the LSGUs that cover almost every thematic aspect on the local level.



Having in mind the said above, the objective of this paper is to provide strategic directions to the policy makers on how to incorporate the specifics of the local self-government units within the Public Administration Reform Strategy in a comprehensive and meaningful way.



Methodology

The OSCE Mission to Skopje in co-operation with ZELS coordinated a process in which the main stakeholders identified key challenges and solutions when it comes to the implementation of the PAR Strategy 2018-2022 on local level. The methodological approach entailed desk research and analysis of both quantitative and qualitative data gathered through surveys with LSGUs, regional roundtables and workshops with representatives of LSGUs, relevant central level institutions and the civil society.

The desk research phase included review of the PAR Strategies of North Macedonia, Serbia, Montenegro and Croatia. Moreover, the relevant domestic laws were reviewed, including the Law on Local Self-Government, Law on Administrative Servants, Law on Public Sector Employees, Law on General Administrative Procedure and relevant bylaws.

The OSCE Mission to Skopje and ZELS conducted a survey with LSGUs in the period from 11th to 20th of September 2019. A total of 42 out of 81 LSGUs (52%) answered the questionnaire, which was comprised of general questions on PAR on local level, and thematic questions divided according to the four pillars of the PAR Strategy.

Overall, three regional roundtables were organized in Skopje, Veles and Ohrid, respectively on 24th of September 3rd of October, and 9th of October 2019. Around 60 representatives of LSGUs and civil society participated in the roundtables and shared their opinions and recommendations on the PAR reform course when it comes to the local level. Furthermore, a three-day workshop was organized from 6th to 8th of November 2019, where representatives of LSGUs, MISA, Ministry of Local Self-Government (MLSG) and Civil Society Organizations (CSOs) discussed and developed models for "localization" of the PAR Strategy.

In terms of methodological limitations, the lack of motivation of the LSGUs to participate in the survey reduced the "weight" of the findings. Moreover, many LSGUs that initially responded to the survey invitation, failed to provide answers to a number of open questions that required thoughtful elaboration. As a corrective measure, the regional roundtables were designed in a way that the initial results of the survey were presented, discussed and validated with representatives of LSGUs and CSOs.

This paper sheds light on the inclusion of the local level in the PAR Strategy 2018-2022, with a detailed overview of each chapter of the Strategy. In parallel, the paper portrays main findings from the survey with LSGUs and the conclusions of the regional roundtables and the workshop. These findings indicate the need for strategic intervention on local level in the areas of the PAR Strategy that are dedicated solely to the central level institutions, but are completely applicable to the LSGUs. Examples from PAR Strategies and approaches from several European Union (EU) member states and EU candidate countries are described in a separate part of the paper, which served as a basis for elaboration of three policy options for a convenient approach to public administration reform on local level in North Macedonia. Through analysis of the strengths, weaknesses, opportunities and threats of each model, the paper offers recommendations on the most convenient model for public administration reform on local level.

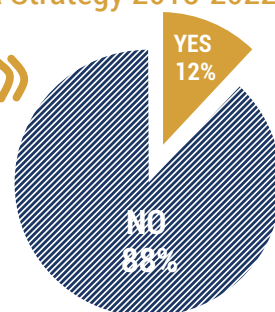
1 Public Administration Reform Strategy 2018-2022 and the Local Self-Government Units

This part of the paper describes the level of involvement of the LSGUs in the process of preparation of the PAR Strategy and interprets the perceptions of the LSGUs regarding the appropriateness of the reform approach towards the local realities.

Involvement of LSGUs in the development of the PAR Strategy 2018-2022

According to the survey, only five, out of 42 LSGUs, stated that they were consulted in the process of the preparation of the PAR Strategy 2018-2022. These five LSGUs were informed about the process through e-mails only, whereas not a single LSGU attended a public debate or workshop dedicated to the PAR Strategy.

**WERE YOU
CONSULTED IN
THE PROCESS OF
PREPARATION
OF THE PAR
STRATEGY
2018-2022?**



However, ZELS pointed out that as a representative of all LSGUs, the Association was included in the working groups, but at a stage where the PAR Strategy was already developed and there was a limited space for thorough intervention in the concept. Moreover, ZELS stated that they shared the draft-Strategy with the LSGUs, however only few of them provided comments and ideas. This speaks about lack of interest for active engagement in this area by the LSGUs, as well as about lack of meaningful consultations by the central institutions with the LSGUs on topics that are of their interest.

Regarding the role of the MLSG, the LSGUs agreed that further active engagement is necessary in assessing the needs and advocating for changes that will improve the performance of the local administration. The MLSG was included in the working groups for the preparation of the PAR Strategy, nonetheless the LSGUs stated that they were not involved, nor consulted on the process by the Ministry.

Appropriateness of the reform approach towards the local realities

Regarding the appropriateness of the PAR Strategy approach towards the local level, the municipal representatives were eager to share their views about the existing challenges and issues they face. In general, the representatives of LSGUs on the regional roundtables pointed out that due to the constitutional autonomous status, and the specific competences defined in the Law on Local Self-Government, the functioning of the LSGUs is completely different from the other state administrative bodies on central level.

"The local administration has a direct and continuous contact with the citizens, making its daily tasks different from the central level institutions, and the responsibility greater"⁴

Several LSGUs' representatives stressed out the fact that due to the equal treatment in the PAR Strategy, the Laws that regulate the public sector employees do not distinguish between central and local level employees, even though the competences of some positions on local level (for e.g. local inspection, urbanism etc.) require a completely different approach and treatment.

"The PAR Strategy is completely neglecting the specifics and way of functioning of the LSGUs, putting the accent solely on the priorities of central level institutions and imposing the legal changes equally to the local level, like there is no difference. This approach is completely inadequate"⁵

In terms of the capacities of the LSGUs to fulfill the obligations that derive from the laws that regulate the public sector, several representatives indicated that there is a massive difference between the bigger and the smaller LSGUs. Namely, the smaller LSGUs lack human resources and fail to perform all the responsibilities that derive from multiple laws, including the Law on Public Sector Employees and the Law on Administrative Servants.

"Besides the obligations that derive from the Laws, we, as municipal administration, must perform in accordance with the citizens' needs and requests on daily basis, and there is no appraisal for these efforts, even though they take the most of our time"⁶

Furthermore, the LSGUs' representatives stated that they are facing problems when they have to obtain permission or approval from a competent Ministry, in terms of time duration and lack of clear instructions for the procedure. This is often a case with the obligations deriving from the "public administration" laws and bylaws (for e.g. the preparation of act for internal organization and systematization, annual plan for employment etc.).

