



Serbia Local Government
Reform Program

Program za reformu
lokalne samouprave
u Srbiji

Performance Monitoring Plan 2002 – 2005

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Task Order #803

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December 19, 2002

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Dear Mr. Flanagan:

I am pleased to submit for your review and approval the revised SLGRP Performance Monitoring Plan dated December 19, 2002. We have reviewed your comments on the previous iteration of the draft SLGRP Performance Monitoring Plan (PMP) submitted for your review on September 24, 2002. As you know, the September 24, 2002 draft of the PMP focused on revision of the Municipal Capacity Index (MCI) and the Citizen Survey based on USAID feedback during this past summer. The revisions of the draft PMP dated December 12, 2002 focus on updating the Primary Indicators in response to recent recommendations on revised indicators for reporting within the USAID Strategic Framework. Correspondingly, the December 19, 2002 draft PMP includes a cumulative targets schedule based on USAID reporting requirements over the three phases of SLGRP implementation.

In response to our November discussions, the PMP is adjusted to reflect the three Primary Indicators of the reporting framework introduced by you at the SLGRP staff meeting of December 9, 2002. The revised Primary Indicators section of the PMP includes detailed information on baseline, targets and reporting.

USAID SO 2.1- Increased, better-informed citizens' participation in political and economic decision-making.

USAID IR 2.1.2- Improved interaction between citizens and local governments

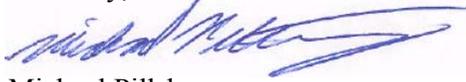
- SLGRP Primary Indicator: Program Municipalities conduct annual budget hearings which include citizen input to planning process
- SLGRP Primary Indicator: Improved Program communal enterprise management capacity as measured by MCI indicators.

USAID IR 2.1.3- Transparent financial management and improved service delivery by local governments

SLGRP Primary Indicator: Program municipalities have transparent financial management systems as measured by publication of annual budget review letters

Please let me know if there is any additional information I can provide.

Cordially,



Michael Pillsbury
Deputy Chief of Party
Serbia Local Government Reform Program

CC: Steven Rosenberg
Judy Hansen

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Introduction

This document presents a plan for assessing the performance of Development Alternatives, Inc. in achieving the outcomes and objectives of the *Serbia Local Government Reform Program (SLGRP)* and its contribution to USAID/Serbia's ***Strategic Objective 2.1: Increased, better-informed citizens' participation in political and economic decision-making.*** The performance monitoring plan (PMP) includes a results framework for the program, a list of indicators to track program outcomes and results, indicator definitions, and targets that extend to the year 2005.

Developing the PMP involved several basic steps: Discussions with SLGRP and USAID staff, literature review, methodological assessment, developing the results framework, identifying the critical assumptions and identifying and selecting indicators.

With the results framework established to guide the selection of indicators, SLGRP staff identified a list of candidate indicators that could potentially be incorporated into the PMP. These indicators captured key outputs, processes, results, and even impacts. These draft indicators were presented to USAID in an earlier draft of the PMP dated May 2002. Based on feedback from USAID, home office technical staff and performance monitoring specialists, the SLGRP staff selected the final indicators, helped fine-tune their definitions, and set their targets. A high priority was placed on adhering to USAID's criteria for selecting good indicators:

- Indicators should be *direct measures* of the result being pursued.
- Indicators should be *objective*, able to be defined in precise and objective terms so that they can be understood by a wide audience and not open to varying interpretation.
- Indicators should reflect the manageable interest of the activity, with a *plausible attribution* made between the activity and result sought.
- Indicators should be *practical* to allow the cost-effective collection of data on a timely basis.
- Indicators should be *disaggregated* by gender whenever appropriate to better manage for results.
- Indicators should be *quantitative* whenever possible, although qualitative indicators are also acceptable depending on the result being measured, and
- Indicators should be *readily understandable*, able to be clearly interpreted by intended users of the data.

Background

Purpose

The performance monitoring plan, is a required contract deliverable, the purpose of which is to track progress throughout the program. The Performance Monitoring Plan (PMP) includes the methodology on how data will be collected, targets, and a timeline for collecting data. This PMP provides for periodic evaluation by DAI of the impact of the various program components and operates as an important program feedback loop. DAI will submit a semi-annual report that details progress toward achievement of performance indicators and results. Each semi-annual report will be submitted no later than April 30 and October 30.

DAI is also required to submit progress reports to the task order CTO every six months. These reports describe progress made during the period against the goals identified in the implementation plan, discusses problems encountered, and reports any changes in the enabling, operating environment which might suggest project design modifications. For more effective overall monitoring, it is recommended that both reports be submitted together, beginning with the report scheduled for October 2002.

This Performance Monitoring Plan will contribute to the effectiveness of the performance monitoring system by assuring that comparable data will be collected on a regular and timely basis. With this in mind, we designed the PMP to sufficiently document indicator definitions, sources, and methods of data collection. In documenting the frequency and schedule of data collection and assigning responsibilities for that task we are also increasing the likelihood that comparable data will be collected in a consistent manner over time.

USAID Strategy and Development Context

During most of the 1990s, the people of Serbia suffered cycles of economic depression and social instability that resulted in severely decreased production, low wages and high unemployment. Gross domestic product dropped by over two-thirds. The Bosnia and Kosovo Wars, the resulting international economic sanctions, the loss of traditional markets, and the influx of refugees, had undermined the economy to such an extent that all municipalities were suffering deeply from unemployment, social disruption, loss of revenues, and lack of energy supplies. Fed by the Milosevic controlled media, old ethnic and religious hatreds and distrust were rekindled and contributed to a further breakdown of community life.

Opposition municipalities suffered inordinately. Because the opposition controlled the local governments of many urban areas, they were deprived of resources in an attempt to weaken and destroy their popular support and isolate opposition politicians. Slowly municipal authority was stripped away and financial and other resources were denied to those municipalities run by the opposition. Milosevic's cronyism dominated the state-run business and industrial sector, allowing him to funnel resources to his supporters while starving the opposition. Coupled with control of the media, the Milosevic machine was able to thoroughly undermine the effectiveness of opposition municipalities.

Facing the same international economic sanctions, municipalities learned to cope in a most basic way neglecting all but the most critical services. Infrastructure deteriorated so severely, due to both a lack of investment and a social policy, that subsidized public services became standardized and the communal enterprises were unable to cover their costs of operation and maintenance

Popular resistance to the Milosevic regime in the fall of 2000 and subsequent elections swept the old regime from power. Reform oriented leadership came to the fore. Elected on platforms that promised to improve living conditions, the reformers found that they had inherited a decaying infrastructure,

paralyzed social service systems and coffers that were not only empty, but often deeply in debt. Worse, the new opposition leaders rarely had any previous experience in public administration. The population, after years of an oppressive regime that severely suppressed democratic actions and that made endless empty promises, was apathetic and distrustful of the political process hampering the ability of local leaders that were poorly equipped to respond to the critical situations within their municipal governments.

With high unemployment and underemployment, the pressure to deliver on economic and political reforms is intense. Yet patience with the government is declining as people begin to doubt that the new democratic system will produce tangible benefits to the people. To reverse this situation and restore democratic processes at the local level requires concurrent actions to revitalize citizen participation, strengthen the capacity of local governments and demonstrate that tangible, immediate improvements in local living conditions can be achieved through democratic action.

All segments of the population must benefit in order to negate the divisive and exclusionary practices of the past. The issues of unemployment, economically vulnerable people, deteriorating public services and unhealthy living conditions must be addressed now. If this is not accomplished, support for the fledgling democratic system and the economic and political reforms of the new government will be seriously undermined.

Strategic Framework

To address these conditions, the USAID Mission has adopted, as part of its *Country Strategic Plan (CSP) Strategic Objective 2.1: Increased, better-informed citizens' participation in political and economic decision-making.*

This SO establishes the strategic framework for USAID/Serbia's local government programs, and the results framework identifies the objectives which will be pursued for its attainment and the Intermediate Results which serve as a benchmark of the program. SO 2.1 is focused in the next five years on rebuilding in Serbia the key elements of a democratic society. This will be achieved through a two-pronged approach involving action at the local level. It is being implemented by five American NGOs through the *Community Revitalization through Democratic Action Program (CRDA)* and through the *Serbia Local Government Reform Program (SLGRP)* led by the consulting firm Development Alternatives, Inc. in partnership with local groups and the participating municipalities. USAID envisions that these programs will operate in loose tandem.

As communities see immediate and tangible improvements to their social and economic environment as a result of their participation in the CRDA Program, their commitment to work together will grow along with their ability to engage constructively in local government decision-making processes. The stress on participatory decision-making, transparency and accountability in the implementation of the CRDA projects will cause citizens to demand transparent local government procedures, citizen participation and accountability of their elected leaders.

With the implementation of the decentralization and local government reforms, the municipal governments will be better equipped to provide required basic services and infrastructure. Training and technical assistance provided to local leaders by the SLGRP will make them better able to fulfill their responsibilities and ensure that their procedures are transparent, accountable and participatory. It also will show them how to work collaboratively with local NGOs to address local issues.

The combination of an informed, involved citizenry, an active local NGO community and a democratic, transparent, responsible municipal government will fulfill the key prerequisites for democracy to flourish on a sustainable basis at the grass-roots level. An underlying theme to this approach is that democracy does not begin at the top. While reforms at the national level are necessary for democracy to flourish in Serbia, the success of such reforms ultimately depends upon the commitment of individual citizens to democracy. To assure the support of the population, it is critical

that citizen participation be seen as a means to bring about immediate improvements in local living conditions and create new income earning opportunities. Hence, a major focus of this SO is on activities at the grass-roots level and is reflected in the Intermediate Results.

The four Intermediate Results include:

- **IR 2.1.1.** Citizens improve their living conditions through participation in community development committees
- **IR 2.1.2.** Improved interaction between citizens and local governments
- **IR 2.1.3.** Transparent financial management and improved service delivery by local governments
- **IR 2.1.4.** Broadened minority participation in the political process and decision making

The SLGRP directly supports two Intermediate Results, IR 2.1.2 and 2.1.3.

Outcomes

The tasks described in the contractor's scope of work are expected to lead to the **Outcomes** listed below, which in turn will further the achievement of the SO 2.1 Intermediate Results.

- **Contract Outcome 1.5.a.** A full operational, self supporting, professionally managed municipal association which engages the national government on legislative issues affecting the interests of local government
- **Contract Outcome 1.5.b.** The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues
- **Contract Outcome 1.5.c.** Improved delivery of those basic communal services within the sphere of local government control
- **Contract Outcome 1.5.d.** Local government units establish and routinely employ a variety of mechanisms to provide for increased citizen participation
- **Contract Outcome 1.5.e.** Examples of better managed, more effective, more market driven communal infrastructure enterprises providing improved service delivery to citizens

Primary, Impact and Monitoring Indicators

Each Contract Outcome is supported by one or more impact indicator. The purpose of the impact indicator is to provide evidence that the outcomes are being realized. The impact indicators answer the question, "What difference have our activities made?" Three of these indicators have been identified as "primary indicators" by USAID for use in their own reporting in support of IR 2.1.2 and 2.1.3. These primary indicators and their respective targets are as follows:

Table: USAID Primary Indicators for SLGRP

IR	USAID Primary Indicator	Base line	Target	Data Source
2.1.2	Program municipalities conduct annual budget hearings which include citizen input to planning process	0	100% of SLGRP municipalities	MCI and PALGO follow up observations post-SLGRP closeout
2.1.3	Program municipalities have transparent financial management systems as measured by publication of annual budget review letters.	0	100% of SLGRP municipalities	MCI and PALGO follow up observations post-SLGRP closeout
2.1.3	Improved Program communal enterprise management capacity as measured by a minimum cumulative score of 15 MCI indicators 9-12.	0	100% of SLGRP municipalities	MCI and PALGO follow up observations post-SLGRP closeout

In addition, each team has developed one or more monitoring indicators. The purpose of the monitoring indicators is to track the accomplishments of tasks or the delivery of outputs detailed in the contract (for example, the number of Business Improvement Districts (BID's) established.) The monitoring indicators are not in and of themselves measures of change. However, one can safely conclude that should SLGRP not deliver (or fall behind) the outputs, our chances of realizing the higher level impact, outcome, and results are slim.

Reporting on Primary Indicators

The monitoring and evaluation components of the Performance Monitoring Plan are designed to inform the consolidated semi-annual reporting process. Correspondingly, the consolidated semi-annual reporting process allows informs the Primary Indicators to allow progress toward designated targets to be provided on a workplan year annual basis (year ending September 30 of each program year).

The SLGRP implementation strategy includes three overlapping phases program municipalities will be selected and incorporated into program activities (see cohort map included). Correspondingly, the expected progression targets reflect the number of active SLGRP municipalities in each program year. The following table outlines the progression targets for annual reporting on Primary Indicators for each program year:

Table: USAID Reporting Targets and Timeline

Program Year	SLGRP Implementation		Cumulative Monitoring of Results	
	Active SLGRP Municipalities	Municipalities Engaged in Active Programming % of Program Total (50)	% of 50 Municipalities Impacted by SLGRP	(3) Primary Indicator Targets Achieved % of Program Total (50)
2002 (Baseline)	18	36%	0	0
2003	33	66%	36%	30%
2004	32	64%	66%	60%
2005	17	34%	100%	74%
2006*	0	0	100%	100%

*Non-SLGRP program year – assumes arrangement for post-SLGRP close-out data collection will be negotiated between USAID and PALGO.

Serbia Local Government Reform Program (SLGRP) Results Framework

USAID SO 2.1- Increased, better-informed citizens' participation in political and economic decision-making.

USAID IR 2.1.1- Citizens improve their living conditions through participation in community development committees

USAID IR 2.1.2- Improved interaction between citizens and local governments

USAID IR 2.1.3- Transparent financial management and improved service delivery by local governments

USAID IR 2.1.4- Broadened minority participation in the political process and decision making

Contract Outcome 1.5.a.

A full operational, self supporting, professionally managed municipal association which engages the national government on legislative issues affecting the interests of local government

Impact Indicators:

- Standing committee program is responsive to expressed needs of its members
- Increased financial independence based on membership support

Contract Outcome 1.5.b.

The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues

Impact Indicators:

- Model Charter statutes adopted
- Increased access to legislative information

Contract Outcome 1.5.c.

Improved delivery of those basic communal services within the sphere of local government control

Impact Indicators:

- *PROGRAM MUNICIPALITIES HAVE TRANSPARENT FINANCIAL MANAGEMENT SYSTEMS AS MEASURED BY PUBLICATION OF ANNUAL BUDGET REVIEW LETTERS*
- Program municipalities utilize new budgetary development skills in the preparation of the annual budget to allocate resources strategically and establish clear community priorities allowing for citizen input
- Improved use of Information Technology

Contract Outcome 1.5.d.

Local government units establish and routinely employ a variety of mechanisms to provide for increased citizen participation

Impact Indicators:

- *PROGRAM MUNICIPALITIES CONDUCT ANNUAL BUDGET HEARINGS WHICH INCLUDE CITIZEN INPUT TO PLANNING PROCESS*
- Positive change in citizen opinion about how well the municipal government keeps citizens informed about its decisions and activities
- Positive change in citizen opinion about the degree to which the municipality allows citizens to participate in municipal decision making

Contract Outcome 1.5.e.

Examples of better managed, more effective, more market driven communal infrastructure enterprises providing improved service delivery to citizens

Impact Indicators:

- *IMPROVED PROGRAM COMMUNAL ENTERPRISE MANAGEMENT CAPACITY AS MEASURED BY MCI INDICATORS.*
- Increased level of collection rates

**Primary Indicators are italicized and capitalized*

Association Development

Monitoring Indicators:

- Standing Committee develops legislative agenda and demonstrates an improved lobbying capacity

Policy Reform

Monitoring Indicators:

- More inclusive legislative process of preparing and adopting laws established
- Improved legal framework for municipal government and decentralization
- Analytical capacity to draft, review and advocate legislation is sustained

Information Technology

Monitoring Indicators:

- Ability to share data horizontally and exchange information
- Training of staff for improved staff productivity
- Advanced IT-based municipal management

Financial Management

Monitoring Indicators:

- Municipal officials attended and trained in order to gain competency in the new Budget Law
- Municipal finance desk reference produced and distributed
- Budget and finance staff completed all first cycle training courses
- Budget and finance staff completed all second cycle training courses
- Budget and finance staff completed all scheduled training courses

Citizen Participation

Monitoring Indicators:

- Number of municipalities that employ one or more formal strategies for improving municipal-citizen relations

Communal Enterprise

Monitoring Indicators:

- Plans adopted
- Improved customer service orientation of enterprises
- Services delivered in planned, cost effective manner

Performance Monitoring Plan

The performance monitoring plan is divided into three parts:

- 1) Impact and Monitoring indicators (divided by team)
- 2) A Municipal Capacity Index
- 3) A Citizen Attitude Survey

Although all three parts are mutually reinforcing they also fill independent program needs. For example, the citizen attitude survey will be used to guide the Citizen Participation team in their planning and execution of Citizen-Municipal strategy workshops. The development and methodology of each part follows.

Our selection of indicators was driven by whether the performance information collected would be useful in making program decisions. To the extent possible we have selected indicators that meet the following nine characteristics.

Indicator Selection

1. Match the indicator to the type of entity and the result SLGRP is trying to achieve.

We have tried to match the outcome indicator to the appropriate type of measuring tool. Examples include number and/or percent of people, numbers and/or percent of other entities, such as service delivered, decisions, meetings, etc. We recognize that no one measuring tool is intrinsically *better* than others. Each indicator we have selected was considered in the context of the result intended to be measured and any impact that may occur, as well as the feasibility, reliability, and validity of the data from that measuring tool.

2. Choosing cost-effective measurement.

In cases where it is too difficult to measure or too costly, we have turned to proxy, or second-best, indicators. On occasion we have opted for less expensive proxy measures rather than more expensive direct measures. Whatever indicators we used, we have chosen to balance the quality and utility of the information and practicality of data collection.

3. Consider data sources when selecting indicators

Indicators were selected in conjunction with a review of the data sources because data *validity* and *reliability*, as well as timeliness, are critical. We believe there is consistency in the source and data collection methodology. Whatever indicators we selected, they balance the quality and utility of the information with practicality of data collection.

We have aimed to avoid multiple methodologies which would make data collection expensive and time-consuming.

4. Make indicators objective

The indicators chosen are objective in the sense that they can be interpreted the same way by different people. This will permit comparisons over time, even if different people collect the data from year to year. They have been crafted to limit their subjectivity as much as possible.

5. Ensure that indicators are sensitive to change

Because we need to gauge performance at regular intervals, it was important to select indicators that are sensitive to change. Accordingly, we have tried to avoid indicators that show target groups or institutions reaching a *threshold* of some kind, but that do not reflect progress below or above the

threshold, as they are not sufficient to gauge progress. The most common example is the yes/no question. This does not show incremental change over time or changes in the quality of the plans.

6. Disaggregate indicators by relevant population groups (when applicable)

It is critical to disaggregate data by gender in that strategies can have very different impacts on different population groups due to societal factors. Indicators used refer to a specific population like the municipalities targeted, the association or the whole population.

Baseline data for monitoring indicators were collected through the initial and ongoing assessments by SLGRP teams during their visits with the municipalities. Through meetings with the managers of departments, interviewing staff, requesting and analyzing available documentation, and first hand observations- the program teams were able to determine the level of proficiency before program activities were implemented. Targets were set through the consideration of expected program outputs over the life of the contract and reasonable assumptions regarding the rate of adoption of new practices by program team specialists.

Each team is responsible for the collection of all data on their own team's indicators. We recognize that the best data collection systems are designed to be as simple as possible – not too time-consuming, not unreasonably costly, but able to provide USAID and SLGRP staff with good information at a frequency that meets the management needs of both parties. When selecting a data collection tools, we have taken practicality into account. Our calculation also considered the level of effort and resources required to develop the data collection tool and analyze the data. Our methods for collection of information for the indicators include:

Direct observations: Intensive and systematic observations of a process in its natural setting.

Key informant interviews: In-depth discussions with person(s) who are knowledgeable on a specific topic.

Municipality interviews: Meetings conducted on a specific topic that are open to all members of a municipality

File and document review: Reviewing data that has been previously collected and is present in the program files, or other program documentation. This type of review offers a relatively quick method to discover what data has already been collected with an eye toward minimizing the need for additional data collection and the costs associated with that data collection effort.

Gender and Minority Groups

Because of both economic and equity issues, gender affects program performance and its inclusion in SLGRP planning will result in better-targeted and more effective interventions. Gender is not a euphemism for “women”. It means examining the constraints and opportunities for both men and women – particularly as they may differ. Including gender means assessing: how the problems of men and women may be different; how the impact of activities may differentially affect men and women; and how the contributions of men and women may contribute to results in different ways. As appropriate and feasible, all indicator data will be disaggregated by gender, minority groups, and people with special needs.

The economic, political and social dislocations Serbia experienced in the 1990s disproportionately affected disadvantaged groups. Their participation in economic and political life deteriorated in many areas, from unequal access to employment to minimal opportunities to participate in politics. Prospects for ensuring a consensus in support of economic and political reforms will be impacted in a major way by the equal participation of all segments of the population.

Minority groups were dramatically affected by the past centuries events as families were removed or left in fear of the consequences. Many of these Internally Displaced Persons are returning to their

former communities. Program efforts will focus on minority representation and sustainability of permanent efforts and economic development in their communities. The SLGRP will attempt to educate refugees and minority groups from all ethnic backgrounds to become active citizens who regularly participate in municipal decisions.

Accordingly, we intend to assure that gender and minority groups are included as fully as possible in SLGRP activities, especially those related to citizen participation. The SLGRP program will consciously address the need for increased gender balance and inclusion of minority groups in areas such as advocacy, training, policy dialogue, access to services, and other aspects of the program as appropriate. This knowledge of and sensitivity to gender and minority group issues will be translated into effective program implementation.

Reporting Plan

For budgeting or contract management purposes, reporting data only once a year may be sufficient; but for management purposes, performance data needs to be available more frequently. Data should be collected, analyzed, and reported at least semi-annually.

Accordingly, we will report on the Performance Monitoring Plan indicators and the Municipal Capacity Index every six months. Reporting periods will end March 31 and September 30 each year with reports submitted to USAID within 30 days following the close.

