

**MONTENEGRO
GOOD LOCAL
GOVERNANCE**

Prepared for:

**USAID Montenegro
Good Local Governance Project**

**MONITORING AND
EVALUATION PLAN**



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Monitoring and Evaluation Plan

Montenegro Good Local Governance (GLG)

Introduction

The Montenegro Good Local Governance Project (GLG) aims to improve local governance, as measured by improvements in capacity to manage and finance local government (2.1.2.1), citizen participation in local government decision-making (2.1.2.2), and local government service delivery (2.1.2.3). The GLG Monitoring and Evaluation Plan provides a framework and action plan for monitoring project outcomes with indicators directly related to the sub-intermediate results identified by USAID.

In addition to implementing this Monitoring and Evaluation Plan, GLG will establish an online tracking system that will allow USAID to monitor GLG activities and track GLG deliverables. Activities to be included in the tracking system will be GLG-facilitated planning meetings (from legislative working groups to strategic planning workshops), GLG-assisted public forums, training, study tours, regional exchanges, installation of equipment or software, and dissemination and PR activities. Activities and deliverables will be coded by component or task and by date. Activities will further be coded by location and the number and type of participants, including by gender and ethnicity and the position or affiliation of the individual participants.

Monitoring

The proposed monitoring and evaluation plan for the GLG is based on an outcome monitoring system developed by project technical staff and facilitated by an expert in monitoring and evaluation from the Urban Institute. For each major component or task of the GLG, we developed a logic model that defines and relates the project's outputs to expected intermediate and end outcomes (results) of the project. Although the Urban Institute and USAID do not have direct control over these outcomes, we expect that the project activities will contribute to the achievement of these outcomes. It is the project's clients -- municipalities, municipal officials, and citizens, who ultimately have the responsibility to take the information imparted to them and to make real changes to their communities.

We use the logic models as a basis for the outcome monitoring system, thus keeping our focus on real results and not stopping at measuring process improvements. This is not to say that process improvements are not important or that we will not be capturing this information. However, we have attempted to make sure that we have selected outcomes and indicators that also measure real impact on Montenegrin municipalities and citizens.

Following each component/task logic model, we present an indicator chart with a precise definition of each indicator as well as its data source, baseline value, and annual targets. In selecting indicators and targets, we have focused on real world outcomes that we believe are achievable within the time span of the project. Baseline data for the individual indicators are included in the component or task charts. The GLG Monitoring and Evaluation Coordinator will supervise the collection of data on an annual basis by individual component or task teams, in order to measure GLG progress compared to the targets established in this plan. The following table summarizes the data sources and data collection methods for the GLG monitoring and evaluation system.

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Data Source	Data Collection Methods
Information from agency records	
Ministry of Justice and Ministry of Finance	GLG staff will obtain access to relevant records of ministries, municipalities, public water authorities, and the company Informatika
Municipalities	
Public water authorities (water works)	
Informatika service records ¹	
GLG	As a standard practice, GLG will maintain records of training events held, including information on attendees (position or affiliation, gender, ethnicity) GLG will also maintain records on strategic plan adoption and implementation of projects identified by the strategic plan.
Surveys of stakeholders	
Customer survey	Water works will be encouraged to conduct a customer survey periodically. To reduce implementation costs, the survey could be distributed through the bill collection system.
Citizen survey	The Urban Institute will contract with the opinion poll agency “Damar” to conduct a brief survey to assess citizens’ awareness of opportunities to participate in LG decision-making. The survey will be conducted with a representative sample of five to seven municipalities from the southern, northern and central regions.
Interviews with stakeholders	
Ministry officials	To obtain information not available in agency records, GLG staff will interview ministry officials, key municipal officials, water works’ managers, and the members of the Local Governance Finance Committee.
Key municipal officials	
Water works’ managers	
Local Governance Finance Committee (LGFC)	
Focus groups	
Key municipal officials	GLG staff will organize focus groups with municipal officials to see how they are incorporating citizens input into the local decision making process
Citizens/business representatives	GLG staff will organize focus groups with citizens/business representatives to assess their satisfaction with their collaboration with municipal government and to see how this collaborative process could be improved
Evaluations of GLG training sessions	
Trainings evaluation/follow up evaluation	As a standard practice, GLG will implement a brief evaluation at the end of training sessions. In addition, GLG will conduct follow-up evaluations approximately four months after certain important trainings, to determine if and how the training is being used.
Experts assessments	
GLG staff experts	Expert assessments will be used to assess qualitative achievements. For example, GLG staff experts will review municipal (or water works) information provided to assess whether progress reported meets the criteria established

Evaluation

It is helpful to think of evaluation along a continuum, with the simplest form being an analytical examination of data collected through the monitoring process, and the more complex form being an impact evaluation with a control group. Although all parts of the GLG will receive regular, thoughtful examination of the monitoring indicators discussed in the section above, formal evaluations will be implemented only as the need arises.

¹ The Urban Institute concluded a contract with the company Informatika to maintain the IT equipment installed by GLG in all 21 municipalities

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Each GLG team, together with the GLG M&E expert, will regularly examine the data collected on the indicators to serve as an “early warning system” of potential problems with program implementation. Comparisons of results across municipalities will help the team identify which local factors contribute to successful project implementation. When there are unexpected results, either better or worse than expected, this will call for further examination, which may take the form of interviews with stakeholders or a more formal evaluation.