"The relevant ministries must maintain continuous communication with LSGUs, most suitably in a form of periodical regional consultations or visits to the local administrations, so they can acquaint themselves with the specifics of our work and shape the processes accordingly"⁷

In addition to the general remarks on the involvement of the local level in the development of the PAR Strategy and the level of appropriateness of the reform approach, observations on the current state of affairs and the concrete needs and expectations of the LSGUs per each of the four chapters of the PAR Strategy are presented below.

4 A quote contained in the received survey questionnaire from a municipality in the Southeast region

5 A quote contained in the received survey questionnaire from a municipality in the Vardar region

6 A quote from a male representative on the workshop from a municipality in the Skopje region

7 A quote from a female representative on a regional debate from a municipality in the Pelagonija region

1.1. Policy creation and coordination

Brief overview of the objectives and measures in this area of the PAR Strategy 2018-2022

The general objective of this area is to ensure effective, efficient and inclusive policy creation. Four specific objectives are defined:

- » Enhanced mid-term strategic and sectorial planning in view of realizing the strategic priorities of the Government;
- » Improved quality of policies and laws and increased transparency and participation of stakeholders;
- » Enhanced efficiency of processes, structures and control mechanisms for horizontal coordination and policy monitoring, as well as enhanced efficiency of the decision-making process of the Government;
- » Improved quality and availability of statistical data for creation of effective policies.

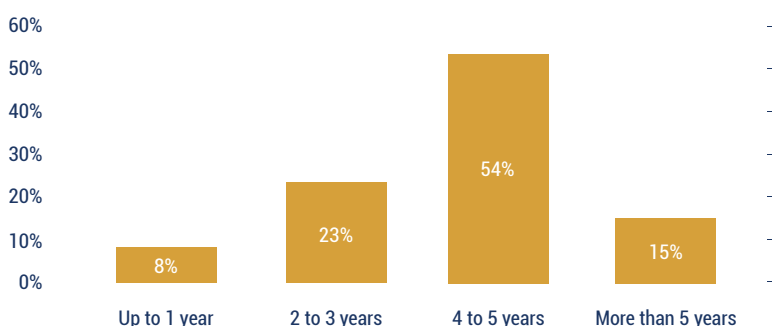
After a detailed review of the measures, activities and indicators within the first pillar of the strategy, it can be concluded that every aspect of this area is strictly related to the central level institutions. Namely, the measures on improvement of the sectorial planning, the enhancement of the transparency and stakeholder participation in the policy-making, as well as the efficiency of the horizontal coordination, are dedicated to the Government, its secretariats and the ministries.

Current state of affairs on the local level

The LSGUs are excluded from this part in the PAR Strategy and there is no strategic intervention in the aspects included in the area of policy creation and coordination. However, according to their competences, they also implement strategic and sectorial planning, create local policies, have obligations to include stakeholders in a transparent process of local policy creation, and must co-ordinate their policies in the complex system of two-layer Government both horizontally with other LSGUs and vertically with the central institutions.

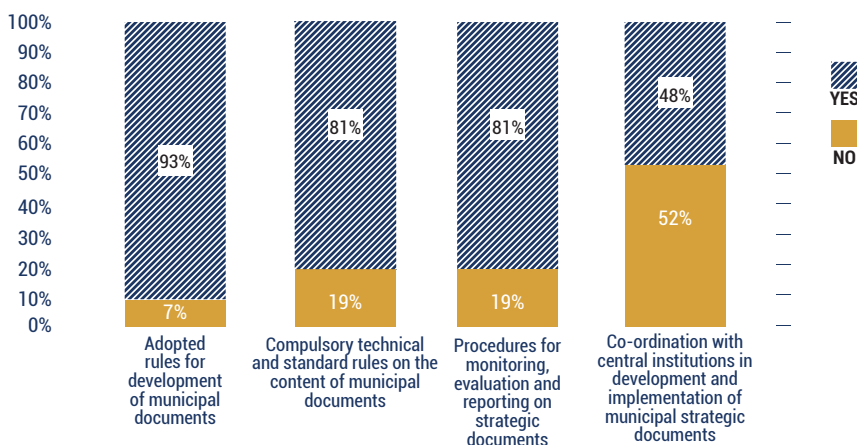
According to the survey, 28 out of 42 LSGUs prepare the general strategic plan, which is most often for a period of 4 to 5 years. Only on rare occasions does the strategic plan cover a longer period, while around a quarter of the LSGUs have strategic plans that covers a period from 1 to 3 years.

PERIOD COVERED BY THE STRATEGIC PLAN OF THE LSGUS



Even though the majority of the LSGUs implement strategic planning on a longer-term, only three out of 42 LSGUs have created an act (guides or rules) that defines the process of development of municipal acts (decisions, programs, strategies, Action Plans and other legal and policy documents). Only eight LSGUs have introduced compulsory technical and standard rules on the outline and content of municipal acts, and the same number of LSGUs have defined procedures for monitoring, evaluation and reporting on the implementation of the strategic documents. In terms of co-operation with central institutions in the development and implementation of the municipal strategic documents, around half of the LSGUs responded positively. The combined results are presented in the chart below:

CAPACITIES FOR STRATEGIC PLANNING ON LOCAL LEVEL



In terms of transparency and stakeholder participation in local policy-making, the LSGUs did not mention any innovative mechanism other than the obligatory legal forms (civic initiatives, public hearings and one-way information through websites).

Conclusions

Having in mind the current state of affairs, it is apparent that the LSGUs need a strategic intervention aimed at strengthening their capacities on policy creation and coordination. Below are the main points regarding this area:

- » Lack of unified approach in development of municipal acts with defined rules and procedures. Whether it is a sectorial strategy (for e.g. Strategy on local economic development), or a General municipal development plan, with the exception of a few LSGUs, there are no rules that define the whole process - from defining the need, the way of stakeholders' involvement, gathering and use of statistical data, technical and standard rules on the content and outline etc.
- » Lack of capacities and clear procedures for monitoring, evaluation and reporting on strategic documents. When a municipal policy document is adopted, very

often, the local administrations are unable to measure the achievements and to speak about the outcomes and impact caused by the implementation of the document, instead mention outputs only.

- » **Lack of capacities on the vertical and horizontal coordination of policies.** In a complex system of a two-layer Government, the LSGUs face serious challenges in maintaining coordination of their policies with the national thematic policies. Besides the thematic policy coordination with competent ministries, special emphasis should be put on the role of the MLSG in ensuring proper vertical coordination. Moreover, further efforts are needed for ensuring meaningful horizontal coordination and co-operation between the LSGUs.

1.2. Public service and human resource management

Brief overview of the objectives and measures in this area of the PAR Strategy 2018-2022

The general objective of this area is to ensure that the public administration is competent, professional and depoliticized. Three specific objectives are defined:

- » Depoliticization of the administration through an enhanced implementation of the principles of merit, equal opportunities and equitable representation, as well as professionalization of the senior civil service;
- » Unified and coherent system of salaries for the public sector employees;
- » System for professional development of administrative servants, implemented by the Academy for professional development of administrative servants.