In addition, we will periodically review our performance measurement systems to ensure that the measurement systems provide data that are sufficiently complete, accurate, and consistent to document performance and support decision-making.

We have constructed a comprehensive monitoring system for assessing SLGRP performance. A monitoring system as extensive as this one will produce information that can and should guide project management, both for USAID and DAI. Thus, the reports on the performance of SLGRP must be clear, succinct, and well organized to maximize the likelihood that they will be used. Two ways to increase the usefulness of the SLGRP monitoring system is to issue a consolidated report on its three pillars and to conduct a formal review of the findings. In such a meeting, differences between actual and planned performance, trends over time and differences among municipalities would be explored to determine what, if anything can or ought to be done to improve performance. Performance measures help to identify areas that need attention.

Consolidated Semi-Annual Reporting

We are acutely aware of the need to pay full attention to the reports. Decision-makers typically do not have a great deal of time to read and digest long, complex reports. The intention, therefore, is to provide clear and user friendly reports for USAID to encourage interest in SLGRP performance data. Similarly, so as not to overwhelm readers with voluminous data we propose consolidating SLGRP performance reporting and semi-annual workplan progress reporting into a single document to be prepared twice per year. Currently, this would mean semi-annual reports issued April 30 for the period closing March 31, and a second report issued October 31 for the reporting period ending September 30. This schedule is somewhat different from the Scope of Work of Task Order #803 that calls for the contractor to provide a *semi-annual* report on the Work Plan and an *annual* report on the Performance Monitoring Plan. Modifying reporting in this manner, however, is responsive to USAID guidance calling for simplified reporting and reliance only on the limited indicators needed for management decision-making.

To facilitate understanding, data will be arranged, ordered and presented in formats that will allow readers to detect patterns. A variety of graphic formats, including tables, bar charts, and line charts, may be included. Displaying findings on a single page eases the task of spotting unusual findings, and accordingly, a variety of tabular formats will be used initially for reporting on the Work Plan, Performance Monitoring Plan and the Municipal Capacity Index.

Reporting Sub-Par Performance News

Inevitably, the performance monitoring system will at one time or another contain bad news. An SLGRP report that includes some indicators showing results significantly below expectations compared to the targets of the reporting period can be expected. Any performance measurement system is in fact intended to reveal problems of below-par outcomes so that those who can do something about them can take corrective action. A negative performance on an indicator, rather than leading to punitive action, should instead point to an SLGRP area that needs attention and permits timely adjustments to be made. Sub-par performance data will be addressed in narrative comments describing planned actions, and any action already underway, aimed at correcting problems identified in either the Operational Work Plan, the PMP or MCI. In addition, the results of corrective actions will be described when the subsequent semi-annual report is released.

Limitations of Performance Monitoring Information

Development of the SLGRP monitoring system reflects important lessons learned from successful performance monitoring plans used for other projects. For example, we have tried to strike a balance between what *can* be measured and what *should* be measured. An effort has also been made to use a small number of indicators and to keep the system as simple as possible. Not all potentially relevant information contributes to improving decisions; not all information is eventually even worth knowing.

There are, of course, real limitations to SLGRP performance data that all users of the information should be made aware. Those who receive the performance data should realize that the outcomes only tell what happened, not why. Performance monitoring systems generally do not provide information on “causality” nor are they intended to. Users of SLGRP performance data should resist rushing to causal relationships with performance data alone. The purpose is not to measure linkages or to draw cause-and-effect conclusions. Long-term follow-up of events after SLGRP technical assistance and training have been provided is the province of evaluations and special studies, not this performance monitoring system. Performance measurement is a complement to, not a substitute for, a rigorous evaluation designed to estimate SLGRP impacts and tell why they occurred. On the other hand, the comprehensive nature of the SLGRP system ensures the ready availability of quality monitoring data to support future impact evaluations because the data needs of the evaluation have been considered in the choice of outcome indicators, data sources and reporting.

Modifying the Monitoring Plan

Some observers may believe that the primary audience for performance information is USAID, and that the emphasis is placed on providing USAID with success stories. In fact, the SLGRP monitoring plan is first and foremost a management tool designed to promote adaptive management and informed decision making by emphasizing the systematic tracking and analysis of performance. The monitoring plan and MCI will remain as consistent as possible during the project to make comparisons over time relevant and accurate. Slight alterations may be made after careful consideration of the impact of making proposed changes on the validity and accumulated data previously reported.

Interpreting the Results in Semi-Annual Reviews

Learning from SLGRP interventions through performance measurement is a management necessity if USAID local government development objectives in Serbia are ultimately to be achieved. Interpretation of the data involves moving back and forth between what the data implies and speculating about relationships, causes, reasons for the findings, and meanings given to the data. An effective means to this end is to conduct semi-annual performance reviews of the draft performance monitoring report. Such a meeting with USAID and DAI managers would provide a forum for interpreting the data collected during the monitoring process so as to draw conclusions and involves attaching meaning to the data, explaining the patterns and trends observed, and looking for relationships and linkages between the various factors and outcomes. At this review, the SLGRP team leaders will review progress against established indicators and may recommend any necessary management actions to be taken.

In such a forum there would be expanded opportunities for the information developed by this monitoring system to be fully utilized. USAID and DAI managers could use them in the following ways:

- ◆ Identifying SLGRP interventions that have and have not produced satisfactory results, and then in reallocating resources as necessary;
- ◆ Examining trends over time and adjusting SLGRP elements or policies as needed;

- ◆ Motivating DAI and subcontractor employees by meeting with them to discuss what performance results show (and what it does not show);
- ◆ Confirming or modifying targets for performance indicators for future periods;
- ◆ Identifying areas of SLGRP activity that need more detailed analysis or evaluation; and
- ◆ Developing and then justifying budget changes, as appropriate.

Involving USAID staff in the interpretation of the data can help to develop collective understanding and a much richer interpretation of the patterns and relationships present in the data. A product of the semi-annual reviews would be a specific list of decisions made, actions required, person(s) responsible for each action, and the expected result of each action.

Later, expanding semi-annual performance reviews to include CRDA partners, for example, and perhaps eventually those municipal officials and staff who contributed to the data, or both groups, might also be considered. This would serve to a) check the findings for accuracy, completeness, and credibility; b) test the preliminary ideas on interpretation of the results; c) generate ideas for workable recommendations to address the issues that come out of the evaluation; and d) secure more commitment to the outcomes among those who will be involved in implementing the recommendations. Performance reviews that involve Serbian municipal officials can be used as an occasion to build local commitment to needed actions and to solicit local views on how to improve SLGRP performance. Indeed, assisting Serbian municipalities with performance management is a potential entry point in efforts to help them become more responsive and effective.

Municipal Capacity Index

Introduction

The *Municipal Capacity Index (MCI)* is a weighted index that measures the performance of participating municipalities in five areas of SLGRP assistance. The Municipal Capacity Index has been developed by DAI/SLGRP to provide a realistic, objective evaluation of the improvements of project municipalities in the areas specified in USAID's contract with DAI. The MCI attempts to convert a complex set of qualitative data and presents it in a quantitative measurement- a score from 0-100 for each city. It was developed after a review of similar indices developed by the World Bank, Transparency International, Price Waterhouse Coopers, Judicial Reform from the American Bar Association's Central and Eastern European Law Initiative, as well as a number of other indices created by various public and private organizations.

The MCI utilizes the main goals of the project with regard to SLGRP activities in the program cities to develop five categories of indices- each valued at 20 points. These categories directly relate to the achievement of IR 2.1.2, Improved interaction between citizens and local government, and IR 2.1.3, Transparent financial management and improved service delivery by local government. Briefly, the categories are:

- 1- Financial Management
- 2- Internal Municipal Operations
- 3- Communal Enterprises
- 4- Citizen-Municipality Interaction – Transparency and Participation
- 5- Citizen-Municipality Interaction – Improved quality of services

Within each category, four indicators have been established, each valued at a maximum of five points. These indicators are tied to specific outputs specified in the DAI/USAID contract.

MCI data can be used to evaluate project success by region, by category and over time. Data from project cities will be evaluated against data of control cities (where the project is not operating) to control for reforms that may be occurring unrelated to project activity. As the project proceeds and new project municipalities are added, baseline data for the new municipalities will be gathered. SLGRP will be providing MCI scores at least once per year.

Assuming that a municipality has the necessary commitment to reform, achievement of results, as measured by the MCI, will largely be a function of the successful implementation of SLGRP's work plan. Thus, the MCI is an excellent measure of project performance. The MCI will also be used to give each municipality a report card on its progress towards reform. MCI data will also be compared to citizen survey results, though not combined, to see if objectively measured municipal capacity changes are having the expected impact on subjective citizen perceptions.

In subsequent years, we will explore alternatives to institutionalize the use of the MCI by local government stakeholders. For example, we will consider whether such a tool could also be valuable to an organization like the Standing Conference (municipal association) or the Ministry of Local Government, which may want to adapt the MCI for its own purposes.

Benefits of the MCI Approach

The municipal capacity index approach has a number of characteristics that make it ideal it for SLGRP performance monitoring:

- ◆ **It Does Not Reinvent the Wheel.** Although the index survey is customized for the SLGRP, the five index components (Financial Management, Internal Municipal Operations, Communal Enterprises, Citizen-Municipality Interaction – Transparency and Participation, and Citizen-Municipal Interaction – Improved Quality of Services) are

always the same, the *Municipal Capacity Index* is not a new invention but is based on DAI's experience in the CEE/NIS region.

- ◆ **Data are Readily Available.** Data are largely readily available to the SLGRP advisors and thus expensive attitudinal, efficiency, or economic surveys are avoided. Index elements measure the presence of absence of contributors to strong municipal capacity.
- ◆ **MCI Provides Valuable Control Group Information.** The index is applied, and data is gathered, from both program municipalities and non-program municipalities, so that comparisons between the two can be made. A significant weakness of many performance monitoring programs is the absence of data on control groups. USAID and its implementing partners have traditionally had trouble in the democracy and governance area with the issue of attribution. Collection of data on the control groups helps address this problem.
- ◆ **Data Integrity Insurance is Built-In.** The scoring is the result of on-site interviews and data confirmation in each of the participating and control group municipalities. The degree of data integrity is reported along with the index results.
- ◆ **Process and Results are Transparent.** Data from the MCI initially will be available to the municipalities and the public through project publications or through electronic media such as list servers or web pages. Later on, if a permanent home for the MCI is found at the Standing Committee, Ministry of Local Government, an NGO or think tank, the communications channels of that organization will also be employed to help disseminate the MCI results.

Methodology

It is important to measure the SLGRP impact on the areas where it is providing technical assistance, to allow for an efficient allocation of resources and time. To do this, twenty municipal performance indicators under five general elements were developed in collaboration with the programs' technical advisors.

Municipal Capacity Index Categories and Indicators

I. *Financial Management*

1. Strategic Planning Integrated into Budgets and CIPs
2. Finance Office Training Retained
3. Finance Office Organization Rationalized and Controls Improved
4. Independent Internal Audit Established

II. *Internal Municipal Operations*

1. Integrated Financial Management System Adopted
2. Registry IT Systems Improved
3. Procurement Systems Improved
4. Information Sharing Capacity Improved

III. *Communal Enterprise*

1. Cost Recovery Improved
2. Operations and Maintenance Plans Utilized
3. CE Transparency Improved
4. CE Public Relations Improved, Citizen Responsibilities Enforced

IV. *Citizen-Municipality Interaction – Transparency and Participation*

1. Municipal-Citizen Strategic Plan Implemented and Process Institutionalized
2. Municipality Finance Transparency Improved
3. Increased Participation in Management and Operations Decisions
4. Increased Participation in Budget Decisions

V. Citizen-Municipal Interaction – Improved Quality of Services

1. Service Quality Feedback Mechanisms Established
2. Services are More Accessible and Convenient
3. Permitting Waits are Reduced
4. Economic Activity Increased

Appendix E contains a more detailed description of each question. In addition the annex includes the scoring system for each question, assignments of responsibility for assessing and assigning scores, the required documentation to be reviewed and the overall impact that the change hopes to affect.

Index Scale and Weighting

The MCI consists of five categories of four questions each. The MCI employs a scale of 100 points and weights all five categories equally (up to a maximum of 20 points each). Each question is graded on a five point scale. Most of the questions, unless otherwise stated, following the same scoring progression: zero points – municipality is not in compliance with the law or ideas espoused by the program; one point – municipality is compliant with laws or has reached a minimum standard; two points -- some additional steps have been taken to improve; three points – further steps have been taken , or better integrated, or taken with a view toward longer term planning; four points -- citizen feedback is incorporated into the change or a more formal and comprehensive procedures have been adopted; five points —municipality has reached the ideal level, impact is clearly recognized, and institutionalization is assured. Scores are progressive. That is, a municipality must meet all the criteria assigned to points 1, 2, and 3 before it can be considered for a 4.

For example, under the category “Communal Enterprises” question #9, if a municipality/communal enterprise is able to calculate its unit cost of services, it is credited with one point. If it has a long term plan for substantially recovering costs, it is credited with three MCI points. If it bills 100% of known clients on a periodic and timely basis (monthly, quarterly) it receives five MCI points. The five point score is the intended impact of the communal enterprise working through a plan for increasing cost recovery.

Scoring Plan

The MCI baseline for Year 1 municipalities will be collected so as to report on the status of the municipalities prior to intensive program activity. Because of the current 3 month gap between the end of the contract/reporting year (September 30) and the end of the SLGRP year/training cycle (December 31) the Year 1 municipalities will not be re-scored until March 2003. The year two workplan will synchronize the training cycle and the contract year. Scoring will be done according to the following calendar:

Table: MCI Scoring Schedule

September 2002	Re-collection of Cohort 1 baseline data (reporting on status of municipality as of March 2002)
November-December 2002	Collection of Cohort 2 baseline data (reporting on status of municipalities as of September 2002)
March 2003	Cohort 1 score update
September 2003	Cohort 1 score update; Cohort 2 score update; Cohort 3 baseline
March 2004	Cohorts 1 and 2 updates
September 2004	Cohorts 1,2, and 3 updates
March 2005	Cohorts 1,2, and 3 updates
September 2005	Cohorts 1,2, and 3 final updates

Table: MCI Baseline and End of Project Targets

March 2002	Points
Index Score of 18 Program Municipalities	14
Range of Scores	6-34
March 2002	
Index Score of 5 Control Municipalities	15
Range of Scores	9-18
September 2005	
End of Project Score of 50 Program Municipalities	34
Range of Scores	15-70

*Note, Novi Sad was moved into the control category in July 2002

	Municipal Capacity Index Scorecard	Increased Financial Management Capacity
1	Municipality has conducted a strategic planning exercise and integrated the results into the capital improvement plan and annual budget.	<ul style="list-style-type: none"> (0) points if the municipality no efforts made to initiate strategic planning (1) point if the municipality has initiated a strategic planning process (2) points if the municipality has completed the strategic planning process (3) points if the strategic plan is integrated with just the CIP (4) points if the strategic plan is integrated with both the CIP and the budget (5) points if the city charter has been modified to require strategic planning no less than once every five years
2	The municipality's finance department has attained budget/ accounting competency based on topics covered during the two year financial management training cycle.	<ul style="list-style-type: none"> (0) points if the municipality has not attended or participated in financial management trainings (1) point if 80% of the finance office has participated in all regional workshop trainings (2) points if 25% of the finance office has elected to take the certification test and passed (3) points if 50% of the finance office has elected to take the certification test and passed (4) points if 75% of the finance office has elected to take the certification test and passed (5) points if 100% of the finance office has elected to take the certification test and passed
3	Municipality's finance department has adopted an organizational plan in which staffing and internal controls are in alignment.	<ul style="list-style-type: none"> (0) points if no efforts have been made to align staffing to comply with the new budget law (1) point if a Systemization Act and job descriptions have been approved by the Executive Board (2) points if the organizational plan has been adopted by the Executive Board (3) points if the organizational plan has been implemented (4) points if internal controls have been strengthened (looking specifically at the treasury) (5) points if the plan has been replicated in at least one other department
4	An internal audit function has been established independent of the finance office.	<ul style="list-style-type: none"> (0) points for no internal audit function (1) point for internal audit function as prescribed by law (2) points for completing internal audit reports at least semi-annually (3) points if the municipality can prove that internal audit recommendations have resulted in accounting and operational changes (4) points if internal audit results are shared with citizens at least semi-annually (5) points if the internal audit office is independent (reports to Mayor, Executive Board, or City Council)
		Municipal Management- Internal Municipal Operations
5	Municipality has implemented an integrated financial management system that supports the new chart of accounts and other requirements of the 2002 Budget Law, allows for future integration of additional modules, and helps streamline reporting.	<ul style="list-style-type: none"> (0) points if the municipality has not adopted computer-based accounting system (1) point for an adopted computer-based accounting system running old or new software (2) points if new software is used where general ledger and budget systems are integrated (3) points if core modules are used (cash receipts, accounts receivable, accounts payable, payroll) (4) points if the municipality posts monthly financial reports to their website (5) points if advanced modules are used (utility billing, fixed assets, procurement, purchase orders)
6	Municipality uses IT systems to provide citizen records (e.g. birth, marriage, death, and voter registration.)	<ul style="list-style-type: none"> (0) points if no IT system is in place (1) point if an IT system is in place that provides any information for the registry office (2) points if two of the four registry functions use IT systems (3) points if three of the four registry functions use IT systems (4) points for proven feedback mechanism in IT systems that automatically updates one registry category when there has been a change in another function (5) points for realizing efficiencies by allowing citizens to request documents over the internet or provide forms to order information over the internet
7	Municipality has open and transparent procurement system regulations and has adopted conflict of interest rules.	<ul style="list-style-type: none"> (0) points for non compliance with the Public Procurement Law (1) point for compliance with the Public Procurement Law (2) points if the municipality has any additional procedures to increase transparency (3) points if the municipality has adopted formal conflict of interest codes (4) points if the municipality has instituted pre-award internal review process (5) points if no protest or challenges have been filed with the Public Procurement Agency during the last twelve months
8	Municipality uses IT systems to exchange information across departments throughout the municipality.	<ul style="list-style-type: none"> (0) points if the municipality does not have a networked IT system (1) point if the municipality has a Local Area Network (2) points if the LAN is connected to the registry office (3) points if the LAN is connected to the permitting office (4) points if the LAN is connected to Communal Enterprise (5) points if the LAN is connected to Mesna Zajednica
		Improved Communal Enterprise Management (USAID Primary Indicator)
9	Water and solid waste communal enterprises know per unit costs of services, have taken steps to completely cover their expenses (by increasing fees and billing all possible clients) and hold public meetings before changing fees.	<ul style="list-style-type: none"> (0) points if the municipality does not know unit costs of key services (water and solid waste) (1) point if the municipality knows unit costs of services (2) points if any steps are taken to align fee structure with unit costs (3) points if a long term plan for substantially recovering costs and is in place (4) points if public meetings are held with stakeholders before any price adjustments are made (5) points if the municipality bills 100% of known clients on a periodic and timely basis (monthly, quarterly)
10	Communal enterprise(s) adopt and use an operations and maintenance manual to plan the sustainable operation of the services and assets of the communal enterprise.	<ul style="list-style-type: none"> (0) points if no operations and maintenance procedures exist (1) point if informal operations and maintenance procedures exist (2) points if some formal operations and maintenance procedures exist (3) points if operations and maintenance are comprehensively planned (4) points if a comprehensive operations and maintenance plan exists absent an implementation strategy (5) points if a comprehensive operations and maintenance plan exists inclusive of an implementation strategy defining accountability for specific functions
11	Communal Enterprise budgets and financial reports contain all cost elements, are available to municipality managers, and the public's response is used to improve subsequent reports.	<ul style="list-style-type: none"> (0) points if no financial reports are created, or they are not readily available (1) point if reports are available to managers as needed (2) points if reports are produced annually for managers (3) points if reports are produced at least semi-annually for managers and placed online or through media (4) points if reports are produced quarterly for managers and disseminated at public meetings (5) points if feedback from the public is used to improve subsequent reporting

12	Communal Enterprise management has adopted and implemented policies for public relations and customer service.	<ul style="list-style-type: none"> (0) points for no PR or customer service policy (1) point for having a PR and customer service policy (2) points for setting up a -24 hour, 7 days a week- customer relations system (3) points if the -24 hour, 7 days a week- customer relations system is sensitive to minority groups, elderly, women, and people with special needs (4) points for establishing and enforcing a turn off policy of services (5) points if water communal enterprise has attained at least an 85% collection rate
		Transparency and Citizen Participation in Decision Making
13	Municipality has a strategy and work plan for improving citizen-municipal relations, a working group to oversee its implementation, and has followed through with a majority of action items.	<ul style="list-style-type: none"> (0) points if no work plan or strategy for citizen input is present (1) point for informal or ad hoc strategies for soliciting input have been used (2) points if strategy and work plan are completed (3) points if a formal work plan is in place and implementation has begun (4) points if implementation of initial plan has been completed and special consideration for minorities and women have been addressed in the implementation of the plan (5) points if the citizen input function has become institutionalized through such means as creating permanent working groups
14	Municipality provides monthly financial reports, based on new accounting structures and utilization of the new integrated financial management software.	<ul style="list-style-type: none"> (0) points if no financial reports are created, or they are not readily available (1) point if reports are created that contain only revenue, expenditure, and obligations as required by republic law (2) points if reports providing information beyond what is legally required are presented to department heads monthly (3) points if reports are available for elected officials monthly (4) points if reports are released to the public monthly (5) points if feedback from the public is used to improve subsequent reporting
15	Municipality has utilized town meetings, citizen advisory boards, or citizen task forces to obtain citizen input regarding municipal decision making and/or operations.	<ul style="list-style-type: none"> (0) points if town meetings, citizen advisory boards, and citizen task forces are not used (1) point if the municipality is in compliance with state laws on citizen participation and input (2) points if the municipality has additional participation beyond the requirements (3) points if local media or municipality website publicizes citizen initiatives pertaining to municipal decision making and operations (4) points if funding for standing meetings with citizen groups is included in the budget and special funds are allocated to encourage the participation of minority groups and women (5) points if the municipality has a permanent citizen led board that helps manage citizen input
16	Municipality has conducted special public meetings, hearings or other such events to inform and involve citizens in development of the municipal budget.	<ul style="list-style-type: none"> (0) points if no special meetings, hearings, or other such events are held to inform and involve citizens in developing the budget (1) point if there are special meetings, hearings, or other events held as mandated by law (2) points if meetings or hearings are scheduled beyond what is required, but involve only one-way communication (3) points if meetings or hearings are scheduled beyond what is required, and involve two-way communication (4) points for providing evidence of budget prioritization based on citizen input of those who are typically not well represented such as women and minorities (5) points if the municipal budget requires a section discussing citizen initiatives in order for final approval
		Providing More Accessible, Convenient, and “Citizen Friendly” Services
17	Municipality has established feedback mechanisms for evaluating the quality of employee-customer interaction that includes an incentive system for good performance.	<ul style="list-style-type: none"> (0) points if the municipality has no feedback mechanism to evaluate employee-customer interaction (1) point if the municipality has established a feedback mechanism for evaluating the quality of employee-customer interaction (2) points if surveys and feedback systems are immediately available for citizen input at the facility (3) points if the municipality has an incentive plan in place for good performance (4) points if the municipality has a recognition program that rewards outstanding performance (5) points if the evaluations of employees are used for yearly performance reviews and are a basis for promotion
18	Municipality has a Citizen Information Center to help make services more accessible and convenient.	<ul style="list-style-type: none"> (0) points if the municipality has no Citizen Information Center (1) point if the municipality has a CIC (2) points if the CIC provides services on site (3) points if the CIC collects, analyzes data, and adjusts CIC services based on interaction and findings (4) points if the CIC has made provisions for servicing minorities and people with special needs (5) points if the CIC has the capacity to measure response time and has used past data on response time to adjust municipal functions outside the CIC
19	Municipality has improved the speed and convenience of obtaining building and other permits by establishing a “one-stop” permitting center or otherwise streamlining the permitting process.	<ul style="list-style-type: none"> (0) points if one-stop permitting center is not available (1) point if any other steps are in place to streamline the permitting process (2) points if one-stop permitting center is established (3) points if the one-stop permitting center allows for electronic submission of applications (4) points if the one-stop permitting center has made provisions for servicing minorities and people with special needs (5) points if the time to obtain a building permit based on a hard copy has been reduced by 50%
20	Municipality has initiated or participated in public-private initiatives, such as Business Improvement Districts, to improve economic conditions.	<ul style="list-style-type: none"> (0) points if no public-private initiatives have been established (1) point if public-private initiatives have been initiated (2) points if funding is made available by the municipality for public-private initiatives (3) points if additional resources such as educational centers or a chamber of commerce have been created (4) points if a BID has been established (5) points if the municipality or the BID can demonstrate a material change (more than 5%) increase in economic activity (as measured, perhaps, by gross sales)

Citizen Attitude Survey

Over its four-year life, the *Serbia Local Government Reform Program* is designed to improve public administration and citizen participation in local government in 50 municipalities. To measure changes in citizen knowledge and attitudes regarding municipal government, including the propensity for citizen participation in municipal government activities, a *Citizen Attitude Survey* has been designed. The survey sample will capture statistically valid information on the differences between the municipalities where the SLGRP is conducting program interventions and municipalities where it is not actively engaged in program activities.