The remainder of this report is divided into the following sections:

Component I

Task 1.A – Legislative Framework for Citizen Participation

Task 1.B – Policy Dialogue on Local and Intergovernmental Finance

Tasks 1.C & D – Real Estate Tax and Other Own Source Revenues

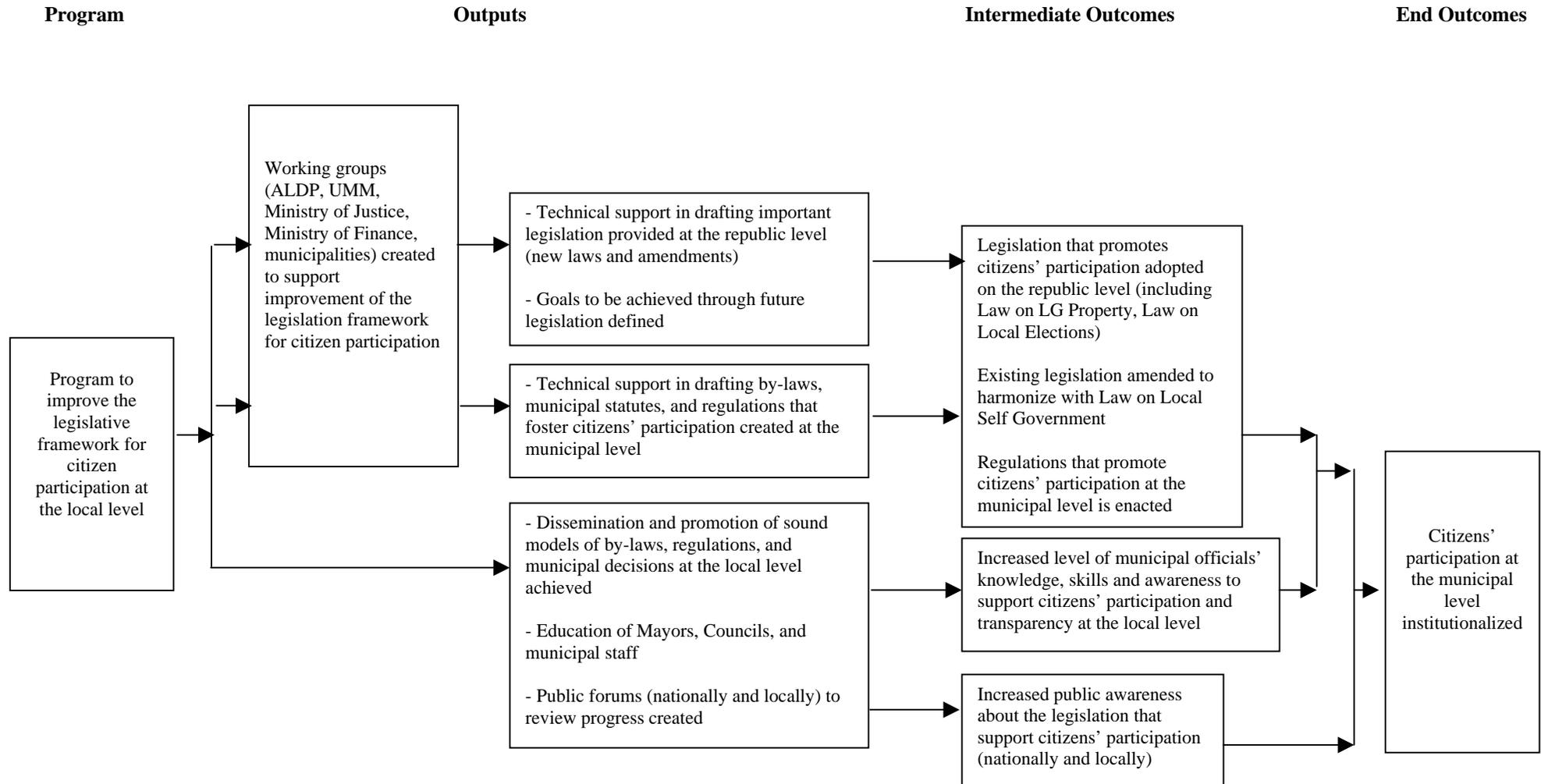
Task 1.E – Municipal Treasury

Component II – Citizen Participation

Component III – Water Service Delivery

Component IV - IT

**Component I Task 1.A – Legislative Framework for Citizen Participation
Logic Model**



**Component I Task 1.A – Legislative Framework for Citizen Participation
Indicators**

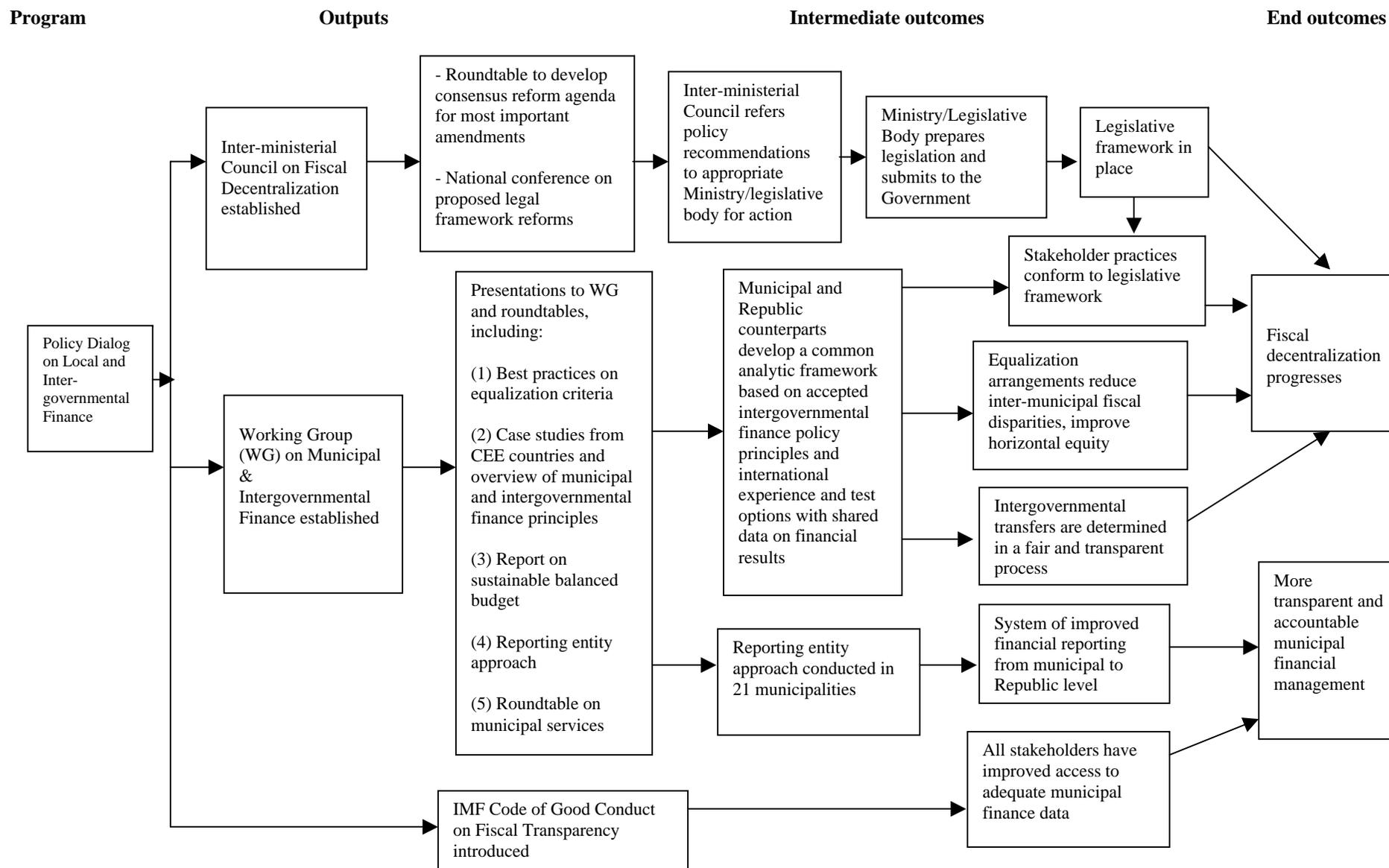
Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				12/31/2004	12/31/2005	12/31/2006
Existing legislation amended to clarify own competencies of Municipalities and to harmonize with LSG legislation	Number of relevant laws and by-laws that have been amended ²	Ministry of Justice	86 to be amended	Amendments of the most important laws drafted and submitted to Parliament	The most important laws enacted by Parliament Amendments of other laws drafted and submitted to Parliament.	Other laws enacted by Parliament
Regulations that promote citizens' participation and transparency at the municipal level is enacted	Number of municipalities with municipal statutes	Municipalities	5 ³	21	-	-
	Number of municipalities that have adopted at least three pieces of regulations incorporating sound citizen participation. ⁴	Municipalities	-	3	10	20