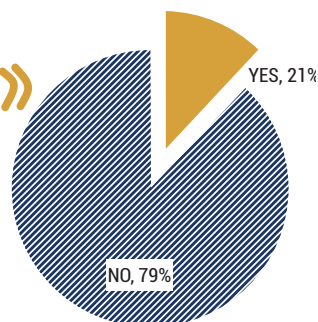
After a detailed review of the foreseen measures and activities, it can be concluded that the LSGUs are indirectly targeted in this part of the PAR Strategy. The key laws that regulate human resources in the public administration, Law on Public Sector Employees (LPSE), and the Law on Administrative Servants (LAS) directly impose obligations for the LSGUs. The Strategy envisages amendments to these two laws and, at the same time, foresees the drafting of a new Law on Senior Civil Service, which also impacts the LSGUs. Furthermore, LSGUs' representatives are part of the Network on human resource management, and are therefore obliged to implement the principle of equitable representation on local level. When it comes to professional development of administrative servants, the Strategy puts forward general measures without recognizing the specific needs of the local administration.

Current state of affairs on local level

When asked whether they were consulted in the process of drafting the laws that regulate the public administration, 33 LSGUs responded negatively, while only nine responded positively. The latter were consulted regarding the Law on Administrative Servants (LAS) and the Law on Public Sector Employees (LPSE) through ZELS, but they question the level of acceptance of their proposals.

In relation to this, more than half of the LSGUs that participated at the regional roundtables stated that they are facing issues with the implementation of human resource management processes, stemming from LAS and LPSE.

**WERE YOU
CONSULTED IN
THE PROCESS OF
DRAFTING OF LAS
AND LPSE?**



Several LSGUs pointed out that they are facing serious challenges in preparing functional analysis and Act on systematization and organization. They stated that the procedure for development of functional analysis is long and complicated, and that they do not have any support from the relevant central institutions. Moreover, there are cases when due to the legal limitations for amendments to the Act on systematization and organization, the LSGUs failed to harmonize the Act with requirements in other thematic laws.

If the LSGUs have independent budget, then why do they need to get approval by MISA on the acts of systematization and the annual employment plans?⁸

Even though the LSGUs have constitutional autonomy, in practice, they consider that there is a "lack of independence" from the central institutions. The issue with the processes where they need to get approval by MISA and the Ministry of Finance (MF) is that the Ministries are not, and cannot be completely aware of the work, functioning and needs of the LSGUs, which are completely different from the central institutions. Therefore, the LSGUs are implementing processes just to meet the legal requirements, although these processes are not contributing towards better performance on local level, according to the complex legal framework that regulates their work.

Interventions in the Law on Local Self-Government, the Law on Public Sector Employees and the Law on Administrative Servants are needed in order to achieve substantial independence of the local self-government units⁹

Regarding the performance evaluation of the administrative servants, most of the LSGUs that participated at the regional roundtables consider the process as ineffective, stating that they implement it just to meet the legal requirements.

Concerning employment, the complexity of the procedure represents an issue, especially for the smaller LSGUs. There are also cases when the municipal Council is not adopting the annual plan for employment, even though the municipal budget for new employments is already adopted. This situation of political deadlock creates a situation where the LSGU is not able to meet the legal requirements deriving from LAS and LPSE. As some of the LSGUs indicate, they have significant expenditures, as the municipal representatives must travel at least three times to the Agency of Administration (AA) in Skopje in order to complete an employment procedure..

Concerning the principle of equitable representation on local level, survey results show that 30 municipalities consider that the current model of ensuring equitable representation in the

⁸ A quote contained in the received survey questionnaire from a municipality in the Southwest region

⁹ A quote contained in the received survey questionnaire from a municipality in the Northeast region

public sector is not improving the quality of the local administration. A total of 11 LSGUs consider that the quality is strengthened with the implementation of this constitutional principle, but were not able to explain in which way nor were they able to provide concrete examples.

We are undermining the capacity of our local administration with the application of the principle of equitable representation¹⁰

Regarding the annual generic trainings organized by MISA, the LSGUs stated that the system is not functioning properly. Only 17 out of 42 LSGUs attended these trainings, and more than half of them consider them as not suitable for the tasks and competences of the local administration.

A big part of the municipal competences are not covered with trainings, or there are trainings organized by private consulting companies which are very expensive and unaffordable¹¹

Few LSGUs stated that the available trainings in the annual plan of MISA are the same every year and therefore the administrative servants have to repeat the same trainings in order to have five generic trainings completed. On the other side, 35 out of 42 LSGUs attend the specialized trainings organized by ZELS and are mainly satisfied with the structure and content of these trainings.

Distinct, tailored trainings for the LSGUs' representatives are needed, rather than those for the central institutions, due to the specific competences of the local administration¹²

Conclusions

Having in mind the current state of affairs, it is apparent that the LSGUs need a strategic intervention aimed at strengthening their capacities on human resource management. Below are the main points regarding this area:

- » Lack of consultations in the drafting process of the laws that regulate the public administration on local level. Furthermore, the LSGUs question the level of acceptance of their proposals for legal amendments in these laws.
- » Discrepancy between the constitutional and financial autonomy of the LSGUs and the need to get approvals by central institutions (Ministries) for employments. The LSGUs consider that the approval of the annual employment plan by the Council should be sufficient, without further approval by MISA. Moreover, the individual approval by the MoF for each employment is also an indicator of the lack of independence in human resource management, even though the LSGUs operate with an own independent budget.
- » Inappropriate trainings for the tasks and competences of the local administration.

¹⁰ A quote contained in the received survey questionnaire from a municipality in the East region

¹¹ A quote contained in the received survey questionnaire from a municipality in the Pelagonija region

¹² A quote contained in the received survey questionnaire from a municipality in the Southeast region

LSGUs point out that the system of annual generic trainings organized by MISA is not functioning properly, while they are satisfied with the specialized trainings organized by ZELS. Additional tailor-made trainings according to their specific needs and competences are more than necessary for the local administrations.

1.3. Accountability and transparency

Brief overview of the objective and measures envisaged in this area of the PAR Strategy 2018-2022

The general objective of this area is to ensure accountable, responsible and transparent functioning of the institutions. Five specific objectives are defined:

- » Developed coherent institutional framework of central level institutions with clearly defined structures for accountability;
- » Established effective and efficient mechanisms for ensuring accountability of central level institutions;
- » Enhanced integrity of the institutions;
- » Enhanced transparency and improved communication of the institutions with citizens and businesses;
- » Improved efficiency of administrative procedures and proper implementation of the Law on General Administrative Procedure (LGAP).