The survey will be administered in three unique cohorts of municipalities shown in the attached map. Each cohort corresponds to a scheduled phase of program implementation. Research in each cohort will first consist of a baseline survey of program implementation municipalities and control municipalities. Subsequently, program evaluation surveys will be conducted after completion of the two-year program implementation term in each of the three cohorts. An experienced Serbian research firm has been contracted to conduct the surveys and to collect data. SLGRP staff will be responsible for data analysis.

Table: Schedule for Baseline and Evaluation Surveys

May 2002	Baseline Survey of Cohort #1 (18 program municipalities and 5 control municipalities)
January 2003	Baseline Survey of Cohort #2 (15 program municipalities and 3 control municipalities)
January 2004	Baseline Survey of Cohort #3 (17 program municipalities and 3 control municipalities)
March 2004	Evaluation Survey of Cohort #1
March 2005	Evaluation Survey of Cohort #2
End of 2005	Evaluation Survey of Cohort #3

Sample Design

The populations that will be represented by each sample are defined as the adult population (18+ years) of each surveyed municipality in the cohort. Each cohort is divided into two parts: 1) the program target populations, i.e. 19 municipalities covered by the SLGRP and 2) the control populations (4 municipalities from the cohort #1 list, but not included in the SLGRP programs at present).

The initial baseline survey of each municipality will be conducted with a sample size of either 150 or 200 respondents per municipality, depending on the size and population distribution within each municipality: The sampling plan demonstrates a high degree of statistical integrity and includes each municipality as an individual unit of analysis.

Selection of Respondents

The sample in each municipality is formed in two stages. First, sample points are *randomly* chosen in each municipality (including all of its small towns and villages) from lists of voting stations. Ten respondents per sample point are selected. This criterion provides the best territorial coverage of the population. Statistical database of voting stations is used as a source for selecting sample points. Sample points are selected randomly, with probability of selecting proportional to their share in the total number of voters in the municipality. 10 respondents in each sample point are selected.

An *optimal* territorial coverage is achieved implementing these two criteria: random selection +10 respondents per sample point. Additionally, the use of voter lists provides the most updated and accurate listing of the adult population available. The small size of voting districts also provides the most accurate means of randomly representing the unique geographic distribution of each municipality to be surveyed.

In the second stage, respondents are chosen at *random and systematically*. The following procedure of choosing of respondents will be implemented: the interviewer will start from a starting point randomly determined by the survey's local supervisor from maps and street lists. Going up from the given home number, he/she enters every 4th household (household is defined as all persons living in the flat). In the household, he/she chooses an 18+ individual whose birthday is closest to the day of the interview. If the chosen respondent is not available at the moment of the first visit, the interviewer reschedules the visit for a different time and day. If the interview were refused, the interviewer would enter the next household.

Survey Administration

For clear and efficient data analysis and management, every questionnaire will be coded with its unique number, code of the interviewer, code of the municipality and code of the corresponding sample point. Open-end questions are coded during the process of data inputting and processing. Coding for the open-end answers will be developed in cooperation with the SLGRP staff.

Identification of Control Municipalities

On the recommendation of the survey contractor, we are categorizing the 19 target municipalities into four geographical groups: Vojvodina, Central, South West and West Serbia. Selection of control municipalities from the list for Cohort #1 is made with regard to the following factors, to the maximum extent feasible:

- Comparability with the median size of the population of the target municipalities in cohort 1
- Comparability of urban/rural distribution of the target municipalities in cohort 1.
- Minimal prevalence of other municipal government program efforts that may skew the control

Based on the above criteria, the following control cities were chosen for cohort 1:

Vojvodina Control:	Backa Palanka
Central Serbia:	Velika Plana
South West:	Prijepolje
West Serbia:	Priboj

Field Survey Team and Supervision Plan

The contractor will utilize its nationwide network of highly trained and experienced local pollsters. Often it is easier to approach people in some communities when you are a part of it than when you come from the outside. Selected interviewers will be supervised both by a local contractor supervisor and a fieldwork supervisor from the central office in Belgrade.

The training of interviewers will include: explanation of the survey objectives, definition of the target audiences, detailed instructions of the sample selection, detailed instructions for the questionnaire, presentation of the survey questions, presentation of the survey schedule, and practical training. Interviewers will, for example, interview each other.

Supervision will be conducted of both field work and analysis. *Fieldwork supervision* will involve reviewing lists of addresses of interviewed persons, and their telephone numbers and lists of refusals which contain the following data: gender, estimated age (up to 30, 31 to 50, 51+) and reasons of refusing (told by people, or estimated by the interviewer) overall remarks regarding the interview.

After the interviews are completed, fieldwork supervisors will conduct control. The control is based on lists of persons who have been interviewed and on lists of refusal. Approximately 15% of the sample will be controlled: 15% of the sampling points out of the total sample are to be randomly selected (evenly distributed) from tested municipalities and then controlled by local supervisors and fieldwork officer from Belgrade office (telephone or face-to-face approach). Contractor staff is conducting the control because it is better to have somebody from the outside to control the insiders.

The data are compared in regard to the refusal rate, similarity of responses, expected and observed relations among associated variables.

Survey Instrument

The questionnaire, developed jointly by the six SLGRP technical assistance teams, is included in this PMP. It includes both structured and open-ended questions. Structured questions are used for more concrete opinion about different topics. The contractor will refine the order and wording of questions to minimize bias in the presentation of questions and the solicitation of respondents. Additional questions defining a demographic profile of respondents may be added to the questionnaire.

Method of Testing Survey Instrument

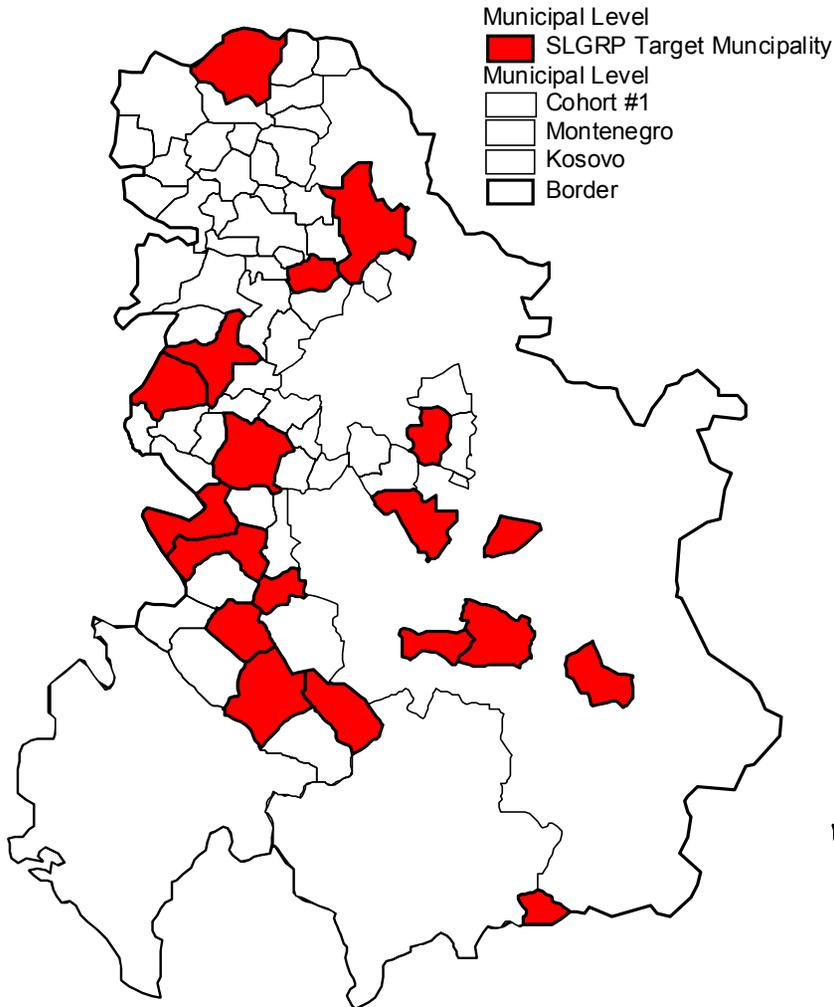
A pre-test (*pilot survey*) of the questionnaire will be conducted. The pre-test will be conducted in Belgrade and some of the target municipalities (20 to 30 interviews). Local supervisors will conduct interviews, and monitor any possible problems in wording and understanding of the questionnaire. Collected pre-test data will be entered into the SPSS database and thoroughly examined for indications of bias.

In addition to quantitative analyses, the survey team will pay close attention to a qualitative analysis of the pilot survey i.e. during the interview process; particular attention will be paid to respondent understanding of questions and wording. Changes will be recommended as appropriate.

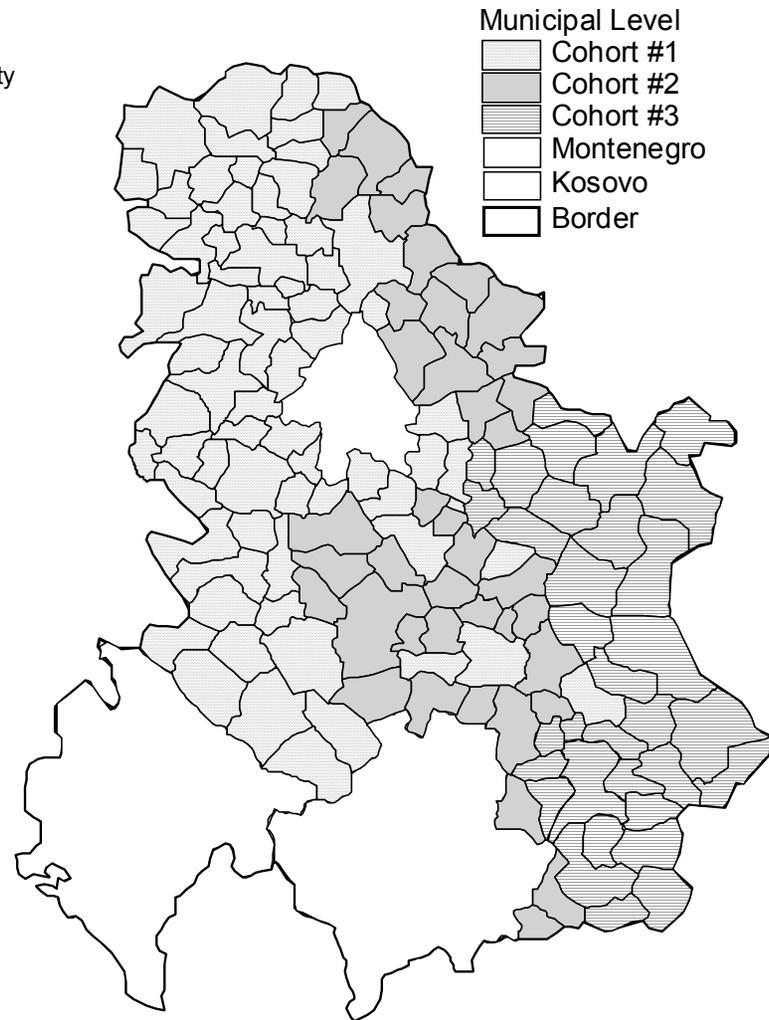
The same questionnaire will be used for all other surveys of the PMP to ensure maximum inference between the surveys within each cohort and to preserve maximum comparability across cohorts.

Serbia Local Government Reform Program – Performance Monitoring Plan

Cohort #1
With Program Municipalities



Approximate Geographic Boundaries of Cohort #1-3



Financial Management

Assistance in municipal management and finance seeks to improve municipal performance across the entire spectrum of financial responsibility with full understanding of, and compliance with, the new budget system law. On the basis of a comprehensive assessment of the existing budget process, organizational structures and institutional capacities of each municipality, including centrally mandated targets and reporting requirements, the SLGRP has developed training programs, a proposed decentralization policy dialogue plan and technical assistance program. Technical assistance and training planned under SLGRP will include: budget policy development, composition, preparation, execution and monitoring, fund and enterprise accounting, capital needs assessment, internal controls and auditing, capital improvement planning and budgeting, and debt management based upon the task based budgeting model.

Municipal Context

Although Serbia's municipalities are widely diverse in population, organizational structure, services provided, capacity to deliver services and capital improvement, they tend to share identical needs in financial management, human resources, and capital investment and improvements. Much of the physical infrastructure of the municipalities has deteriorated due to deferred maintenance and their inability to tap domestic capital markets as a source of borrowing for capital expenditures in the near term. In addition to these shortcomings, local government roles and responsibilities lack clear definition, thereby preventing municipalities from being responsive to the growing needs of their constituents. Moreover, local government officials lack the proper training, management tools and financial resources required to perform the essential functions of local government. When coupled with their lack of authority to establish adequate fees for public services and to adopt local tax levies to generate adequate revenues to meet both the growing demands for public improvements and other requirements mandated by the central government, local governments are challenged beyond their present day capabilities. They continue to depend on the central government that has historically been inconsistent in the distribution of financial resources. As a direct result, local government budgets lack any type of meaningful purpose, let alone transparency and accountability, to serve as a management tool that clearly and concisely guides the delivery of public services and improvements. The SLGRP assessment of the initial 20 municipalities confirmed these shortcomings as well as the narrow use of information technology, the absence of strategic planning and inadequate public procurement procedures.

Strategy

In response to these needs, the SLGRP has 1) developed an assistance plan geared to the capacities, needs, and priorities of each municipality; 2) integrated these activities that address municipal management, information systems, and communal infrastructure priorities; and 3) established performance standards and incentive systems. All assistance will be motivated by the philosophy of transparency, accountability and citizen involvement. Technical assistance and activity-based training will be provided in tandem to increase the chances that the new systems, techniques and formats will be formally adopted and implemented by the participating municipalities.

Interventions

Technical assistance and training will be provided to the leadership, and their management team and some staff of the participating municipalities to improve their ability to better manage and deliver services to their citizens, perform financial planning and capital budgeting for infrastructure maintenance and improvement, and open the local government to increased citizen participation. Initially the focus will be on initiatives to improve core public finance functions such as budget development and management, public accounting principles and municipal operations management. Building on the core disciplines, the SLGRP will later address the needs for planning for community development, capital asset improvement planning and institutionalizing public review and common procedures in municipal administration. Technical assistance and training provided by the SLGRP will include: technical training for public finance officials and staff, advice to municipal executives

and finance officials on administrative systems to ensure compliance with the new budget law, improved access to financial decision information, and improved budget planning for responsiveness to community needs. Out of these interventions, SLGRP expects revised financial procedures with comprehensive budgets and streamlined reporting, core competencies in financial management and budget formulation, project design skills to access donor funding, performance indicators to monitor budget implementation, program budgets with service targets, public information mechanisms (such as budget messages), consolidated budgets with accurate pictures of municipal financial status and calendars and mechanisms for regular citizen participation.

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Impact Indicator

- ◆ *Indicator FM-1:* Program Municipalities have transparent financial management systems as measured by publication of annual budget review letters (USAID Primary Indicator)
- ◆ *Indicator FM-2:* Program municipalities **utilize** new budgetary development skills in the preparation of the annual budget to allocate resources strategically and establish clear community priorities allowing for citizen input
- ◆ *Indicator FM-3:* Municipal officials, including the Presidents of City Assemblies, Executive Board Presidents and Finance Directors from across Serbia attended training

Monitoring Indicators

- ◆ *Indicator FM-4:* Municipal finance desk reference developed, published
- ◆ *Indicator FM-5:* Municipal budget and finance staff complete all first cycle training courses
- ◆ *Indicator FM-6:* Municipal budget and finance staff complete all second cycle training courses
- ◆ *Indicator FM-7:* Municipal budget and finance staff complete all scheduled training courses

Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Impact Indicator FM -1: Program Municipalities have transparent financial management systems as measured by publication of annual budget review letters (**USAID Primary Indicator**)

Unit of Measure:

Number of municipalities that produce and provide for distribution an annual budget review letter outlining key features of the annual municipal budget.

Source:

Municipal records and interviews

Work Plan Tasks:

Objective 2, Sub-Task C, D, E, F, G, H, I and J

Indicator Description:

Municipal finance departments and their respective employees have attained appropriate knowledge and practical skills in 8 functional areas and are applying this knowledge to outline the key provision of the budget for public review and comment

1. Chart of accounts
2. **Budget composition and preparation**
3. Budget execution
4. Accounting
5. Capital budgeting
6. Enterprise accounting
7. Internal controls and auditing
8. Budget models

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0	0	0
2003	0	15		
2004	20	30		
2005	32	37		

Comment:

Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Impact Indicator FM -2: Municipalities **utilize** new budgetary development skills in the preparation of the annual budget to allocate resources strategically and establish clear community priorities allowing for citizen input

Unit of Measure:

Number of municipalities that can prove implementation of and applied use of training in at least 6 of 8 course topics

Source:

Municipal and communal enterprise records and interviews

Work Plan Tasks:

Objective 2, Sub-Task C, D, E, F, G, H, I and J

Indicator Description:

Municipal finance departments and their respective employees have attained appropriate knowledge and practical skills in 8 functional areas and are applying this knowledge:

1. Chart of accounts
2. Budget composition and preparation
3. Budget execution
4. Accounting
5. Capital budgeting
6. Enterprise accounting
7. Internal controls and auditing
8. Budget models

*Note that municipalities will not be measured in the area of borrowing and creditworthiness as the new budget system law adopted March 2002 precludes municipalities from the capacity to issue bonded indebtedness.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0	0	0
2003	0	10		
2004	15	25		
2005	30	40		

Comment:

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator FM -3: Municipal officials, including the Presidents of City Assemblies, Executive Board Presidents and Finance Directors from across Serbia attended training and gained competency in implications of new Budget Law

Unit of Measure:

Number of officials representing municipalities with participated in the Budget Law Conference held April 25th, 2002

Source:

Attendance roster from Budget Conference

Work Plan Tasks:

Objective 1, Task (7)

Indicator Description:

Municipal officials and staff have attended program sponsored training and retained the information provided.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	400	0	495
2003				
2004				
2005				

Comment:

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator FM -4 : Municipal finance desk reference developed, published and disseminated to 165 municipalities throughout Serbia in collaboration with the MOF and SRSS

Unit of Measure:

Number of municipalities that have received the finance desk reference guide

Source:

Distribution list of municipalities

Work Plan Tasks:

Objective 3, Task 11

Indicator Description:

The SLGRP will produce a financial desk reference guide in collaboration with the Ministry of Finance and SRSS (Serbian Association of Auditors and Accountants)

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0	0	0
2003	165			
2004				
2005				

Comment:

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator FM- 5: Municipal budget and finance offices complete all first cycle training courses

Unit of Measure:

Number of municipalities whose key budget finance staff attend all four regional workshops.

Source:

Attendance records

Work Plan Tasks:

Objective 2

Indicator Description:

The contract requires SLGRP to perform core skill financial management training in 50 municipalities over the life of the program. This indicator simply tracks our progress in completing the first year of a two year training cycle in each municipality.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0	0	0
2003	18	33		
2004	33	50		
2005	50	50		

Comment:

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator FM -6: Municipal budget and finance offices complete all second cycle training courses

Unit of Measure:

Number of municipalities whose key budget finance staff attend all four second cycle regional workshops.