² GLG has prepared a list of 86 laws to be amended

³ Five municipalities have good draft statutes; the other municipalities do not have draft statutes that satisfactorily promote citizens' participation

⁴ By-laws, municipal budgets, municipal developmental plans, physical plans, environmental plans etc.

Component 1 Task 1.B – Policy Dialogue on Local and Intergovernmental Finance Logic model



Component 1 Task 1.B – Policy Dialogue on Local and Intergovernmental Finance

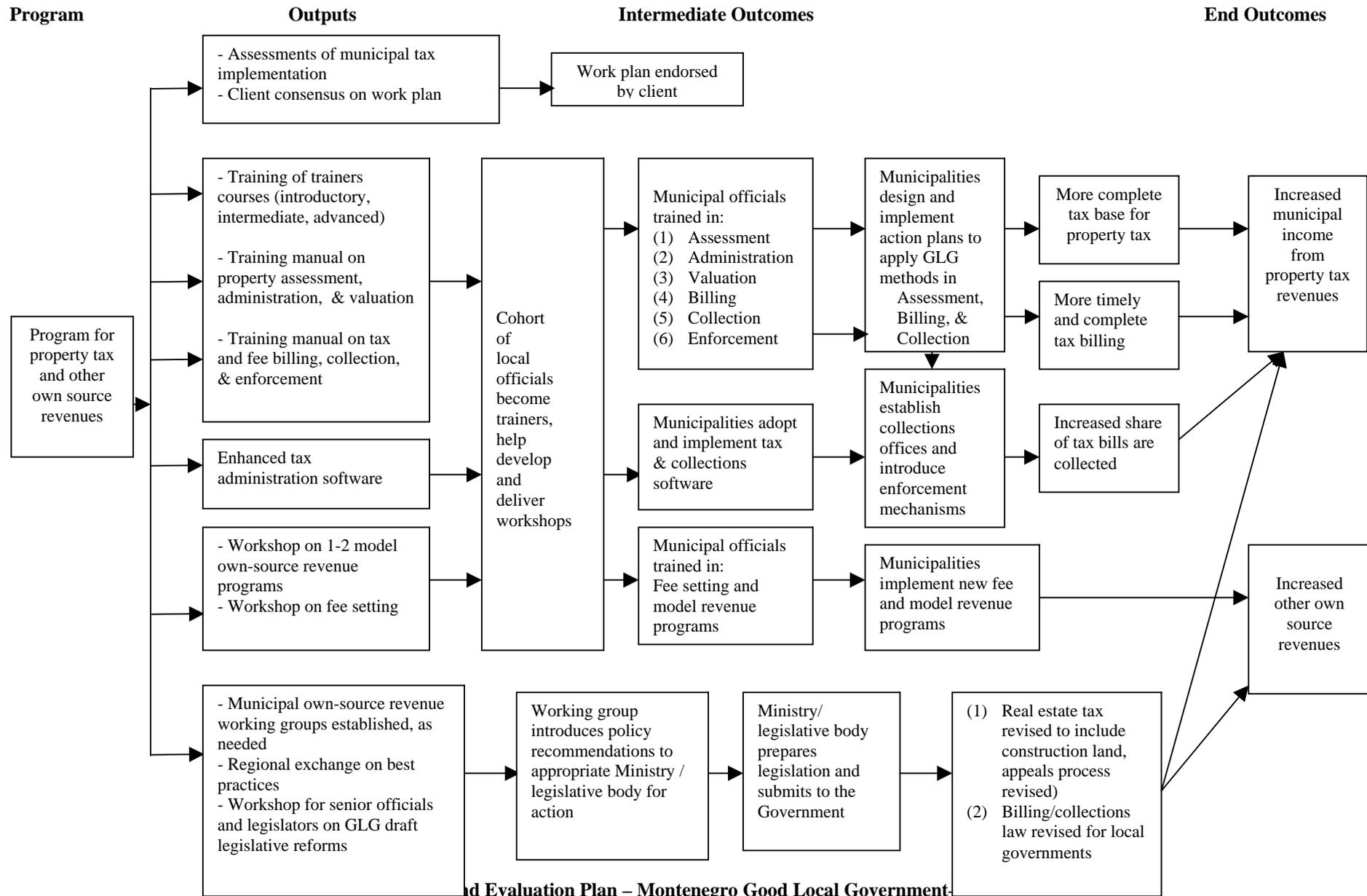
Indicators

Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				12/31/2004	12/31/2005	12/31/2006
Progress towards decentralization of decision-making over municipal finances is achieved	<p>Degree of municipal fiscal autonomy:</p> <p>Share of municipal expenditures (combined reporting entity basis) that are determined by municipal officials</p> <p>Share of municipal revenues (combined reporting entity basis) that is derived from municipal own source revenues (OECD definition)</p> <p>Share of municipal revenues (combined reporting entity basis) that is derived from the sum of municipal own source revenues (OECD definition) and unconditional transfers</p>	<p>Municipal</p> <p>Financial Reports</p> <p>OECD Definitions</p>	<p>To be determined from EOY 2003 "Reporting Entity" Task Data Available Late June 2004</p>	<p>To be determined once baseline values are known</p>		
Intergovernmental transfers are determined in a fair and transparent process. Transfers are allocated among municipalities based on recognized measures of municipal fiscal capacity and expenditure assignment.	<p>The national pool of transfer funds is determined in a reasonable way with reference to accepted data on available Republic resources and on the demonstrated needs of municipalities.</p> <p>Shared taxes are distributed based on accepted surrogates for expenditure needs. (population or other surrogate for expenditure need).</p> <p>Equalization grants are distributed based on accepted criteria whose operation demonstrably reduces fiscal disparities among municipalities.</p> <p>The main elements of the transfer system operate in harmony to support agreed objectives for the performance of the system.</p>	<p>Expert judgment</p> <p>Expert judgment</p> <p>Expert judgment</p> <p>Expert judgment</p>	<p>No</p> <p>No</p> <p>Yes</p> <p>No</p>	<p>To be determined</p>		
Appropriate legislative framework is in place	<p>Legal framework conformed to provisions of LLGF. Examples of laws to be conformed:</p> <ol style="list-style-type: none"> 1. Law on Tax Administration 2. Law on Concessions 	<p>Expert judgment based on initial</p>	<p>To be determined</p> <p>Requires</p>	<p>To be determined based on results of baseline</p>		

Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				12/31/2004	12/31/2005	12/31/2006
	<p>3. Law on Forestry</p> <p>Errors in LLGF provisions corrected. Examples: 1. Requirement for full accrual based financial reporting</p>	review of extent of important inconsistencies and progress reducing them	Initial Review to establish baseline condition	review		
Progress in conforming significant stakeholder practice to legislative framework	<p>Degree of improvement in Republic practices detrimental to the financial performance of municipalities (examples):</p> <ol style="list-style-type: none"> 1. Transfers to municipalities paid late or reduced 2. Payment of net salaries 3. Not sharing concession revenues with municipalities 4. Unilateral Republic appropriation of revenues assigned to municipalities <p>Degree of improvement in municipal practices of concern to Republic decision makers:</p> <ol style="list-style-type: none"> 1. Failure to enact timely municipal budgets 2. Failure to prepare and submit accurate and timely periodic financial reports 3. Failure to pay salaries and vendors on time 	<p>Survey of Key municipal and Republic officials</p> <p>Requires initial identification of agreed list of most important practices to be monitored</p> <p>Requires periodic update survey</p>	To be determined from results of initial survey	To be determined once results of initial survey are available		
Municipal and Republic counterparts develop a common analytic framework based on intergovernmental policy principles, and applicable international experience. Counterparts use	<p>Counterparts understand key principles of intergovernmental finance</p> <p>Counterparts test policy proposals using shared Data that is accurate, timely, and relevant</p>	<p>Expert judgment Based on annual review</p>	<p>Condition not satisfied</p> <p>Condition Not</p>	To be determined		

Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				12/31/2004	12/31/2005	12/31/2006
relevant, accurate, timely data to develop policy proposals.		Expert judgment based on annual review	satisfied			
All stakeholders have improved access to adequate municipal finance data	<p>Number of municipalities that provide financial data (including budget execution) to citizens and other “external” stakeholders through one or more of the following ways</p> <ul style="list-style-type: none"> — Ordinance adopted that defines rules and procedures for accessing financial data — Issuing financial statements for “external” users — Publishing summary financial information in the press or on the web — Citizen information desks 	Survey of municipal practice	To be determined	To be determined		

Component I Tasks 1.C & D – Real Estate Tax and Other Own Source Revenues Logic Model