After a detailed review of the foreseen measures and activities, it can be concluded that in several aspects, this part of the Strategy completely overlooks the LSGUs, while only several aspects are applicable on local level. The PAR Strategy envisages mapping of institutions, reorganization and optimization of central level institutions (ministries, agencies, inspectorates etc.), development of functional analysis on central level, adoption of integrity policies by the central level institutions, as well as appropriate trainings for the implementation of these policies. On the other side, the activities related to free access to public information, open data and the administrative procedures also refer to the LSGUs, although they are not mentioned as beneficiaries of these activities.

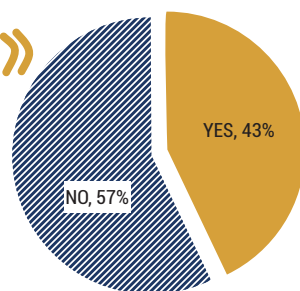
Current state of affairs on local level

When it comes to the current situation in the LSGUs regarding the area of accountability and transparency, several aspects were analysed, including the implementation of functional analysis, integrity policies, online transparency and administrative procedures.

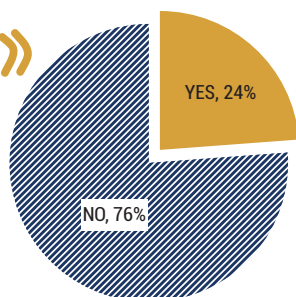
When asked whether they have implemented a functional analysis in the last three years, only 18 LSGUs answered positively, despite the fact that this is a legal obligation for every institution in the public sector. A total of 24 LSGUs said that they have not implemented a functional analysis in the last three years.

In terms of measures for strengthening the integrity on local level, only 10 out of 42 LSGUs have adopted policy on ethics and integrity. In most of the cases, that is a Code of ethics and integrity for local officials and/or administrative servants.

IMPLEMENTED FUNCTIONAL ANALYSIS IN THE LAST 3 YEARS



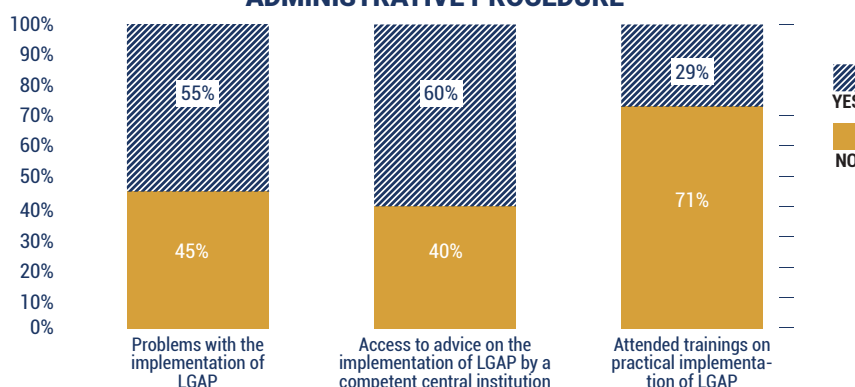
ADOPTED POLICY ON ETHICS AND INTEGRITY



Regarding online transparency, 32 LSGUs answered that they have received official guidelines about online transparency, i.e. guidelines about which information they must publish on their website. However, in-depth analysis by CSOs¹³ shows substantial differences between the websites of the LSGUs. This is a clear indicator of a lack of unified approach towards online transparency on local level.

In terms of implementation of the LGAP, 19 out of 42 LSGUs indicated that they are facing problems with the provisions in this Law. Furthermore, 17 LSGUs said that they have access to advice regarding the regular implementation of the LGAP by relevant state institutions, and representatives of 30 LSGUs were part of trainings dedicated to practical implementation of LGAP.

IMPLEMENTATION OF THE LAW ON GENERAL ADMINISTRATIVE PROCEDURE



¹³ Center for change management, Center for sustainable development ALKA. "Barometer of web transparency of municipalities" 2016. Available at: http://www.cup.org.mk/publications/Barometar_MK.pdf

Conclusions

Having in mind the current state of affairs, it is apparent that the LSGUs need a strategic intervention aimed at strengthening their accountability and transparency. Below are the main points regarding this area:

- » Lack of unified approach towards the local level in terms of optimization of their functioning. The PAR Strategy envisages activities on reorganization and optimization for the central level institutions (ministries, agencies, inspectorates etc.) and completely overlooks the LSGUs, although they stress out the need of measures for improving their internal functioning and horizontal and vertical coordination.
- » Further assistance is needed in implementing functional analysis. The LSGUs are not acquainted with the benefits of implementing this process and rather perceive it as a legal obligation only. Worryingly however, more than half of the LSGUs that responded to the survey have still not implemented a functional analysis in the last three years.
- » Mainstreaming of the principles of ethics and integrity on local level is necessary. Having in mind that only a small number of LSGUs have adopted policies on ethics and integrity on their own initiative, there is a need for unified, structured and comprehensive approach in development of such policies for local officials and administrative servants.
- » Lack of unified approach towards transparency on local level. Although most of the LSGUs are aware of the framework that regulates the compulsory and proactive transparency in their work, there are considerable differences between the websites of the LSGUs.
- » Assistance in implementation of the LGAP is needed in order to overcome the continuous issues. Although most of the LSGUs were part of trainings dedicated to practical implementation of LGAP, many of them continue to face problems in its implementation, and require regular advice by relevant state institutions.

1.4. Service delivery and ICT support to the administration

Brief overview of the objective and measures envisaged in this area of the PAR Strategy 2018-2022

The general objective of this area is to ensure that the institutions deliver public services in a timely and easily accessible way. Three specific objectives are defined:

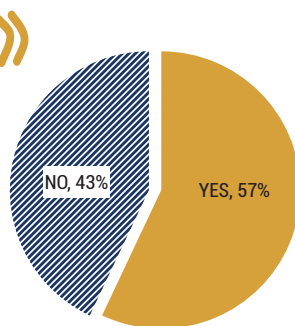
- » Rational investment in development of digital environment;
- » Increased quality and accessibility of public services; and,
- » Digital environment that provides access to, and possibilities for use of e-services.

After a detailed review of the foreseen measures and activities, it can be concluded that this part of the Strategy overlooks the LSGUs, except for several aspects where they are indirectly targeted. As for the central level institutions, the Strategy envisages digital transformation of service delivery in central level institutions, centrally coordinated project management in the areas of e-government, improved accessibility of the institutions for the citizens and digitalization of public services delivered by the state administrative bodies. When it comes to the local level, the Strategy includes an indicator that measures separately the level of implementation of policies on digital transformation on central and local level. Certain activities indirectly refer to the local level, for e.g. the improvement of the channels for electronic communication in the administration, the simplification of service delivery and the development of a catalogue of public services.