Source:

Attendance records

Work Plan Tasks:

Objective 2

Indicator Description:

The contract requires SLGRP to perform core skill financial management training in 50 municipalities over the life of the program. This indicator simply tracks our progress in completing the second year of a two year training cycle in each municipality.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0	0	0
2003	0	18		
2004	18	33		
2005	33	50		

Comment:

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator FM -7: Municipal budget and finance staff complete all scheduled training courses

Unit of Measure:

Physical individuals attending Financial Management training events

Source:

Sign-in attendance records

Work Plan Tasks:

Objective 2

Indicator Description:

No targets have been set for this objective as the number of budget and finance office staff will vary widely depending on the size of the municipality. Data will be collected to assist with training planning, monitoring event volume, and providing gender and individuals with special needs disaggregated data.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)				
2003				
2004				
2005				

Comment:

Communal Enterprise

Assistance to Communal Enterprises Management focuses on reform efforts to increase the efficient operation and management of key municipal utilities. The ultimate objective is to improve service delivery and public accountability while increasing financial sustainability. In cooperation with officials of the municipalities, the SLGRP communal enterprise team has identified the first 12 communal enterprises that will receive assistance and, on the basis of a detailed “needs assessment,” will develop a multi-year assistance plan for organizational improvement of these enterprises.

Municipal Context

Years of neglect of all communal enterprises in Serbia have left them with old and obsolete equipment, poor maintenance, and a lack of spare parts. Repairs have been made for present circumstances, but little long-term planning or capital improvement in new technologies has been considered. This has led to poor customer service and financially unstable enterprises due to poor collections or non-payment of utility bills by a large number of citizens and commercial customers. A lack of accurate and individual metering for water and heating adds further difficulty for the enterprise to collect fees. These problems are compounded by the fact that communal enterprises, along with local governments, have limited authority to adjust existing low tariffs for services in response to the changing economy and times. User rates are set at absurdly low levels, far below the cost of providing the services, thereby requiring cities/towns to subsidize operations. Furthermore, ownership issues and authority are unclear. For example, it is not certain who owns existing assets and would own donated items.

An assessment undertaken during the first year by the SLGRP communal enterprise team identified the following problems for priority attention:

- ◆ Financially unsuitable rates and collections practices
- ◆ Capital repairs are required to solve the largest operational problems such as water losses of 20-50%
- ◆ Organizational inefficiency from a lack of sufficient control over their own operations
- ◆ The unclear legal basis and insufficient funding causes staff to avoid long-term planning, which in turn contribute significantly to operational inefficiency
- ◆ Solid waste collection systems usually are limited because of outdated equipment being used on environmentally neglected sites
- ◆ Staff is often unfamiliar with the latest technology and have little or no experience in capital project identification, design and implementation
- ◆ Wastewater systems that provide limited treatment and dispose untreated waste into the environment
- ◆ Old, expensive to operate district heating systems suffer heavy line losses and serve only 20-50% of city centers
- ◆ Communal enterprise relations with the public, businesses, municipalities and the media have been poor or non-existent.

Strategy

The SLGRP approach for communal enterprises is to increase the performance of the enterprises by improving management, technical operations and public relations. Improved technical operations and better management are expected to improve the public image of the enterprises and instill in them a desire to be transparent and accountable to the public. This would open the door for the involvement of citizen participation groups in communal enterprise operations. Opportunities will be taken to introduce enterprise management and staff to the practices of routinely facilitating, shaping, and receiving constructive but unsolicited citizen participation. SLGRP staff will also collaborate with the CRDA programs that also focus on improving and strengthening infrastructure and coordinate with CRDA on activities aimed at improving relations between the municipalities and communal enterprises. The program of discrete infrastructure sub-projects in urban clusters around

municipalities/cities being developed under the CRDA program can serve to motivate municipal enterprises to enter into a wider and deeper collaboration with SLGRP advisors for organizational development.

Interventions

The communal enterprise team is providing classroom training to groups of communal enterprises, individualized tailored assistance and training, and a limited amount of assistance in policy reform. These three interventions are linked closely, each building upon and supporting the other two.

The classroom training that uses the workshop model is designed to:

- 1) Introduce participants to or refresh their knowledge of basic principals in four areas: 1&2) water/wastewater treatment or refuse removal operations; 3) enterprise finance and 4) citizen participation;
- 2) To prepare enterprises to comply with new legislation; and
- 3) To facilitate relationships among communal enterprises from different municipalities so that they can begin to share experiences and best practices

Within the workshops, enterprise staff will be trained to produce various plans such as Long Term Operations and Maintenance Plans, Investment Plans, and written Customer Service Policies. The enterprise staff returns to their municipalities from workshops with the basic knowledge and templates to prepare various plans. Project team members then support the enterprises in completing their plans when they visit the municipalities by providing information on sections of the plans where the enterprises are experiencing difficulty and by providing comments or suggestions. These plans are used as a road map to undertake procedural, organizational, and operational reforms. The reforms will include steps required to improve collection rates, establish effective maintenance programs, improve communications with the public, and implement budget and procurement procedures as well as bring improvements in expenditure management, project appraisals, cost projections, and budget formulation.

One of the reasons for the decision to use completion of the plans as a measure of program impact is in response to the lack of long range planning observed during enterprise assessments. Another reason is that the completion of various plans requires a significant commitment on behalf of the municipalities, indicating a commitment to reform. A third reason is that enterprises' ability to complete and implement a realistic plan clearly indicates the success of the training and technical assistance because it illustrates an ability to apply the training to daily work. The fourth reason is to focus support to various types of plans that will keep the communal enterprise team itself focused upon what type of individualized technical assistance and training it should be providing.

Contract Outcome 1.5.e: Examples of better managed, more effective, more market driven communal infrastructure enterprises providing improved service delivery to citizens

Impact Indicator

- ◆ *Indicator CE –1:* Increased level of collection rates

Monitoring Indicators

- ◆ *Indicator CE – 2:* Plans adopted
- ◆ *Indicator CE – 3:* Improved customer service orientation of enterprises
- ◆ *Indicator CE – 4:* Services delivered in planned, cost-effective manner

Contract Outcome 1.5.e.: Examples of better managed, more effective, more market driven communal infrastructure enterprises providing improved service delivery to citizens

Impact Indicator CE -1: Increased level of collection rates

Unit of Measure:

Number of communal enterprises covered by SLGRP where there are:

- a) Bills issued on schedule
- b) Transparent billing and collection
- c) Increased revenue collection.

Source:

Business Reports of the Enterprises, observation of the SLGRP' s Communal Enterprise Team, and interviews of enterprise Management by CE Team

Work Plan Tasks:

2.2 and 2.5

Indicator Description:

This indicator tracks the increase in Enterprise resources derived from service fees through both increased or better billing and increased collections. Targets refer to number of enterprises where:

- a) Bills are issued on a regular and timely basis
- b) Written billing and collection policy exists and is readily available to the public
- c) Revenue collection, as percent of total billed, has increased

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)				
2003	a) 2 b) 2	a) 7 b) 7 c) 2		
2004	a) 12 b) 12 c) 7	a) 17 b) 17 c) 12		
2005	a) 23 b) 23 c) 19	a) 29 b) 29 c) 26		

Comment:

Contract Outcome 1.5.e.: Examples of better managed, more effective, more market driven communal infrastructure enterprises providing improved service delivery to citizens

Monitoring Indicator CE -2: Plans adopted

Unit of Measure:

Number of communal enterprises covered by SLGRP where:

- a) Written Operation and Maintenance Manual exists
- b) Water Loss Reduction Action Plan exists
- c) Solid Waste Management Policy developed

Source:

Observation of SLGR Program's Communal Enterprise Team

Work Plan Tasks:

2.2, 2.3, 2.4, and 2.5

Indicator Description:

This indicator tracks progress in the increase of systematic work in order to keep the organization of the enterprise, the capital, assets, and tools in good condition and increase environmental friendly technology.

Targets refer to the:

- a) Presence of Operation and Maintenance Manual
- b) Presence of Water Loss Reduction Action Plan
- c) Solid Waste Management Policy existing in the enterprises in SLGR Program

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)				
2003	a) 7 b) 3 c) 3	a) 12 b) 6 c) 6		
2004	a) 17 b) 9 c) 9	a) 22 b) 12 c) 12		
2005	a) 27 b) 15 c) 15	a) 33 b) 17 c) 17		

Comment:

Metering improvement and line loss should not be financed solely by donations. Starting next year, the CE-s Municipalities will be allowed to set the rate of services so that written plans and policies will help the CE-s to create a source for these activities.

Contract Outcome 1.5.e.: Examples of better managed, more effective, more market driven communal infrastructure enterprises providing improved service delivery to citizens

Monitoring Indicator CE -3: Improved customer service orientation of enterprises

Unit of Measure:

Number of communal enterprises covered by SLGRP:

- a) Creation of a written Customer Service Policy
- b) Creation of a CE and Media Relations Plan
- c) Creation of Customer Information Center
- d) Establishment of a database for accepting and recording customer complaints including feedback interaction with CE Officials

Source:

SLGRP CE and CP team observations

Work Plan Tasks:

CE 2.1 and CP 8

Indicator Description:

This indicator tracks the improvement of the CE communication and relationships with the Municipality Citizens, Media and NGOs. Targets to refer to the number of Communal Enterprises working with SLGRP that have:

- a) Existing Customer Service Policy
- b) Existing CE and Media Relations Plan
- c) Established Customer/Citizen Information Center
- d) Established and continuously updated database for accepting and recoding customer complaints including feedback interaction with CE Officials

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)		a) 4 b) 2 c) 1 d) 2		
2003	a) 9 b) 8 c) 3 d) 8	a) 14 b) 14 c) 5 d) 14		
2004	a) 19 b) 19 c) 6 d) 19	a) 24 b) 24 c) 8 d) 24		
2005	a) 29 b) 29 c) 10 d) 29	a) 33 b) 33 c) 11 d) 33		

Comment:

Contract Outcome 1.5.e.: Examples of better managed, more effective, more market driven communal infrastructure enterprises providing improved service delivery to citizens

Monitoring Indicator CE -4: Services delivered in planned, cost-effective manner

Unit of Measure:

Number of communal enterprises covered by SLGRP where a revised real-unit cost calculation system exists

Source:

SLGRP CE – Team observation

Work Plan Tasks:

2.2 and 2.5

Indicator Description:

This indicator tracks the cost effectiveness of services supported by short term, long term and investment planning. Targets refer to services priced and controlled by real unit cost calculation.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0		
2003	4	4		
2004	16	16		
2005	33	33		

Comment:

Information Technology

Project support in information technology includes material and technical assistance for municipalities to assess and upgrade their computer networks and other data management hardware and software. The Information Technology Team supports the technical assistance of other project teams by providing municipalities with the data management systems required to implement systematic improvements in areas such as public finance, regulatory management and intra-department and intra-municipal communications.

Municipal Context

The widespread absence in Serbia of automatic data processing capability and computerization handicaps municipal decision-making. SLGRP assessments revealed wide variations in the use of information technology from no IT staff in one municipality to over 100 workstations in another. Timely data produced for senior management decision-making is scarce, rapid horizontal availability of data sharing is rare, and the increases in staff productivity which the computer makes possible are generally unavailable to municipal officials and staff. Although many municipalities already use some customized software to support their operations, there are still many common functions that would benefit from computerization, such as municipal accounting and budgeting, registry, document/request tracking, and communal enterprise billing, collection and accounting. The national government, through the Agency for Information Technology and Internet Development (IT & ID) and the Ministry of Education, Science and Technology, is just beginning to help upgrade the information technology of municipalities. The University of Belgrade has established a private consortium, COMMUNes, to provide software applications to municipalities.

Strategy

A crosscutting SLGRP strategy is to seek opportunities to use new information technologies to improve the transparency of governance, increase public access and strengthen accountability. Execution of this strategy involves identifying processes that have a high impact on local services and that can be streamlined or made more responsive to citizen needs through the introduction of IT solutions, such as licensing and permitting or citizens' complaint systems. It calls for support of small but important innovations to improve services and reduce costs. The selection of financial management software will be a transparent process that involves all stakeholders and promotes free-market development of software. Out of this process will come consensus on computerizing municipal financial management (accounting, budgeting, reporting), standards, and specifications for selecting software and its selection.

Interventions

IT technical assistance and formal hands-on training will be provided to the 50 target municipalities to upgrade their data management and communication systems with infusions of new equipment, communication technology and basic office software. SLGRP advisors will help to establish a National Internet-based Municipal Information System (NIMIS), including e-mail that will be capable of servicing 10,000 e-mail accounts for Serbia's municipalities. To reduce political considerations about its location, a likely home for such a government Internet Service Provider (ISP) would be the University of Belgrade. The ISP will also provide a portal to access NIMIS, a local government database using web-based applications maintained by the University of Belgrade. NIMIS could be owned eventually by the Standing Conference; which would promote the credibility of the service and strengthen the position of the Standing Conference with the municipalities.

Working closely with the financial management team, information technology staff will help implement an integrated financial accounting and budgetary system in the municipalities. We will also identify and provide software applications for those functions identified as common to local governments and which would benefit from computerization. We will look to local vendors to install procured equipment and office software and to conduct basic training on the systems.

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Impact Indicator

- ◆ *Indicator IT –1:* Improved use of Information Technology

Monitoring Indicators

- ◆ *Indicator IT –2:* Ability to share data horizontally and exchange information
- ◆ *Indicator IT –3:* Training of staff for improved staff productivity
- ◆ *Indicator IT –4:* Advanced IT-based municipal management

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Impact Indicator IT -1: Improved use of Information Technology

Unit of Measure:

Number of municipalities that have achieved at least 60% automation

Source:

IT Team

Work Plan Tasks:

Objective C3 and C4

Indicator Description:

Almost all of the municipalities are using computers to some extent to assist with essential functions; such as registry and licensing. This indicator is intended to measure those program municipalities who have improved their use of Information Technology by upgrading their obsolete software applications and added new functions to the list of automated municipal tasks.

Evaluation of automated functions of all program municipalities will be completed in the last quarter of 2002 and will be reported in the March 2003 semi-annual report.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	N/A			
2003				
2004				
2005				

Comment:

The percentage of automation was arrived at by listing significant functions in the municipalities which would benefit from computerization, weighting them by number of beneficiaries (Benefits; 5=most, 1=few) and difficulty to implement (Difficulty; 5=very, 1=easy), and comparing the product (Prod) with those the Program will include (relative to the Prod.) The results are:

Function (tasks)	----Weights----			SLGRP	% of Total
	Benefits	Difficulty	Prod		
Communications (Internet, email, etc.)	2	1	2	2	3.2%
Document/Request Tracking	5	3	15	15	24.2%
Registration (registry, voters, citizenship, residency)	4	2	8	8	12.9%
Finance (accounting, budgeting, payroll)	2	5	10	8	12.9%
Licensing (urbanism, small shops, inspection)	3	2	6	3	4.8%
Social (children, maternal, war veterans)	4	1	4	0	0.0%
Billing/Collection (water, heating, cleaning, real estate)	3	3	9	4	6.5%
Customer Complaints (Communal Enterprise)	3	2	6	6	9.7%
Office Software (Word, Excel, Power Point, Access)	2	1	2	2	3.2%
<i>Total Weighted Benefits</i>			62	48	77.4%
Program percentage without financial applications					64.5%

The Program's portion of functions which are expected to be computerized is estimated at 77 %. We would expect to have at least 60% automation within 2 years, especially considering the financial systems represent about 13% of the automation figure and may take longer.

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator IT -2: Ability to share data horizontally and exchange information

Unit of Measure:

Number of municipalities that have a network installed with a common drive for sharing data

Source:

IT Team monitoring LAN installations.

Work Plan Tasks:

Objective C1

Indicator Description:

This is simply a count of the number of LANs installed, which is monitored by periodic visits to observe the change in content of the common drive.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	10	0	
2003	19	26		
2004	33	41		
2005	50	50		

Comment:

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator IT -3: Training of staff for improved staff productivity

Unit of Measure:

Number of Municipalities where the minimum number of employees have received training in Information Technology applications; such as Microsoft Word and registry software

Source:

IT Team training efforts-baseline data will be developed through a survey of employees who have already received IT training

Work Plan Tasks:

Objective C1, C3 and C4

Indicator Description:

We would expect to train at least 1 employee for each workstation installed by the municipalities. Thus, the minimum number will be 120% of the total workstations programmed for the municipality.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0	0	0
2003	10	19		
2004	26	33		
2005	41	50		

Comment:

Contract Outcome 1.5.c.: Improved delivery of those basic communal services within the sphere of local government control

Monitoring Indicator IT -4: Advanced IT-based municipal management

Unit of Measure

Number of municipalities that have implemented the IT based management tool CITISTAT

Source:

IT Team

Work Plan Tasks:

Not included as a year 1 Objective

Indicator Description:

This task is a possible addition to the Program. The target is 2 municipalities by the end of the Program.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0	0	
2003	0	0		
2004	0	0		
2005	0	2		

Comment:

Citizen Participation

Citizen Participation activities are concerned with the overall impact of the SLGRP program on improving the relationships between the 25 municipal governments and their citizens. The citizen participation team will work closely with the other SLGRP teams to support increased transparency, expanded citizen involvement in decision making, and more citizen-friendly municipal services. Assistance will be provided to municipal officials, NGO's, and media representatives to develop community strategies for strengthening the municipality-citizen relationship in targeted cities, and will support implementation of these strategies through a number of initiatives responsive to local conditions and concerns.

Municipal Context

Citizen participation in local government in Serbia is weak. A generally paternalistic relationship exists between Serbia local governments and citizens. There are few if any forums or vehicles for the public to open up a dialogue with their local leaders on routine matters of governance or allow local government officials to ascertain citizen priorities when wrestling with the need to allocate scarce resources. Information generally flows from the top down. There are few institutionalized or regular citizen participatory mechanisms, such as town hall meetings, public hearings, citizen advisory groups or task forces to solicit citizen input in the policy determination, decision-making or oversight process. Conversely, citizens tend to look to Belgrade, not local governments, for decisions which will shape their community and produce meaningful results.

Strategy

The ascendancy of the new popular opposition coalition has generated new optimism about the future among the public in some government quarters. With the nation focused on rebuilding the economy, re-establishing ties with Europe, and improving the quality of life, the SLGRP will not only introduce new mechanisms of citizen participation, but also seek to bring about a fundamental change in attitude about the relationship between civil society and government. The intention is to introduce a new paradigm where municipal officials see the benefit of including constituents in the decision-making process and that citizens, in turn, have the means to contribute to decisions that affect them. The strategy calls for the introduction of an array of channels for active, routine citizen participation and oversight. The objective is to increase citizen and civil society organization involvement and access to local government while improving customer focus and responsiveness.

Interventions

To complement and supplement the efforts of the CRDA program, all municipalities participating in the SLGRP shall be drawn from those already participating in the CRDA program. Steps shall be taken to avoid any duplication of effort with CRDA. Among the tasks planned for the 25 municipalities are: 1) widespread formal training in citizen participation for all relevant appointed and elected local officials; 2) development and use of Serbian-language citizen participation training material for use in formal training and for distribution to non-participating municipalities; 3) rapid, up-front training of Serbian trainers to accelerate the transfer of training responsibility to local professionals and/or institutions; 4) introduction, utilization and institutionalization of regular and extraordinary citizen participatory mechanisms such as town hall meetings, general public hearings and budget hearings, and the appointment of citizens, local business leaders and NGO representatives to task forces; etc. 5) the creation of citizen advisory boards; and 6) upgrading of those municipal systems and administrative centers that provide citizen information and documents; and 7) assistance in the establishment of one-stop permitting centers where they do not already exist; and 8) Public private partnership to improve business districts (BIDs).

Contract Outcome 1.5.d.: Local government units establish and routinely employ a variety of mechanisms to provide for increased citizen participation

Impact Indicators

- ◆ *Indicator CP -1:* Program municipalities conduct annual budget hearings which include citizen input into the planning process (USAID Primary Indicator)
- ◆ *Indicator CP -2:* Positive change in citizen opinion about how well the municipal government keeps citizens informed about its decisions and activities
- ◆ *Indicator CP -3:* Positive change in citizen opinion about the degree to which the municipality allows citizens to participate in municipal decision making

Monitoring Indicator

- ◆ Indicator CP -4: Number of municipalities that employ one or more formal strategies for improving municipal-citizen relations

Contract Outcome 1.5.d.: Local government units establish and routinely employ a variety of mechanisms to provide for increased citizen participation

Impact Indicator CP -1: Program municipalities conduct annual budget hearings which include citizen input into the planning process (**USAID Primary Indicator**)

Unit of Measure:
 Number of municipalities which conduct public budget hearings as part of the annual budget planning and development process.

Source:
 SLGRP Citizen Participation Team and Financial Management Team reporting

Work Plan Tasks:
 Objectives 1, 2, 6, 7, 8, and 9

Indicator Description:
 All SLGRP Program municipalities are expected to utilize public budget hearings into their budget planning and development process.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	0		
2003	0	0		
2004	0	15		
2005	20	30		

Comment:

Contract Outcome 1.5.d.: Local government units establish and routinely employ a variety of mechanisms to provide for increased citizen participation

Monitoring Indicator CP -2: Significant positive change in citizen opinion about how well the municipal government keeps citizens informed about its decisions and activities

Unit of Measure:
Number of municipalities with improved scores on citizen information over any improvements noted in the control group

Source:
SLGRP citizen attitude survey

Work Plan Tasks:
Objectives 1, 2, 6, 7, 8, and 9

Indicator Description:
The target number of municipalities will be established in the semi annual report for the period ending September 2002.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)				
2003				
2004				
2005				

Comment:
Baseline citizen survey was conducted by SLGRP in April/May 2002, with a follow up survey planned for spring of 2004. Performance will be measured in terms of statistically valid changes in each CP target city/municipality between the two surveys and in relative degree of change between CP target cities/municipalities, other SLGRP municipalities and the control non-SLGRP municipalities included in the survey.

It will probably not be possible to determine a direct and exclusive link between SLGRP initiatives and changes in public opinion about how well the city/municipality keeps citizens informed. Other factors such as increased citizen interest in municipal information, perhaps due to increased publicity and debate about decentralization of competencies and funding to deliver services, could also affect citizen responses to this question in the survey. However, if improvement in citizen opinion is greater to a statistically significant degree in CP target cities/municipalities than in other SLGRP or non-SLGRP municipalities, this may be a valid indicator of the program impact.