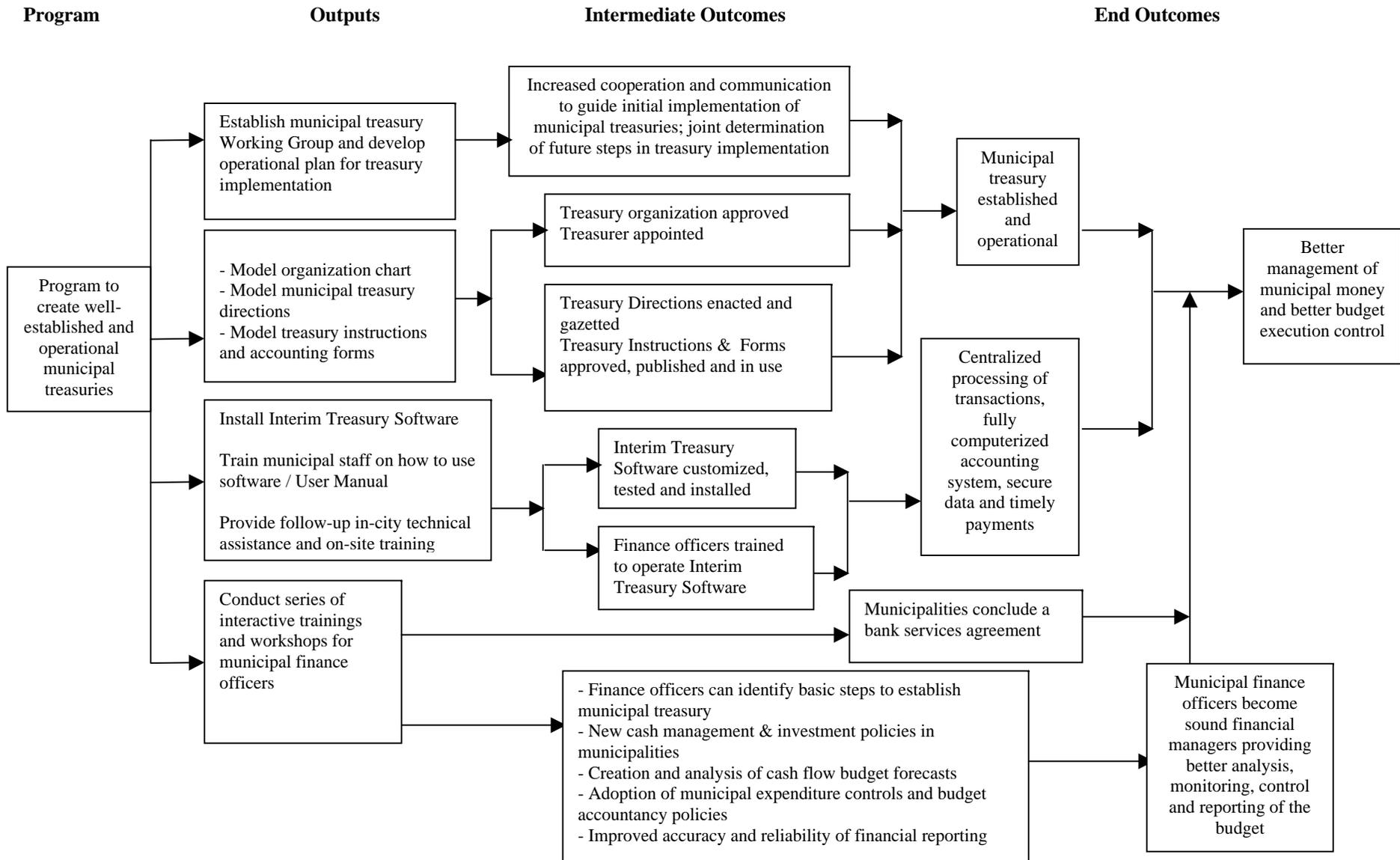


Component I Tasks 1.C & D – Real Estate Tax and Other Own Source Revenues Indicators

Outcomes	Outcome Indicator	Data Source	Baseline Value	TARGETS		
				12.31.04	12.31.05	12.31.06
Increased municipal property tax revenues	Number of municipalities with at least a 20% increase in revenues over the 2003 property tax collections	Key municipal officials/UI Survey	N/A	10	15	18
	Number of municipalities that collect over 66% of billed real estate taxes	Key municipal officials/UI Survey	0	5	10	12
Increased own-source revenues (non-real estate)	The number of communities with at least a 15% increase (non-real estate) in own source revenues over 2003 collections	Key municipal officials/UI Survey	N/A	10	12	15
Cohort of local officials become trainers, help develop and deliver workshops	Number of local officials qualified to provide training on assessment, administration, valuation, billing, collection, and enforcement.	GLG records / expert assessment	0	10	12	15
Municipalities establish collection offices	Number of municipalities that have equipped and staffed collection offices	Key municipal officials/UI Survey	TBD	5	15	18
Municipalities design and implement action plans to apply GLG methods in assessment, billing and collection	Number of municipalities that issue and deliver real estate tax bills in 30 days or less	Key municipal officials/UI Survey	TBD ⁵	5	10	12
	The number of communities that increase number of real estate taxpayers by at least 10%, compared to 2003	Key municipal officials/UI Survey	N/A	5	10	12
	Number of municipalities that enforce collections (by sending follow-up bills, notices, advertisements to delinquent taxpayers)	Key municipal officials/UI Survey	N/A	5	10	12
Legislation reforms on real estate tax, billing and collections	Number of proposed legal reforms that provide good base for increase of own source revenues	GLG expert assessment	N/A	1	2	3
Municipalities adopt and implement tax and collections software	Number of municipalities with trained staff who are implementing tax and collections software	Key municipal officials/UI Survey	0	7	14	18

⁵ The initial baseline assessment conducted by GLG only had complete information for 17 municipalities. Complete 2003 baseline data from all 21 municipalities will be obtained in July 2004.

**Component I Task 1.E – Municipal Treasury and Overall Strengthening of Local Government Budgeting and Financial Management
Logic Model**