Current state of affairs on local level

With regard to physical accessibility of public services, 24 LSGUs consider that they have ensured proper approach to their premises for persons with disabilities (PwDs), while 18 consider that further investments are necessary in order to ensure that everyone is able to easily access the LSGU premises and obtain the needed services.

**CONVENIENT
PHYSICAL
ACCESSIBILITY
TO THE
PREMISES FOR
PERSONS WITH
DISABILITIES**

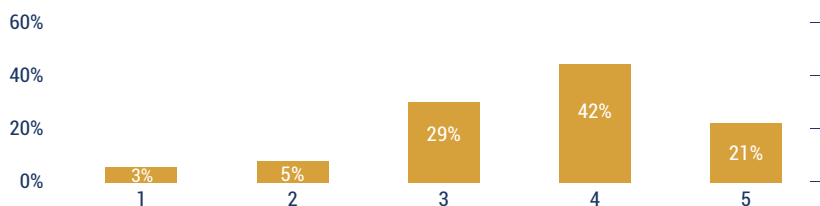


In terms of e-services, 25 LSGUs answered that they deliver services electronically. The most frequent response was the e-building permit, which is an e-tool developed by ZELS for all LSGUs. Other examples of e-services were also mentioned, such as "Report a problem" and "M-community", which aim to facilitate the communication between the citizens and the LSGU (or its utility enterprises), as well as "E-taxes", which is a tool developed in only few LSGUs that enables the citizens to manage their local taxes online.

On the other side, 25 LSGUs consider that they need assistance in further digitalization of services. Several options of priority e-services emphasized the LSGUs, included e-archive, e-taxes and issuing of local permits online (elaborate for protection of the environment, integrated ecological permit, taxi licenses etc.).

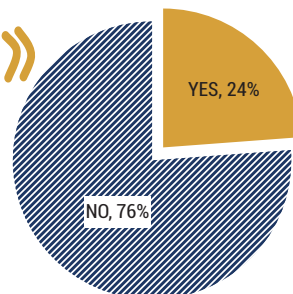
Very often, the citizens are obliged to obtain documents from different institutions in order to receive the required public services. Therefore, the LSGUs must co-operate with state institutions, and especially with the deconcentrated offices (regional offices of Ministries, agencies, inspectorates etc.). The chart below shows that most of the LSGUs are very satisfied (4) with the co-operation, assessed on a scale from 1 to 5, where 1 is the lowest and 5 is the highest level of satisfaction.

SATISFACTION FROM THE CO-OPERATION WITH THE DECONCENTRATED OFFICES OF THE CENTRAL LEVEL INSTITUTIONS ON LOCAL LEVEL



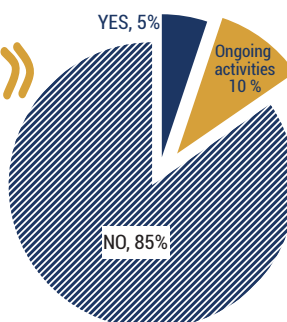
The introduction of renowned standards is one of the prerequisites for improvement of service delivery. ISO 9001 standard for quality management provides guidance and tools to institutions with the aim to ensure that the services consistently meet citizens' requirements. According to the survey, only 10 out of 42 LSGUs answered that they have introduced the ISO 9001 standard.

ADOPTED ISO 9001 STANDARD FOR QUALITY MANAGEMENT



The Common Assessment Framework (CAF) is the common European instrument for quality management with the aim to assist public sector institutions to improve their performance. Although there were promotional activities regarding implementation of CAF in the county, only two LSGUs have implemented it, four stated that they are conducting ongoing activities for its implementation, while 33 have not implemented it at all.

IMPLEMENTED CAF MODEL (COMMON ASSESSMENT FRAMEWORK)



Conclusions

Having in mind the current state of affairs, it is apparent that the LSGUs need a strategic intervention aimed at strengthening their service delivery, with a special emphasis on ensuring accessibility to services, both physically and electronically. Below are the main points regarding this area:

- » Physical accessibility for PwDs remains an issue in the majority of the LSGUs. Further efforts are necessary in order to ensure accessibility to the premises of the LSGUs and the other institutions that fall under their competence (schools, communal enterprises, social and cultural centres etc.)
- » Successful co-operation of LSGUs with deconcentrated offices of state institutions (regional offices of Ministries, agencies, inspectorates etc.). Most of the LSGUs assess the co-operation with the deconcentrated offices on high level, however, many of the LSGUs' representatives present on the regional debates pointed out that the coordination with the Ministries requires enhancement, especially in the creation of legal acts and policy documents that entail the local level.
- » Development of e-services should be encouraged and intensified. Although there are certain cases where the LSGUs developed their own e-services, this is rather an exception than a regular practice. Serious investments are therefore needed in order to ensure sustainable environment for e-service delivery on local level.
- » Further actions are necessary for improvement of the quality management on local level. With aim to enhance the service delivery and improve their performance in general, every LSGU should introduce and implement renowned international standards and instruments, such as the ISO 9001 standard for quality management and the Common Assessment Framework (CAF).

2 Involvement of the local level in PAR strategies throughout the Western Balkans

This part of the paper presents examples of PAR strategies and Action Plans in three WB countries, out of which two are candidate countries (Montenegro and the Republic of Serbia), and one is an EU member state (Republic of Croatia). It is worth mentioning that Montenegro and Serbia have the same two-layer government as in North Macedonia (local and central level), while Croatia has a three-layer government with the regional authorities positioned between the local and the central level. The objectives of the strategies and the concrete measures related to the LSGUs are in the focus of this brief overview.

2.1. Montenegro

The Strategy for PAR 2016-2020¹⁴ and the accompanying Action Plan for implementation of the Strategy aim to create efficient and service-oriented public administration, characterized with an increase of citizens' trust in its functioning. The Ministry of Public Administration is in charge of coordination of the implementation of the Strategy, where seven priority areas are defined:

- » Organization and accountability within the system of public administration;
- » Service delivery;
- » System of administrative servants and human resource management;
- » Development and coordination of public policies;
- » Public finance management;
- » Specific issues of the local self-government system;
- » Strategic management of the process of public administration reform and financial sustainability.

Through the inclusion of a separate area dedicated to the issues of the local self-government system, the PAR Strategy of Montenegro aims to advance the functioning of the LSGUs and to strengthen their capacities. The envisaged activities are divided in four sub-areas:

- » Functional aspects of the system of local self-government;
- » Reform of the communal system (utility services);
- » Territorial aspects of the system of local self-government;
- » Financial aspects of the system of local self-government.