Contract Outcome 1.5.d.: Local government units establish and routinely employ a variety of mechanisms to provide for increased citizen participation

Monitoring Indicator CP -3: Significant positive change in citizen opinion about the degree to which the municipality allows citizens to participate in municipal decision making

Unit of Measure:

Number of municipalities with improved scores on citizen perception of participation in municipal decision making over any improvements noted in the control group

Source:

SLGRP public opinion survey

Work Plan Tasks:

Objectives 1, 2, 6, 7 and 8

Indicator Description:

Changes over time in response to SLGRP survey question "In your opinion, to what extent does the municipal government allow citizens to take part in decisions or express their opinion on decisions affecting the community?"

The target number of municipalities will be established in the semi annual report for the period ending September 2002.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)				
2003				
2004				
2005				

Comment:

Baseline citizen survey was conducted by SLGRP in April/May 2002, with a follow up survey planned for spring of 2004. Performance will be measured in terms of statistically valid changes in each CP target city/municipality between the two surveys and in relative degree of change between CP target cities/municipalities, other SLGRP municipalities and the control non-SLGRP municipalities included in the survey.

It will probably not be possible to determine a direct and exclusive link between SLGRP initiatives and changes in public opinion about how well the city/municipality keeps citizens informed. Other factor such as increased citizen interest in municipal information, perhaps due to increased publicity and debate about decentralization of competencies and funding to deliver services, could also affect citizen responses to this question in the survey. However, if improvement in citizen opinion is greater to a statistically significant degree in CP target cities/municipalities than in other SLGRP or non-SLGRP municipalities, this may be a valid indicator of the program impact.

Contract Outcome 1.5.d.: Local government units establish and routinely employ a variety of mechanisms to provide for increased citizen participation

Monitoring Indicator CP -4: Number of municipalities that employ one or more formal strategies for improving municipal-citizen relations

Unit of Measure:

- a) Municipalities with a formal strategy and work plan
- b) Number of Municipalities that have conducted town hall meetings
- c) Municipalities that have conducted CP training
- d) Municipalities that have conducted special meetings to inform citizens about municipal budgets
- e) Number of Citizen Task Forces
- f) Number of Citizen advisory boards
- g) Municipalities with award programs
- h) Municipalities that have established CIC's
- i) Municipalities that have established one-stop permitting
- j) Municipality/private sector initiatives

Source:

- a-j) SLGRP interviews with municipal officials

Work Plan Tasks:

- a) Objective 1
- b) Objective 2
- c) Objective 3
- d) Objective 6
- e) Objective 7
- f) Objective 8
- g) Objective 5
- h) Objective 9
- i) Objective 10
- j) Objectives 11

Indicator Description:

- a) Strategy and work plan document developed with citizen input, listing specific initiatives to be undertaken. Working group designated by Mayor or Executive Board to oversee plan implementation as well as plan updates as needed.
- b) Town hall meetings conducted to inform citizens and obtain citizen input. Such meetings must have a clear-defined subject, be scheduled and planned well in advance, be well-publicized, and where appropriate and feasible, draw on support from NGOs and other interest groups to encourage citizen attendance.
- c) Completion of a training session for municipal officials and career employees in citizen participation concepts and practices, with certificates issued participants who complete the full training session.
- d) Special public meetings conducted to inform citizens about municipal budget development and obtain their input to budget decision making. Such meetings must be scheduled and planned well in advance, be well-publicized, and where appropriate and feasible, draw on support from NGOs and other interest groups to encourage citizen attendance. Planned number of hearings or special public meetings in 2002 in particular assumes city willingness to perform MOU obligation in a timely manner.
- e) Formal establishment by the major or executive board of a citizen task force chartered to address a specific issue, usually for a limited period of time.
- f) Formal establishment by mayor or executive board of citizen boards to provide advice and oversight to the municipality on an ongoing, long term basis.
- g) "Best Civil Servant" award programs initiated to improve employee morale and provide more citizen-friendly services
- h) Citizen Information Centers established to make municipal services more accessible and convenient.
- i) One-Stop Permitting Centers or similar process reforms established to improve the speed and convenience to citizens of obtaining building and other permits.
- j) Municipality/private sector initiatives such as Business Improvement Districts which bring local government and the business community together to revitalize areas of the municipality.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	a) 0 b) 0 c) 0 d) 0 e) 0 f) 0 g) 0 h) 0 i) 0 j) 0	a) 4 b) 2 c) 0 d) 0 e) 0 f) 0 g) 0 h) 0 i) 0 j) 0		
2003	a) 2 b) 4 c) 4 d) 6 e) 2 f) 2 g) 5 h) 2 i) 2 j) 0	a) 4 b) 4 c) 4 d) 4 e) 2 f) 2 g) 5 h) 2 i) 2 j) 1		
2004	a) 5 b) 5 c) 4 d) 4 e) 3 f) 2 g) 5 h) 2 i) 2 j) 1	a) 5 b) 5 c) 4 d) 4 e) 3 f) 2 g) 5 h) 2 i) 2 j) 1		
2005	a) 5 b) 5 c) 4 d) 4 e) 4 f) 1 g) 5 h) 2 i) 2 j) 1	a) 0 b) 0 c) 5 d) 3 e) 4 f) 1 g) 0 h) 3 i) 2 j) 0		

Comment:

The SLGRP recognizes that there are a number of factors that affects public opinion, and many of these variables are outside the scope of the project. We have a theory that the expectations of the municipality will increase with openness and public participation providing a statistically significant change in public opinion.

Association Development

Activities in Association Development will improve Serbian local government by providing technical and material assistance to the *Standing Conference of Towns and Municipalities of Yugoslavia (SC)*. The Standing Conference is a membership organization of local governments of Serbia, much the same as the local government associations in the region and around the world. Assistance to the organization has a two-fold purpose: to help it become the effective representative of, and advocate for, Serbian local government and to support the association in its efforts to increase local government capacity through training programs, information exchange and technical support. Technical assistance provided via SLGRP will establish a legislative tracking system, develop a strategic plan for municipal advocacy, formulate a membership development and representation plan, and develop a training and information exchange program for the professional development of its membership in public administration. For every component of the SLGRP, the Standing Conference can become, indeed must serve as, a vital link in the decentralization and democratization process in Serbia.

Municipal Context

Two former rival municipal associations – the *Standing Conference of Towns and Municipalities of Yugoslavia*, which passively followed the line of the Milosevic regime, and the opposition-led *Union of Free Towns and Municipalities* – merged soon after removal of Milosevic from office. The Union returned to the Standing Conference and essentially took over that organization. The merged Standing Conference is in a difficult situation with very limited effective staff, heavy reliance on college student volunteers, few sources of funding and insufficient and irregular member fees. It faces a substantial challenge to adjust its policies, procedures and activities to the substantially changed conditions resulting from rapid democratization, decentralization and the transfer of authorities to the local government. Wide-ranging improvements are needed in its work and its administrative structure, in building a stronger, better organized and coherent working team and improving the skills of its staff. It needs to become and remain self-sustainable. In its favor, it has recently been recognized in law as a legitimate representative of the interests of local governments before state bodies.

Strategy

Even in an environment where local government is strong, the presence of a vehicle to represent the interests of local government before the national government is an ongoing need. Strong, member controlled and member driven municipal associations have a critical, continuing role to play in lobbying for the interests of local government and providing services for members. If the services the Standing Conference provides are demand generated from the membership, it can become a respected and significant player in the local government policy arena. The SC can become an essential venue for training, technical assistance, policy formulation and implementation, for building coalitions and support for responsive, effective local government that fulfills the interests of citizens. Successful execution of the strategy can produce a trusted and reliable conduit to and from local government and local officials.

Interventions

With the Standing Committee, the SLGRP association development team has developed a mutually agreed upon organizational development program of technical assistance and training aimed at 1) redefining its organizational mission, developing a business plan and updating the membership and dues structure; 2) increasing information technology capacity/capability, office equipment, and 3) adopting an organizational structure with a management and support staff that meets the needs of its new business plan and that is sustainable by the Standing Conference within two years. SLGRP activities will also assist the SC to become a membership-driven organization by establishing permanent committees and promoting more active member participation; to assist the SC to improve its lobbying capability that involves the members in actively identifying priority issues and maintaining their active support; and to improve member services, e.g. newsletters, training, workshops and networking with similar organizations throughout the region.

Contract Outcome 1.5.a.: A full operational, self supporting, professionally managed municipal association which engages the national government on legislative issues affecting the interests of local government

Impact Indicators

- ◆ *Indicator AD –1:* Standing Committee program is responsive to expressed needs of its members
- ◆ *Indicator AD –2:* Increased financial independence based on membership support

Monitoring Indicator

- ◆ *Indicator AD –3:* Standing Committee develops legislative agenda and demonstrates an improved lobbying capacity

Contract Outcome 1.5.a.: A full operational, self supporting, professionally managed municipal association which engages the national government on legislative issues affecting the interests of local government

Impact Indicator AD -1: Standing Committee program is responsive to expressed needs of its members

Unit of Measure:

- a) Member's satisfaction with the Standing Conference's program and performance have improved over the previous year
- b) A permanent Member Services Committee is established with a defined mission, committee members appointed and functions prescribed

Source:

- a) Standing Conference annual membership survey
- b) The General Assembly establishes a Member Service Committee

Work Plan Tasks:

F1, F2, and F3

Indicator Description:

- a) By conducting an annual membership survey to determine the level of satisfaction the municipalities have concerning the Standing Conference, important information can be derived in terms of satisfaction and areas for improvement.
- b) The Member Service Committee will enable SC to pinpoint competencies and duties of members, and provide expert analysis during activities.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	a) N/A b) N/A	a) N/A b) No		
2003	a) N/A b) Yes	a) Yes b) Yes		
2004	a) Yes b) Yes	a) Yes b) Yes		

Comment:

Contract Outcome 1.5.a.: A full operational, self supporting, professionally managed municipal association which engages the national government on legislative issues affecting the interests of local government

Impact Indicator AD -2: Increased financial independence based on membership support

Unit of Measure:

- a) Annual increase in percentage of gross revenues generated from dues, fees for services and miscellaneous income (donor support excluded).
- b) Increase in diversification of annual revenues of SC.
- c) Increase in collection rate of dues.

Source:

- a-c) SC Secretariat annually reports on revenues and expenditures, including presentation of changes in percentages of revenue by source, and changes in dues collection

Work Plan Tasks:

F3 and F4

Indicator Description:

- a) The opportunity to inspect the percentage of SC activities that are covered by dues and other original revenues of SC.
- b) Prevent the possibility of the SC having only a few major sources of income that might jeopardize SC activities in the event some of these sources are lost.
- c) Illustrates the level of SC sustainability and also a level of membership satisfaction with SC services. If revenues increase it implies that SC members are content with the programs.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	a-c) SC FY 2002 data October-December 2002	a) 1 b) 1 c) 1		
2003				
2004				

Comment:

Since the baseline will use FY 2002 expenditure and revenue reports for the SC, the baseline and targets will not be reported until March 2003.

Contract Outcome 1.5.a.: A full operational, self supporting, professionally managed municipal association which engages the national government on legislative issues affecting the interests of local government

Monitoring Indicator AD -3: Standing Committee develops legislative agenda and demonstrates an improved lobbying capacity

Unit of Measure:

- a) Standing conference has adopted policy positions on legislative and regulatory topics of significance to local governments
- b) Standing Conference has written and published a list of legislative/regulatory priorities

Source:

- a) Secretariat maintains meeting records of General Assembly and Presidency where policy positions are adopted
- b) General Assembly adopts annual statement of legislative/regulatory priorities

Work Plan Tasks:

F3, F5 and F6

Indicator Description:

- a) Lobbying is a very important task of local government associations. With adopted policy positions on legislative and regulatory topics, and due to its influence in Government, Parliament and political parties, SC will play important role in the legislative process.
- b) With this annual statement adopted, the SC sets its priorities in the legislature. It is important for planning of lobbying activities. Also, this gives SC membership opportunity to participate in defining policies of the association and to have influence on broader political life in the country.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	a) No b) No	a) No b) No	a) No b) No	0
2003	a) Yes b) Yes	a) Yes b) Yes		
2004	a) Yes b) Yes	a) Yes b) Yes		

Comment:

A membership survey will be conducted in the last quarter of 2002.

Policy Reform

Policy Reform activities will explore the development and monitoring of public policy related to the municipal government environment. SLGRP advisors will focus on analyzing the potential impact of proposed changes in the public sector of Serbia and will facilitate processes to ensure policy reform efforts affecting local government represent the interests of citizens. In re-establishing a legal environment conducive to increasing both the authority and capacity of local government, priority will be given to improving their ability to manage public assets and to deliver public services at the municipal level. Limited financial support in the form of grants to Serbian NGOs, research institutes and universities for policy research and analysis is provided by the *Local Government Initiative* in Budapest. The policy reform team works closely with other SLGRP teams to coordinate policy developments with municipal management interventions while ensuring that technical assistance and professional training for municipal officials accurately represents their operating environment. Technical assistance provided in policy reform will help to coordinate policy processes related to local government authority, to develop a legislative monitoring system, to facilitate legal reform related to decentralization and increase transparency in the policy reform process.

Municipal Context

Local Serbian authorities simultaneously serve in two capacities: they are both organs of local self-governance and agents of national ministries, charged with carrying out specific programs and activities on behalf of the national government. The organizational structures of local government in Serbia, vestiges of the Communist era, defuse authority, blur lines of accountability and undermine management efficiencies. In addition, highly factionalized politics, fragile coalitions and use of local positions as patronage often contribute to gridlock, preventing meaningful reform and responsive services. On the other hand, passage of the new Law on Local Government and the Budget Systems Law and discussions with senior public officials demonstrate that the Government of Serbia (GOS) is committed to the success of independent and democratic municipal governments.

Strategy

Success of the SLGRP assumes that there will be a meaningful decentralization of administrative and fiscal authority to local governments. Empowerment of local governments requires a new policy and legislative framework for local government. The SLGRP believes that, in close collaboration with the Standing Conference, it can successfully assist in redefining the inter-governmental relations, and the powers and responsibilities of local government. The strategy calls for support to the development of an institutional, advocacy, and policy research environment, thereby facilitating the continuous improvement of Serbia's system of local democracy, including the further decentralization of public services to appropriate levels of sub-national government. This will be accomplished in three ways: Policy relevant findings and best practices that emerge from the work of all SLGRP teams will continually be placed into the policy arena. Second, where appropriate support will be provided to specific ministries and agencies of the national government in the development of those pieces of new legislation that are either widely expected or which must be drafted to fulfill the statutory requirements of the Law on Local Government. And third, in collaboration with the Ministry of Finance and (the anticipated) Ministry of Local Government, a series of (baseline) studies will be undertaken to focus attention on those problems that have proven most problematic in other transitional countries and which clearly confront Serbia.

Interventions

Working with the Standing Conference, Ministry sections, and parliamentary committees, SLGRP is advancing the policy dialogue by assisting with essential studies and analysis of basic issues, or with actual legislative drafting. The SLGRP advisors are working with the Standing Conference: 1) to track the current status of all legislation that impacts local government that the GOS is considering or is in the process of modifying or drafting; 2) to proactively exhibit initiative in supporting and shaping the policy dialogue affecting local government by offering technical and legal drafting expertise across a spectrum of local government issues; and 3) to assist the GOS, NGOs, think tanks, etc. with studies,

research and analysis supporting legislation. They are also assisting in reviewing and providing feedback and comments on draft legislation, including organizing meetings and analysis of potential impact of proposed legislation; and to involve local NGOs and think tanks in the preparation of studies, research, and analysis required in policy reform. The major outputs expected from these interventions include a transparent, inclusive, and participatory policy process, broad agreement on a decentralization strategy, sustainable feedback loops on proposed reforms and implementation packages to guide implementation of reforms.

Contract Outcome 1.5.b.: The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues

Impact Indicators

- ◆ *Indicator PR -1:* Model Charter statutes adopted
- ◆ *Indicator PR -2:* Increased access to legislative information

Monitoring Indicators

- ◆ *Indicator PR -3:* More inclusive legislative process of preparing and adopting laws established
- ◆ *Indicator PR -4:* Improved legal framework for municipal government and decentralization
- ◆ *Indicator PR -5:* Analytical capacity to draft, review and advocate legislation is sustained

Contract Outcome 1.5.b.: The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues

Impact Indicator PR -1: Model Charter statutes adopted

Unit of Measure:

Number of municipalities which included important provisions promoting effectiveness, transparency and participation from Model Charter (that are result of the Program, and not legally required) into their Statutes;

Source:

SLGRP staff observations

Work Plan Tasks:

Objectives 8 and 9

Indicator Description:

This focuses on the actual laws and regulations *approved*. It means having laws shaped in a proper way to assign appropriate responsibilities to appropriate levels of government and resulting in increased effectiveness of services provided to citizens. SLGRP staff will monitor changes of municipal statutes and record as a positive ones all those that provide for at least one non-legally-required provision from the Model Statute, although Program expects that number of municipalities will adopt more than one such provision.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	0	65%		
2003				
2004				
2005				

Comment:

Contract Outcome 1.5.b.: The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues

Impact Indicator PR -2: Increased access to legislative information

Unit of Measure:

Percent of local governments with access to tracking systems that use the information to obtain legislative agenda information

Source:

SLGRP staff observation and host institution data

Work Plan Tasks:

Objectives 8 and 9

Indicator Description:

This indicator refers to ability of non-governmental sector to sustain its role of a partner to the government and advocate of interest of society in the policy process. One important precondition is having access to the database containing legal regulations that in effect track and analyze proposed legal documents. During the preparation period, several options for the host institution will be reflected upon.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)				
2003		20%		
2004	40%	60%		
2005	75%	75%		

Comment:

Contract Outcome 1.5.b.: The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues

Monitoring Indicator PR -3: More inclusive legislative process of preparing and adopting laws established

Unit of Measure:

- 1) Number of non-governmental institutions (think tanks, universities, NGOs) assisting in conceptualizing, drafting and analyzing legislative proposals or constitutional changes;
- 2) Number of public hearings, regional roundtables held regarding pending legislative proposals or regulations.

Source:

SLGRP staff observations.

Work Plan Tasks:

Objective 9

Indicator Description:

This indicator focuses on the policy *process* rather than actual outcomes. Impact of our program in this area needs to be increased participation of actors other than Government of Serbia in the policy process. They include: parliamentary committees, Standing Conference of Towns and Municipalities of Yugoslavia, local governments, NGOs, think tanks, even media. Term "local government" in this context refers both to the officials of municipal and city governments.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	1) 2 2) 0	1) 3 2) 20		
2003	1) 3 2) 18	1) 4 2) 18		
2004	1) 4 2) 20	1) 5 2) 10		
2005	1) 5 2) 15	1) 5 2) 15		

Comment:

Contract Outcome 1.5.b.: The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues

Monitoring Indicator PR -4: Improved legal framework for municipal government and decentralization

Unit of Measure:

Number of laws passed promoting fiscal, financial, and functional decentralization of local governments

Source:

SLGRP staff observations

Work Plan Tasks:

Objectives 8 and 9

Indicator Description:

This focuses on the actual laws and regulations *approved*. It means having laws shaped in a proper way to assign appropriate responsibilities to appropriate levels of government and resulting in increased effectiveness of services provided to citizens. SLGRP staff will monitor changes of municipal statutes and record as a positive ones all those that provide for at least one non-legally-required provision from the Model Statute, although Program expects that number of municipalities will adopt more than one such provision.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	1	1		
2003	1	2		
2004				
2005				

Comment:

The number of laws #2) has no target, but we will be reporting on decentralization laws that are passed. The actual legislative agenda and the rate of passage of new legislation are not within SLGRP control.

Contract Outcome 1.5.b.: The national elected leadership moves on amending legislation to more precisely differentiate the roles of large urban centers from small towns, towards greater fiscal decentralization, to increase the authorities of local governments, and to increase local government's shares of total tax revenues

Monitoring Indicator PR -5: Analytical capacity to draft, review and advocate legislation is sustained

Unit of Measure:

Legislative tracking system established

Source:

SLGRP staff observation and host institution data

Work Plan Tasks:

Objectives 8 and 9

Indicator Description:

This indicator refers to ability of non-governmental sector to sustain its role of a partner to the government and advocate of interest of society in the policy process. One important precondition is having access to the database containing legal regulations that in effect track and analyze proposed legal documents. During the preparation period, several options for the host institution will be reflected upon.

Year	Planned		Actual	
	March	September	March	September
2002 (Baseline)	1) No			
2003	1) No	1) Yes		
2004				
2005				

Comment:

Appendix A:

Acronyms

Acronyms

CSP	Country Strategic Plan
CTO	Cognizant Technical Officer
DAI	Development Alternatives, Inc.
MCI	Municipal Capacity Index
CIC	Citizen Information Center
CRDA	Community Revitalization through Democratic Action
IR	Intermediate Result
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
NIMIS	National Internet-based Municipal Information System
MOF	Ministry of Finance
PMP	Performance Monitoring Plan
SC	Standing Conference on Towns and Municipalities
SO	Strategic Objective
SLGRP	Serbia Local Government Reform Program
STTA	Short Term Technical Assistance
TAMIS	Technical and Administrative Management Information System
TBD	To Be Determined
USAID	U.S. Agency for International Development

Appendix B:

Glossary

Glossary

Inputs: Resources (i.e., expenditures or employee time) used to produce outputs and outcomes.

Outputs: Products and services delivered. Output refers to the completed products of internal activity: the amount of work done within the organization or by its contractors (such as number of miles of road repaired or number of calls answered).

Outcomes: An event, occurrence, or condition that is outside the activity or program itself and that is of direct importance to customers and the public generally. An outcome indicator is a measure of the amount and/or frequency of such occurrences. Service quality is also included under this category.

Intermediate Outcomes: An outcome that is expected to lead to a desired end but is not an end in itself (such as service response time, which is of concern to the customer making a call but does not tell anything directly about the success of the call). A service may have multiple intermediate outcomes.

Unit-Cost Ratio, or Efficiency: The relationship between the amount of input (usually dollars or employee-years) and the amount of output or outcome of an activity or program. If the indicator uses outputs and not outcomes, a jurisdiction that lowers unit cost may achieve a measured increase in efficiency at the expense of the outcome of the service.