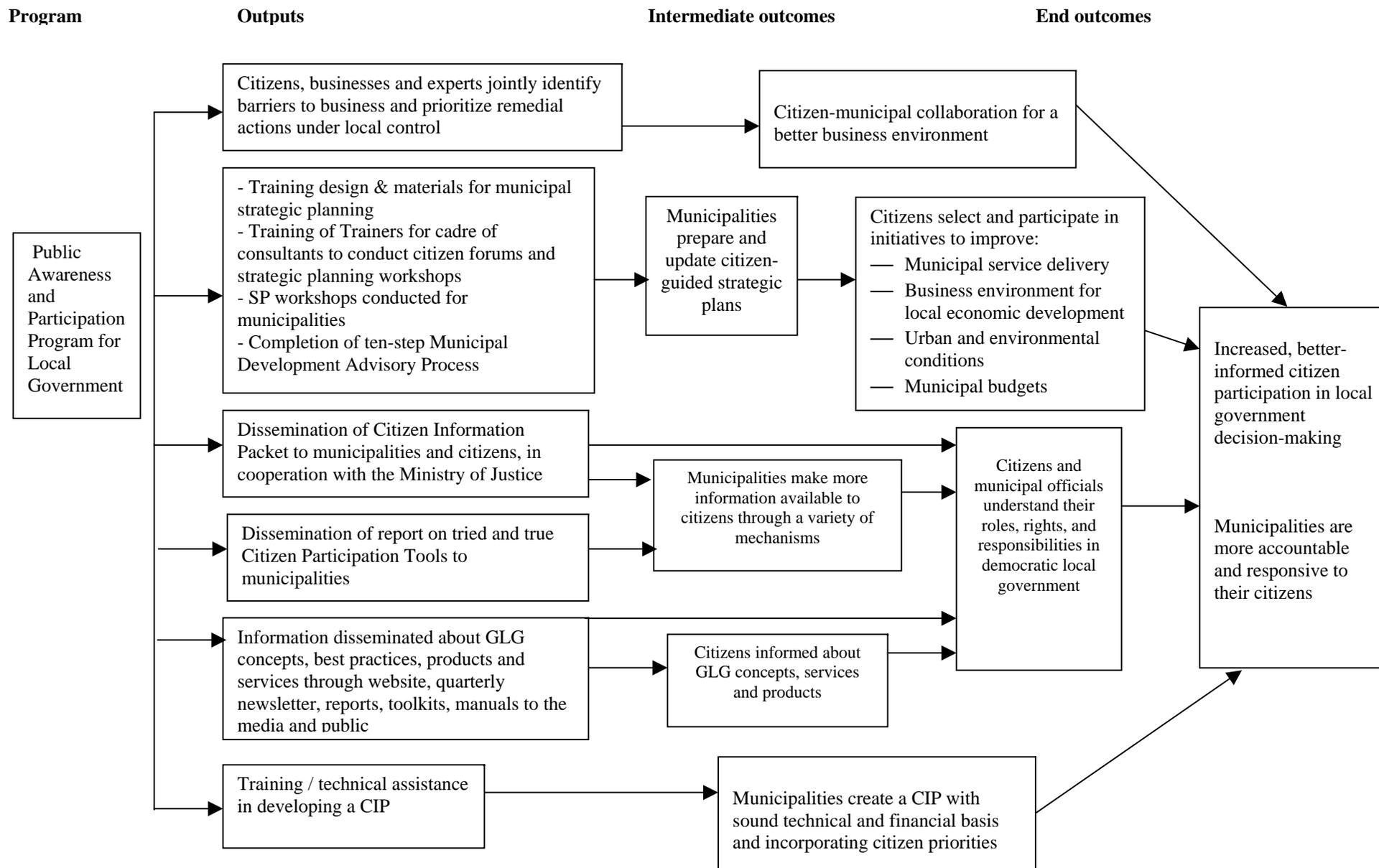
Component I Task 1.E – Municipal Treasury and Overall Strengthening of Local Government Budgeting and Financial Management Indicators

Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				12/31/2004 ⁶	12/31/2005	12/31/2006
Better management of municipal money & better budget execution control	Number of municipalities with fully adopted & implemented treasury information technology system	Expert assessments	0	0	8	20
Municipal finance officers become sound financial managers providing better analysis, monitoring, control and reporting of the budget	Number of municipalities able to produce accurate and timely budget and financial reports ⁷	Key municipal officials /UI Survey	2	2	10	15
	Number of finance officers who are able to conduct basic treasury operations	UI Technical Assessment	0	0	12	18
	Number of municipalities making budget reports public	Expert assessments	1	3	4-8	10
Municipal Treasury Established	Number of municipalities with Treasury Directions approved and issued	Expert assessment	0	8	18	21
	% of finance staff trained to conform to Treasury Directions	GLG training records & evaluation at end of training	0	40%	60%	80%
	Number of municipalities with Treasury established	Municipal department records	0	4	12	18
Interim Treasury Software Installed	Number of municipalities implementing Interim Treasury Software (ITS)	Survey	0	0	8	15
Finance officers trained to operate ITS	Number of finance staff trained to operate ITS (In addition, GLG finance advisors will conduct a follow-up survey 4 months after training to find out if ITS is in use)	GLG training records & Municipal Department records	0	24	63	84

⁶ Municipalities will be implementing ITS with the start of the new fiscal year (January 2005) so there will be no reported progress on end outcomes in 2004.

⁷ Reporting requirements introduced by the Law and prescribed by the Ministry of Finance; **accurate** refers to transparency and validity of data extracted from the computerized Interim Treasury System which performs tracking and controlling of data flow; **timely** in terms of meeting requirements imposed by the regulations relevant for municipal finances, (monthly, quarterly or annually).

