



## **Working Table I Meeting** **Sofia, 17 May 2005**

### **PROGRESS REPORT**

#### ***Introduction***

Local Democracy and Cross Border Cooperation (LODE/CBC) remains one of the core objectives of the Stability Pact for 2005. It functions in a horizontal way, exemplifying a true cross-table and cross-sectoral approach in enhancing systematic cooperation of local actors across national borders, which provides the practical underpinning to regional cooperation in South Eastern Europe.

From November 2004 to May 2005, the LODE/CBC Task Force focused mainly on the follow up of the Ministerial Conference on “Ensuring Effective Democratic Governance at the Local and Regional Level”, which was held in Zagreb on 25-26 October. It also enhanced cooperation with both OECD/DAC through the finalization of the OSI-LGI Donors’ Contribution Mapping Exercise Report, and with the European Commission on cross-border cooperation issues. In addition, LODE/CBC TF worked closely with the NALAS network, and local and international NGOs strengthening the decentralisation process, the capacity building of local and regional authorities and their associations and cross border cooperation initiatives.

The Zagreb Ministerial Conference and its follow up process and the European Commission’s cross-border cooperation policies remain the cornerstones for future strategic planning on LODE/CBC issues in the region. They touch certain sensitive areas, such as legislation, institutional and administration reforms, the role of local and regional authorities, the active participation of civil society and local communities, and the enforcement of a functional cross-border cooperation in the region.

#### ***Follow up of the Zagreb Ministerial Conference***

The process leading up to the Zagreb Ministerial Conference on Effective Democratic Governance at Local and Regional Level, in October 2004, proved the importance of drafting of Work Programmes for Better Local Governance, which was concluded in February 2005, under the supervision of the Council of Europe. At the same time, the dialogue between central and local authorities and their associations was improved. Both the Memorandum of Understanding that was signed by all SEE Ministers responsible for local self-government, and the Declaration that was adopted by all participants are of a significant political gravity and define future policy directions. The SEE governments have repeatedly underlined their commitment to strengthen local democracy, finalise and implement the Working Programmes and to further their cooperation with international organisations to that end.

Beyond the finalisation of the Work Programmes, the challenge is to monitor and evaluate their implementation on a state-by-state basis. This process needs a mechanism with a specific budget, timetable and methodology, which eventually could lead to a Skopje Evaluation Conference in Spring 2006.

The Council of Europe has produced two projects on institutional frameworks and capacity building of local authorities. It is essential that the international donor community respond positively to that effort.

### ***Project on Donors' Contribution in Local Democracy***

The Open Society Institute under the auspices of OECD/DAC and the Stability Pact undertook the Donor Assistance Mapping Exercise (DAME), to create a test donor's database for the SP beneficiary countries on local democracy projects for the year 2003.

The initiative was born out of the realisation that while donor assistance continues to flow to the recipient governments of South Eastern Europe, development policies of donor countries and organisations, in many cases, lack coordination and information exchange, causing overlapping and/or vacuum.

Both OSI-LGI and SP were invited by the OECD/DAC to present the report on "Donors' Assistance Database for 2003 for the Stability Pact Beneficiary Countries on Local Democracy", during the Informal Meeting of the Working Party on Statistics, on 9 February 2005.

The following are the major findings of the study: a. The amount of specific local government aid in terms of the total amount of donor assistance to Stability Pact countries is 10-15%; b. The biggest recipients of local governmental assistance in the region are Albania and Serbia and Montenegro with 31% and 22% of all local governmental assistance, respectively. Croatia, the Former Yugoslav Republic of Macedonia, Romania, and Moldova follow, all amounting to between 6 and 13% of all local governmental assistance; c. 20 donor countries were active in funding local governmental assistance projects in the region (the European Commission, IFIs/entities, such as the International Bank for Reconstruction and Development, and the World Bank/International Development Association are counted as separate 'donor countries', too). There is a large concentration amongst donors: more than two thirds of assistance funds were provided by four major donors: Germany, Greece, the European Commission, and IDA; d. More than one third of local government related assistance supported water supply and sanitation projects. One fifth of aid funds were spent on both education and government/civil society projects. The remaining one-fourth was spent on other fields such as health and population programs.

The project was concluded in April 2005 and is dependent on the interest of the donor community for its continuation and application to other sectors and/or deepening of its analysis.

### ***International Interest in Local Democracy***

It is very positive that the international community has shown an increasing interest in local democracy in SEE. The European Union, through EuropeAid and the European Commission's regional offices supports specific projects on local democracy in SEE. It is indicative that the European Commission points out the importance of civil society, local communities and local authorities, including them in its programmes. In addition, the CoE-Congress of Local and Regional Authorities (CLRA) continues to work closely with locally elected representatives and together with the Committee of the Regions, the European Commission and the Stability Pact will co-organise a conference on the Local and Regional Authorities in Western Balkans, in June in Pristina, trying to transform the experiences from the EU member states to the region.

Furthermore, the OSCE Missions have underlined the importance of fostering local democracy and their willingness to further cooperate with local and international actors to that end and both the World Bank and the UNDP continues to have a special interest on local authorities.

International donors continue to fund local NGOs, which are active in local democracy projects, enforcing citizens' participation. Non-governmental organisations and Local Democracy Agencies (LDAs) are partners in projects that promote citizens' access, social cohesion, and equitable economic sustainable development. Civil society and local NGOs should be further financially supported and be in constant dialogue with the international community.

