



LOCAL INTEGRITY SYSTEM ASSESSMENT

MUNICIPALITY OF VISOKO



THIS PROJECT IS SUPPORTED
BY EUROPEAN UNION

LOCAL INTEGRITY SYSTEM ASSESSMENT

MUNICIPALITY OF VISOKO



THIS PROJECT IS SUPPORTED
BY EUROPEAN UNION



© Transparency International Bosnia and Herzegovina

BANJA LUKA

Gajeva 2

78000 Banja Luka

SARAJEVO

Mehmed-bega Kapetanovića Ljubušaka 4

71000 Sarajevo

www.ti-bih.org

TRANSPARENCY INTERNATIONAL IS THE GLOBAL CIVIL SOCIETY ORGANISATION LEADING THE FIGHT AGAINST CORRUPTION. THROUGH MORE THAN 100 CHAPTERS WORLDWIDE AND AN INTERNATIONAL SECRETARIAT IN BERLIN, WE RAISE AWARENESS OF THE DAMAGING EFFECTS OF CORRUPTION AND WORK WITH PARTNERS IN GOVERNMENT, BUSINESS AND CIVIL SOCIETY TO DEVELOP AND IMPLEMENT EFFECTIVE MEASURES TO TACKLE IT.

TABLE OF CONTENTS

9	I INTRODUCTION
11	II ABOUT THE LOCAL INTEGRITY SYSTEM ASSESSMENT
17	III EXECUTIVE SUMMARY
23	IV SITUATIONAL ANALYSIS
27	V LOCAL INTEGRITY SYSTEM
	CORE LOCAL GOVERNMENT ACTORS
28	1. LOCAL ASSEMBLY
31	2. LOCAL EXECUTIVE
36	3. LOCAL BUREAUCRACY
40	4. LOCAL POLITICAL PARTIES
	OVERSIGHT AND ACCOUNTABILITY FUNCTIONS
43	5. COMPLAINTS HANDLING
44	6. AUDITING
45	7. CENTRALISED OVERSIGHT OF LOCAL GOVERNMENT
46	8. INVESTIGATION AND EXPOSURE OF CORRUPTION
47	9. AWARENESS RAISING AND PUBLIC EDUCATION
48	10. SOCIAL ACCOUNTABILITY
51	VI CONCLUSION AND RECOMMENDATIONS
57	VII BIBLIOGRAPHY

I INTRODUCTION

This Local Integrity System (LIS) Assessment is one of 5 pilots undertaken by Transparency International (TI) National Chapters from Africa, Latin America, Europe and the Middle East to test the relevance and applicability of the LIS Assessment approach in different national and local contexts. The pilots took place between September and December 2013.

This integrity assessment relates to the Municipality of Visoko as one of 10 local government units in Bosnia and Herzegovina (BiH) in which Transparency International is undertaking local integrity system assessments as part of a project that aims to promote anti-corruption policies both at the state and local

levels. One component of the project is to perform detailed integrity system assessments in the selected local government units in order to assess the existence and effectiveness of mechanisms for promoting transparency, accountability and integrity, formulate recommendations to improve these mechanisms, and help strengthen the capacity of local governments to put in place integrity plans as one of the most important measures under the Action Plan to Fight Corruption.

II ABOUT THE LOCAL INTEGRITY SYSTEM ASSESSMENT

Since the early 1980s there has been an increasing trend towards the transfer of powers from the central level of government to local governments in the form of decentralisation. As a result, local governments have greater decision making, implementation and oversight powers. Whether decentralisation results in greater corruption in comparison to centralised governance arrangements is still a matter of debate. However, the reality is that corruption is a problem at all levels of government. Both elected and appointed officials have to deal with separating public duties from private interests. At the local level this is exacerbated by the fact that many officials have greater vested interests

based on family, friendships and business ties that can influence decision-making. In addition, remuneration at the local government level is, in many cases, low in comparison to the national level and the institutions that are designed to hold public officials to account at the local level are not always adequate to perform their duties and to uphold public sector integrity.

A functioning local integrity system can play an important role in minimising the opportunities for corruption at the local level. A typical local integrity system incorporates a set of core actors that can be found in most local government configurations, namely: the

local council (assembly), a mayor or alderman (executive), the local bureaucracy, local political parties, local courts (judiciary), and the police. It also encompasses a set of oversight and accountability functions which need to be performed in order to ensure that the local integrity system is effective. These functions include complaints handling, local government auditing, central government oversight, investigation and exposure of corruption, awareness-raising and public education, and social accountability.

Based on Transparency International's (TI) National Integrity Systems (NIS) approach, the Local Integrity System (LIS) Assessment combines the gathering of valid and reliable evidence on the performance of the local governance framework, actors and anti-corruption institutions with a consultative approach, engaging key stakeholders in the research, advocacy and planning elements of the project.

Given the diversity of local governance settings across the world, the LIS Assessment framework places a strong emphasis on flexibility and adaptability to different local governance structures and contexts. In many localities, for example, there is limited separation of powers between the different branches of local government and different levels of autonomy from higher levels of government. As a result, the roles and responsibilities of the core actors, as well as responsibility for performing oversight and accountability functions, may vary considerably from place to place. Therefore the LIS assessment framework can be adapted to accommodate these local variations.

OBJECTIVES

The key objectives of the LIS Assessment are to:

- (i) assess the existence and effectiveness of procedures and mechanisms to promote transparency, accountability and integrity in order to fight corruption at the local level,
- (ii) provide recommendations on areas for reform, and
- (iii) provide the foundations for a follow-up action plan for strengthening local integrity in collaboration with key local stakeholders.

METHODOLOGY

The LIS Assessment may be conducted in one or more Local Government Units in a given country. In each of the Local Government Units under analysis, an assessment of 2 components is performed, namely: (1) a set of Core Local Government Actors; and (2) a set of Oversight and Accountability Functions.

1. CORE LOCAL GOVERNMENT ACTORS

The LIS assessment focuses on 6 "Core Local Government Actors" which are present in most local government set-ups. For each of the Actors, the assessment covers three dimensions:

- its overall capacity to function,
- its role in contributing to the overall integrity of the local governance system,
- its own internal governance in terms of integrity, transparency and accountability.

ACTOR	CAPACITY	ROLE IN THE LIS	INTERNAL GOVERNANCE		
			TRANSPARENCY	ACCOUNTABILITY	INTEGRITY
LOCAL ASSEMBLY					
LOCAL EXECUTIVE					
LOCAL BUREAUCRACY					
LOCAL POLITICAL PARTIES					
LOCAL POLICE					
LOCAL COURTS					

2. OVERSIGHT AND ACCOUNTABILITY FUNCTIONS

In addition to the Core Actors, and because Local Government set-ups vary considerably from place to place, the assessment also covers 6 key Oversight and Accountability Functions, which may be carried out by local and/or regional/national actors depending on context. For each of these functions, the assessment covers two dimensions:

- the capacity for that function to be performed (whether by local actors or at the national level),
- the effectiveness of that function (i.e. how effectively it is actually performed in practice)

FUNCTION	CAPACITY	EFFECTIVENESS
COMPLAINTS HANDLING		
AUDITING		
CENTRALISED OVERSIGHT OF LOCAL GOVERNMENT		
INVESTIGATION AND EXPOSURE OF CORRUPTION		
AWARENESS-RAISING AND PUBLIC EDUCATION		
SOCIAL ACCOUNTABILITY		

For both Actors and Functions, each dimension comprises a number of indicators which are each evaluated qualitatively and assessed using a simple traffic light system (Green – Strong; Orange – Average; Red – Weak). Indicators cover elements of both the legal framework (Law) and actual implementation on the ground (Practice).

The following example is one of the indicators used to assess the Local Executive:

ACTOR	Local Executive
DIMENSION	Transparency
INDICATOR NUMBER	2.6
INDICATOR NAME	Budget Transparency
INDICATOR QUESTIONS	<p>To what extent does the local government present a clear and accessible budget?</p> <p>Is there a legal framework or other provisions that require the Local Government to make a transparent budget that can easily be understood by citizens and councillors? Are there clear guidelines and/or formats on how to present budget data? To what extent is the budget accessible to citizens and councillors and easy to understand in practice?</p>
STRONG	The local government is required to present transparent annual budgets and these are easily accessible and easy to understand in practice.
AVERAGE	The local government is required to present transparent annual budgets but the budget is difficult to access in practice and/or difficult to understand.
WEAK	There is no such requirement and the budget is not accessible or only accessible to councillors.

According to the LIS assessment methodology there are 56 indicators in total. However, the LIS Assessment for the Municipality of Visoko comprises 44 indicators. The indicators for the actors “local courts” and “local police” were not included because these actors are not part of the institutional structure of local government units but are the responsibility and organisational parts of republic ministries. Still, given that these actors have an important role to play in the fight against corruption, their role has been assessed through “oversight and accountability functions” indicators.

In order to assess each indicator, data is collected through a range of different methods, with an emphasis on a desk review of existing legislation, policy papers, existing analyses of institutional performance of the actors, and key informant interviews.