¹⁴ The Strategy may be found at: <http://www.gsv.gov.me/biblioteka/strategije?alphabet=lat%3Fquery%3Dsajber+bezbjednost&sortDirection=Desc&pageIndex=3>

The key challenges refer to the need for advancement of the functioning of the LSGUs with the aim to ensure efficient performance and service delivery. Through envisaged amendments of the Law on Local Self-Government, the Strategy strives to create a system for human resource management on local level. With the foreseen amendments to the Law on Communal Services, the Strategy intends to improve the functioning of the communal system and to ensure financial sustainability of the service delivery to the citizens. Furthermore, there are measures dedicated to enhancing the capacities for implementing thematic laws that define duties and obligations for the local level, mainstreaming inter-municipal co-operation, development of unified e-tools for local tax management, optimization of the number of employees on local level, as well as increasing the efficiency in the use of EU funds on local level.

Montenegro's approach towards public administration reform clearly demonstrates the specifics of the local level through a separate chapter in the PAR Strategy. By putting a special emphasis on the local self-government system, the Government recognizes the need for separate measures that will address the key issues faced by the LSGUs in terms of their functioning (human resource management, service delivery, financial sustainability, territorial organization etc.).

2.2. Republic of Serbia

The Strategy for PAR 2015-2020 of the Republic of Serbia and the accompanying Action Plans¹⁵ aim to advance the functioning of the public administration in line with the principles of the European Administrative Space. This includes delivery of high-quality services for citizens and businesses and creation of an administration that will contribute towards economic stability and increase of the standard of living of the citizens. The Ministry of Public Administration and Local Self-Government is in charge of coordination of the implementation of the Strategy, where six priority areas are defined:

- » Advancing the organizational and functional systems of public administration;
- » Establishing system of public administrative servants based on merit and advancement of human resource management;
- » Improving public finance management and public procurement;
- » Increasing legal certainty, creating favorable business environment and enhancing the quality of public service delivery;
- » Increasing the transparency, ethical standards and accountability of the public administration;
- » Enhancing the oversight mechanisms in the public administration.

Although there is no separate priority area dedicated to the local level, the first area includes a measure on advancing the functioning of the local self-government system, decentralization and de-concentration of the state administration. This measure includes activities dedicated on:

- » Advancing the role of the LSGUs in implementation of public affairs;
- » Strengthening LSGUs' capacities for efficient implementation of their competences;
- » Establishing inter-municipal co-operation;
- » Adhering to the principles of good governance on local level;

¹⁵ The Strategy and the two Action Plans (for the periods 2015-2017 and 2018-2020) are available at: <http://mduls.gov.rs/reforma-javne-uprave/?script=lat>

- » Preparation of functional analysis in LSGUs;
- » Reform and standardization of the local administrative procedures;
- » Assessing the current state of affairs with e-governance specifically on local level.

Furthermore, in many of the other five areas, there are activities and indicators dedicated specifically to the LSGUs. Below are several key activities:

- » Advancing HR management processes on central and local level (separate indicators for development of capacities of the LSGUs);
- » Development of a catalogue of job titles and positions in LSGUs;
- » Development and implementation of a training curriculum for representatives of LSGUs dedicated to public policy management and advancement of professional competences;
- » Capacity-building of LSGUs' employees for implementation of specific local competences;
- » Strengthening the capacities of LSGUs for implementation of the processes for programmatic budgeting;
- » Advancement of the proactive transparency (dedicated to both central and local level) with separate trainings on proactive transparency for LSGUs' employees.

Besides the activities related to the local level in the PAR Strategy of Serbia, it is worth mentioning that the Ministry of Public Administration and Local Self-Government implements a separate Strategy and Action Plan on professional advancement of employees in LSGUs¹⁶. This Strategy aims to strengthen the performance of local level employees in terms of quality and efficiency, through generic and specific trainings related to the competences of the LSGUs.

Although not in a straightforward way, Serbia's approach towards public administration reform entails the specifics of the local level through separate measures, activities and indicators placed within the chapters of the PAR Strategy. The Strategy features serious reform approach towards the local self-government system, in terms of human resource management, transparency, e-services, local programmatic budgeting etc. Moreover, with the separate Strategy on professional advancement of employees in LSGUs, the Government puts a particular aspect on the development of the capacities of local administrative servants, so that the LSGUs may be able to implement the decentralized competences in an efficient manner.

¹⁶ Available at: <http://mduls.gov.rs/wp-content/uploads/strategija-strucnog-usavrsavanja-zaposlenih-u-jls-u-republici-srbiji.pdf?script=lat>

2.3. Republic of Croatia

The Strategy for PAR 2015-2020 of the Republic of Croatia¹⁷ aims to ensure timely and quality public services for the citizens, thus increasing the standard of living and creating a favorable business environment. The Ministry of Public Administration is in charge of coordination of the implementation of the Strategy, where a total of 17 priority areas are defined:

- » Advanced processes in the public administration;
- » Communication of public service users with public institutions;
- » Increased availability of public information;
- » Rational use of IT resources;
- » Advancing the quality of public services;
- » Developed professional competences of employees;
- » Developed system of professional advancement in the public administration;
- » Efficient and transparent employment system in the public administration;
- » System for career development of employees in the public administration;
- » Salary system in the public administration;
- » Optimization of the number of employees in the public sector;
- » Ethical principles in the public administration;
- » Developing an educational system relevant for the public administration;
- » Rationalization of the public administration;
- » Inclusion of the Croatian public administration to the European Administrative Space;
- » Improved coordination of the functioning of the public administration;
- » Rationalization of the system of local and regional self-government.

The priority area dedicated to rationalization of the local and regional self-government (No.17) includes two measures aiming at ensuring functional and fiscal decentralization and optimal territorial (local and regional) organization of the country. Besides this area, there are also specific activities that target the local and regional self-government units in the other 16 priority areas. Below are several key activities:

- » Improved co-operation and involvement of the local and regional self-government units in creation of public policies and legal acts;
- » Development of guidelines for standardization of administrative procedures in local and regional self-government units;
- » Implementation of unified IT solutions for e-governance for local, regional and central level;
- » Needs assessment for professional advancement of employees in local and regional self-government units;
- » Enhancing the system for trainings for employees on local and regional level;
- » Development of the system for transfer of competences between central level institutions and the local and regional self-government units;
- » Development of mechanisms for oversight by the local and regional self-government units.

¹⁷Available at: <https://uprava.gov.hr/UserDocImages/Istaknute%20teme/Strategija%20razvoja%20javne%20uprave%20za%20razdoblje%20od%202015%20%20do%202020%20%20godine.pdf>

Besides the activities in the PAR Strategy of Croatia, two specific Laws dedicated to the local and regional self-government units are in force. The Law on Employees and Officials in the Local and Regional Self-Government Units defines the status of the local and regional administration, while the Law on Salaries in the Local and Regional Self-Government Units defines separately the salaries for the local and regional administration and elected officials.

