

Quick Response Request

Submitted by: Congress of Local Authorities from Moldova

Date: December 2010

Subject: Examples of MoUs that NALAS member association have signed with their national/central government authorities

Background: The Congress of Local Authorities from Moldova (CALM) is aiming on signing some Cooperation Agreements (Memorandums of Understanding - MoUs) with the central government authorities.

1. Summary of Results

NALAS collected answers and models of MoUs from 7 member associations.

2. Analytical/Detailed Information

A) Republic of Srpska

MEMORANDUM FOR CO-OPERATION

**Between the
Government of Republic of Srpska and the
Association of the municipalities and towns of
Republic of Srpska (ALVRS),**

The Government of Republic of Srpska and the Association of the municipalities and towns of Republic of Srpska (ALVRS),

Starting from the fact that the local self-government is one of the fundamental values of the constitutional order of Republic of Srpska,

Having in consideration the determination of future development of the local democracy in Republic of Srpska in accordance with the principles from the European Charter for local self-government;

Starting from Memorandum on understanding about commitments of the Ministers in charge of local self-government in South-eastern Europe, whereby the Minister for administration and local self-government of Republic of Srpska confirmed his readiness to cooperate with the Association of municipalities and towns of Republic of Srpska.

Having in consideration the need for continuance of the process of decentralisation of the functions and in accordance with that, creating system of financing which will guaranty larger sovereignty and more important role of the local self-government;

Starting from the fact that all unit of local self-government in Republic of Srpska gathered into Association of municipalities and towns of Republic of Srpska, according to the Article 94. of Law on local self-government , co-operation with the Government of Republic of Srpska for the questions from importance for the municipalities,

They defined the following:

Aims of co-operation

- Implementation of mutual co-operation, co-ordination and effective institutional dialogue, in implementation of the activities for promotion of the system of local self-government.
- Implementation of the process of decentralisation in accordance with the Law on local self-government.
- Providing full implementation of the principle of subsidiary through securing the right of the citizens for direct participation in public affairs on local level.
- Ensuring responsible and unique implementation of public affairs of all authority levels in local community

Activities for accomplishment of the co-operation

Signatories of the memorandum in the frames of implementation of the aims of co-operation will take following activities:

1. Activities in the plan of decentralisation

Government of Republic of Srpska and bodies of the state administration with ALVRS will co-operate in preparation of laws for implementation of the Law on local self-government, where:

- ALVRS representatives will be allowed to participate in working teams for analyses and valuations of necessary changes in the laws;
- ALVRS representatives will be allowed to participate in the working teams for preparation of certain laws and rules;
- ALVRS representatives will be allowed to participate in work of the working bodies of the Government of Republic of Srpska, while reviewing of laws and rules which arranges questions important for the local self-government;
- Previous consultation with the units of local self-government will be provided for certain important legal projects significant for the local self-government.
- Government of Republic of Srpska will have previous consultation with Association of municipalities and towns of Republic of Srpska;

2. Activities on the plan of fiscal decentralisation:

- Active participation of ALVRS will be provided in the valuation of present conditions and future needs for fiscal decentralisation of the units of local self-government;
- ALVRS will be allowed to undertake activity on adoption of distinct Law on financing units of local self-government ;
- The proposals of ALVRS will be considered while projection of the Budget of Republic of Srpska, in the part which refers to granting funds to the municipalities for performing competences defined with law;

3. Activities on the plan of property of the unites of local self-government:

- Mutual efforts will be made for providing conditions for fulfilling the functions of the local self-government through transfer of state properties to the units of local self-government;

Mechanisms for accomplishment of the co-operation

Accomplishment of the co-operation will be provided on following manner:

- Minister of local self-government at least twice a year will organize meeting with representatives of the Presidency of ALVRS for reviewing the questions of mutual interest and for that purpose a joint report will be prepared
The Joint report will be submitted to the Government of Republic of Srpska and Presidency of ALVRS.
- Parliament of Republic of Srpska will be informed for the accomplished activities on the plan of co-operation between the Government of Republic of Srpska and ALVRS.

The Memorandum is prepared in 4 identical copies, two for each side.

Teslic, 19. 10. 2006.