### **NALAS**

On a non-governmental level, the Network of Association of Local Authorities of South Eastern Europe (NALAS) can play an important role. NALAS is facing a challenging year ahead, experiencing a transition period. NALAS should be more operational and in close contact with its member associations. Beyond NALAS' contribution prior to and during the Ministerial Conference, it had already organised regional seminars on capacity building and local authorities finance funded by GTZ and it is in the process of identifying its immediate priorities, and of presenting its action plan for the next years. NALAS has already nominated a new Executive Director and the first NALAS Assembly will take place in summer 2005.

### ***Prospects for the Cross Border Cooperation Networks***

The Thessaloniki Declaration pointed out that "inter-regional cooperation constitutes an essential element of the Stabilisation and Association Process". In that framework, CBC is an important vehicle towards SEE countries' European integration and an important dimension of the LODE/CBC TF policy.

### ***Euroregions***

Existing cross-border cooperation frameworks can be examined in a "best practices and lessons learned" approach. Amongst them, several Euroregions remain valuable networks, despite certain shortcomings. Amongst the Euroregions that function within the framework of the Stability Pact, the Southern Adriatic, Ohrid-Prespa, Danube-Tisza-Maros, Drina-Sava-Majevia, Nis-Skopje-Sofia Euroregions and the Presevo-Kumanovo-Gnjilane-Trgoviste (PKGT) micro-region are some of the most effective.

Despite that the official establishment and signing of the statute has been postponed, the main areas of activity within the Ohrid-Prespa Euroregion continue to be student exchange programmes, a NGO database, SMEs and economic development involving local authorities.

In addition the formal approval of the statutes of the Adriatic Euroregion in April 2005 in Pula, an initiative of the CoE-CLRA, gives a new impetus to the cooperation amongst regional authorities around the Adriatic Sea. The European Commission will support the initiative for the next 3 years with a budget of 6 million Euros. The region of Istria has the chairmanship for 2005.

Within the PKGT micro-region project, working groups have focused on economic planning and development, education, media, infrastructure and inter-ethnic/reconciliation level. Local authorities are playing a central role in this capacity. WT I is planning a field trip in May 2005 to strengthen the cooperation with the Mayors in the region and to define future priorities. PKGT is part of the broader Nis-Sofia-Skopje Euroregion, which has established working

groups on regional economic development, environment, culture, higher education, and media under the guidance of EWI. In addition, Drina-Sava-Majevisa and Danube-Tisza-Maros Euroregions are focusing on environmental and inter-cultural cooperation.

### *The European Commission's CBC policy*

The considerable increase of the budget available for cross-border cooperation projects according to the EU Regional Multi-annual Indicative Programme (MIP) for 2005-2006, which allocates 33-39 million euros, is a positive sign. Every year the European Commission allocates 15 million euros for "external CBC" (Neighbourhood Programmes) and 3 million euros for "internal CBC" (CARDS CBC).

Furthermore, the recent EU enlargement gives the region more possibilities to participate in INTERREG and CBC Phare, within the framework of the EC Neighbourhood Programmes, but local and regional actors from South Eastern European need more information on how to access EU funding.

The changing of EU borders makes the issue of the visa regime a central one. Certain regulations exist and visa liberalisation cannot be expected in the near future. On the other hand, visa facilitation and new special regulations are needed and the European Commission is ready to submit a specific proposal to the European Council soon. In this framework, mobility programmes for specific social groups, such as students, young people, women, and scientists have to be encouraged.

Despite the plethora of CBC initiatives in the region strategy, methodological framework, and resources have to be defined and strengthened to make those initiatives more effective and operational. Furthermore, other elements are also necessary for successfully strengthening CBC, such as appropriate legislative frameworks on local governance, local administration reform and capacity building, and political support of the central government.

Therefore, a *Manual for Training of Local Authorities and Civil Society could be very useful*. The first part of the Manual could be a compilation of existing documents on CBC issues, which have been produced by all partners up to now.

### **Challenges and Proposals**

Stability Pact LODE/CBC TF supports CoE proposals regarding the follow up of the Zagreb Ministerial Conference and the need for implementation of the Work Programmes for Better Local Governance, through national monitoring mechanisms / task forces.

According to those proposals, each SEE government could form a Task Force, which will function as a coordination mechanism, and will review and evaluate the implementation of the Work Programmes. The national Task Forces of the SEE countries could cooperate and exchange information and experiences, in coordination with the Council of Europe and the Stability Pact. The countries of the region should work in close cooperation with the international community to prepare the agenda for the Skopje Evaluation Conference in 2006. Within this framework, the donor community should participate and be more actively involved in local good governance projects.

The LODE/CBC TF will support an effort for the compilation of existing documents and the creation of a Manual for Training of Local Authorities and Civil Society.

The Stability Pact will further support NALAS, which needs to strengthen its cooperation and information exchange with the local authorities in every country of the region, to encourage local and regional initiatives amongst municipalities, and to strengthen citizens' participation

on local issues. In addition, the planning of NALAS should be more specific in defining its medium-term development strategy. The real challenge for NALAS and its national Associations is to become a truly independent, viable and self-sustaining organisation. Continuing guidance from both the CoE and support from SP regarding donors' coordination and information are necessary.

Citizens' participation is essential for the decentralisation and democratisation process and CBC networks. Education and training of local leaders are needed. Therefore strong support to local NGOs and LDAs is essential.

Despite the existing interest from the donor community, the latter has to be more actively involved and financially contribute to LODE/CBC initiatives.

WT I HK 03/05/05