Once all the indicators have been assessed and values (strong, average, weak) assigned, the results are aggregated and the final assessment is presented in the form of the LIS Scorecard.

CONSULTATIVE APPROACH AND VALIDATION OF FINDINGS

The assessment process in the Municipality of Visoko had a strong consultative component, seeking to involve the key local actors in government, opposition, civil sector, media and business community. This approach had two aims: to generate evidence and to engage a wide range of stakeholders with a view to building momentum, political will and civic demand for reform initiatives.

An important initial step in the study was the analysis of the core local actors, for which support to the researcher was provided by members of the advisory group in the form of experience sharing, advice, suggestions and comments. The analysis enabled a better understanding of the various components of the local governance system and their interactions, and, by extension, better organisation of research with a focus on relevant actors, better understanding of their interrelationships and the division of influence/power, and reasons that affect important events in the local community.

As part of the research interviews were conducted with persons that could provide information about the working practices of core actors and performance of the oversight and accountability functions, i.e. the extent to which regulations are actually applied in practice.

III EXECUTIVE SUMMARY

LIS CONTEXT

Today's local integrity system was built on the ruins of the fifty-year long socialist system, or more specifically the communal system, which preceded the system of local self-government. Planned economy and one-party system were to be replaced by free market and multiparty political system, and while this process of transition/democratisation of society was encouraged and supported from the outside, the replacement of the existing economic and political structures with the new ones was difficult and challenging in all socio-political realms, including at the local level. The formal introduction of new institutions and mechanisms did not result in a fundamental democratisation of local government units.¹

The backbone of today's formal and legal aspects of local self-government in Bosnia and Herzegovina is the European Charter of Local Self-Government, which was ratified in 2002 and which provides that the principle of local self-government shall be recognised in domestic legislation and, where practicable, in the Constitution. Given that the latter is not the case with the Constitution of BiH, all essential aspects of local self-government are regulated by entity and cantonal constitutions. The Federation of BiH adopted two laws governing the principles of local self-government in this entity. The Law on the Foundations of Local Self-Government (Official Gazette of FBiH, no. 6/95) was adopted in 1995, and the

Law on the Principles of Local Self-Government (Official Gazette of FBiH, no. 49/06) was adopted in 2006. The two Laws were later transferred to the cantonal level without much modification. The literature states that the two laws improved the regulatory framework in FBiH in the following respects: (i) a modern European concept of local self-governance was adopted granting local bodies the right to manage part of the local affairs in the interests of the local population; (ii) the mono-type structure of local self-governance was established and the city was introduced as a new local government unit in addition to the already existing municipalities; (iii) municipality competences were gradually expanded (this being the most important improvement); (iv) the manner of electing the mayor was changed (since adoption of the 2006 Law the mayor has been elected directly by the citizens, while in the past he/she was appointed by the Municipal Council).²

The municipality of Visoko is one of the 80 municipalities in the Federation of BiH and may serve as an example of good practice based on transparency, accountability and integrity.

LIS ASSESSMENT: ACTORS AND FUNCTIONS

LIS SCORECARD FOR THE MUNICIPALITY OF VISOKO

ACTOR	CAPACITY	ROLE IN THE LIS	INTERNAL GOVERNANCE
LOCAL ASSEMBLY	Green	Yellow	Yellow
LOCAL EXECUTIVE	Green	Yellow	Green
LOCAL BUREAUCRACY	Green	Green	Yellow
LOCAL POLITICAL PARTIES	Yellow	Yellow	Red

FUNCTION	CAPACITY	EFFECTIVENESS
COMPLAINTS HANDLING	Green	Yellow
AUDITING	Yellow	Green
CENTRALISED OVERSIGHT OF LOCAL GOVERNMENT	Yellow	Red
INVESTIGATION AND EXPOSURE OF CORRUPTION	Red	Red
AWARENESS-RAISING AND PUBLIC EDUCATION	Red	Red
SOCIAL ACCOUNTABILITY	Yellow	Red

KEY FINDINGS

- Detailed analysis carried out in the Municipality of Visoko reveals that significant efforts are being undertaken to streamline municipal practices and processes, increase transparency and accountability, and ensure compliance with the broader legislative framework.
- The capacity of the local government to carry out its functions is at a satisfactory level, but given that there is still plenty of room for improvement, further efforts towards continuous progress of the local executive are commendable.
- There are positive efforts by the local executive, and partially by the local legislature, to steer its activities

and decisions primarily towards encouraging local development and serving the interests of citizens, rather than political parties. The municipal government listens to and takes into account the opinion of citizens, and petitions are one of the mechanisms that has proved to be effective and is regularly taken into account.

- Activities aimed at ensuring transparency of both the local executive and councillors are satisfactory. This is evidenced by the municipal web portal that is used for issuing public calls, posting relevant municipal documents and maintaining two-way communication with citizens, as well as by the recording of the Municipal Council's meetings and their immediate public broad-

casting on a local TV channel.

- It is commendable that the Municipality is showing initiative to rectify the omissions or lack of capacity on the part of higher levels of government in terms of oversight and auditing. The local government conducts, on its own initiative, regular independent audits (of both the local government as well as public enterprises and institutions), hiring external actors to perform the audits instead of the responsible institutions. There are also visible efforts to translate audit recommendations into practice.
- Local government is demonstrating determination and perseverance in safeguarding transparency and integrity in public procurement procedures. In addition to having introduced the ISO standard in the implementation of public procurement procedures, the government prepares regular procurement plans. The audits conducted so far have not identified any problems in this area.

CHALLENGES

- The existing system that aims to ensure accountability of municipal public servants is ineffective and rigid when it comes to the mobility of public servants, which significantly slows down the streamlining efforts in the Municipality.
- Given that the Municipality of Visoko is committed to the development and promotion of entrepreneurship and that some of the country's largest corporate giants operate on its territory, maintaining close cooperation with companies and overseeing their work (within the scope of the Municipality's competences) requires continuous efforts.
- Higher levels of government do not have adequate capacity for effective oversight of the operations of local governments.

- Higher levels of government do not allocate sufficient funds for the implementation of capital investment projects proposed by the Municipality.
- The legal framework for the collection of local revenues is complied with in practice, but the framework itself is sorely inadequate in some areas, which, in addition to the incompatibility of different databases, makes the job of the local administration very challenging and demanding.
- Citizens do not use all the mechanisms at their disposal to hold the Municipality to account for its actions. Complaints and appeals are very rare.
- Local communities as legal entities have a significant role to play, although that role remains largely absent. Local communities do not use the mechanisms at their disposal even though they are expected to play a key role in the context of interaction with citizens and ensuring greater transparency in the Municipality.
- The public does not have easy access to information about the sources of funding of local political parties (or other ways of obtaining financial resources used by parties) since the current system is not sufficiently transparent.

- Political parties do not represent a broad range of social interests aimed at the development and prosperity of the community, but are typically preoccupied with

¹ More information in Group of authors, "Situation Analysis of Local Self-Government in BiH" (draft), Banja Luka, 2005, report available for download from the following link: http://www.osfbih.org.ba/images/Prog_docs/LG/Arhiv/Istrazivanja/2005_Analiza_stanja_lokalne_uprave_u_BiH.pdf (last accessed on 25 November 2014)

² All municipalities (and cities) have the same competences and functions, regardless of geographical, territorial, demographic, economic and other differences.

narrow party interests. Most candidates in the elections are proposed by political parties.

- The local government does not have adequate tools and capacity to combat corruption at the local level, and receives no supervision and support from higher levels of government in this regard.
- Local media, CSOs and citizenry lack capacity and/or do not show a sustained interest in building a better local integrity system.

RECOMMENDATIONS

- Continue to work actively on finding modalities of cooperation with the private sector with the aim of creating better conditions and removing administrative barriers. Continue to use new technologies and best practices (e.g. develop additional guidelines for investors in the English language, create additional online tools/ databases providing information on the Municipality's capacities, etc.).
- Actively guide the private sector towards full compliance with the law and respect for citizens' interests as well as implementation of social responsibility and community development support activities. Increasing social responsibility of companies based in the Municipality of Visoko is crucial for the development of the Municipality.
- Promote the role of local communities as legal entities. Insist on getting as many highly educated young people as possible involved in the work of local communities and getting them to begin to use the mechanisms that are available to them (the Municipality's website and other online tools). Steer the local communities towards intensifying interaction with the public (e.g. local communities should improve their databases of residents, develop good-quality social maps

for their territories, and get involved in the education of the population), as well as contributing to increased transparency in the work of the Municipality (e.g. educating citizens about their rights as well as obligations, monitoring the work of the municipal government, participating in decision-making, etc.).