Association of municipalities and Towns of Republic of Srpska	Government of Republic of Srpska
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B) Serbia

For the purpose of implementation of the second phase of the project "Support to Increased Citizen Participation in Serbia – second phase", pursuant to the Agreement No. 7F03581.02, signed by the SCTM and the SDC on March 16th, 2007, the following parties

The Standing Conference of Towns and Municipalities, from Belgrade, represented by the Secretary General Djordje Stanicic (project implementer, hereinafter referred to as SCTM),

The Swiss Embassy, the Swiss Cooperation Office in Serbia and Montenegro, Belgrade (Swiss Agency for Cooperation and Development - hereinafter referred to as SDC), represented by Mrs. Carin Salerno, Country Director of the COOF and

Municipality _____, represented by _____, Mayor of the Municipality (partner on the project implementation, hereinafter referred to as Municipality) have concluded the following

MEMORANDUM OF COOPERATION

I

PURPOSE OF COOPERATION

In March 2007, the SCTM has initiated the implementation of the project "Support to Increased Citizen Participation in Serbia – second phase" (hereinafter the Project), envisaged to last until December 31st, 2009. The implementation of project activities has been supported by the SDC in line with the Agreement No. 7F – 03581.02 (hereinafter the Agreement), signed between the SCTM and the SDC on March 16th, 2007.

This project represents the follow-up of the first phase, successfully implemented from September 2005 to March 2007. In that period, the SCTM adopted the document "Direct participation of citizens in local public life" that recommended reforms of legal and political frames for direct participation of citizens at the local level. This document is also regarded as a basis for implementation of the second phase of the project, with the overall aim to, by following recommendations given in the document, enable conditions for citizen participation at the local level in Serbia and thus contribute to the strengthening of the capacities of local authorities.

Considering the interest shown by the Municipality to participate in the Project as a pilot municipality, as well as the decision of the SDC to select the Municipality for participation in further realization of the Project, the SCTM, the SDC and the Municipality hereby confirm their readiness to establish a good mutual cooperation and their intention of profound engagement in the process of project implementation.

During the project period, the SCTM, the SDC and the Municipality shall establish cooperation on accomplishment of institutional sustainability of local authorities, which implies involvement of local citizens and introduction of citizens' participation in decision making processes on local level. As a part of their mutual cooperation, the three partners – the SCTM, the SDC and the Municipality – shall ensure a practical application of principles of civil participation and improvement of corresponding local legal frameworks.

All project activities, to be carried out in the Municipality, will be conducted in line with the Project (project document) and Project Implementation Strategy (hereinafter Implementation Strategy). Parts of the project document and Implementation Strategy that regulate goals, expected results and activities, project monitoring and management, are an integral part of this Memorandum of Cooperation.

II PARTIES IN COOPERATION

Main partners in Municipality Project implementation

Standing Conference of Towns and Municipalities

Standing Conference of Towns and Municipalities (SCTM) is a national association of Serbian towns and municipalities.

Swiss Agency for Cooperation in Serbia and Montenegro

Swiss Cooperation Office in Serbia and Montenegro (Swiss Agency for Development and Cooperation – SDC) is an agency for international cooperation within the Swiss Foreign Affairs Ministry. Together with other federal agencies, the SDC is responsible to coordinate development and humanitarian activities. In Serbia, the SDC is focused on cooperation in four main areas: local government, public infrastructure, education and private sector.

Municipality

The _____ Municipality is a member of the SCTM.

Parties established for or engaged in Municipality Project Implementation

SCTM Project Management Unit

The Project Management Unit (hereinafter: PMU) is a unit established by the SCTM. Its elementary task is to provide management, coordination and support to all activities and monitoring of their successful implementation in the Municipality. The operational costs of the unit shall be entirely covered by the SCTM from the resources envisaged by the project.

Council

Alternative – Urban Municipalities (Valjevo, Sremski Karlovci and Loznica)

The Council for Protection and Development of Local Self-Government (hereinafter: the Council) is established by the decision of the Municipal Council in line with the Law on Local Self-government. The Council is formed in line with the Statute of the municipality and act of establishment that stipulates the rights and obligations, composition and method of work and election of its members.