Component II - Citizens Participation Logic model



**Component II - Citizen Participation
Indicators**

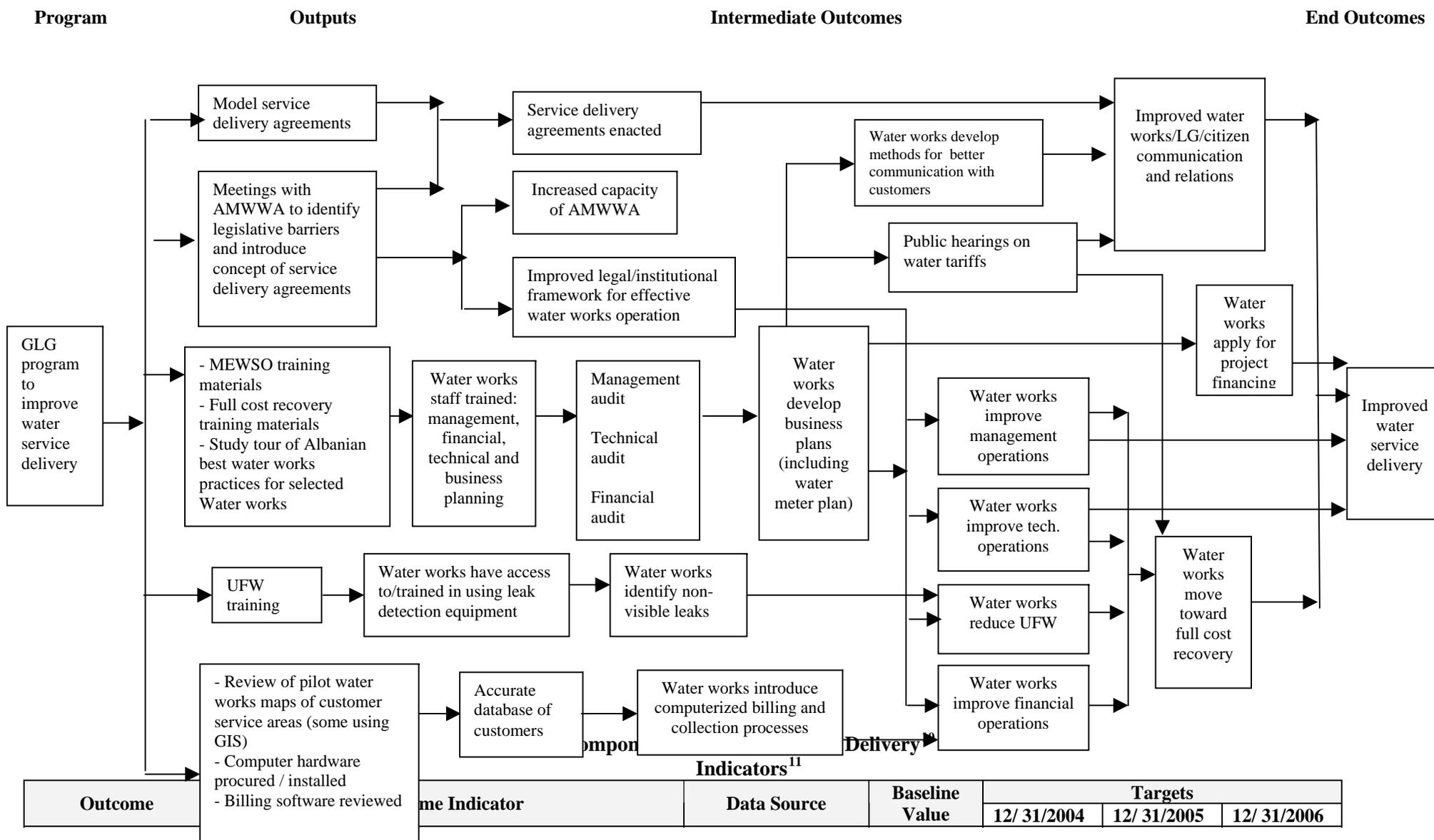
Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				12/31/2004	12/31/2005	12/31/2006
Increased citizen participation in the local government decision making	Number of municipalities that have adopted strategic plans and held citizens' forums on the strategic plan	GLG records	0	9	15	21
	Number of municipalities that are implementing at least one CRDA project that was identified in their strategic plan	GLG records	0	6	9	12
	Number of municipalities that are implementing at least one non-CRDA project (through own sources) that was identified in their strategic plan	GLG records	0	3	6	9
	Number of municipalities that are implementing their strategic plan by working with citizens and businesses to make improvements in one or more of the following areas: — Economic development — Service delivery — Urban or environment planning — Capital investment plan	GLG records	0	6	9	12
Municipalities make more information available to citizens through a variety of mechanisms	Number of municipalities that have established at least two mechanisms for making municipal information available to citizens and/or consulting citizens on decision making. ⁸	Survey of key municipal officials	Targets will be created once baseline is established			