- It is essential to improve the transparency of the financing and operations of political parties and ensure that the selection of candidates for local elections is based on clear criteria and prescribed procedures, which will ultimately result in best candidates being selected.
- Given that the Municipality is in the process of developing a strategy with clear indicators (in line with the Methodology for Integrated Local Development Planning in BiH), after its operationalisation, it is necessary to work actively towards the establishment of monitoring and reporting mechanisms (develop a comprehensive approach to reporting on achievements and development results to the Municipal Council and to citizens).
- Work towards strengthening civil society, starting with the basic training on preparation of project proposals and project cycle management to strengthening the role in oversight of the local government and available mechanisms.
- Together with local communities, civil society and the private sector, continue to work on public education (especially in such fields as environmental protection, promotion of volunteerism, social accountability).

IV SITUATIONAL ANALYSIS

The Municipality of Visoko is located in the Zenica-Doboj Canton. The Municipality has an area of 230.8 km² and a population 40,277 (1991 census), or 41,352, according to preliminary 2013 census data. According to the Employment Agency, there are currently 9,200 employed and 7,267 unemployed residents in the Municipality of Visoko.

Bodies of the Municipality are the Municipal Council and the Mayor. Responsibilities and obligations arising from the Municipality's scope of self-government affairs are divided between the representative body, which is the Municipal Council, and the executive body, which is the Mayor. Unless a law or other legal regulation clearly defines which body is responsible for carrying out tasks and authorities of the Municipality, all activities and tasks related to the regulation of relationships falling within the Municipality's scope of remit (i.e. those of regulatory nature) are the responsibility of the Municipal Council, and all executive activities and tasks are the responsibility of the Mayor. For executive affairs for whose performance the responsibility has not been

assigned, the responsibility will rest with the department authorised by the municipal mayor.

The Municipal Council is composed of 25 councillors, and the distribution of seats in the Municipal Council is as follows: SDA 10 councillors, 4 independent councillors, SBB 3 councillors, SDP 3 councillors, SBIH 2 councillors, BPS 2 councillors, A-SDA 1 councillor.

The Municipal Mayor is the holder of executive power in the Municipality. Since 14 November 2012 the office of the Mayor of Visoko has been held by Ms Amra Babić, BSc. Econ., who was elected for a term of four years. According to the Statute of the Municipality of Visoko, the Mayor represent the Municipality, ensures enforcement of decisions and other acts of the Municipal Council and is responsible for their implementation. He/she submits a budget draft and proposal to the Municipal Council, is responsible for implementation of the Municipality's budget, performs managerial oversight of the legality of work of public institutions and enterprises founded by the Municipality, gives them instructions

for work, etc. The Mayor is also responsible for the constitutionality and legality of acts that he/she passes himself/herself or proposes to the Municipal Council.

MUNICIPAL DEPARTMENTS INCLUDE:

- Mayor's Office, Chief of Staff: Dinka Omanović;
- Department for Social Services and Protection of Disabled Veterans, Assistant Head of Department: Edina Ferizović;
- Service for General Administration, Local Communities' Affairs and Inspection Tasks, Assistant Head of Department: Edina Ahmetović;
- Department for Finance, Economy and Local Economic Development, Assistant Head of Department: Edina Ferizović;
- Department for Physical Planning, Property-Related and Geodetic Affairs, Housing, Utilities and Environmental Protection, Assistant Head of Department: Nidžara Hadžimerović;
- Department for Municipal Council's and Mayor's Affairs, Head of Department and Secretary of the Municipal Council: Zekija Omerbegović;
- Civil Protection Department, Head of Department: Dragan Božičković.

PUBLIC INSTITUTIONS INCLUDE:

- PI Primary Health Care Centre – Director: Senad Karavdić;
- PI Centre for Social Work Visoko – Director: Šaćir Čelebić;
- Public Institution for Pre-School Education – Director: Suada Mlačo;
- PI Regional Museum Visoko – Director: Senad J. Hodović;
- PI Culture and Education Centre – Director: Mensura Alibegović;
- PI Town Library Visoko – Director: Jasmina Drugović;
- PI Cultural-Sports Centre "Mladost" Visoko – Director:

Faruk Salčinović.

PUBLIC ENTERPRISES INCLUDE:

- PUE "Municipal Cemetery" Ltd. Visoko – Director: Asmir Hodzic;
- PUE "Visoko" Ltd. Visoko – Director Almir Hadžijalić;
- PE "Veterinary Station Visoko" Ltd. Visoko – Director: Ahmet Kurspahić;
- PE "Radio-Television" Ltd. Visoko – Director: Advija Mutap;
- Company for Gasification, Distribution and Sale of Gas and Equipment "VISOKOGAS" Ltd. Visoko – Director: Hajrudin Handžić.

The Municipality of Visoko has 26 local communities as the mandatory form of local self-government, through which citizens participate in decision-making about local self-governance affairs and local activities that directly and on a daily basis affect their lives and work. The Local Community Council (LCC), a decision-making body, is elected by the citizens living in the territory of the given local community who have universal suffrage. The members of LCCs are elected for a term of four years. The last elections for members of LCCs were held on 21 April 2013.

The Municipal Court in Visoko was established as a joint court of first instance for the municipalities of Visoko, Breza, Vareš and Olovo and started operation on 22 March 2004, as a result of the judiciary reform which merged the municipal courts in Visoko, Breza, Vareš and Olovo into one court. The Court has a Branch Department in Olovo. The Municipal Court in Visoko exercises judicial power in the territory of the aforementioned four municipalities within the material jurisdiction set forth by law. The president of the court is Enes Behlulović.

V LOCAL INTEGRITY SYSTEM

The scoring guideline from the LIS Assessment Toolkit that best represents the actual situation in the municipality is always provided in italics at the beginning of each indicator. Note, however, that these are just broad parameters around which we base our assessment. In many cases only some of the elements covered in the cited sentences actually apply. The “Comments” section of each indicator provides the necessary clarifications.

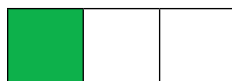
CORE LOCAL GOVERNMENT ACTORS

1. LOCAL ASSEMBLY

CAPACITY
ROLE
GOVERNANCE

CAPACITY

1.1. ADEQUATE RESOURCES



To what extent does the local assembly have adequate resources to carry out its duties in practice? Are there any provisions for training of local councillors?

“The local assembly has an adequate resource base to effectively carry out its duties.”

Comment:

All prerequisites have been met for smooth operation of the Municipal Council. The Department for Municipal Council’s Affairs has a solid human resource base, albeit with the need for additional personnel. Appropriation of funds from the budget for the work of councillors and councillors’ clubs is carried out on the

basis of decisions. Financial resources have so far been adequately planned to allow smooth operation of the Municipal Council.

Given that training of councillors is not mandatory, there has been no standardised and continuous training programme for councillors so far and any educational programmes were organised on an ad-hoc basis. However, the Municipal Training System (MTS), whose establishment was supported by Sida and UNDP, will provide periodic training to both municipal public servants as well as councillors. Training for councillors will be organised in the upcoming period on the basis of identified capacity gaps.

1.2. LOCAL ELECTIONS



To what extent are local elections timely, free, fair and representative?

“Local elections have so far been timely and free. It is difficult to verify with precision and confirm whether they were fair and representative.”

Comment:

Election laws and regulations allow for free and fair local elections. Elections have been conducted in a timely manner. Given the large number of candidates, they represented a wide range of interests. The legal obligation for 35% of women on the candidates’ lists for the Municipal Council was complied with in practice during the last election. Citizens of Visoko elected a female mayor, one of only two female mayors in FBiH.

1.3. INDEPENDENCE



To what extent is the local assembly independent from the executive?

“The local assembly is independent from the executive.”

Comment:

The legislative framework governing local self-government clearly defines the roles of the legislature and the executive at the local level, which is complied with in practice. Paragraph 5 of the Statute of the Municipality of Visoko determines the relations between the Municipal Council and the Mayor. Thus, Articles 35, 36, 37 and 38 of the Statute provide that the Mayor shall submit a report on the implementation of the Municipality’s policy, on his/her activities, etc., at the latest by 31 March of the current year, and the Municipal Council may adopt the report, reject it or ask for it to be changed/amended. The Statute also provides that the Mayor shall answer councillors’ questions and respond to councillors’ initiatives within 30 days. Article 22 of the Statute defines the competences of the Municipal Council, and Article 33 defines the competences of the Municipal Mayor.³

³ Statute of the Municipality of Visoko. Available for download from the following link: <http://visoko.gov.ba/media/42063/PRECISCENI-TEKST-STATUTA.pdf>. Last accessed on 28 June 2015.

ROLE

1.4. OVERSIGHT OF THE LOCAL EXECUTIVE



To what extent are local councillors able to exercise and enforce their decisions and oversight role?

“The Municipal Council has the mandate to oversee the work of the local executive and performs this role effectively in practice. The Council is partially able to enforce its decisions.”

Comment:

Councillors make use of various mechanisms to oversee the local executive. The mechanism of councillors’ questions and initiatives provides a timely response by the Mayor to enquiries made by municipal councillors within 30 days, as provided for by the Statute. Overall, local councillors tend to express their satisfaction with the effectiveness of the oversight process and are satisfied with the responses they receive at meetings. However, there are instances where they do not receive timely answers to their questions, as well as cases when their initiatives are ignored.