Members of the Council, proposed mainly among citizens and experts in the fields of relevance and importance for the local self-government, are elected in line with the Law on Local Self-government. Before the election of the Council members, the PMU representatives will carry out consultations with representatives of the stakeholders within the Municipality, in order to offer support to the competent body to prepare the nominations. In the nomination process, the competent body will take into consideration the suggestions and proposals of the PMU regarding the Council's membership and equal opportunities for the members of both genders and national and ethnic communities to participate in the work of the Council.

The specific role and responsibility of the Council in the Project implementation will be set out in the act of establishment or defined by a special decision of the competent body and in line with the Project, Implementation Strategy and Terms of References of the Council, to be prepared by the PMU.

Other than its role in the Project, the Council will perform other activities delegated by the competent body of the Municipality. The means for carrying out the activities of the Council will be provided by the Municipality.

Alternative – Rural Municipalities (Coka, Osecina and Krupanj)

The Mesna Zajednica Council (hereinafter: the Council) is established by the decision of the competent body of the Municipality in line with the Law Local Self-government. The Municipality will establish the Council under the act of the competent body, and will ratify its rights and obligations, composition and method of work and election of its members.

Members of the Council may be the chairman or representatives of the Council or other body of every other local community in the Municipality. During the constitution of the Council, the competent body of the Municipality will conduct consultations with the rest of the municipal bodies and body of every other existing local community. The competent body will recommend to local communities to take into consideration the principles of equal opportunities for participation of members of both genders, and national and ethnic communities when nominating their representatives to the Council.

The specific role and responsibility of the Council in the project implementation will be precisely defined by the act of establishment or decision of the competent body in line with the Project, Implementation Strategy and Terms of References of the Council, provided by the PMU.

The means for operation of the Council will be provided by SCTM from the budget implemented by the SCTM.

Beside its specified role on the Project, the Council will also carry out other activities entrusted by the competent body of the Municipality. The means for these activities of the Council will be provided by the Municipality.

Office for Community Development

The Office for Community Development (hereinafter: The Office) represents the body that, according to the Project, Implementation Strategy and instructions of PMU, carries out the project in the Municipality, provides technical and operational assistance to the Council and initiate cooperation of local bodies and civil organizations.

Also according to the Project, Implementation Strategy and Terms of References of the Office staff, the work of the Office is directed, coordinated and monitored by PMU.

The staff that runs the Office is consisted of a manager and a secretary, appointed in line with the Project, Implementation Strategy and requirements as described in the ToR prepared by PMU for specified positions.

Financial means for covering the costs of engaging the manager of the Office are secured by the Project, while the Municipality provides for the engagement of the secretary.

The final results of the Project and work of the Office should be its sustainability in a local community. The sustainability implies either integration of the Office and its operations into the essential part of work of municipal administration, or establishment of other institutional, financial and legal frame by the Municipality for the purpose of carrying out the affairs of the Office.

Consultants, experts and trainers

The SCTM appoints local consultants, experts and trainers on the Project, whereas the SDC engages an international consultant that would, together with PMU, provide support to the implementation of the project in the Municipality in line with the Project, Implementation Strategy and the Terms of Reference.

Legal Working Group

The Legal Working Group is created by the SCTM in line with the Project scope of activities. The group consists of experts and representatives of state and local bodies and NGOs. Its fundamental task is to create models of local legal acts that would regulate the issues of citizen participation, in order to achieve increased participation of citizens at the local level.

Information Working Group

The Information Working Group is created by SCTM in line with the Project activities. The group consists of experts and representatives of national print and electronic media, information office of SCTM, information office of a local self-government and civil organizations. The fundamental objective of the working group is to produce Manual for organization of citizen participation at the local level. In line with the requirements and

instructions of PMU, the working group and its members would also have to provide advisory support to dissemination of information at the local level.

OBLIGATIONS OF THE MAIN PARTNERS

General obligations

The SCTM as the Project implementer is obliged by the project to provide support to the Municipality in the process of transforming into a sustainable, efficient and reliable element of the local self-government that engages citizens, local civic organizations, local councils and other institutions into decision-making processes and encourage their participation in local public life, with the aim of joint strive towards developed local community.