Performance Indicator: A specific numerical measurement for each aspect of performance (e.g., output or outcome) under consideration.

Appendix C:
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Appendix D:
Citizen Attitude Survey

Citizen Attitude Survey

Last Edited 25 April

1. Which statement most accurately describes your rating of the Municipal Government over the past year?
- a) Excellent – I see no problems
 - b) Good – but some things need to change or improve
 - c) Poor – It functions, but major changes are needed
 - d) Bad – The municipal government doesn't function as intended
 - e) Very bad – The municipal government causes many problems
 - f) Without Answer or Opinion

2. Are you satisfied with how the Municipal Government addresses citizen expectations and needs?
- g) Very satisfied
 - h) Satisfied
 - i) Not satisfied
 - j) I don't know / no answer

(ONLY FOR THOSE WHO ARE SATISFIED OR NOT SATISFIED) What is the main **reason** why you believe that the local authorities are not entirely successful in addressing citizen expectation and needs?

- a) Lack of money
- b) Lack of skilled personnel
- c) Lack of experience
- d) Corruption
- e) Indifference to citizen expectations and needs
- f) Inadequate communication with citizens
- g) Lack of consensus among political parties
- h) History of poor government
- i) Excessive political influence at the local level
- j) I don't know / no answer
- k) Other

3. In your opinion, to what extent does the municipal government allow citizens to take part in decisions or express their opinion on decisions affecting the municipality?
- a) Very Much – the government promotes citizen participation
 - b) Somewhat – the government allows interested people to participate
 - c) Very little – the government does not value citizen participation
 - d) Not at all – the government tries to keep their decisions private
 - e) I don't know / no answer

4. How do you rate the importance of the following citizen roles in the municipality?

- 1. Absolutely essential
- 2. Important
- 3. Important, but not necessary
- 4. Not Important at all
- 5. No Answer/Opinion

	Answer Key
Voting in Municipal Elections	
Paying taxes to support the municipal government	
Paying fees for communal services	
Advising municipal leaders about citizen needs	
Volunteering for committees or community services	
Reporting abuses of authority or corruption	

5. For each of the following institutional functions in Serbia, please tell us your opinion on how often corrupt activities happen among institution representatives. Corrupt activities include activities such as taking or giving bribes for favorable treatment of others or abusing their authority to benefit themselves or associates

- a) Very Often – corrupt activities are commonplace among many representatives
- b) Often – A few representatives engage in corruption but it is not commonplace
- c) Sometimes - corrupt activities happen on occasion
- d) Rarely – corrupt activities are not very common
- e) Very Rarely – corrupt activities are actively prevented

6. Follow-up question. Have you yourself ever paid a bribe to representatives of any of the following institutions?

- a) Yes
- b) No
- c) No opinion / no comment

	Opinion	Self
Officials in the republic government		
Officials in YOUR municipal government		
Officials in OTHER municipal governments		
Civil servants in YOUR municipal government		
Civil servants in OTHER municipal governments		
Communal Enterprise managers		
Army leaders and managers		
Judiciary leaders and managers		
Police leaders and managers		
Bank leaders and managers		
University / Schools professors and administrators		
Hospitals / Doctors / Health services professionals		
Lawyers		
Entrepreneurs / Directors of companies		
Customs officers		

7. In your opinion, does your municipal government make an effort to prevent corrupt activities?

- a) No Effort is made because corruption is an accepted part of functions
- b) Slight effort is made because corruption is tolerated but not openly
- c) Occasional effort is made because corruption activities are addressed when recognized by others
- d) Regular effort is made because municipal officials see corruption as a serious offense
- e) Rigorous effort is made because municipal officials actively try to prevent corruption and punish offenders

8. What do you think about the amount of government authority (decentralization) granted to the local governments by the Federal and Republic governments?

- a) Local governments should be granted greater authority;
- b) Local governments have about the right amount of authority;
- c) Local governments should be granted less authority;
- d) Do not know / No opinion

9. Do you think that you are well informed about the activities of the municipal government?

- a) Yes
- b) No
- c) Not interested

10. From what sources do you get information about the work of the municipality?

- a) TV Stations
- b) Newspapers
- c) Radio Stations
- d) Municipal publications (bulletins or information boards)
- e) Public meetings with municipal representatives

11. In the last year have you visited any of the following municipal departments?

12. For those you have visited, how would you rate the responsiveness of the department?

- a) Very Responsive – I received excellent service;
- b) Responsive – Service was adequate but could be improved;
- c) Not Responsive – I received minimal service and my needs were largely unmet;
- d) Completely Unresponsive – Service was poor and none of my needs were met.

Departments	Yes	No	Rating
Department of City Assembly Affairs			
General Administration Department			
Department of Administrative and Legal Affairs			
Department of Urbanism and Communal Affairs			
Department of Public Affairs			
Budget and Finance Department			
Commercial Department			
Department of Public Affairs and Procurement			
Inspection Department			

13. What has the local government done for your community in the past year that you deem most praiseworthy? (Open ended – we just need copies of answers, no data entry.)

14. What has the local government done for your community in the past year that you would most criticize them for? (Open ended – we just need copies of answers, no data entry.)

15. How would you rate the following in your municipality?

	Good	Fair	Poor
Water and wastewater services			
Solid waste removal			
Street cleaning			
District heating			
Green areas and parks			
Roads and sidewalks			
Public transport			

16. Please tell us which level of government has primary authority and responsibility for the following functions and services – Local Government, Republic Government or Both. (TEST KNOWLEDGE ON ISSUE)

Follow Up – For all answers of Local Government or Republic Government ask the respondent if s/he feels agrees is the correct level of government for that function. PROMPT PREVIOUS ANSWERS (TEST OPINION ON ISSUE)

	Local	Rep	Both	N/A	AGREE?
Builds new local roads in your municipality					
Repairs local roads in your municipality					
Builds new regional roads in your municipality					
Repairs regional roads in your municipality					
Establishes a yearly budget for your municipality					
Provides water to homes in your municipality					
Provides sewerage service to homes in your municipality					
Provides trash and waste removal in your municipality					
Provides police protection in your municipality					
Licenses and regulates private businesses in your municipality					
Builds schools in your municipality					
Repairs Schools in your municipality					
Establishes School Curriculum in your municipality					
Pays teachers in your municipality					
Builds and maintain hospitals that serve your municipality					
Regulates forestry and natural resources in your municipality					
Provides payments and services to pensioners in your municipality					
Builds and maintain medical clinics in your municipality					
Registers and inspects automobiles in your municipality					
Regulates construction permits and inspections in your municipality					
Provides electricity to your municipality					
Administers elections in your municipality					
Provides bus service or other public transportation					
Collects income tax in your municipality					
Issues marriage licenses in your municipality					
Licenses and regulates restaurants and cafes in your municipality					
Builds and maintain sports and recreation facilities in your municipality					
Collects sales tax from businesses in your municipality					
Maintains parks in your municipality					
Maintains libraries in your municipality					
Providing social services to vulnerable people in your municipality					

17. Which of these choices best represents your opinion on the role of citizen participation for each area.

SHOW CARD ANSWERS

1. Citizens should always be given the opportunity to provide municipal officials with comments before a decision is made;
2. Citizens should be informed after a decision is made but it is not necessary to seek their opinion before a decision is made;
3. It's not necessary to keep citizens informed about this activity or seek their opinion.

Answer	
Building new local roads in your municipality	
Repairing s local roads in your municipality	
Establishing a new park or green space for your municipality	
Establishing a yearly budget for your municipality	
Providing water and sewerage service to homes in your municipality	
Appointing communal enterprise managers	
Provideing trash and waste removal in your municipality	
Licensing and regulating private businesses in your municipality	
Building schools in your municipality	
Repairing Schools in your municipality	
Providing police protection in your municipality	
Regulating construction permits and inspections in your municipality	
Providing bus service or other public transportation	
Licenseing and regulates restaurants and cafes in your municipality	
Building and maintain sports and recreation facilities in your municipality	

18. To express your opinion about Municipal Government, who would you go to first?

- a) the mayor
- b) member of the Assembly
- c) member of the Executive Board
- d) representative of a political party
- e) Member of the M.Z. council
- f) A well known neighborhood person
- g) A personal connection in the government
- h) I wouldn't go to anybody

19. Which rating best describes your opinion about the MZ in the area where you live?

- a) Excellent – the MZ works very well for our community
- b) Good – The MZ provides some benefits to our community
- c) Fair – The MZ is active, but I don't see benefit to our community
- d) Poor – The MZ doesn't do anything
- e) Very Bad – The MZ is a problem and we would be better off without it.
- f) No Answer/No Opinion

20. During the past year, have you participated in a public meeting or public hearing?

- a) Yes;
- b) No;
- c) Don't know / No opinion

21. Would you participate in any of the following functions (answer yes if respondent has in the past AND would do so again).

	Yes	No	N/A	IF Y/N
Attend a meeting to learn about the municipal taxes and budget and provide your comments to municipal officials				
Attend a public meeting of the municipal assembly or executive board to learn more about municipal issues				
An informal meeting with an elected representative to discuss your concerns about your municipality				
Attend a public meeting to hear municipal officials discuss planning changes in schools in your municipality				
Attend a meeting at the local MZ to participate in local community affairs.				
Serve on a municipal advisory board or special project committee to represent citizen concerns with municipal leaders.				
Attend a public meeting with municipal officials to discuss ways to improve communal enterprises in your municipality.				
Send a letter to a municipal official or department to explain citizen needs or opinions on issues.				

If No, Why: DO NOT SHOW ANSWER OPTIONS

- a. It would be a waste of time because they don't listen
- b. My opinion doesn't matter
- c. I don't know enough to contribute
- d. Someone else in my family followed the issues
- e. It can create problems to draw attention to yourself
- f. I don't have time
- g. I'm not interested in this issue

If Yes, Why: DO NOT SHOW ANSWER OPTIONS

- a) It is the best way to learn what is happening
- b) I feel it is important to monitor government activities
- c) I have expert knowledge and experience in that area
- d) I know the problems of my neighborhood very well
- e) I want to be involved in municipal affairs

22. Please tell us to which extent you agree or disagree with the following statements about your municipality	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
Trash and Garbage is collected frequently enough					
If there was a problem with water quality I feel confident that the communal enterprise would inform citizens about it.					
Traffic and parking is regulated well and offenders are fined fairly					
I feel that municipal government leaders do a good job at managing the budget of our municipality					
Our communal enterprise does a good job of addressing problems with sanitation					
Our water service fees are reasonably priced					
Water service would improve if citizens were willing to pay a little bit more to the communal enterprise					
The municipality should try to employ as many people as possible in the municipal administration and communal enterprises to help provide more income to citizens					
The municipality does a good job of addressing illegal dumping of trash					
More regulations and enforcement by the municipality would improve services					
If more people and business paid their taxes, municipal services would improve greatly.					
Municipal government does a good job of planning for the future by prioritizing municipal needs.					
Communal enterprises employees make a strong effort to provide good service to citizens					
Municipal clerks and civil servants are well trained to assist citizens					
I feel that the municipality tries to make it easier for citizens to file applications, pay fees for services and conduct administrative matters.					
The municipal government makes it easy for citizens to meet with government representatives if they wish.					
The municipality tries to help citizens understand the procedures of municipal departments					
Getting a job with the municipality is only possible for people with influence with an official or manager					
The municipality tries to coordinate information and functions important to citizens					
The municipal government makes a good effort to repair and maintain public buildings and facilities					
I believe that the municipality tries to buy supplies at the lowest price by requiring fair competition between vendors					
Prices for municipal services are higher than they should be because of poor management					
Municipal government cannot function better because of problems with the republic government					
Municipal procurements are conducted in an open and transparent manner.					
Interested citizens can learn how much the municipality spends each year on salaries of employees					
Our municipality tries to keep good records on its revenues and expenses.					
The municipality is trying to improve opportunities for businesses to operate here.					
Our communal enterprise services try to serve all neighborhood fairly					
The municipality tries hard to maintain public buildings, parks, streets and lighting					
Municipal employees do not need to work very hard in order to get					

their salaries					
I am confident that my bills for communal enterprise services reflect the actual costs of the service					
Many people avoid paying their communal enterprise bills because there are no penalties for non-payment.					
Services would improve if the elected officials had more control over communal enterprises					
The municipal government makes a good effort to maintain road in good condition					
Appointments to senior level communal enterprise positions should be open to public comment					
Running a business here is difficult because it is hard to get all the required licenses and approvals from the municipality					
Many people avoid paying their communal enterprise bills because they do not feel the money is used for its intended purposes					
Very often citizens must wait in several lines just to complete one task at the municipal government					

23. Which statement best describes your opinion about the accuracy of the Municipal Budget and Expenditures? SHOW CARD

- a) The municipal budget is an accurate indicator of where and how the government will spend money during that year
- b) The municipal budget is a good starting point, but there are always changes that affect its accuracy
- c) The municipal budget doesn't reflect reality because it is impossible to predict needs and available resources in advance.
- d) The municipal budget isn't accurate because politicians just make decisions on spending without considering the budget.
- e) I don't have an opinion

24. Which statement best describes your opinion of how the Municipal Government keeps you inform about its decisions and activities? SHOW CARD

- a) Municipal government keeps me well informed because it actively publicizes information and reaches out directly to citizens.
- b) Municipal government makes a good effort to make information easy to find if people are interested.
- c) Municipal government only tries to promote itself when it can benefit from publicity and doesn't truly keep citizens informed.
- d) Municipal government doesn't make any effort to inform citizens, but it also doesn't try to hide anything.
- e) Municipal government actively seeks to prevent citizens from knowing about decisions and activities as a way of maintaining control.
- f) I don't have an opinion.

25. Which statement best describes your opinion of how the Municipal Government should interact with nearby towns to address common needs? SHOW CARD

- a) Municipal government should initiate cooperation between municipalities to solve problems because our municipality would benefit from such cooperation.
- b) Municipal cooperation can solve many problems, but it should be organized by the republic government, not municipal governments.
- c) Municipal government should cooperate with other municipalities when possible, but should not lose the focus on our municipality.
- d) Municipal government should not cooperate with other municipalities because it will not help solve the problems in our municipality.
- e) I don't have an opinion

26. When you receive a public utility billing statement, do you feel that you understand how the total was computed?

- a) Yes;
- b) No;
- c) Do not know / no opinion

27. What do you personally consider to be the highest priorities in your municipality, for which you would like to spend more money from the municipal budget [need help on grading – team suggested 1 to 5 scale]

- a) Building and reconstructing roads/streets;
- b) Lighting of streets;
- c) Social issues;
- d) Building or reconstruction of medical facilities;
- e) Building or reconstruction of water supply systems;
- f) Building or reconstruction of schools;
- g) Building or reconstruction of heating systems;
- h) Building or reconstruction of churches;
- i) Purchasing new cars for municipal officials;
- j) Programs for culture and sport;
- k) Programs for the development of enterprise and jobs;
- l) Programs to improve the environment;
- m) Staff training and technical equipment in departments that provide services to citizens.

28. [On separate card] Would you be willing to volunteer to help the city?

- a) Yes;
- b) No;

If "Yes" please ask for name and phone number.

Appendix E:

Municipal Capacity Index Data Collection Guidebook

Financial Management

Question 1

Municipality has conducted a strategic planning exercise and integrated the results into the capital improvement plan and annual budget.

Question Description

Municipalities should have a multi year perspective on budgeting with meaningful forecasts, at least five years, in order to effectively determine future capital requirements. The process needs to be inclusive of all departments, thereby creating a macro vision for the entire municipality- not only the major capital intensive programs such as communal enterprises. Without this foresight budgets, capital projects, and citizen needs can not be accurately addressed. Citizen input throughout the planning process is required.

Scoring system

- (0) points if the municipality has made no efforts to initiate strategic planning
- (1) point if the municipality has initiated a strategic planning process
- (2) points if the municipality has completed the strategic planning process
- (3) points if the strategic plan is integrated with just the CIP
- (4) points if the strategic plan is integrated with both the CIP and the budget
- (5) points if the city charter has been modified to require strategic planning no less than once every five years

Responsibility for Data Collection

Financial Management Team

Required Documentation

- ✓ Strategic plan
- ✓ Budget
- ✓ Capital improvement plan

Impact

Strategic planning process is institutionalized

Comments

Question 2

The municipality's finance department has attained budget / accounting competency based on topics covered during the two year financial management training cycle.

Question Description

Municipality's financial management staff should be able to prove proficiency in the topics covered during SLGRP training activities. This question seeks to measure the retention of training material and does not seek to measure the application of that material. A combination of attendance and test scores will be evaluated to prove competency and show that information shared during program training was retained. While there are other departments and offices participating in the trainings, this question is narrowly focused on the participation and competency of the municipal finance departments. Testing for certification is elective.

Scoring system

- (0) points if the municipality has not attended or participated in financial management trainings
- (1) point if 80% of the finance office has participated in all regional workshop trainings
- (2) points if 25% of the finance office has elected to take the certification test and passed
- (3) points if 50% of the finance office has elected to take the certification test and passed
- (4) points if 75% of the finance office has elected to take the certification test and passed
- (5) points if 100% of the finance office has elected to take the certification test and passed

Responsibility for Data Collection

The Financial Management Team will keep attendance and administer competency tests at the end of each 2-year training cycle

Required Documentation

- ✓ Lists of municipal participants
- ✓ Test scores
- ✓ Attendance sheets

Impact

Retention of training information

Comments

Question 3

Municipality's finance department has adopted an organizational plan in which staffing and internal controls are in alignment.

Question Description

Personnel costs and human resources functions have been analyzed in order to justify fixed costs of human capital. Job descriptions and specific skill sets should be in line with the responsibilities the municipality has delineated. The widely-held assumption is that staffing levels exceed the necessary human capital for service delivery at all levels of government throughout Serbia. One way to answer the question of whether staffing levels are correctly aligned to tasks is to undertake an organizational planning process.

Scoring system

- (0) points if no efforts have been made to align staffing to comply with the new budget law
- (1) point if a Systemization Act and job descriptions have been approved by the Executive Board
- (2) points if the organizational plan has been adopted by the Executive Board
- (3) points if the organizational plan has been implemented
- (4) points if internal controls have been strengthened through the application of the plan (looking specifically at the treasury)
- (5) points if the planning process has been replicated in at least one other department

Responsibility for Data Collection

The Financial Management Team

Required Documentation

- ✓ Organizational plan
- ✓ Hiring guidelines

Impact

Better alignment of task and human resources; strengthened control functions; replication

Comments

Question 4

An internal audit function has been established independent of the finance office.

Question Description

The budget law requires the creation of an internal audit office; however the SLGRP believes that the audit function should be administered by an independent office outside the finance department. This is a key additional step that is needed to ensure the objectivity of such an office. An independent audit will provide increased checks and balances and increase transparency and accountability.

Scoring system

- (0) points for no internal audit function
- (1) point for internal audit function as prescribed by law
- (2) points for completing internal audit reports at least semi-annually
- (3) points if the municipality can prove that internal audit recommendations have resulted in accounting and operational changes
- (4) points if internal audit results are shared with citizens at least semi-annually
- (5) points if the internal audit office is independent (reports to Mayor, Executive Board, or City Council)

Responsibility for Data Collection

The Financial Management Team

Required Documentation

- ✓ City Charter
- ✓ A copy of the audited documents and statements

Impact

Increased transparency. The independent audit creates an additional check in the system and reduces opportunities for corruption

Comments

Internal Municipal Operations

Question 5

Municipality has implemented an integrated financial management system that supports the new chart of accounts and other requirements of the 2002 Budget Law, allows for future integration of additional modules, and helps streamline reporting.

Question Description

At a minimum the municipality will be in compliance with the new Budget Law and must be using the new chart of accounts with their accounting system. Municipalities that have moved beyond this phase will be expected to adapt integrated financial management software. The new system will lead to enhanced controls, increased interdepartmental coordination, reduction in double entry of data, and increased transparency.

Scoring system

- (0) points if the municipality has not adopted computer-based accounting system
- (1) point for an adopted computer-based accounting system running old or new software
- (2) points if new software is used where general ledger and budget systems are integrated
- (3) points if core modules are used (cash receipts, accounts receivable, accounts payable, payroll)
- (4) points if the municipality posts monthly financial reports to their website
- (5) points if advanced modules are used (utility billing, fixed assets, procurement, purchase orders)

Responsibility for Data Collection

The Financial Management Team

Required Documentation

- ✓ Online reports and documents produced by the new system

Impact

Increased transparency and accountability, as well as a reduction of double entry of data

Comments

Question 6

Municipality uses IT systems to provide citizen records (e.g. birth, marriage, death, and voter registration.)

Question Description

The municipality utilizes IT systems to realize efficiencies and provide citizens with accurate up to date information. The municipality should maintain records that are linked to automatically update in the case of a material change. For example: In the case of death, once a certificate is provided to the family the deceased individual's name should be removed from the voter registration database automatically. In some cases, the automation must be reconciled with legal requirements that hardcopy forms must be completed, and original signatures obtained, before updates may occur, and the collection of some citizen records by the police.

Scoring system

- (0) points if no IT system is in place
- (1) point if an IT system is in place that provides any information for the registry office
- (2) points if two of the four registry functions use IT systems
- (3) points if three of the four registry functions use IT systems
- (4) points for proven feedback mechanism in IT systems that automatically updates one registry category when there has been a change in another function
- (5) points for realizing efficiencies by allowing citizens to request documents over the internet or provide ways to order or update registry information over the internet

Responsibility for Data Collection

The Information Technology Team

Required Documentation

- ✓ Demonstration of the working system
- ✓ Linkage between the systems clearly illustrated
- ✓ Copy of all four pertinent certificates

Impact

Increased registry efficiency

Comments

Question 7

Municipality has open and transparent procurement system regulations and has adopted conflict of interest rules.

Question Description

An open and transparent procurement system is vital to keep the public's faith in municipal spending. The prospect of collusion or other non competitive practices in local government spending is anathema to equitable contracting. A clear and formal procurement system must be in place in conjunction with the new Public Procurement Law. The question seeks to determine the extent to which the municipality has taken steps above and beyond those required by law, and determine if the municipality has fully embraced measures to improve transparency and mitigate corruption and conflicts of interest.