1.5. REPRESENTATION



To what extent do local councillors represent the interests and priorities of their constituency in practice?

“Local councillors do not adequately convey the interests and priorities of their constituency in practice, and therefore there are currently considerable fluctuations and a struggle between councillors, parties and the executive.”

Comment:

Most candidates who win the trust of voters in elections are nominated to candidates’ lists by political parties. Hence, their loyalty to the party remains visible during their term in office.

However, recent years have seen significant changes in this field. For example, several councillors have bolted their parties and now act as independent representatives of their constituency, and not the party that proposed them.

GOVERNANCE

1.6. TRANSPARENCY OF THE LOCAL ASSEMBLY



To what extent can citizens access relevant information on the local assembly and councillors?

“Citizens can access information on the Municipal Council and councillors and information is easy to access.”

Comment:

All meetings of the Municipal Council and working bodies are open to the public, and any citizen can attend them. All Municipal Council’s materials can be found on the official website of the Municipality, and a recording of each meeting is broadcast on a local TV channel

shortly after the meeting has finished. Citizens can also express their opinion if they file a prior notice, and can participate in discussions during Council meetings.

1.7. ACCOUNTABILITY OF LOCAL COUNCILLORS



To what extent are local councillors answerable for their actions in practice?

“Municipal councillors are partially answerable for their actions in practice.”

Comment:

Detailed information about the work of the Municipal Council is provided to citizens via the continued broadcast of Council meetings on the local TV channel, which puts additional pressure on councillors to be answerable for their actions. Public hearings are organised when it is necessary to get the opinion of the public on specific issues. However, despite this, the answerability of municipal councillors primarily comes down to political answerability.

There are mechanisms whereby citizens can complain about the work and actions of councillors, as prescribed by the Code of Ethics for the Municipal Councillors and the Mayor of Visoko, Chapter X – Complaints Procedure, Article 20.⁴

In practice, however, citizens do not make use of the right to lodge complaints for violations of the Code.

⁴ Code of Ethics, Municipality of Visoko. Available for download from the following link: <http://visoko.gov.ba/media/42066/Eticki-kodeks.pdf>. Last accessed on 28 June 2015.

1.8. INTEGRITY OF LOCAL COUNCILLORS



To what extent is the integrity of local councillors ensured?

“The integrity of municipal councillors is partially ensured.”

Comment:

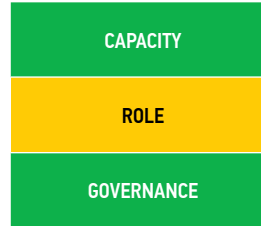
The Municipal Council of Visoko, at its 21st meeting, held on 7 October 2006, adopted the Code of Ethics for the Municipal Councillors and the Mayor of Visoko, which sets a framework of ethical principles of conduct, adapted to the existing legislation, regulations and principles of public administration. The subject of this Code are the basic principles of standardised behaviour, as expected by citizens from elected officials in the exercise of their duties, which will ultimately be reflected in citizens’ confidence in institutions. When beginning their term of office, councillors are required to submit asset declaration forms. However, the practice of making regular updates to the forms has not been observed.

Rules and regulations that should have a preventive effect on corrupt practices in the work of the councillors do exist, but are enforced inconsistently. There are some recent examples of councillors infringing the Code of Ethics, but these cases have never been investigated.

Recently, one case of conflict of interest has been reported.

2. LOCAL EXECUTIVE

CAPACITY



2.1. CLEAR FUNCTIONS



To what extent does the Local Government have a clear and realistic strategy/action plan and a coherent set of functions?

“The Local government has a clear and realistic strategy and a coherent set of functions.”

Comment:

Bodies of the Municipality are the Municipal Council and the Mayor. The Municipal Mayor is the holder of executive power in the Municipality of Visoko and has six assistants who provide support in various fields. The Mayor manages the municipal administration and municipal departments, municipal Public Attorney’s Office, etc., which is regulated by the Statute of Visoko. Public enterprises and public institutions are also part of the local self-government. The Municipal Council is composed of 25 elected councillors who represent the interests of citizens. Another important factor in local

self-government are local communities.

The local government has inherited the strategy adopted by its predecessors. However, on its own initiative, the government started developing a new strategy based on the adopted Methodology for Integrated Local Development Planning in BiH, which was supported by UNDP and the Embassy of Switzerland, and adopted and recommended for application by both entity governments, with a view to ensuring proactive and accountable local development planning and management. The implementation of the strategy and the action plan are the responsibility of the Municipality as a local self-government and all its bodies, depending on the relevant field of activity.

2.2. PREDICTABLE RESOURCES



To what extent does the Local Government have access to the resources it requires to carry out its functions and deliver its vision?

“The Local Government has access to some of the revenues collected at the local level that it requires to carry out its functions and deliver its strategy.”

Comment:

The legislative framework specifies the public funds that are appropriated to local government units, and municipalities may predict municipal revenues in their budgets accordingly.

Direct revenues of the Municipality include property tax, tax on agricultural activity, tax on real estate transactions, revenues from municipal property and

property rights, communal taxes, other taxes and fees in accordance with municipal regulations, fines, revenues from enterprises and other legal entities owned by the municipality, revenues from interests in accordance with the law, revenues from concessions in accordance with the law, revenues from voluntary local tax in accordance with the municipal decision and the Statute of the Municipality, revenues from budget beneficiaries, gifts, inheritances, aid and donations and other revenues stipulated by law or the decision of the Municipal Council. Other revenues of the Municipality include revenues from shared taxes in accordance with the law, and transfers and grants from higher levels of government.

However, when it comes to the division of competences between the canton and the municipality⁵, in recent years there have been some modifications at the expense of the municipal budget, primarily in terms of revenues from income tax and in the field of inspection. Other revenues, which are shared with the canton, include those from indirect taxes (e.g. The Road Directorate), and charges (road user charge for vehicles of legal and natural persons, fees for using survey and cadastral data, fees for protection against natural and other disasters, etc.).⁶

When it comes to financial support from higher levels of government through transfers and grants, the funds are appropriated to municipalities on the basis of public calls issued by different instances, depending on their

⁵ Numerous competences are shared between municipalities and cantons; list of competences of municipalities and cantons in FBiH is available in the publication Block by Block – It’s Good to Build Well, models of organisation of local self-governance, pp. 222-237

⁶ Revenues are distributed in accordance with the Regulation on the Payment of Public Revenues. Available for download from the following link: <http://finprofi.ba/view-more/pravilnik-o-nacinu-update-javnih-prihoda-u-fbih/141>. Last accessed on 5 July 2015.

competences (e.g. FBiH Ministry of Environment, FBiH Ministry of Agriculture, etc.). The Municipality sees as a significant problem the fact that these transfers cover only 20-30% of the total funds needed for the implementation of projects with which the Municipality of Visoko applied to higher levels of government, which is insufficient for, and significantly delays, the implementation of projects.

The Municipality also relies on loans (e.g. from EBRD, European Investment Bank, etc.) to realise additional projects important for the local community.

ROLE

2.3. MANAGEMENT OF THE LOCAL BUREAUCRACY



To what extent does the local executive effectively perform its role in terms of providing effective oversight of, and support to, the local bureaucracy?

“The current executive has proved proactive, efficient and effective in its work and providing oversight of, and support to, the local bureaucracy.”

Comment:

Mechanisms to supervise and manage the work of the local public sector do exist, but the laws on civil servants and government employees⁷ may slow down the enforcement of any changes and protect employees to

a large extent. Enforcement of established procedures takes time and often, once the procedures are completed, they have no discernible effect (e.g. following a disciplinary procedure, the punishment for a local public servant comes down to being transferred to the same position, but in another department). Also, for a municipal public servant to be dismissed from service, it is necessary to prove that he/she has not performed his/her duties for two consecutive years, which in itself can be very difficult to prove).

The local executive is actively working to improve these mechanisms, especially when it comes to the HR and performance management system, and has implemented a series of measures aimed at increasing efficiency (e.g. continuous reporting and monitoring of the work of employees).

There are procedures and practices in place to monitor and appraise the work of public servants; however, this system requires certain improvements (e.g. monthly reporting on the work). The practice of performance appraisal of municipal public servants has been introduced in accordance with the Law on Civil Service in FBiH (“Official Gazette of the Federation BiH”, no. 29/03) and the Guidelines of the Civil Service Agency of FBiH, where the head of a department evaluates the work of all public servants following the proposal of the superior officer. If a public servant scores well over a longer period of time, this forms the basis for advancement.

Also, supervision of public institutions and enterprises (within the Municipality’s scope of remit) is an important aspect of control which is exercised by the bodies set up by the founder as well as by the Council through the reviewing of plans and reports and monitoring performance. The Mayor actively uses his/her supervisory powers in supervising the work of public institutions and enterprises, as provided for under the Statute of the Municipality. In several instances, initiatives were

⁷ The Laws are available at: <http://www.adsfbih.gov.ba/index.php?lang=ba&set=90>. Last accessed on 28 June 2015.

launched before the competent bodies (one example is the case of bankruptcy proceedings initiated against a public company after the external auditor found huge losses in its operations, which had not been previously shown).