The SDC as donor organization is obliged to put all financial support envisaged for the project implementation at disposal of the SCTM, as foreseen by the Agreement and the Project. The SDC is also expected to take active participation in joint processes of decision-making.

The Municipality as partner in implementation of the Project is obliged to act in line with the principles of good management, to make contributions to this process in terms of appropriate human, technical and financial resources and establishment of adequate bodies as foreseen by the Project. The municipality is also obliged to establish active cooperation with local citizens, councils, civil organizations and all other organizations that represent the public interest and take steps toward the development of the local community. The municipality is also obliged to ensure all other conditions and meet all obligations in line with this Memorandum of Cooperation.

Specific obligations

SCTM is obliged:

1. to provide all necessary non-financial support to implementation of the project in the Municipality through the work of its Secretariat and PMU, in line with the Project and Implementation Strategy;
2. as a body responsible for managing the Project budget, and in line with the Agreement, Project and its budget, to allocate and transfer to the municipality all funds from the budget envisaged for covering basic running costs of the Office (electricity, telephone, internet), after the approval and relocation of funds from the SDC;
3. as a body responsible for managing the Project budget, and in line with the Agreement, Project and its budget, to enable regular supplies of office material necessary for the work of the Office, after receiving allocated funds from the SDC;
4. as a body responsible for managing the Project budget, and in line with the Agreement, Project and its budget, to provide computer equipment – two computers and printer – for the work of the Office, after receiving allocated funds from the SDC;
5. as a body responsible for managing the Project budget, and in line with the Agreement, Project and its budget, to ensure regular honoraria for the work of the Office manager, after receiving allocated funds from the SDC;
6. as a body responsible for managing the Project budget, and in line with the Agreement, Project, its budget and Implementation Strategy, to financially support the implementation of the Project in the Municipality, after receiving allocated funds from the SDC;

7. to organize adequate training for staff members of the Office, members of the Council and representatives of a local community, in line with the Project and Implementation Strategy;
8. to establish cooperation and exchange of experiences between Offices of pilot municipalities that take part in the Project, in line with the Project and Implementation Strategy;
9. as a body responsible for managing the Project budget and in line with Agreement and the Project, after receiving allocated funds from the SDC, to ensure funds from the budget envisaged for co-financing of local micro-projects in the Municipality, in the amount jointly determined by the SCTM and the SDC, taking into account total amount foreseen for this purpose in the project budget, total population of the Municipality and level of financial contribution of the Municipality in co-financing of micro-projects;
10. to support all parties cooperating on the Project implementation, in line with the Project and Implementation Strategy

The SDC is obliged:

1. to enable and transfer to the SCTM all funds foreseen for project implementation in the Municipality, in line with the Agreement and the Project;
2. in cooperation with the SCTM, to reach a decision regarding the amount to be used for the purpose of co-financing of micro-projects in the Municipality, taking into account total amount foreseen for this purpose in the project budget, total population of the Municipality and level of financial input of the Municipality in the co-financing of micro-projects;

The Municipality is obliged:

1. to adopt and pass all acts required to create technical conditions for the Project implementation in the Municipality;
2. to set up a separate account or sub-account for the purpose of receiving payments from the SCTM, necessary for covering the basic running costs of the Office;
3. to establish the Council, based on a decision of the competent body;
4. to ensure technical conditions for the work of the Council (adequate facilities, conference rooms for regular meetings and other occasional activities);
5. in line with the act on establishment or specific decision, Project and Implementation Strategy, to enable all proposals of the Council to be included in regular discussion and adoption procedures by competent bodies of the Municipality;
6. to inform the public about decisions of competent bodies of the Municipality regarding the propositions of the Council and offer adequate explanation for adoption, amendment or rebuttal of proposals;
7. to nominate a secretary of the Office from the municipal administration, to provide for his/her honoraria and enable his/her unobstructed participation in all project activities;
8. to provide adequate working facilities for the Office (premises within the building of the municipal administration or in its vicinity, equipped with telephone and internet);
9. to provide all necessary technical and other support and enable unobstructed work in the Office;
10. during the Project period, and based on project implementation experiences and Terms of References of the Office, to bring adequate legal regulations that would be used, after the termination of the Project, as a backbone of sustainability of the Office in the local community;