Citizens and municipal officials understand their roles, rights, and responsibilities in a democratic local government	Percent of citizens who can cite at least three ways they can participate in municipal affairs	Citizens survey ⁹	Targets will be created once baseline is established			
	Percent of municipal officials who can cite legislation that supports citizen participation and know appropriate forms of citizens' participation	Survey of key municipal officials	Targets will be created once baseline is established			
Citizen-municipal collaboration for a better business environment.	Number of municipalities that create or strengthen an organizational mechanism for consulting business leaders on economic development decisions.	GLG records	N/A	0	3	7

Component III – Water Service Delivery

⁸ These could include citizen information and education centers; regularly published brochures on municipal government activities; annual reports; citizen forums, public hearings on annual municipal budget or utility tariff rates; publishing of budgets (“budget-in-brief”), strategic plans (“strategic plan in brief”), and other development plans; or dissemination of information through a website.

⁹ Survey sample will be five to seven municipalities.

Logic Model



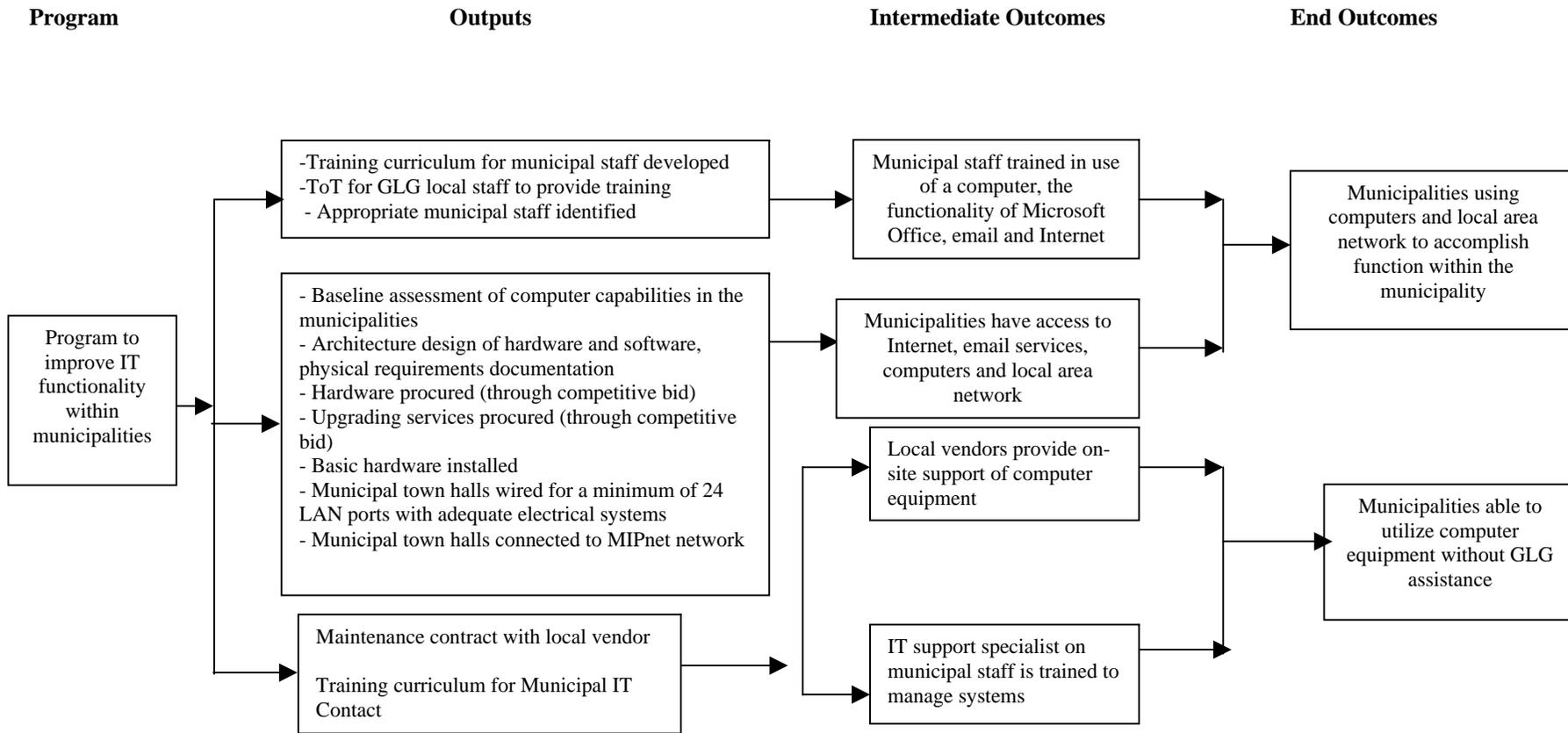
¹⁰ Acronyms: Local Government (LG), Unaccounted for Water (UFW)