2.4. OVERSIGHT OF PRIVATE PROVIDERS OF PUBLIC GOODS



To what extent does the local executive effectively perform its role in terms of holding private service providers of public goods accountable for the service delivery they are contracted for?

“The local executive is persistent in the control of the execution of contracted services and holding private service providers to account.”

Comment:

The process of contracting private service providers of public goods is open and transparent, and complies with the statutory provisions. Outsourcing of public services is used often by the Municipality of Visoko. Some of the outsourced services include supervision, design and audit, which are performed by external partners selected through public calls for tenders.

The performance of private service providers is monitored in accordance with the signed contracts, and contract execution is overseen by the external experts engaged with the aim of providing the most effective oversight. Apart from these, there are no other mechanisms for ensuring the quality of services provided.

2.5. REGULATION OF LOCAL BUSINESS



To what extent does the local government effectively perform its role in terms of regulating local businesses in an even-handed and effective manner?

“The local government effectively performs its role in terms of regulating local businesses; however, there is room to further strengthen this role, especially when it comes to cooperation with larger businesses.”

Comment:

There are visible efforts to promote entrepreneurship in the Municipality of Visoko. The competent inspection authorities carry out regular inspections and the inspectors are consistent and even-handed in their work.

Economic and agricultural councils were formed in June 2014. The councils meet up to twice a month to discuss strategic and developmental decisions and documents, as well as cooperation with investors. An office for entrepreneurs has also been opened in the Municipality. The office has a municipal officer who has to track every request filed by a business from the municipality with the aim of providing support.

The Municipality does not have the authority to oversee the operations of larger businesses. This oversight is performed by cantonal and federal levels. However, cooperation between the Municipality and large businesses could be increased in terms of finding ways to address challenges faced by large businesses (e.g. infrastructural issues, etc.).

The Municipality seems to be active in intervening with

higher levels of government on behalf of businesses. Examples include an initiative to change the criteria for the use of funds for the construction and equipment of business parks or cooperation with FIPA for companies with foreign capital.

Also, there are visible efforts by the Municipality to act a mediator in linking investors and privatised companies.

GOVERNANCE

2.6. BUDGET TRANSPARENCY



To what extent does the local government present a clear and accessible budget?

“The local government regularly presents a clear and accessible budget.”

Comment:

The budget is publicly available on the official website of the Municipality of Visoko and is published in the Official Gazette. The Municipality has created the relevant legal framework relating to the budget.

In BiH there are no clear guidelines on how to present budget information in a way that is easy to understand for citizens and councillors. However, as part of a project of the International Republican Institute⁸, the Municipality of Visoko has made an effort to make the municipal budget easy to understand and accessible to citizens on its official website. Graphic presentation of the Municipality’s budget and programme expenses, which are available on the Municipality’s official website, made the budget much easier to understand for

citizens. However, one should take into consideration that all residents do not have internet connection and access to the materials that are available online.

Citizens can give inputs and comment on the municipal budget during public hearings, which are organised in cooperation with local communities, NGOs and businesses. However, the final budget hearings often draw very low turnout (including, also, by councillors, who often fail to attend).

2.7. ACCOUNTABILITY OF THE LOCAL EXECUTIVE



To what extent is the local executive answerable for its actions?

“The local executive is answerable for its actions in practice.”

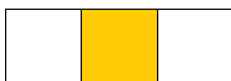
Comment:

A number of formal procedures governing the reporting to the Municipal Council are in place, such as submission of periodic and annual reports. Also, decisions that are submitted to the Council for adoption need to be accompanied by a proper argumentation. Prior to that, public hearings are held to ensure that the final decisions are informed by citizens’ inputs. The strategic planning and budgeting processes take place in regular consultation with citizens, as is the case with a number of other relevant decisions.

⁸ www.iri.org

Petitions have proved an effective tool for influencing decisions of the local executive, through which citizens have already expressed their disapproval of some municipal decisions. Several petitions have led to changes being made to the original decision of the municipal executive, which indicates that the municipal government listens to and takes into account the opinion of citizens.

2.8. INTEGRITY OF THE LOCAL EXECUTIVE



To what extent is the integrity of the local executive ensured?

“Rules and Codes to ensure the integrity of members of the executive are in place, but are incomplete.”

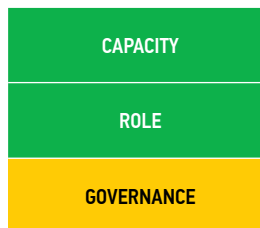
Comment:

The Municipal Council of Visoko adopted a Code of Conduct for the Municipal Councillors and the Mayor of Visoko⁹. The Code establishes a framework of ethical principles of conduct, adapted to the existing legislation, regulations and principles of public administration. The subject of this Code are the basic principles of standardised behaviour of elected officials. However, it seems that the regulations to ensure the integrity of the local executive are incomplete.

There are some recent examples of councillors infringing the Code of Ethics, but these cases have never been investigated.

⁹ At its 21st meeting held on 7 October 2006

3. LOCAL BUREAUCRACY



CAPACITY

3.1. ADEQUATE RESOURCES



To what extent does the local bureaucracy have adequate financial, infrastructural and human resources to effectively carry out its duties?

“The municipal bureaucracy has an adequate financial, infrastructural and human resource base to effectively carry out its duties.”

Comment:

Despite financial constraints, the local bureaucracy is trying to effectively carry out its duties by making efficient use of the infrastructure, redeploying current employees of the municipal bureaucracy, and recruiting new young staff and volunteers.

The new staffing plan has identified a lack of a certain number of positions in some municipal departments. In the previous period certain vacancies were filled via the Civil Service Agency of FBiH.

Administrative staff expressed satisfaction with their salaries when compared with those received by their counterparts in other municipalities.

3.2. INDEPENDENCE



To what extent is the local bureaucracy free from external interference?

“The municipal administration is making serious efforts to ensure that the local bureaucracy is free from external interference.”

Comment:

The research has shown that the municipal executive has proved supportive to the municipal bureaucracy with a view to ensuring its independence from external interference. Municipal public servants have stated that external interference with their daily duties is very rare.

In the past there was a tendency to recruit staff from specific local parties. In recent years, however, this practice has been on the wane.

Also, appeals and complaints are infrequent, and not a single one has been lodged with the Procurement Review Body of Bosnia and Herzegovina, the agency that is responsible for implementation of the Public Procurement Law of BiH.

ROLE

3.3. ENSURING TRANSPARENCY AND INTEGRITY IN LOCAL PUBLIC PROCUREMENT



To what extent is there an effective framework in place to safeguard transparency and integrity in local public procurement procedures?

“There is an adequate legal framework in place for public procurement, which, along with additional practices and efforts of the local bureaucracy, safeguard transparency and integrity of this process.”

Comment:

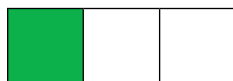
The local government is demonstrating determination in safeguarding transparency and integrity in public procurement procedures. The Municipality has introduced ISO standard in its public procurement, and all procurement procedures are conducted in accordance with it.

Preparation of annual public procurement plans is now the obligation for local government units, so the Municipality of Visoko regularly prepares one. In accordance with the relevant regulations, public procurement plans are published on the website of the Public Procurement Agency of BiH.

External audits are carried out on a regular basis (audits are initiated by the local executive) and its conclusions and recommendations have not dealt with the public procurement process in the Municipality of Visoko, so it can be concluded that the auditors did not identify any irregularities.

There are a number of complaints about public procurement procedures filed by local companies, but these can be attributed to ignorance of the law and sectionalism, because all complaints concern contracts that were awarded to enterprises from outside of the Municipality of Visoko¹⁰. No appeal has as yet been forwarded to higher authorities.

3.4. PROMOTING SOCIAL ACCOUNTABILITY AND PARTICIPATION



To what extent does the local bureaucracy promote social accountability mechanisms that provide local citizens with opportunity to interact with and make demands on local governments?

“The local bureaucracy is active in promoting mechanisms that provide local citizens with opportunity to interact with and make demands on the local government.”

Comment:

The local government of the Municipality of Visoko is committed to ensuring regular interaction with its citizens. In addition to the already existing statutory mechanisms, local government uses a variety of other ways to communicate with its citizenry, such as e-local government, electronic case management, petitions, discussions/meetings with the mayor, the possibility to attend and participate in the meetings of the Municipal Council, public hearings, letters, etc.

It is noticeable that citizens participate in and make use of these mechanisms, and it is not uncommon for an original decision of the municipal authorities to be subsequently modified to accommodate citizens’ demands.

3.5. TAX COLLECTION



To what extent is local revenue collection fair and transparent?

“Local revenue collection system is transparent, but there are still elements that require further refinement.”