11. to provide, according to its possibilities, suitable premises, equipment and all other necessary support for initiating processes of citizen participation in the Municipality;
12. to ensure the participation of a representative of the Municipal body and municipal administration in the processes of active participation of citizens;
13. to provide, according to its possibilities, adequate facilities for training programs envisaged by the Project to be organized in the Municipality;
14. to provide adequate space in the Municipality for assessment of draft models of municipal acts for regulating citizens' participation, produced by the Legal Working Group;
15. to ensure the participation of representatives of municipal bodies and municipal administration in the processes of assessment of draft models of acts regulating the citizen participation, produced by the Legal Working Group;
16. after reaching definite versions of municipal acts, to put forward the acts into regular discussion and adoption procedure of appropriate local bodies and enable other cooperating parties (PMU, local consultants, representatives of the Legal Working Group) to take part in the procedure in order to promote the mentioned models;
17. to inform local public about decisions of municipal competent bodies and offer suitable explanation for adoption, amendment or rebuttal of proposed models of local legal documents;
18. to provide all necessary technical and other support to the Office, Council and PMU in opening tenders for micro-projects;
19. by decision of competent bodies, to ensure at least 10 % of funds envisaged by the SCTM and the SDC for co-financing of the micro-projects in the Municipality;
20. to actively take part in promotion of the Project through local media and encourage public support for its activities in the Municipality;
21. to establish cooperation with other participants in other, earlier not specified activities that fall under the scope of the Project and Implementation Strategy, or activities mutually agreed by partners during the implementation period

III SPECIAL PROVISIONS

All assets and goods procured for the Project implementation in the Municipality shall remain in property of SDC that retains the right to pass on the ownership to another party. All intellectual rights arisen from the Project as the project outcome are in property of SCTM.

The provisions of the Agreement on Technical and Financial Cooperation signed between the Swiss Confederation and Government of Serbia and Montenegro on February 21, 2003 (ratification – Official Gazette – International Agreements, No. 6/2003) and provisions of the Agreement "Support to Increased Citizen Participation in Serbia – second phase" (No. 7F – 03581.02), signed between the SCTM and the SDC on March 16th, 2007, shall be applicable to this Memorandum.

Regarding the VAT, import duties and any other kind of taxes or customs, the tax exemption clauses pursuant to the Framework Agreement, the Law on Value Added Tax shall be implemented (Sl. glasnik 84/04; 86/04; 61/05 и 58/06).

IV CLOSING PROVISIONS

The SCTM, the SDC and the Municipality hereby agree to pursue all aspects of work outlined by this Memorandum of Cooperation, in a good faith and friendly understanding.

This Memorandum may be terminated by any signatory with a written notification at least two months beforehand.

In case if obligations or provisions set out by this Memorandum are disrespected or breached by any signatory of the Memorandum, each signatory may terminate this Memorandum of Cooperation by written notification with immediate effect.

All parties of the Memorandum shall make effort to solve all arisen problems through an intermediary or in any other conciliatory manner; otherwise the court in Belgrade is competent.

Amendments to the Memorandum of Cooperation shall be possible only with written agreement of all three parties.

This Memorandum of Cooperation is made and signed in 6 (six) identical copies in both Serbian and English, 2 (two) for each signatory.

The Memorandum of Cooperation enters into force on the day it is signed.

C) Slovenia

The Slovene Association doesn't have a cooperation agreement with the central government. But it is set by Local self-government act in article 86.

D) Croatia

The Association of Municipalities of the Republic of Croatia will not be of any help this time since we do not have a cooperation agreement or memorandum of understanding signed with the Government.

E) Bulgaria

The Council of Ministers of
The Republic of Bulgaria

and

The National Association of Municipalities in the Republic of Bulgaria

- taking into account that the Republic of Bulgaria is a unitary state with local self-government, exercised in the municipalities in the benefit of the Bulgarian citizens;
- convinced that the pursuance of responsible policies requires compliance between free local choice with stability at the national level;
- united in our will to further the development of strong local democracy, based on the principles of the European Charter on Local Self-government;
- convinced that a strong state is built on the foundations of accountable and well performing local governments;

- stepping on the stipulated by Law powers of NAMRB to represent and defend the common interests of local governments;
- agreed on the following:

OBJECTIVES OF THE AGREEMENT

- Ensure the efficient delivery of public services that meet the needs and stand up to the expectations of the citizens, at the same time limiting the number and avoiding duplication of regulatory regimes.
- Make Bulgaria a stable and competitive member of the European Union.
- Establish durable and effective interaction between central and local governments, based on the principles of partnership, transparency and coordination of activities.