¹¹ Additional Data Source: Diagnostic Assessment of 21 Montenegrin Water Works

Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				12/ 31/2004	12/ 31/2005	12/ 31/2006
Improved water service delivery	No. of water works that have customers more satisfied with water service delivery	Customer survey	0	0	3	6
Water works move toward full cost recovery	No. of water works that have calculated operation and maintenance (O&M) costs and proposed an associated tariff to LG.	Water works' managers/GLG staff	1	5	7	10
	No. of water works with more accurate customer databases.	Water works' managers/GLG staff	0	3	4	5
Water works apply for project financing	No. of water works that have successfully applied for project financing for a priority investment identified in their business plans.	Water works' managers/GLG staff	0	6	7	9
Improved Water works/LG/citizen communication	No. of water works with enacted service delivery agreements.	Water works' managers/ GLG staff	0	0	0	3
	No. of water works that have conducted a Public Hearing to explain a proposed tariff increase.	Water works' managers/GLG staff	0	0	6	8
	No. of water works that agree to implement SIAP process.	GLG Staff	0	4	6	8
Water works improve management operations	No. of water works that have customer departments.	Water works' managers/GLG staff	0	0	3	7
	No. of water works that have made changes to improve the use of personnel resources identified in their business plan	Water works' managers/ GLG staff	0	5	8	10
Water works improve technical operations	No. of water works that maintain a spare parts inventory.	Water works' records	0	3	6	8
	No. of water works that have implemented technical improvements identified in their business plan.	Water works' managers/ GLG staff	0	6	10	14
Water works improve financial operations	No. of water works with a % increase in bills issued.	Water works' records	0	5	10	15
	No. of water works using PCs to conduct financial operations.	Water works managers/GLG records	TBD ¹²	6	9	11
Reduced UFW	No. of water works that have estimated UFW with an identification of high priority areas.	Water works' managers/GLG staff	0	4	6	8
	No. of water works using leak detectors	Water works' managers/ GLG staff	0	4	5	6
Water works develop business plans	No. of water works with business plans that identify investment priorities and ways to reduce UFW as well as improve technical, management and financial operations.	Water works' managers/GLG staff	0	6	8	9

¹² * Specified after Water Works Computer Hardware/Software Survey (report available late June)

Component IV – IT Logic Model



**Component IV – IT
Indicators**

Outcome	Outcome Indicator	Data Source	Baseline Value	Targets		
				31/12/ 2004	31/12/2005	31/12/2006
Municipalities using computers and functionality of Local Area Network to accomplish function within municipality	Percentage of municipal Finance and Tax staff regularly using computers and local area network to efficiently accomplish their work.	Survey of department heads	15% ¹³	30%	50%	90%
	Number of municipalities regularly sharing information between departments using computer and functionality of Local Area Network. (Definition of regular: information is shared at the same frequency at which it is produced.)	Survey of department heads	4	10	15	21
	Number of municipalities whose staff use email to communicate with staff of another municipality to complete their work.	Survey of department heads	0	8	21	21
Municipalities able to utilize computer equipment without GLG assistance	Average number of service calls/municipality/month (for the last quarter). (The goal is to be below the target. The average number of service calls will increase each year after installation because of depreciation of equipment.) ¹⁴	“Informatica” service records	0	5	10	15
Municipal staff trained in use of a computer, the functionality of Microsoft Office, email and internet	Percentage of professional municipal staff trained to use Microsoft Office programs for accomplishing specific work tasks. (In addition, the Regional IT Specialist will be responsible for making sure that the Municipal IT Contact conducts a follow-up survey of trainees 4 months after the training to find out how and if trainees are using the skills obtained.)	GLG training records & municipal records	0	30%	60%	90%

¹³ Source of baseline value: ICMA study (2002). UI estimates that 2003 figures to be similar.

¹⁴ Service calls are an indicator that municipalities cannot manage and fix computer equipment with own staff. Thus, fewer service calls equals greater technological independence of the municipality. At the same time, it is realistic to expect greater service calls as time goes on, as computer equipment depreciates and is more prone to breakdown. For this indicator, achieving the target means the same as or fewer service calls than in the target. The target value increases each year because the difficulty of maintaining the equipment increases each as it ages.