Comment:

The legal framework for local revenue collection is complied with in practice. Given that the Municipality operates within the treasury system, all revenues go in and out in accordance with their purpose/type, and, as such, are properly recorded in the books.

However, in some segments the legal framework does not lay down clear guidelines and procedures are often complicated, making it hard for local public servants to follow them.

Also, there is the problem of incompatibility of relevant databases to enable adequate monitoring (cadastre, finance, utility charges), which often forces public servants to think on their feet and make on-the-spot improvisations.

¹⁰ Some businesspeople believe that priority should be given to companies from the Municipality of Visoko.

3.6. PROTECTING LAND AND PROPERTY RIGHTS



To what extent are land and property rights protected by the local government?

“Land and property rights are protected by the local authorities.”

Comment:

There are clear and transparent regulations in place governing local land records, land development, urban planning and construction permits.

There are clear regulations regarding the compensation of citizens for expropriation of their land. Citizens can contest land use decisions by the local government through several mechanisms.

Most of the appeals regarding land and property rights received by the local government concern cases of usurpation, while others concern cases that are of minor importance.

The vast majority of appeals (90%) concern the interpretation of the Law on Construction, and local public servants require relevant support in this regard (training, guide).

GOVERNANCE

3.7. ADMINISTRATIVE TRANSPARENCY



To what extent is there transparency in financial, human resource and information management of the local public sector?

“There is transparency in financial management and human resource management.”

Comment:

The Municipality operates within the treasury system, which greatly contributes to transparent distribution and use of resources.

Public procurement notices and vacancy advertisements are available to the public, with the exception of only one case over the last few years.

Regulations governing the disclosure of data about the assets of responsible officers and councillors are in place, and these data are published when they take office.

Information on property owned by the Municipality is available from the local land registry.

Citizens and legal persons use mechanisms established under the Law on Freedom of Access to Information in FBiH. In the last year the municipal authorities received and responded to 16 requests lodged under the Law.

3.8. ACCOUNTABILITY OF LOCAL PUBLIC SERVANTS



To what extent are local public servants answerable for their actions in practice?

“The Civil Service Law and other implementing

regulations define the rights and obligations of civil servants, but in practice all of the above fails to produce the desired results because public servants are highly protected."

Comment:

The Law on Civil Service ("Official Gazette of FBiH", nos. 29/03, 23/04, 39/04, 54/04, 67/05, 08/06, 04/12), Law on Government Employees in the Civil Service in FBiH ("Official Gazette of FBiH, no. 49/05), Code of Ethics for Civil Servants and Government Employees, ISO standard, performance appraisal of civil servants and government employees are the regulations that define the work of public servants and provide for its oversight.

A state licensing exam, performance appraisals and activity reports do not necessarily mean that a public servant is answerable in his/her work.

There are several examples of disciplinary actions instituted against public servants (an average of one per year), but generally the process is very slow and largely ineffective.

3.9. INTEGRITY OF LOCAL PUBLIC SERVANTS



To what extent is the integrity of local public servants ensured?

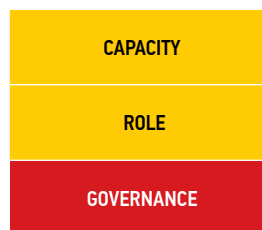
"The integrity of local public servants is ensured by means of relevant legislation, but it is difficult to track in a measurable way."

Comment:

The Law on Civil Service ("Official Gazette of FBiH", nos. 29/03, 23/04, 39/04, 54/04, 67/05, 08/06, 04/12), Law on Government Employees in the Civil Service in FBiH ("Official Gazette of FBiH, no. 49/05), Code of Ethics for Civil Servants and Government Employees, ISO standard, performance appraisal of civil servants and government employees are the regulations that govern the integrity of public servants and provide for its oversight.

Although the Municipality is making significant efforts to ensure the integrity of civil servants, the whole process seems slow due to the entrenched practices and rigidity and unwillingness of the human factor to adopt practices with which to ensure and monitor the integrity of public servants.

4. LOCAL POLITICAL PARTIES



CAPACITY

4.1. ADEQUATE RESOURCES



To what extent do the financial resources available

to local political parties allow for effective political competition?

“There are funds that are available to political parties, but not to all but only to those in power.”

Comment:

In the present circumstances political competition is not effective because the ruling parties can raise a lot more money than those in the opposition. Budget funds are now very limited (earlier the situation was better for small parties because the budget was larger) and are insufficient to allow small parties to compete on even terms with the larger ones, which are in power and which can raise funds from public and private companies by exerting influence on their operations.

Access to the media is equitable in terms of participation in free advertising programmes that are featured in some media outlets. However, when it comes to commercial advertising, parties do not have equitable access as the commercial use of media space is expensive.

4.2. INDEPENDENCE



To what extent are local political parties free from unwarranted external interference in their activities?

“Local political parties are partially free from unwarranted external interference in their activities.”

Comment:

Unwarranted external interference in the activities of

political parties at the local level is generally weak.

However, the level of interference by party headquarters in the activities of the local branches varies from party to party. Some parties have a very limited degree of discretion at the local level because they are bound by the decisions and positions of their headquarters. This often results in irrational decisions at the local level because party headquarters do not always have sufficient information to make an informed decision.

ROLE

4.3. INTEREST AGGREGATION AND REPRESENTATION



To what extent do local political parties aggregate and represent a broad range of social interests at the local level?

“Local political parties partially represent social interests at the local level. Parties often focus on narrow interests and, as a result, many relevant social interests do not find a voice in the local political scene.”

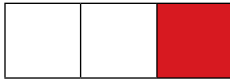
Comment:

There is no special way for local political parties to ensure representation of a broad range of social interests (as it all depends from case to case), but this is most commonly done through the Municipal Council. There are always attempts by some interest groups or individuals to control a situation. All those who donate to political parties seek to influence their work in a manner that will provide them with a return on investment.

Recent efforts by several councillors to serve solely in the interest of their constituency and local community resulted in severe political turbulences in local political parties and the Municipal Council. Some councillors have left their parties and now serve as independent municipal councillors.

GOVERNANCE

4.4. TRANSPARENCY OF LOCAL POLITICAL PARTIES/ CANDIDATES



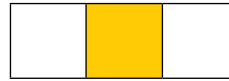
To what extent is there transparency in the operations of local political parties?

“The current system is not sufficiently transparent and does not allow the public to get access to information about the sources of funding of political parties.”

Comment:

There are no rules in place requiring local political parties to make their financial information publicly available except those that apply to political parties at the national level. It is difficult to get information on how the parties obtain funds or other material resources used in their work. There are many things about party financing that remain hidden from public view and scrutiny. The current system is not sufficiently transparent and does not allow the public to get access to information about the sources of funding of political parties.

4.5. ACCOUNTABILITY OF LOCAL POLITICAL PARTIES



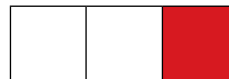
To what extent is there effective oversight of local political parties?

“Oversight of local political parties is not sufficiently effective.”

Comment:

There is no oversight of financial operations of local branches of national political parties, except that that is performed by the Central Election Commission (CEC) at the level of party headquarters. CEC does not provide access to all the information required by law to be made publicly available, so it may be impossible to get access to relevant information about parties and their sources of funding.

4.6. NOMINATION AND SELECTION OF LOCAL CANDIDATES



To what extent are local candidates selected in a fair and transparent manner?

“Methods for the selection of candidates for local elections are not presented to voters in a transparent manner.”

Comment:

Candidates for local elections are elected within the

parties, and selection is often subject to the President's discretionary powers, lobbying, financial power, etc.

OVERSIGHT AND ACCOUNTABILITY FUNCTIONS

5. COMPLAINTS HANDLING



CAPACITY

5.1. ACCESS TO A COMPLAINTS MECHANISM



Is there an independent procedure (e.g. through an ombudsman or similar function) to deal with complaints of perceived unjust treatment by the Local Government?

"There is a procedure at the local level to deal with complaints of perceived unjust treatment by the local government."

Comment:

The Municipality has procedures to receive and handle complaints lodged by citizens which are responded to by the Mayor. In addition, there are other grievance procedures such as those to formally consider appeals

against decisions of municipal administrative bodies.

Complaints for unjust treatment by any authority in Bosnia and Herzegovina can also be lodged through the Institution of Human Rights Ombudsman in Bosnia and Herzegovina; however, this institution only issues recommendations for ensuring better treatment by local institutions.

EFFECTIVENESS

5.2. INVESTIGATION OF COMPLAINTS



How effective is the complaints procedure in practice?

"The complaints procedure is somewhat complicated, and it is questionable to what extent the rulings are fair or effectively enforced."

Comment:

The complaints is rarely used by citizens. In the last few years there have been no rulings against the Municipality of Visoko.