Scoring system-

- (0) points for non compliance with the Public Procurement Law
- (1) point for compliance with the Public Procurement Law
- (2) points if the municipality has any additional procedures to increase transparency
- (3) points if the municipality has adopted formal conflict of interest codes
- (4) points if the municipality has instituted pre-award internal review process
- (5) points if no protest or challenges have been filed with the Public Procurement Agency during the last twelve months

Responsibility for Data Collection

The Financial Management Team will examine the procurement system in the municipality

Required Documentation

- ✓ Copy of the municipality's individual procurement guidelines
- ✓ Record of protests referred to the Public Procurement Agency

Impact

Increased transparency- a decrease in the challenges or protests on issues related to public procurement.

Comments

* No municipality will be in compliance with the Public Procurement Law during the baseline collection as the law came out after March, 2002

Question 8

Municipality uses IT systems to exchange information across departments throughout the municipality.

Question Description

This question seeks to determine if municipalities have coordinated efforts to exchange information across departments. More points are assigned for progressively intensive use of IT systems to coordinate and exchange information. The LAN must connect a substantial amount of the departments of the municipality and not simply include a small network in one department.

Scoring system

- (0) points if the municipality does not have a networked IT system
- (1) point if the municipality has a Local Area Network
- (2) points if the LAN is connected to the registry office
- (3) points if the LAN is connected to the permitting office
- (4) points if the LAN is connected to all Communal Enterprises
- (5) points if the LAN is connected to Mesna Zajednica

Responsibility for Data Collection

The Information Technology Team

Required Documentation

- ✓ Network certification describing connections between departments
- ✓ Instances of departments exchanging information

Impact

Increased efficiency in information exchange

Comments

Communal Enterprise

Question 9

Water and solid waste communal enterprises know per unit costs of services, have taken steps to completely cover their expenses (by increasing fees and billing all possible clients) and hold public meetings before changing fees.

Question Description

Municipalities were recently vested with increased authority to set rates for communal enterprise, effective January 2003. This question seeks to determine the extent to which municipalities have been able to take advantage of this new authority to better cover costs of services. As a first step, communal enterprises must complete a cost analysis of the intended service and take steps to substantially recover the costs of those services. As a next step, any proposed changes in pricing are vetted with citizens prior to a decision being made. Finally, billings for all known services are generated and distributed in a timely manner, thus increasing the likelihood of recovering the maximum possible usage fees. It is important to understand that there are frequently separate communal enterprises within a municipality that have unique and specific needs and management in place.

Scoring system

- (0) points if the municipality does not know unit costs of key services (water and solid waste)
- (1) point if the municipality knows unit costs of services
- (2) points if any steps are taken to align fee structure with unit costs
- (3) points if a long term plan for substantially recovering costs is in place
- (4) points if public meetings are held with stakeholders before any price adjustments are made
- (5) points if the municipality bills 100% of known clients on a periodic and timely basis (monthly, quarterly, or other interval)

Responsibility for Data Collection

The Communal Enterprise Team

Required Documentation

- ✓ Unit Cost Analysis
- ✓ Minutes from public meetings
- ✓ Current billing records

Impact

Decreased gap between costs and revenue

Comments

Question 10

Communal enterprise(s) adopt and use an operations and maintenance manual to plan the sustainable operation of the services and assets of the communal enterprise.

Question Description

Clearly defined operations and maintenance needs and expectations are critical to ensure the maximum sustainability of existing communal enterprise assets and to ensure maximum continuity and reliability of service provision. Additionally, the Operations and Maintenance Manual must include clear definitions of responsibilities to allow enterprise management to document accountability for critical functions within the organization. Municipalities received the highest score if the Operations and Maintenance manual outlines managed operations and assets, critical functions and the sub-units of the organizations responsible for functions and is materially used and updated.

Scoring system

- (0) points if no operations and maintenance procedures exist
- (1) point if informal operations and maintenance procedures exist
- (2) points if some formal operations and maintenance procedures exist
- (3) points if operations and maintenance are comprehensively planned
- (4) points if a comprehensive operations and maintenance plan exists absent an implementation strategy
- (5) points if a comprehensive operations and maintenance plan exists inclusive of an implementation strategy defining accountability for specific functions

Responsibility for Data Collection

The Communal Enterprise Team

Required Documentation

- ✓ Review of Operations and Maintenance procedures
- ✓ Review of Operations and Maintenance manual (if available)
- ✓ Reports from CE Technical Assistance Meetings

Impact

Improved sustainability of operations
Improved capacity for long term planning

Comments

Question 11

Communal Enterprise budgets and financial reports contain all cost elements, are available to municipality managers, and the public's response is used to improve subsequent reports.

Question Description

Although similar to question #14, this question refers specifically to communal enterprises. Municipalities score higher if feedback from the public is incorporated into reports.

Scoring system-

- (0) points if no financial reports are created, or they are not readily available
- (1) point if reports are available to managers as needed
- (2) points if reports are produced annually for managers
- (3) points if reports are produced at least semi-annually for managers and placed online or posted through other media (television, newspapers)
- (4) points if reports are produced quarterly for managers and disseminated at public meetings
- (5) points if feedback from the public is used to improve subsequent reporting

Responsibility for Data Collection

The Communal Enterprise Team

Required Documentation

- ✓ Communal Enterprise budgets and financial reports
- ✓ Evidence of reports posted through the media

Impact

Increased communal enterprise transparency

Comments

Question 12

Communal Enterprise management has adopted and implemented policies for public relations and customer service.

Question Description

By improving public relations and customer service the municipality can better inform the public about communal enterprise expenditures and the costs involved in providing services. At the same time, the municipality can emphasize citizen's responsibilities regarding the services using tools such as a phone line available- 24 hours a day, 7 days a week- to report services in need of attention (e.g., a broken water main) – and their obligations to pay for services that they use.

Scoring system

- (0) points for no PR or customer service policy
- (1) point for having a PR and customer service policy
- (2) points for setting up a- 24 hour, 7 days a week- customer relations system
- (3) points if the- 24 hour, 7 days a week- customer relations system is sensitive to minority groups, elderly, women, and people with special needs
- (4) points for establishing and enforcing a turn off policy of services
- (5) points if water communal enterprise has attained at least an 85% collection rate

Responsibility for Data Collection

The Communal Enterprise Team

Required Documentation

- ✓ Copies of advertisements or public relations campaigns
- ✓ Allocated budget for the program.

Impact

Improved CE-Citizen relations; increased revenue collection

Comments

Citizen-Municipal Interaction – Transparency and Participation

Question 13

Municipality has a strategy and work plan for improving citizen-municipal relations, a working group to oversee its implementation, and has followed through with a majority of action items.

Question Description

Planning and reaching out to all citizens, especially minorities, women and those who have been marginalized to gain insight into concerns and areas of interest is key to improving citizen satisfaction with municipal government. This question seeks to examine the extent to which municipalities have institutionalized feedback mechanisms and problem solving mechanisms with citizen groups.

Scoring system

- (0) points if no work plan or strategy for citizen input is present
- (1) point if informal or ad hoc strategies for soliciting input have been used
- (2) points if strategy and work plan are completed
- (3) points if a formal work plan is in place and implementation has begun
- (4) points if implementation of the initial plan has been completed and special consideration for minorities and women have been addressed in the implementation of the plan
- (5) points if the citizen input function has become institutionalized through such means as creating permanent working groups

Required Documentation

- ✓ Strategy and work plan
- ✓ Minutes of the working group with action items noted
- ✓ Evidence of implementation

Responsibility for Data Collection

The Citizen Participation Team will assess progress in planning and implementation

Impact

Strategic planning and problem solving process involving citizens becomes institutionalized

Comments

Question 14

Municipality provides monthly financial reports, based on new accounting structures and utilization of the new integrated financial management software.

Question Description

Although similar to question #11, this question refers specifically to the municipality's finance office and its disclosure of reports that illustrate revenues sources, as well as proposed and actual expenditures undertaken with these resources.

Scoring system

- (0) points if no financial reports are created, or they are not readily available
- (1) point if reports are created that contain only revenue, expenditure, and obligations as required by republic law
- (2) point if reports providing information beyond what is legally required are presented to department heads monthly
- (3) points if reports are available for elected officials monthly
- (4) points if reports are released to the public monthly
- (5) points if feedback from the public is used to improve subsequent reporting

Responsibility for Data Collection

The Financial Management Team

Required Documentation

- ✓ Copies of reports

Impact

Increased financial disclosure and transparency

Comments

Question 15

Municipality has utilized town meetings, citizen advisory boards, or citizen task forces to obtain citizen input regarding municipal decision making and/or operations.

Question Description

This question seeks to gauge the extent to which municipalities have used innovative ways of bringing the public together to discuss and debate important subjects. By providing opportunities for citizen input, and creating committees made up of citizens, the municipality increases citizen participation in management and operations. Boards and town meetings create an excellent opportunity for those who frequently do not have a voice, such as minorities, women, and IDP's, to raise concerns and have their particular needs addressed.

Scoring system

- (0) points if town meetings, citizen advisory boards, and citizen task forces are not used
- (1) point if the municipality is in compliance with republic laws on citizen participation and input
- (2) points if the municipality has additional participation beyond the requirements
- (3) points if local media or municipality website publicizes citizen initiatives pertaining to municipal decision making and operations
- (4) points if funding for standing meetings with citizen groups is included in the budget and special funds are allocated to encourage the participation of minority groups and women
- (5) points if the municipality has a permanent citizen led board that helps manage citizen input

Responsibility for Data Collection

The Citizen Participation Team

Required Documentation

- ✓ Minutes from meetings
- ✓ Documentation of citizen input provided to managers and elected officials
- ✓ Names of advisory board and task force members

Impact

Increased participation in management and operations.

Comments

Question 16

Municipality has conducted special public meetings, hearings or other such events to inform and involve citizens in development of the municipal budget.

Question Description

Municipality has increased opportunity for citizen involvement and participation in the budget process. The municipality can attain the highest score by proving it is using recommendations provided by the permanent advisory board (noted in question #15) into the budget.

Scoring system

- (0) points if no special meetings, hearings, or other such events are held to inform and involve citizens in developing the budget
- (1) point if there are special meetings, hearings, or other events held as mandated by law
- (2) points if meetings or hearings are scheduled beyond what is required, but involve only one-way communication
- (3) points if meetings or hearings are scheduled beyond what is required, and involve two-way communication
- (4) points for providing evidence of budget prioritization based on citizen input of those who are typically not well represented- such as women and minorities
- (5) points if the municipal budget requires a section discussing citizen initiatives in order for final approval

Responsibility for Data Collection

The Citizen Participation Team

Required Documentation

- ✓ Advertisement of special meetings
- ✓ Minutes of special meetings
- ✓ Attendees at meetings
- ✓ Citizen proposals considered for inclusion in the budget

Impact

Increased citizen participation in budget process

Comments

Citizen-Municipal Interaction – Improved Quality of Services

Question 17

Municipality has established feedback mechanisms for evaluating the quality of employee-customer interaction that includes an incentive system for good performance.

Question Description

The municipality has taken steps to improve the quality of civil servant and citizen interaction. Civil servants will be rewarded for citizen satisfaction through the creation of an incentive program for positive results. Legal limits will determine the level of rewards or sanctions that a municipality may impose on employees. A municipality can achieve the highest score only if it can demonstrate that such feedback is used as a determining factor in performance reviews.

Scoring system

- (0) points if the municipality has no feedback mechanism to evaluate employee-customer interaction
- (1) point if the municipality has established a feedback mechanism for evaluating the quality of employee-customer interaction
- (2) points if surveys and feedback systems are immediately available for citizen input at the facility
- (3) points if the municipality has an incentive plan in place for good performance
- (4) points if the municipality has a formal recognition program that rewards outstanding performance
- (5) points if the evaluations of employees are used for yearly performance reviews and are a basis for promotion

Responsibility for Data Collection

The Citizen Participation Team

Required Documentation

- ✓ Forms and assessments completed by citizens that describe the interaction
- ✓ Employee incentive plan

Impact

Improved quality of citizen and municipal interaction

Comments

Question 18

Municipality has a Citizen Information Center to help make services more accessible and convenient.

Question Description

Citizen Information Centers are designed to help provide more transparent and efficient services by improving the flow of information to and from the citizens. The question seeks to determine if the municipality has taken steps to reduce barriers to access information for citizens.

Scoring system

- (0) points if the municipality has no Citizen Information Center
- (1) point if the municipality has a CIC
- (2) points if the CIC provides services on site
- (3) points if the CIC collects, analyzes data, and adjusts CIC services based on interaction and findings
- (4) points if the CIC has made provisions for servicing minorities and people with special needs
- (5) points if the CIC has the capacity to measure response time and has used past data on response time to adjust municipal functions outside the CIC

Responsibility for Data Collection

The Citizen Participation Team

Required Documentation

- ✓ List of citizens who have accessed the CIC
- ✓ Staffing information and hours of operation
- ✓ Resolution of the matter

Impact

Barriers to information and services have been reduced

Comments

Question 19

Municipality has improved the speed and convenience of obtaining building and other permits by establishing a “one-stop” permitting center or otherwise streamlining the permitting process.

Question Description

By streamlining the permitting process, the municipality has taken steps to decrease bureaucratic barriers to doing business in the community. Although one-stop permitting centers are designed to deal with a number of different permits, for the purposes of measuring the impact of one-stop implementation, SLGRP will focus only on building permits. All of the required documents should be available on site to citizens and should be contained in one office or area that is convenient to access. Ideally, the municipality will assist in processing the paperwork for citizens.

Scoring system

- (0) points if one-stop permitting center is not available
- (1) points if any steps are in place to streamline the permitting process
- (2) points if one-stop permitting center is established
- (3) points if the one-stop permitting center allows for electronic submission of applications
- (4) points if the CIC has made provisions for servicing minorities and people with special needs
- (5) points if the time to obtain a building permit based on a hard copy submission has been reduced by 50%- change

Responsibility for Data Collection

The Citizen Participation Team

Required Documentation

- ✓ Permit requests
- ✓ Required forms for receiving a permit
- ✓ Tracking records of applications and final permit delivery
- ✓ Staffing information and hours of operation

Impact

Decrease in time to receive a permit

Comments

Question 20

Municipality has initiated or participated in public-private initiatives, such as Business Improvement Districts, to improve economic conditions.

Question Description

The municipality has collaborated with private enterprise to create an environment where business can thrive. For a municipality to attain the highest score, they must demonstrate that they have the capacity to prove the value of the BID in increasing economic growth.

Scoring system

- (0) points if no public-private initiatives have been established
- (1) point if public-private initiatives have been initiated
- (2) points if funding is made available by the municipality for public-private initiatives
- (3) points if additional resources such as educational centers or a chamber of commerce have been created
- (4) points if a BID has been established
- (5) points if the municipality or the BID can demonstrate a material (more than 5%) increase in economic activity (as measured, perhaps, by gross sales)

Responsibility for Data Collection

The Citizen Participation Team

Required Documentation

- ✓ Applications for BID
- ✓ Municipal led programs
- ✓ Budget for economic development

Impact

Increased economic activity

Comments

Appendix F:
MCI Baseline Data

SLGRP Municipal Capacity Index - Baseline Data for Cohort #1

ELEMENTS & MEASURES	Aleksandrovac	Arije	Bajina Bašta	Čuprija	Indija	Kragujevac	Kruševac	Loznica	Niš	Nova Varoš	Novi Pazar	Novi Sad	Sjenica	Smederevska Palanka	Subotica	Šabac	Užice	Vaijevo	Zrenjanin	Priboj (Control)	Velika Plana (Control)	Prijepolje (Control)	Bačka Palanka (Control)
Financial Management																							
1. Strategic Planning basis of budgeting	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
2. Budget and accounting competency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Staffing internal controls	1	1	1	1	1	1	1	1	1	1	1	3	1	1	1	1	1	1	1	1	1	1	1
4. Internal audit function	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	1	1	1	2	1	2	1	1	1	1	1	4	1	1	1	1	1	1	1	1	1	1	1
Municipal Systems																							
5. Integrated financial management system	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	0	0	1	0	0
6. IT-based citizen records	1	1	3	0	3	3	1	1	3	3	1	3	1	0	3	3	1	1	1	1	1	1	0
7. Procurement and COI rules	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Use of IT in departmental information exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	2	2	4	1	4	4	2	2	4	4	2	4	2	1	4	4	1	2	1	1	2	1	0
Communal Enterprises																							
9. Water and solid waste unit costs of services	1	1	1	2	1	2	1	1	2	1	0	1	0	1	1	1	1	1	2	1	1	1	2
10. Operations & Maintenance Procedures	1	1	2	1	1	2	3	1	2	1	1	3	1	0	1	2	2	1	2	1	1	2	2
11. Total cost budgeting and financial reports	3	3	2	3	2	3	2	2	4	2	2	2	2	3	3	2	2	3	3	2	2	3	2
12. Public relations policies implemented	0	0	2	0	0	0	1	0	1	0	0	1	0	0	1	0	0	0	0	0	0	0	1
Sub-Total	5	5	7	6	4	7	7	4	9	4	3	7	3	4	6	5	5	5	7	4	4	6	7
Transparency																							
13. CP strategy and working group	1	0	0	1	1	3	0	0	0	0	0	0	0	1	0	1	0	1	1	0	1	0	0
14. Financial reports available to citizens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Town meetings, boards, task forces	0	1	1	1	1	3	1	1	1	2	0	1	0	2	1	1	2	2	0	0	2	1	1
16. Public hearings on budget	0	0	0	0	0	2	0	1	0	0	0	0	0	1	0	0	0	1	2	0	1	0	1
Sub-Total	1	1	1	2	2	8	1	2	1	2	0	1	0	4	1	2	2	4	3	0	4	1	2
Citizen Services																							
17. Incentives for better service	0	0	0	0	1	5	0	0	0	0	0	0	0	1	0	0	0	0	1	0	1	0	1
18. Services more convenient (CICs)	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19. Services are faster (One-stops)	0	0	0	0	0	2	0	0	2	0	0	2	0	0	1	0	0	2	0	0	0	0	1
20. Public/Private partnerships established	1	0	2	2	2	3	2	0	3	0	0	0	0	2	0	1	1	0	2	3	2	0	1
Sub-Total	1	0	2	2	3	13	2	0	5	0	0	2	0	3	1	1	1	2	3	3	3	0	3
TOTAL	10	9	15	13	14	34	13	9	20	11	6	18	6	13	13	13	10	14	15	9	14	9	13

Appendix G:

Feedback from USAID on Earlier Drafts of PMP and MCI



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID/FRY
American Embassy, Belgrade, Yugoslavia

April 1, 2002

Mr. Steven Rosenberg
Development Alternatives Inc.
Osmana Dikica 3
Belgrade, Yugoslavia

Subject: Performance Monitoring Plan Review

Dear Mr. Rosenberg:

During the past several months the mission has been refining its Mission Strategy in conjunction with the USAID Washington E&E Bureau, and technical and policy offices of USAID. This process has resulted in some changes to the Strategic Objective (SO) Framework and Intermediate Results related to the SLGRP. Although the strategy is not yet approved most of the elements are now in final form and we can work with confidence to develop a PMP that fits into the new framework. Under the new framework SLGRP fits under one Strategic Objective with CRDA and will be tracked against two Intermediate Results that are directed specifically to improvements in local government. The new framework will require some changes to the draft PMP submitted in May.

Under the current mission strategy the SLGRP comes under SO 2.1 Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making. Within this SO there are 4 Intermediate Results (IR). Of these IRs, two relate directly to SLGRP, IR 2.1.2 and IR 2.1.3 (see following chart). The indicators I have provided will be those that USAID/FRY reports to Washington. Thus these should be simple, yet comprehensive (a tall order I appreciate). In that we will be relying on DAI to provide the data to report with, I would like you to review the indicators and critically examine them against several criteria:

1. Are they indeed direct measures of achieving the stated result?
2. Are they complete, or alternatively can they be simplified and/or reduced in number?
3. Are they in the manageable interest of the project and practical to collect data on?
4. To what extent can they be disaggregated by gender and minority group?
5. Can they be quantified, and if not is the qualitative measure meaningful?

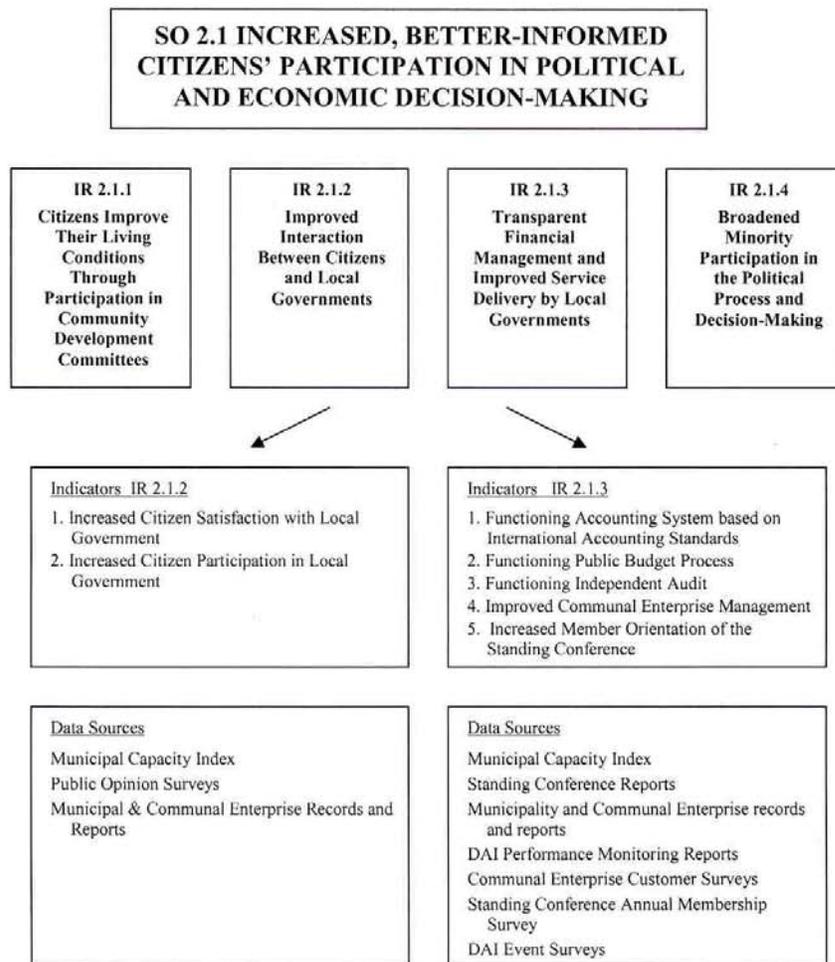
As we will incorporate these indicators, and only these indicators, in the mission PMP I would like you to identify them in the report as the primary indicators. This is not to say they need be the only indicators in the project PMP. You are welcome, indeed

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encouraged to include additional indicators that are useful for project management or internal reporting. However it is critically important that the primary indicators capture the essence of progress towards achieving the intermediate result.