Croatia's approach towards public administration reform clearly demonstrates the specifics of the local level, both through a separate chapter in the PAR Strategy, as well as through separate measures and activities in the other priority chapters. The Government acknowledges the importance for development of the local and regional self-government system in order to enhance the service delivery, fiscal independence, capacities of the employees and the vertical co-operation. Moreover, the autonomous legal acts that define the status and the salaries of the local and regional employees and officials highlight the distinct treatment of the local (and regional) level, in accordance with their specific competences.

3 ■ Three policy options for convenient approach to public administration reform on local level in North Macedonia

In order to emphasize the specifics of the local level within the PAR Strategy of North Macedonia, the reform course should be adjusted accordingly. All four priority areas that are defined in the PAR Strategy contain measures and activities that may be completely adjusted and applicable to the local level.

Based on the analysis and consultations on the needs of the LSGUs and the review of best practices from the WB countries, three policy options for “localization” of the public administration reform in the country were developed. The three policy alternatives are presented below, with a proposed scope and examples of activities, based on the conclusions for each of the four areas of the Strategy presented above. Furthermore, with aim to assess the feasibility of each policy option, a brief SWOT analysis¹⁸ for each model was developed..

3.1. Policy option 1: Measures, activities and indicators targeting the local level within the current chapters of the Action Plan for implementation of the PAR Strategy

The first model follows the logic of the current PAR Strategy and strives to mainstream the local level into the envisaged measures and activities, i.e. to re-adjust the measures and activities to target the LSGUs, or to introduce separate indicators that measure the level of implementation on local level.

Within the first area of the PAR Strategy dedicated to policy creation and coordination, several activities should be adjusted in order to address the needs of the LSGUs. Below are few examples of “localized” activities:

- » Development of a standardized methodology for strategic planning of LSGUs;
- » Trainings on strategic planning for local administration;
- » Introduction of standard and technical rules for development of municipal acts;
- » Introduction of mechanism for involvement of citizens in local decision-making;
- » Establishment of a coordination mechanism between MLS and LSGUs.

¹⁸ Analysis of the strengths, weaknesses, opportunities and threats for each of the three models, developed on the three-day workshop with representatives of LSGUs, MLSG, MISA and CSOs

The second area – public service and human resource management – indirectly entails the local administration, but there are several activities that may be amended and/or adjusted with the aim to address specific issues faced by the LSGUs:

- » Development of a sub-network for human resource management on local level within the existing MISA's network on human resource management and building synergy with the existing ZELS Network for HRM consisted of municipal HR officers;
- » Development of training curricula for specialized trainings on the specific competences of the local administration.

The third area on accountability and transparency should undergo a serious revision in order to re-adjust its focus towards the LSGUs. Below are few examples of activities that may be included:

- » Compulsory implementation of functional analysis in LSGUs;
- » Development of policies on integrity and ethics for local administration and elected officials in LSGUs;
- » Trainings on integrity and ethics for local administration and elected officials in LSGUs;
- » Regular assistance in implementation of the LGAP for the LSGUs by central level institutions, with MLSG as "facilitator" of the communication.

The fourth area targeting the public services and ICT support to the administration should involve activities that would enable the LSGUs to improve their service delivery towards the citizens, including:

- » Improvement of the physical accessibility for PwDs in the premises of the LSGUs and the institutions established by the LSGUs (schools, social and cultural centres etc.);
- » Improvement of the e-communication channels between the LSGUs and the central level institutions;
- » Development of standards for service delivery on local level.

The proposed activities derive from the research on the priority areas where the LSGUs need strategic intervention and serve as concrete examples about "localized" activities from the PAR Strategy. The table below features the key strengths, weaknesses, opportunities and threats for the implementation of this policy option:

SWOT ANALYSIS FOR THE POLICY OPTION 1

Strengths	Weaknesses
<ul style="list-style-type: none"> • Keeping the existing framework of the PAR Strategy without extensive amendments; • Mainstreaming the local level into (some) activities which were already implemented on central level – lessons learned available; • Only a simple revision that is not time-consuming is necessary to introduce this model. 	<ul style="list-style-type: none"> • Low level of recognition of the specific needs of the LSGUs; • Lack of dedicated financial resources for implementation of the activities on local level; • Lack of coordination between LSGUs for strategic planning and implementation of joint activities.
Opportunities	Threats
<ul style="list-style-type: none"> • Unified approach towards public administration reform that brings increased impact for the public sector as a whole; • Advocacy for involvement of the local level in the existing framework through the participation of the Minister of Local Self-Government in the Council for implementation of the PAR Strategy; • Due to its adjustability and feasibility, this model should be the most acceptable one for the national policy-makers. 	<ul style="list-style-type: none"> • Lack of coordination mechanisms between LSGUs and central institutions in implementation of the activities; • Lack of interest by the international community for funding one-off activities on local level; • Lack of capacities of MISA to co-ordinate the PAR activities and processes on local level.

3.2. Policy option 2: Separate area within the PAR Strategy and the Action Plan targeting the specifics of the local level

The second model treats the specifics of the local level more concretely through a revision of the current PAR Strategy and the introduction of a separate priority area chapter, but still within the frameworks of the national PAR Strategy.

The second model treats the specifics of the local level more concretely through a revision of the current PAR Strategy and the introduction of a separate priority area chapter, but still within the frameworks of the national PAR Strategy.

Priority area 5 of the PAR Strategy: Development of the public administration on local level

1. Measure: *Enhancing the strategic planning and decision-making on local level*

- » Improvement of the inter-municipal strategic coordination on the level of planning regions;
- » Development of procedures for involvement of the urban and rural communities in the decision-making.

2. Measure: *Improving the human resource management in LSGUs*

- » Analysis of the implementation of LAS and LPSE on local level;
- » Needs assessment for a separate legislation that will regulate the status of the local administration;
- » Development of professional competences for professions typical for the local level.

3. Measure: *Increasing the transparency and strengthening the oversight procedures*

- » Unification of the websites of all LSGUs;
- » Development of standards for proactive transparency of LSGUs;
- » Unification of the functioning of the local inspectors in all LSGUs;
- » Strengthening the communication between LSGUs and relevant oversight bodies.

4. Measure: *Improving local service delivery*

- » Development of unified e-tools and e-services for all LSGUs;
- » Increased competences of urban and rural communities in service delivery.