According to the Annual Report on Results of the Activities by the Human Rights Ombudsmen of BiH for 2013¹¹, the Ombudsman Institution had a total of 5,094 complaints relating to unjust treatment by the author-

¹¹ The report is available for download from the following link: http://www.ombudsmen.gov.ba/documents/obmudsmen_doc-2014042313584567bos.pdf. Last accessed on 30 June 2015

ities of Bosnia and Herzegovina, of which 3,496 were resolved (68.63%). However, the report also identified the unwillingness of local authorities to cooperate, communication problems and apparent incompetence of local government bodies. Given these findings by the Ombudsman Institution, it remains questionable to what extent this mechanism has actually had an impact on the treatment by local authorities, even though the complaints were formally resolved.

6. AUDITING



CAPACITY

6.1. PROVISIONS FOR LOCAL GOVERNMENT AUDITS



To what extent are there regular audits of the local government and comprehensive sanctioning provisions?

“There are clear rules for local government audits, and audits are conducted in practice, but auditors are low in capacity.”

Comment:

The internal audit system has been established in the Municipality despite limited human resources. A

position of internal auditor is envisaged under the new staffing plan.

On the other hand, a system of external auditing of the public sector has also been put in place, but the competent institutions conduct external audits randomly every few years. To address this, the local government decided on its own initiative to have external audits conducted regularly by external actors instead of the competent institution.

Results of external audits are easily available to the public.

EFFECTIVENESS

6.2. EFFECTIVENESS OF LOCAL GOVERNMENT AUDITS



How effective are local government audits?

“The local government is trying to act upon the outcomes and recommendations of the audits.”

Comment:

Given that external audits are carried out regularly on the initiative of the Mayor and the Municipality, acting on the outcomes and recommendations of the audits has become a continuing practice which contributes to systemic improvement in the work of the local government. Departments which receive recommendations on how to improve their operation are given a deadline by which they have to adopt and implement the necessary changes.

However, so far there have been no sanctions imposed against those responsible for identified irregularities.

6.3. OVERSIGHT OF LOCAL GOVERNMENT AUDITING



To what extent is there effective oversight of local government auditing?

“Competent authorities have the authority and access to investigate financial mismanagement of the local government, but do not use them proactively.”

Comment:

Although the authorities that have the powers to investigate financial operations of local authorities (budget inspection, public sector auditing) have access to all records necessary for performing these tasks, inspections and audits are rare and sporadic. It is noticeable that the audits conducted by the FBiH Audit Office do not provide effective oversight of the local government.

As far as internal audits are concerned, the Central Harmonisation Unit of the FBiH Ministry of Finance provides technical support and training to internal auditors in government authorities with a view to improving the quality of oversight of local governments.

External audits basically amount to the auditing of financial statements, while specific thematic audits, or performance audits, are still far from any serious implementation.

7. CENTRALISED OVERSIGHT OF LOCAL GOVERNMENT



CAPACITY

7.1. CAPACITY FOR OVERSIGHT OF LOCAL GOVERNMENT



To what extent does the central government have the necessary resources to effectively perform its assigned role in terms of overseeing the operations of the local government?

“Government authorities at different levels, in accordance with their respective purviews, have limited capacity to perform their assigned role in terms of detecting and addressing misbehaviour, advocating for reforms and providing training advice and technical support to local governments.”

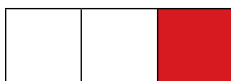
Comment:

In addition to overseeing the legality of work of local governments, higher levels of government with the authority to oversee the affairs of local governments are responsible for the preparation and implementation of strategic development goals, alignment with European standards and the like.

None of the higher levels has sufficient resources to effectively oversee the operations of the local government. It is noticeable that the capacity for high-quality oversight is missing and that oversight often happens sporadically, on an *ad hoc* basis.

EFFECTIVENESS

7.2. EFFECTIVENESS OF OVERSIGHT OF LOCAL GOVERNMENT



How effective is federal/cantonal government in performing its assigned role in terms of oversight of the local government?

“The state, entity and cantonal authorities are not effective in performing their assigned role in terms of oversight of the local government.”

Comment:

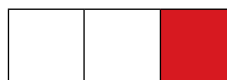
Oversight of the operations of the local government comes down to the control of the legality of documents issued by its authorities. There are no visible indications of activities aimed at prevention of corruption or implementation of reform measures, or other activities generally aimed at improving integrity in local government operations.

8. INVESTIGATION AND EXPOSURE OF CORRUPTION



CAPACITY

8.1. CAPACITY FOR INVESTIGATION AND EXPOSURE OF CORRUPTION



To what extent is there capacity for independent investigation and exposure of corruption at the local level?

“There is no capacity for independent investigation and exposure of corruption at the local level and there is no body at the local level with any powers to investigate cases of corruption.”

Comment:

There is no organisation, institution or movement with an interest, any serious power or authority to raise the issue of corruption at the local level.

There are various local media outlets that publish information relating to corrupt practices, often of questionable credibility and sources, but the publication of this information very rarely results in any significant consequence or response.

EFFECTIVENESS

8.2. EFFECTIVENESS OF INVESTIGATION AND EXPOSURE OF CORRUPTION



To what extent are cases of corruption in the local government actually investigated and exposed in practice?

“There are no cases of investigation and exposure of corruption in local government.”

Comment:

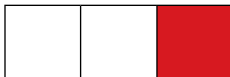
In the recent past, there have been no cases of investigation and exposure of corruption in local government.

9. AWARENESS-RAISING AND PUBLIC EDUCATION



CAPACITY

9.1. CAPACITY FOR AWARENESS-RAISING AND ADVOCACY ON ANTI-CORRUPTION



To what extent is there capacity for educational activities, public information and advocacy on anti-corruption issues at the local level?

“Educational activities, public information and advocacy on anti-corruption issues at the local level are absent.”

Comment:

Given that there are no special bodies at the local level dedicated to the fight against corruption, none of the above activities aimed at raising awareness and encouraging anti-corruption efforts has been implemented at the local level.

EFFECTIVENESS

9.2. EFFECTIVENESS OF AWARENESS-RAISING AND ADVOCACY ON ANTI-CORRUPTION



To what extent are educational activities, public information and advocacy on anti-corruption issues at the local level successful in combating corruption?

“There is no capacity in civil society to monitor cases of corruption at the local level and there is no anti-corruption body at the local level with any powers to investigate cases of corruption.”

Comment:

No significant measures, support or results have been observed in the fight against corruption given the lack of well-developed institutional and civic structures to fight corruption, or any activities in this regard.

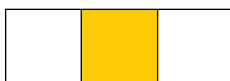
Media anti-corruption efforts and pressures are significant, but often unfounded.

10. SOCIAL ACCOUNTABILITY



CAPACITY

10.1. CAPACITY FOR SOCIAL ACCOUNTABILITY



To what extent are non-governmental actors active in promoting social accountability to hold the local government to account?

“Non-governmental actors are insufficiently active in promoting social accountability to hold the local government to account.”

Comment:

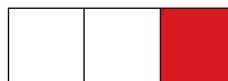
In their regular work local NGOs do not focus on activities aimed at holding local government bodies to account or promoting the principles of good governance.

Some NGOs and international organisations with substantial capacities and professional staff sporadically look into the operations of the local government. Such activities, however, are rare and short-lived, and are mostly implemented as part of some larger projects.

One such example is a user-satisfaction survey conducted among users of public services in the Municipality of Visoko, which was undertaken in 2012 by a local association¹². Also, there was a project by an international NGO to create an official website of the Municipality of Visoko, using the best practices of e-governance, including, inter alia, transparent budgeting, mechanism for interaction with the citizenry (section “Ask the Mayor”), electronic case management, etc., which has been serving as an effective channel of communication for more than a year.

EFFECTIVENESS

10.2. EFFECTIVENESS OF SOCIAL ACCOUNTABILITY



To what extent have social accountability initiatives by non-governmental actors been successful in holding the local government to account?

“Social accountability initiatives by non-governmental actors to hold the local government to account are rare.”

Comment:

The initiatives by non-governmental actors to hold the local government to account and encourage integrity in the performance of their duties have not brought about any significant improvements in the local integrity system, as is also true of the abovementioned user-satisfaction survey conducted among users of public services in the Municipality of Visoko.

¹² Damar Youth Association

VI CONCLUSION AND RECOMMENDATIONS

Based on the collected information and completed assessment, it is evident that the local bureaucracy has a solid logistical and resource base for its work, and the Municipal Council and local executive have good capacity and infrastructure. However, when it comes to the performance of their functions, there is room for improvement and increased effectiveness with the aim of achieving higher standards in their work, which would contribute to a better local integrity system. The lowest rated core local government actors are local

political parties in terms of their role in the local integrity system, internal management, and, in particular, representation of a broad range of social interests and selection of candidates for local elections. Capacities of the oversight and accountability functions do exist, but with significant shortcomings, with the capacity for awareness-raising and public education faring worst given that the interest of the media and NGOs in this issue is only sporadic or completely absent.