Based on the draft PMP I have included data sources as well. This is based on my imperfect understanding of your data collection plans and capabilities, so I would like you to also critically examine the listed data sources and propose revisions and/or additions.





General Comments

The draft PMP submitted to USAID is not complete. Financial Management and Communal Enterprise outputs are blank in the Framework chart, no narrative for the financial management section, no narrative for the communal enterprise section, no narrative for the IT section, no narrative for the citizen participation section, no narrative for the association development section, no narrative for the policy reform section, incomplete narrative on the reporting plan, no narrative for the municipal capacity index. In short you have submitted a half finished document. The first task therefore is to complete the PMP based on the guidance above and re-submit for review by USAID.

Based on what was provided in the submitted document comments follow:

- Eliminate narrative on CRDA. This is not relevant to your PMP.
- Under outcomes there are no outcomes related to financial management and IT
- Section C.a and C.b are not necessary.
- Section C.e is blank
- Section B. Baseline Data and Targets is blank
- Section D. Gender Add minority groups

Rather than attempting to explain the comments on the Results Framework chart I am attaching the chart with comments written in. In general the indicators do not establish a measure of progress, nor do they indicate how that progress would be tracked. The indicators should be stated as a change in the situation that reflects progress towards the result. The method of computing that change should also be provided and targets provided. This approach should also be taken in review and revision of the primary (USAID) indicators as well as those provided in the PMP results framework. Finally the chart needs to be completed and the primary (USAID) indicators included.

The project is utilizing a number of surveys – municipal capacity index, citizen attitude surveys, communal enterprise customer survey, event surveys, standing conference membership surveys. Please provide a section explaining the survey methodology(s) you will use.

Given that the first semi-annual performance report has already been submitted, and the next must be based on reporting against this plan I want the PMP completed and approved before the end of July.

The Municipal Capacity Index represents a major instrument for measuring project impact. It is critical therefore that the scorecard elements are clear, concise, measurable, and represent elements that have plausible attribution to the result sought.



USAID/FRY
American Embassy, Belgrade, Yugoslavia

Rather than attempting a narrative of comments on the MCI I have attached a copy with our handwritten notes on it.

In reference to all comments on the attached sheets and in this letter the staff of GDO would be pleased to meet with you at any time to discuss these comments. Given the complexity of this exercise it might prove useful to have a direct exchange of views before you prepare the final draft of the PMP.

Sincerely,

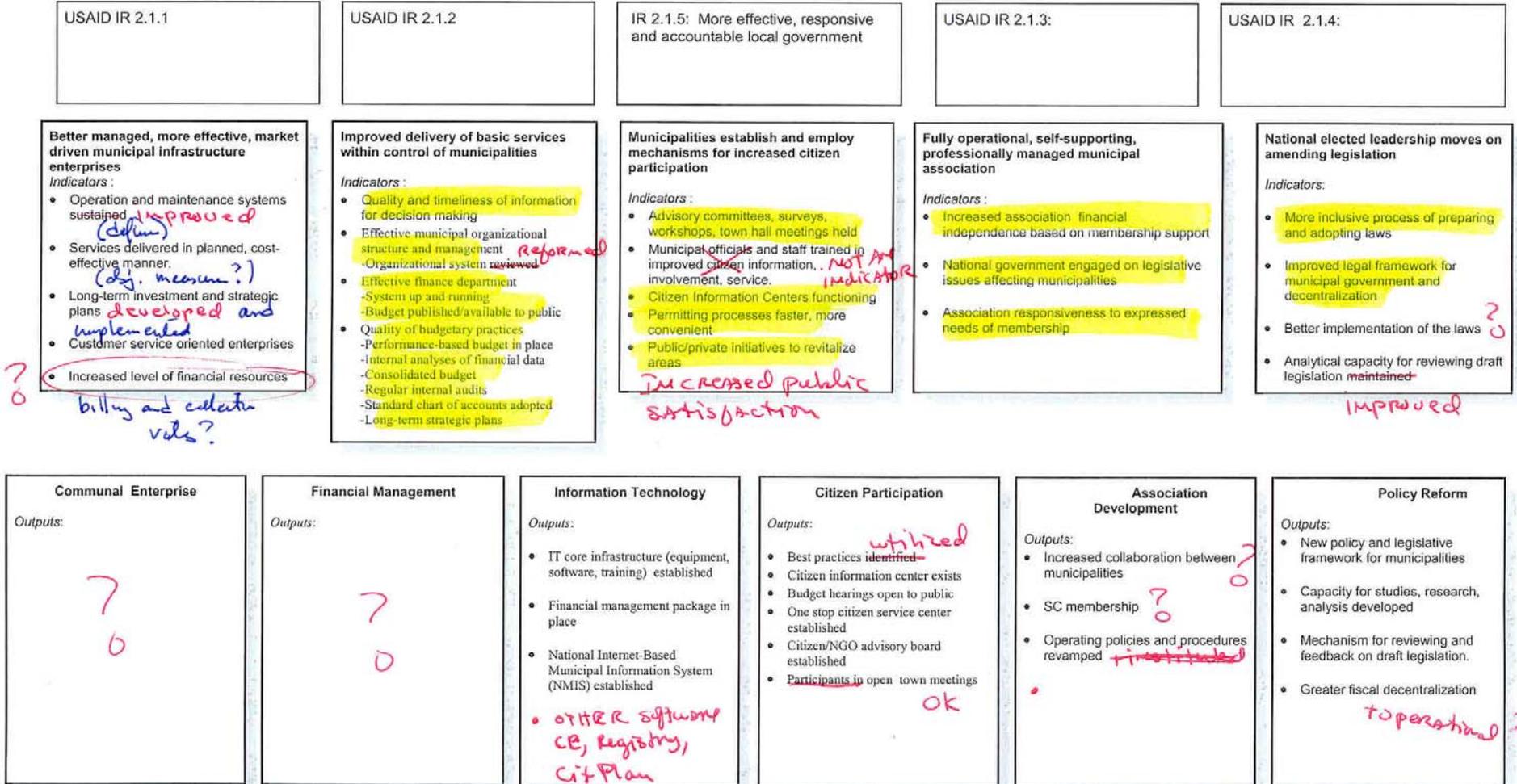
A handwritten signature in blue ink, appearing to read "Mark Pickett". The signature is written in a cursive style and is positioned above the printed name.

Mark Pickett
General Development Officer

Attachment: SLGRP Results Framework w/comments
Municipal Capacity Scorecard w/comments

Serbia Local Government Reform Program (SLGRP) Results Framework

USAID SO 2.1: Increased, better-informed citizens' participation in political and economic decision-making.



How will this be scored?

one time - needs to be institutionalized

Municipal Capacity Scorecard Elements	Measure Key (Points)
Increased Financial Management Capacity	
Municipality has concluded a strategic planning exercise and utilizes results to prioritize community needs as a basis for the annual budget, asset management, and capital improvement programs.	2 = Conducts strategic planning; 5 = Uses the results to prioritize
City has adopted a policy prescribing a budget process.	0 = No policy 5 = Has a policy and follows it
Municipality has established a centralized billing collection systems under the supervision of the Finance Department.	3 = Has centralized billing system 5 = Billing system includes communal entrprs.
An internal audit function has been established independent of the finance office	2 = structural change (office established) 5 = functional change (actually independent)
Municipal Management -- Systems Improvements, Standardization, and Transparency	
Municipality has implemented a computer-based accounting system that supports the new chart of accounts and internal control systems defined in the 2002 Budget Law.	1 = Uses core modules 2 = Uses general ledger functions 3 = Uses Human Resource & payroll functions 4 = Uses fixed asset and debt mgt. functions 5 = Uses web-based functions
Municipality uses IT systems to provide citizen records (e.g. birth, death, voter registration)	2 = Provides through separate data sources 5 = Provides through single data source
Municipality has open and transparent procurement system regulations and has adopted conflict of interest rules.	2 = One or the other 5 = Both
Municipality uses IT systems to collect information about performance and uses that information to make management decisions.	2 = Has defined data sets 5 = Uses data to make management decisions
Improved Communal Enterprise Management	
Communal Enterprises know per unit costs of services.	0 = Do not know 5 = Know unit costs
Communal Enterprise management has completed and implemented maintenance and operations plans.	2 = Completed plans 5 = Implementing plans
Communal Enterprises' budgets and financial reports contain all cost elements and are available to utility managers and the public.	3 = Financial reports available to managers 5 = Financial reports available to public
Communal Enterprise management have adopted and implemented policies for public relations and communications.	1 = Have policies 3 = Have a 24/7 monitoring and response sys. 5 = Analyze and use data to make management decisions
Transparency and Citizen Participation in Decision Making	
Municipality has a strategy and work plan for improving citizen-municipal relations, a working group to oversee its implementation, and has followed through with a majority of action items by the time such items were planned to be accomplished	1 = Have a strategy and work plan 3 = Have strategy plus working group 5 = Have followed through with strategy
Municipality provides monthly financial reports, based on the budget, on operations and work programs to the assembly and citizens.	3 = Provides reports to assembly 5 = Provides reports to citizens
Municipality has utilized town meetings, citizen advisory boards, or citizen task forces to obtain citizen input regarding municipal decision making and/or operations.	1 = Has used town meetings 2 = Has used task forces 5 = Has permanent advisory boards
Municipality has conducted special public meetings, hearings or other such events to inform and/or involve citizens in development of the municipal budget.	2 = Hold meetings, one-way communication 5 = Hold meetings, two-way communication
Providing More Accessible, Convenient, and "Citizen Friendly" Services	
Municipality has established feedback mechanisms for evaluating the quality of employee-customer interaction that includes an incentive system for good performance.	3 = Established feedback mechanisms 5 = Feedback systems and incentives
Municipality has a well-functioning Citizen Information Center to help make services more accessible and convenient.	One point for each of the following: 1) Information is provided on site; 2) the CIC is in an easily accessible location; 3) the CIC is staffed; 4) the CIC provides services on site; 5) the CIC collects, analyzes data and adjusts CIC services based on findings
Municipality has improved the speed and convenience of obtaining building and other permits by establishing a "one-stop" permitting center or otherwise streamlining the permitting process.	2 = Any initiatives to streamline permitting 5 = Has established a one-stop permitting cntr.
Municipality has initiated or participated in public-private initiatives to improve economic conditions.	2 = Has established a partnership 4 = Has implemented a plan 5 = Has a permanent office

transparency? access? (check - see below)

tariffs cover costs?

goal

usage!

usage

whether on billing or

need to have time targets for permit issuance (now versus goal)

Appendix H:

DAI Response dated September 24, 2002 to CTO
comments on draft PMP



Development *Alternatives*, Inc.

3 Osmana Dikica, 11000 Belgrade, Federal Republic of Yugoslavia
Phone: +381-11-3218-100 Fax: +381-11-3218-150

September 24, 2002

Mr. Mark Pickett
General Development Officer
USAID/Belgrade
Kneza Milosa 50
11000 Belgrade, FR Yugoslavia

Reference: 1) Draft SLGRP Performance Monitoring Plan, submitted May 1, 2002, and revised
Municipal Capacity Index submitted August 2, 2002;
2) Letter from Mark Pickett to Steven Rosenberg, subject, "Performance Monitoring Plan review," dated April 1, 2002 (sic);
3) Letter from Mark Pickett to Steven Rosenberg, subject, "Municipal Capacity Index," dated September 13, 2002.

Dear Mr. Pickett:

We have reviewed your comments on the SLGRP's preliminary draft of our Performance Monitoring Plan (PMP) and of the revised Municipal Capacity Index (MCI) and have amended the PMP in response to the issues that you raised. We found your comments, along with the meetings and discussions we held over the summer reviewing drafts of the MCI and the Citizen Survey results to be helpful. This collaborative approach to the development of the PMP has resulted in a significantly strengthened document that will serve the monitoring interests of both USAID and program staff.

Following is a summary of issues raised by USAID and how each issue was addressed:

- *The Mission's Strategic Objective Framework and Intermediate Results related to SLGRP have changed.* We have revised the PMP throughout to reflect the language of the revised Results Framework that you provided.
- *The Mission would like SLGRP to identify "Primary Indicators" that will be included in the Mission's PMP.* We have identified four Primary Indicators that we recommend the Mission use in its own PMP.
- *The draft PMP was incomplete. There were blanks in the Results Framework (no outcomes for financial management and information technology), the narrative sections for all the teams were missing, and there were sections within some of the indicators that were not complete.* All previously missing sections have been completed (or the report has been modified in such a way that previously missing sections are no longer needed).
- *Eliminate the narrative on CRDA. It is not relevant to SLGRP's PMP.* This section has been deleted.

- *In the section on Gender, add minority groups.* This has been done.
- *The draft Results Framework chart did not contain indicators that established a measure of progress, nor did the framework track with the indicators that were presented later in the document.* The Results Framework has been revised significantly. The framework is now built on specific team impact and monitoring indicators that are explained in greater detail within each team's section.
- *The project is utilizing a number of surveys – Municipal Capacity Index, citizen attitude surveys, communal enterprise customer survey, event surveys, Standing Conference membership surveys.* Please provide a section explaining the survey methodology(s) you will use. Descriptions of the MCI and citizen attitude survey methodologies have been added. With other referenced surveys, we have either eliminated the survey as part of our monitoring plan or have explained within specific team indicators how the survey will be handled.
- *Given the fact that the first semi-annual performance report has already been submitted, and the next must be based on reporting against the PMP, USAID would like the PMP completed and approved before the end of July.* After meeting with the GDO team in July to discuss two major components of the PMP – the Municipal Capacity Index and the Citizen Attitude Survey – we agreed that we would, 1) revise the MCI and rescore the MCI baseline, and, 2) engage the services of a public opinion survey specialist to “audit” the methodology and data presentation format of the Citizen Attitude Survey and the MCI. As an invalidation of either of these instruments would have necessitated a radical overhaul of the entire PMP, we agreed to wait until the revision and validation tasks had been completed before submitting the final draft of the PMP. The MCI was revised this summer and the rescoring was done in September. The survey specialist finished his work on September 20. The results of both of these exercises have been incorporated into the PMP attached herein.
- *The MCI needs to 1) standardize the scoring system, 2) provide a more detailed explanation of the question, scoring, and documentation of scoring, and 3) must provide a stronger link to impact.* All three of these concerns were addressed in the August 2 revision of the MCI and have subsequently been incorporated herein.

Regarding comments on the revised MCI contained in your letter of September 13, 2002:

- *The MCI could do more to encourage and reward promotion of inclusiveness (of minority groups, elderly, women, etc.)* We have reviewed the MCI and have made changes to questions 12, 13, 15, 16, and 19 to reward municipalities that show sensitivity to disaffected groups.
- *The scoring for finance relate specifically to tracking the qualifications of finance staff. This is a noteworthy and important goal, but insufficient in and of itself if the skills being obtained are not used.* Different questions, in both the team indicator sections, and in the MCI try to address different levels of success of the Financial Management training program. At a minimum, did SLGRP reach the number of municipalities that we said we would and did people actually attend the training? This is tracked as part of the Financial Management team's monitoring indicators. Next, did municipality finance and budget staff retain what they learned? This is the

point of MCI question 2. Other questions, such as MCI questions 1, 3, and 4, seek to gauge the application of the training lessons.

- *A similar point can be made regarding IT systems. The MCI measures the establishment of a LAN and its connections to various departments but does not indicate how often or how effectively it is used.* In constructing both question 8 of the MCI and the Information Technology team indicators, we discussed this exact question extensively. In measuring how often IT equipment is used, it would be easy (and relatively inexpensive) for SLGRP IT staff to install a passive system to measure how much new IT equipment is being used. The problem with such a system is that it does not tell us anything about what the equipment is being used for. For example, it can not distinguish between someone typing a memo to the executive board and someone sitting at their computer playing card games (or viewing the internet for personal reasons). Random, on-site monitoring by IT staff or paid surveyors, would be costly. The effectiveness of the IT equipment, is really measured by its application to Financial Management systems (MCI questions 5, 6, 14), Communal Enterprise systems (MCI question 9, 11, 12), and citizen outreach efforts (MCI questions 18 and 19). So, while we don't recommend the collection of usage data to make inferences about network effectiveness, since the collection of such data is quite low cost, if USAID feels strongly about the need for this information we will collect and report it. Please advise.
- *In Question 12, why is the water communal enterprise the only one for which increased collections is tracked.* SLGRP has focused its efforts on three types of communal enterprise services – water, wastewater, and solid waste. For MCI question 12 we chose to focus only on water, as we felt that this was the area that would be most sensitive to communication campaigns on service rights and responsibilities. Most residents receive (or should receive) a water bill. Whereas, not everyone receives a bill for wastewater (for example, if your property uses a septic tank), nor a bill for solid waste (in large apartments or housing associations, the owner of the building or the association may receive the bill for solid waste removal and not the tenants).
- *Proceed with rescoring the baseline.* This has been done.

Please do not hesitate to contact me should you have further questions or comments on the attached document. We look forward to your final review and approval of our Performance Monitoring Plan.

Cordially,



Michael Pillsbury
Deputy Chief of Party
Serbia Local Government Reform Program

CC: Steven Rosenberg
Michael Morfit

MEMORANDUM

To: Steven Rosenberg, Michael Pillsbury, David Goode
From: Gabriel Stricker
Subject: Opinion on research methodologies
Date: 17 September 2002

I have prepared this document as a synopsis of my opinions regarding the SLGRP research studies – both the Citizen Attitude Survey (CAS) and the Municipal Capacity Index (MCI).

Overall, I want to underscore my belief that the design and fielding of both elements of research appear to be methodologically sound and seem to have produced valid results. I believe both represent very solid benchmark studies.

Citizen Attitude Survey

Following what can best be described as an audit of the design, fielding and actual results of the CAS, I believe the study is sound and valid. From a methodological standpoint, the fielding – including sample design, selection of respondents and quality control – conformed to sound practices in survey research. I have no reason to question the results produced.

In terms of the presentation of findings, I must formally express my apprehensions about the process of ranking municipalities based on differences in attitudes. My primary apprehension is simply due to the fact that ranking will not produce a meaningful assessment of one municipality's *performance* versus another – what one would and should infer from a ranking. Instead, this ranking will simply produce a relative score of perceptions of one local government versus another.

I am aware that research is neither conducted nor used in a vacuum, and regardless of what the SLGRP might say – that the ranking is based on citizens' PERCEPTIONS of

Appendix I:

Assessment Summary of Citizen Survey and MCI by Public Marketing

their municipality – I am confident that the results will be used as if this were a ranking of municipalities’ PERFORMANCE compared to one another. We are likely to see one mayor gloating over the “performance” of his municipality and a challenging mayoral candidate criticizing an incumbent mayor because of the poor “performance” of his or her municipality.

In light of the difficulties we confront in accurately presenting a ranking scheme, my assessment of what the ideal presentation would include is a “just the facts” style presentation of performance on key indicators *within* each municipality.

In addition, it would be useful to present the results from key questions with comparisons of control municipalities versus SLGRP target municipalities. When the study is tracked two years from now, comparing control versus target municipalities will be the optimal means of conducting program evaluation. Because of the large sample sizes that result from the aggregation of target and control municipalities, the margins of error become extremely low – so low that even small attitudinal and behavioral changes can be measured to a statistically significant extent. For example, the margin of error for the 3000 SLGRP interviews is $\pm 1.79\%$, and the margin for the 600 control interviews is $\pm 4.00\%$. While sample sizes per municipality are large enough to track changes within municipalities over time, the aggregated target-control comparison is still the best method for program evaluation analysis.

In terms of additional analysis and changes to subsequent tracking research, it would be useful to incorporate analysis by gender to determine whether or not attitudes may vary along this demographic line. For the 2004 tracking study, I would recommend considering increasing the sample sizes per municipality. An increase to at least 200 respondents per municipality would allow for some basic sub-group analysis, including gender and/or basic age divisions within each municipality. If possible, sample sizes could be increased above 200 to reduce the margin of error for municipal respondents and further facilitate sub-group analysis.

The following table illustrates the relationship between increased sample size and decreased margin of error.

Number of Respondents	Margin of Error
150	±8.00%
200	±6.93%
250	±6.20%
300	±5.66%
350	±5.24%
400	±4.90%
600 (Aggregated control cohort)	±4.00%
3000 (Aggregated SLGRP target cohort)	±1.79%

Municipal Capacity Index

Like the CAS, the MCI runs the risk of being mis-perceived as an MPI – a Municipal Performance Index. It is worth emphasizing that the MCI has been designed to measure municipalities’ capacity to perform – not their performance itself. Past research has shown that when municipalities have a strong capacity in the five categories included in the MCI, they have a high likelihood of solid performance. Still, solid capacity does not guarantee solid performance, and it is important to acknowledge that relationship.

Given this proper context for the MCI, it should be noted that the instrument itself, like the CAS, is sound and valid from a methodological standpoint. Following my audit of the instrument, it is clear that tremendous editing and adjustment went into the final version of the MCI, with each revision producing a stronger instrument. The concerns raised in the “Critique of the MCI,” dated 12 July 2002, have been adequately addressed, and the current MCI instrument is clearly stronger because of the iterative process that led to its creation.

The 12 July 2002 MCI document notes other analogous indices – including the World Bank Governance Indicators, Transparency International’s Corruption Index, and PriceWaterhouseCooper’s Opacity Index – all of which are constrained by the ability to access individuals and information that can accurately inform the instruments. The MCI faces identical constraints. Thus far, it appears that data collection for the MCI has been fairly efficient, but this may change in the future (as Transparency International experienced in its 2000 survey).

A Final Word

Should you have any additional questions or comments about the information contained in this document, please do not hesitate to contact me.