PRIORITY AREAS OF COOPERATION

1. Development of decentralization in government and financing, by:

1.1 Determining by law a stable own municipal field of activities, which they may regulate and manage at their own discretion and responsibility in the interest of their citizens.

1.2 Carrying out sectoral decentralization, while attaching priority to areas, which require that services be delivered as close to the citizens as possible, in accordance with the principle of subsidiarity.

1.3 Establishing a stable municipal revenue base and modern system of local taxes and fees.

1.4 Reaching balance between local government responsibilities, determined by law, and powers and resources for their fulfillment.

1.5 Reforming the system of state transfers for municipalities to make it more efficient, transparent, stable and predictable.

1.6 Further developing the administrative capacity of municipal administrations both in terms of quantity and quality.

1.7 Enhancing the responsibility of local governments for the decisions they make, as well as the control over the compliance of the decisions with the law.

1.8 Increasing the citizen participation in decision-making, promoting the transparency of local governments' activities and the accountability before local communities.

2. Expanding the scope and improving the municipal property and infrastructure state and management, by:

2.1 Transferring to the municipalities the state properties, which are not used for performance of national functions.

2.2 Increasing and consolidating public investments for rehabilitation and development of municipal infrastructure.

2.3 Improving the procedures and mechanisms for selection and support, in regional planning, of the most competitive municipal projects for infrastructure development.

2.4 Increasing the possibility for municipalities to attract investment resources and implement public-private partnerships.

3. Preparing municipalities for Bulgaria's accession to the European Union, by:

3.1 Building administrative and financial capacity at local level for the purpose of absorbing EU pre-accession, structural and cohesion funds.

3.2 Specifying the commitments made at the national level and their reflection on the practices of the Bulgarian municipalities.

3.3 Supporting municipal projects and initiatives, which ensure the introduction of best European practices for local service delivery.

3.4 Analyzing and evaluating the impact of Bulgaria's membership in EU and undertaking measures to restrict any negative consequences for the municipalities and citizens.

FORMS OF COOPERATION

- Establish permanent dialogue for evaluating the implementation of the existing policies and for discussing proposals for new policies.
- Continue and expand the practice of setting up joint working groups on key issues of local government reform.
- Involve municipal representatives in the development of draft norms and regulations concerning important issues of local governance, and submit the drafts to the CoM along with the NAMRB statement.
- Expand the participation of NAMRB representatives in consultative, management and monitoring bodies at the central executive authorities.
- Conduct regular meetings of the Prime Minister and other ministers with the Management Board of NAMRB, as well as meetings at expert level.
- Regulate the participation of NAMRB President in meetings of the CoM when important local government-related issues are discussed;
- Involve local government representatives in the process of planning, programming, management, evaluation and control of the implementation of plans, programs and projects funded by the EU pre-accession, structural and cohesion funds.

TERM OF THE AGREEMENT

This Agreement shall be in effect throughout the tenure of the Government. The Council of Ministers and the NAMRB Board of Directors shall review it on an annual basis to evaluate the results and outline specific tasks for the following year. Depending on the evaluation, the Agreement may be amended upon mutual agreement between the two parties to it. The Agreement was drawn up in two identical copies – one for each party.