KEY FINDINGS

- Detailed analysis carried out in the Municipality of Visoko reveals that significant efforts are being undertaken to streamline municipal practices and processes, increase transparency and accountability, and ensure compliance with the broader legislative framework.
- The capacity of the local government to carry out its functions is at a satisfactory level, but given that there is still plenty of room for improvement, further efforts towards continuous progress of the local executive are commendable.
- There are positive efforts by the local executive, and partially by the local legislature, to steer its activities and decisions primarily towards encouraging local development and serving the interests of citizens, rather than political parties. The municipal government listens to and takes into account the opinion of citizens, and petitions are one of the mechanisms that has proved to be effective and is regularly taken into account.
- Activities aimed at ensuring transparency of both the local executive and councillors are satisfactory. This is evidenced by the municipal web portal that is used for issuing public calls, posting relevant municipal documents and maintaining two-way communication with citizens, as well as by the recording of the Municipal Council's meetings and their immediate public broadcasting on a local TV channel.
- It is commendable that the Municipality is showing initiative to rectify the omissions or lack of capacity on the part of higher levels of government in terms of oversight and auditing. The local government conducts, on its own initiative, regular independent audits (of both the local government as well as public enterprises and institutions), hiring external actors to perform the audits instead of the responsible institutions. There are also

visible efforts to translate audit recommendations into practice.

- Local government is demonstrating determination and perseverance in safeguarding transparency and integrity in public procurement procedures. In addition to having introduced the ISO standard in the implementation of public procurement procedures, the government prepares regular procurement plans. The audits conducted so far have not identified any problems in this area.

THE MUNICIPALITY OF VISOKO IS FACING A NUMBER OF CHALLENGES IN ITS WORK, SUCH AS:

- The existing system that aims to ensure accountability of municipal public servants is ineffective and rigid when it comes to the mobility of public servants, which significantly slows down the streamlining efforts in the Municipality.
- Given that the Municipality of Visoko is committed to the development and promotion of entrepreneurship and that some of the country's largest corporate giants operate on its territory, maintaining close cooperation with companies and overseeing their work (within the scope of the Municipality's competences) requires continuous efforts.
- Higher levels of government do not have adequate capacity for effective oversight of the operations of local governments.
- Higher levels of government do not allocate sufficient funds for the implementation of capital investment projects proposed by the Municipality.
- The legal framework for the collection of local revenues is complied with in practice, but the framework itself is sorely inadequate in some areas, which, in addition to the incompatibility of different databases,

makes the job of the local administration very challenging and demanding.

- Citizens do not use all the mechanisms at their disposal to hold the Municipality to account for its actions. Complaints and appeals are very rare.
- Local communities as legal entities have a significant role to play, although that role remains largely absent. Local communities do not use the mechanisms at their disposal even though they are expected to play a key role in the context of interaction with citizens and ensuring greater transparency in the Municipality.
- The public does not have easy access to information about the sources of funding of local political parties (or other ways of obtaining financial resources used by parties) since the current system is not sufficiently transparent.
- Political parties do not represent a broad range of social interests aimed at the development and prosperity of the community, but are typically preoccupied with narrow party interests. Most candidates in the elections are proposed by political parties.
- The local government does not have adequate tools and capacity to combat corruption at the local level, and receives no supervision and support from higher levels of government in this regard.
- Local media, CSOs and citizenry lack capacity and/ or do not show a sustained interest in building a better local integrity system.

RECOMMENDATION

- Continue to work actively on finding modalities of cooperation with the private sector with the aim of creating better conditions and removing administrative barriers. Continue to use new technologies and best practices (e.g. develop additional guidelines for investors in the English language, create additional online tools/ databases providing information on the Municipality's capacities, etc.).
- Actively guide the private sector towards full compliance with the law and respect for citizens' interests as well as implementation of social responsibility and community development support activities. Increasing social responsibility of companies based in the Municipality of Visoko is crucial for the development of the Municipality.
- Promote the role of local communities as legal entities. Insist on getting as many highly educated young people as possible involved in the work of local communities and getting them to begin to use the mechanisms that are available to them (the Municipality's website and other online tools). Steer the local communities towards intensifying interaction with the public (e.g. local communities should improve their databases of residents, develop good-quality social maps for their territories, and get involved in the education of the population), as well as contributing to increased transparency in the work of the Municipality (e.g. educating citizens about their rights as well as obligations, monitoring the work of the municipal government, participating in decision-making, etc.).
- It is essential to improve the transparency of the financing and operations of political parties and ensure that the selection of candidates for local elections is based on clear criteria and prescribed procedures, which will ultimately result in best candidates being

selected.

- Given that the Municipality is in the process of developing a strategy with clear indicators (in line with the Methodology for Integrated Local Development Planning in BiH), after its operationalisation, it is necessary to work actively towards the establishment of monitoring and reporting mechanisms (develop a comprehensive approach to reporting on achievements and development results to the Municipal Council and to citizens).
- Work towards strengthening civil society, starting with the basic training on preparation of project proposals and project cycle management to strengthening the role in oversight of the local government and available mechanisms.
- Together with local communities, civil society and the private sector, continue to work on public education (especially in such fields as environmental protection, promotion of volunteerism, social accountability).

VII BIBLIOGRAPHY

- 1 Situation Analysis of Local Self-Government in BiH (draft), EDA, Banja Luka, 2005. http://www.osfbih.org.ba/images/Prog_docs/LG/Arhiv/Istrazivanja/2005_Analiza_stanja_lokalne_uprave_u_BiH.pdf (accessed on 1 June 2015)
- 2 Budget of the Municipality of Visoko for 2014 <http://visoko.gov.ba/media/442835/BUDZET-ZA-2014GODINU.pdf> (last accessed on 1 July 2015)
- 3 Statute of the Municipality of Visoko <http://visoko.gov.ba/media/42063/PRECISCENI-TEKST-STATUTA.pdf> (last accessed on 1 July 2015)
- 4 Rules of Procedure of the Municipal Council in Visoko <http://visoko.gov.ba/media/42069/POSLOVNIK-VI-JE%C4%86A-2.pdf> (last accessed on 1 July 2015)
- 5 Code of Ethics for Elected Officials of the Municipality of Visoko <http://visoko.gov.ba/media/42066/Eticki-kod-eks.pdf> (last accessed on 1 July 2015)
- 6 Law on Civil Service in the Federation of Bosnia and Herzegovina
- 7 <http://www.fmup.gov.ba/bs/text.php?id=53> (last accessed on 1 July 2015)
- 8 Law on the Distribution of Public Revenue in the Federation of BiH http://www.pufbih.ba/images/stories/_ZAKON_O_PRIPADNOSTI_JAVNIH_PRIHODA_BOS.pdf (last accessed on 1 July 2015)
- 9 Regulation on the Payment of Public Revenues. <http://finprofi.ba/view-more/pravilnik-o-nacinu-update-javnih-prihoda-u-fbih/141> (last accessed on 5 July 2015)
- 10 Annual Report on Results of the Activities by the Human Rights Ombudsmen of Bosnia and Herzegovina, Institution of Ombudsman for Human Rights in Bosnia and Herzegovina, Banja Luka, 2014
- 11 http://www.ombudsmen.gov.ba/documents/obmudsmen_doc2014042313584567bos.pdf (last accessed on 1 July 2015)
- 12 User Satisfaction Survey for Public Services in the Municipality of Travnik: Monitoring of Local Services: civil society organisations (CSOs), citizens and local authorities working together for better services, Centre for Promotion of Civil Society, Centre for Youth Education, Sarajevo, 2012
- 13 http://www.ombudsmen.gov.ba/documents/obmudsmen_doc2014042313584567bos.pdf (last accessed on 1 July 2015)

14 Report on the Work of the Agency for Prevention of Corruption and Coordination of the Fight against Corruption (from 1 January to 30 September 2013)

15 http://www.apik.ba/acms_documents/izv-je%C5%A1taj%20o%20radu%20apik%202013.pdf (last accessed on 1 July 2015)

16 Audit Report for the Municipality of Visoko for Years 2012 and 2013

17 Block by Block – It's Good to Build Well, models of organisation of local self-governance, Ed. Zlokapa, Zdravko, EDA. Banja Luka, 2007

18 http://www.osfbih.org.ba/images/Prog_docs/LG/Arhiv/Istrazivanja/2007_Kocka_do_kocke.pdf (last accessed on 1 July 2015)

19 Findings of the 2012 Survey on the Transparency of Local Government Units in Bosnia and Herzegovina, Transparency International Bosnia and Herzegovina, Sarajevo, 2012 <http://magg.mladenbl.com/Pregled/MAGG%20%20drugi%20nact%20izvjestaja.pdf> (last accessed on 1 July 2015)

20 Assessment of Budget Transparency in the Municipalities in Bosnia and Herzegovina, Analytics – Centre for Social Research, report no. 1/2011 http://www.analitika.ba/sites/default/files/publikacije/Analitika%20-%20Lokalna%20budzetska%20transparentnost_0.pdf (last accessed on 1 July 2015)

21 National Integrity System Study, Transparency International Bosnia and Herzegovina, Banja Luka, 2013 <http://ti-bih.org/wp-content/uploads/2012/12/TIBIH-NIS-Web-FIN.pdf> (last accessed on 1 July 2015)