As mentioned above, these activities, for a separate chapter dedicated to the local level, were mapped through the research phase and are complementary to the activities mentioned in the first policy option. The table below features the key strengths, weaknesses, opportunities and threats for the implementation of this policy option:

SWOT ANALYSIS FOR THE POLICY OPTION 2	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Tailor-made approach to the needs of the LSGUs within the national PAR framework; • Increased level of importance and recognition of the specific needs of the LSGUs; • Bigger impact on the LSGUs from implementation of targeted activities. 	<ul style="list-style-type: none"> • Multifaceted amendments of the PAR Strategy which may take time and serious efforts to be completed; • The focus of the reform is still mainly focused on the central level.
Opportunities	Threats
<ul style="list-style-type: none"> • Keeping the unified approach towards public administration reform and the need for coordination with central level activities; • Easier access to funds - recognition of the efforts to reform the public administrations on local level by the civil society and the international community (donors) • Transfer of expertise and best practices - existing positive examples from the other WB countries that applied similar approach. 	<ul style="list-style-type: none"> • Lack of capacities for coordination between the central and the local level that may hamper the development of the chapter's content as well as its implementation; • Questionable readiness by the LSGUs to undertake reform measures without being directly responsible for the implementation of the whole PAR Strategy.

3.3. Policy option 3: Separate Action Plan dedicated to public administration reform on local level

The third model envisages development of a separate Action Plan that will treat the specifics of local level separately and independently from the current Action Plan that involves only central institutions. Interventions in the PAR Strategy are also needed in order to create “grounds” for a separate Action Plan for the LSGUs.

According to the detected needs of the LSGUs, the separate Action Plan named “Public Administration Reform on local level” should feature several priority areas of importance for the LSGUs, including strategic planning, policy coordination, transparency, human resource management, public service delivery, fiscal decentralization, public finance management etc. The areas and activities below are complimentary to the areas and activities mentioned in the policy options 1 and 2, i.e. the activities included in the previous two models would also be part of the corresponding areas in this separate Action Plan.

Action Plan for implementation of the public administration reform on local level

1. Area: *Strategic planning and coordination on local level*

- » Formation of a Council for review of the legislation that entails LSGUs and their competences;
- » Harmonization of the legislation that entails LSGUs and their competences;
- » Development of mechanisms for coordination between LSGUs and the local institutions established by the LSGUs (schools, social and cultural centres etc.);
- » Review and development of the role of the eight planning regions.

2. Area: *Human resource management on local level*

- » Review of existing legislation and exploring opportunities for advancing the status of the local administration;
- » Advancement of the specialized trainings in co-operation between ZELS and MISA;

3. Area: *Public service delivery on local level*

- » Establishing a system of internal control and coordination for local service delivery;
- » Review and advancement of the system of communal services
- » Simplification of local services through analysis of the administrative burdens faced by the citizens;
- » Centralized approach to e-service delivery (coordinated process of digitalization of local services through ZELS);

4. Area: *4. Transparency and civic engagement in the work of the LSGUs*

- » Development of a methodology for proactive transparency of LSGUs (binding for all LSGUs);
- » Review and development of measures for increasing the civic engagement in local decision-making;

5. Area: *Fiscal decentralization and public finance management on local level*

- » Review and advancement of the process of fiscal decentralization;
- » Development of citizens' budget / participative budget planning on local level;
- » Review and advancement of the framework of local taxes.

These activities, for a separate Action Plan dedicated to the local level, were mapped through the research phase and are complementary to the activities mentioned in the first and the second policy option. Furthermore, the roles of MLSG, MISA, ZELS and the LSGUs should be defined if a separate Action Plan is developed, in terms of coordination, monitoring and evaluation of its implementation.

The table below features the key strengths, weaknesses, opportunities and threats for the implementation of this policy option:

SWOT ANALYSIS FOR THE POLICY OPTION 3	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Separate tailor-made approach to the needs of the LSGUs in line with their functional independence and constitutional autonomy; • Increased motivation of the local administrations for comprehensive reforms of their functioning; • Biggest possible impact on the LSGUs from implementation of the Action Plan due to the ownership of the process. 	<ul style="list-style-type: none"> • Very complex process of development of the Action Plan that will take a vast amount of time and efforts to be completed; • Complex coordination of the implementation due to the need for involvement of different central and local institutions; • Non-applicability of some activities in less developed LSGUs.
Opportunities	Threats
<ul style="list-style-type: none"> • Advanced vertical coordination: Increased role and support by MLSG for the LSGUs in implementation of the Action Plan; • Strategic approach that will generate and maintain donor support in the long term; • High visibility of the efforts for substantial reform of the local level and endorsement by the citizens and local communities. 	<ul style="list-style-type: none"> • Lack of support by the relevant central level institutions, due to the established unified approach in public administration reform; • Massive and radical changes in the functioning of the local administrations that may not be prepared for such comprehensive approach.

4 ■ Conclusions and recommendation on the most convenient policy option for public administration reform on local level

Having in mind the results of the survey, the main conclusions from the regional consultations and the reviewed examples from abroad, we can conclude that there is a strong necessity for re-adjusting the focus of the PAR Strategy towards the needs of the LSGUs. Although different in form and method, the substance and aim of all three presented policy options for “localization” of the PAR Strategy is the same – to redirect the reform course in a manner that will also target the specifics of the local level.

When it comes to the three-policy option, each one has positive and negative sides and there is no perfect model that can address the needs and expectations of all sides. The brief SWOT analysis led us to conclusions about the feasibility of the each alternative, as well as their relevance, efficiency, effectiveness, expected impact and sustainability:

- » The first policy option is the softest way of intervention and requires the least time and efforts to be introduced in the PAR Strategy, but it also decreases the level of expected impact and generates risk that the specific needs of the LSGUs will be still under-represented. The development of measures, activities and indicators targeting the local level within the current chapters of the PAR Strategy and the Action Plan is regarded as the most acceptable option for the relevant central level institutions, while also being perceived as the least acceptable option for the LSGUs.
- » The second policy option requires serious time and efforts to be introduced in the PAR Strategy, but it guarantees that the specific needs of the LSGUs will be represented on a suitable level, thus increasing the opportunities for substantial impact in the functioning of the local administrations. The introduction of a separate priority area (chapter) within the PAR Strategy and the Action Plan targeting the specifics of the local level is perceived as not-so-easily acceptable option for the relevant central level institutions, but it is perceived as a solid option for the LSGUs.
- » The third policy option requires completely different approach, extensive vertical coordination and vast amount of time to be developed and introduced, but it completely addresses the specific needs of the LSGUs in the most comprehensive manner. The development of a separate Action Plan dedicated to public administration reform on local level is perceived as the least acceptable option for the relevant central level institutions, while on the other side, it is perceived as the most suitable option for the LSGUs.

The selection of the most suitable solution took into account the need to include the specifics of the LSGUs in the PAR Strategy in a comprehensive but also acceptable way, while also ensuring solid levels of feasibility, expected impact and financial sustainability. Therefore, the second policy option that envisages introduction of a separate area (chapter) within the PAR Strategy and the Action Plan, targeting the specifics of the local level is perceived as the most suitable option in the current context.

OSCE Mission to Skopje
Bulevar 8-mk Septemvri No. 16
1000 Skopje