Sofia, 12 October 2005

FOR THE COUNCIL OF MINISTERS:

FOR NAMRB:

Sergey STANISHEV

Krassimir MIREV

Prime Minister
of the Republic of Bulgaria

President of NAMRB

F) Montenegro

COOPERATION AGREEMENT

BETWEEN

GOVERNMENT OF MONTENEGRO

AND

UNION OF MUNICIPALITIES OF MONTENEGRO

➤ *Recognizing that the local authorities are a pillar of the state structure of the country;*

- *Being convinced that local authorities, along with basic functions, should encourage initiatives for local economy development;*
- *Being convinced that the implementation of the state policy that guarantees the correspondence of the national and local interests, is possible only through the interaction and joint implementation of governance by both central and local authorities;*
- *Agreeing that the role and function of local self government should be developed in a system that respects citizens and their needs, and where citizens know their rights and duties and recognize overall, common and individual identities and priorities;*
- *Recognizing the role of the Union of Municipalities of Montenegro to represent the interests of local self-government; the Government of Montenegro and the Union of Municipalities of Montenegro*

Agreed on the following:

I OBJECTIVES OF THE AGREEMENT

1. To synchronize activities on transformation of state and local administration based on new principles and new ethics.
2. To encourage democratic decentralization in different areas, with permanent revision of measures taken and strengthening of financial autonomy of municipalities.
3. To strengthen political, administrative, media and citizens culture in order to affirm local democracy in the way that will provide for citizens the central position in local self-government
4. To establish rules for interaction between the central and local authorities as a necessary condition and prerequisite for mutual coordination of the interests in the implementation of the overall state policy.

II SPHERES OF COOPERATION

1. Legislative process

- Joint development of draft legal acts along with the necessary analyses, prognoses and other relevant information on their justification;
- Establishing joint working groups for monitoring, analysis and evaluation of the current legislation.

2. Operational governance

- Coordination and control between the central and territorial units regarding execution of competences that are determined by Laws.
- Expanding the participation of the civil society and local authorities in the budget process;
- Participation, under conditions determined by the Government, of UoM representatives in the meetings of the Government, when important issues on municipalities are discussed.

3. Provision of adequate working space for the Union of Municipalities

For strengthening the role of the Union and for realization of objectives from this agreement, the Government of Montenegro agreed to participate in provision of adequate working space for the Union of Municipalities.

III PRIORITIES FOR COOPERATION

Development and gradual implementation of a program for financial decentralization to provide public services of the necessary type and quality and to increase the efficiency of financial resources management in accordance with the following principles:

- Establishing the rules that will provide correlation between allocation and distribution of funds consistent with budget inflows;

- Correspondence between expenditure responsibilities and revenue collection responsibilities;

To this purpose to be provided:

- Clear legal division of competences between the central and local authorities;
- Acquiring permanent balance between the legally regulated revenues and the legally entrusted expenditure responsibilities of municipalities;
- Expanding the powers of municipalities to independently determine and manage the revenue and the expenditure part of their budgets
- Establishing a permanent legal framework for state transfers to municipalities
- Allocating the subsidies for municipalities through clear, understandable and permanent criteria;
- Expanding the participation of citizens and their organizations in determining the financial and investment policy of municipalities.

Providing conditions for development of the investment potential of municipalities and balanced regional development through:

Increasing the resources for recovering and developing the municipal infrastructure;

- Clear definition of municipal property for increasing the financial resources of local authorities;
- Increasing the resources for recovering and developing the municipal infrastructure;
- Guaranteeing the direct participation of municipalities in the development and implementation of the regional development plans and programs.
- Consulting citizens on their needs.

III MECHANISMS FOR THE IMPLEMENTATION OF THE AGREEMENT

To the achievement of the objectives of the Agreement both parties will hold regular meetings:

- 1. At political level:** *Between the respective ministers and the Executive Board of the Union – on quarterly basis;*
- 2. At expert level –** *Between Unions' Office and representatives of respective ministries (deputy ministers, chief secretaries and other senior officials appointed by the respective minister- on monthly basis);*
- 3. At national level –** *Between the Government of Montenegro and the Union of Municipalities of Montenegro (President of the Union and the President of the Executive Board) – once a year, for revising the implementation of the issues agreed on the priorities of the cooperation, for evaluating the results and for setting concrete tasks for the following year.*

The agreement is made in four identical copies – two for each party.

PODGORICA, Novemebrr 2006.

On behalf of the UoM: On behalf of the Government:

President of the Executive Board Prime Minister

Tarzan

Milošević

Milo

Đukanović



Network of Associations of Local Authorities of South-East Europe
Réseau des Associations de Pouvoirs Locaux de l'Europe du Sud-Est