



Republika Srpska Government  
Ministry of Public Administration and Local Self-Government

# STRATEGY FOR LOCAL SELF-GOVERNMENT DEVELOPMENT IN REPUBLIKA SRPSKA

2023 - 2029 (year)

SUPPLEMENTED WITH THE ACTION PLAN FOR IMPLEMENTATION  
OF THE STRATEGY FOR LOCAL SELF-GOVERNMENT DEVELOPMENT  
IN REPUBLIKA SRPSKA 2024-2026







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**Banja Luka, February 2023**



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# ACRONYMS

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<b>ADU</b>	Civil Service Agency
<b>GVA</b>	Gross Value Added
<b>GDP</b>	Gross Domestic Product
<b>BiH</b>	Bosnia and Herzegovina
<b>VSS</b>	Tertiary education degree
<b>BFP</b>	Budget Framework Paper
<b>DT</b>	Digital transformation
<b>EU</b>	European Union
<b>FSORS</b>	Solidarity Fund for the Reconstruction of Republika Srpska
<b>PES</b>	Public Employment Service
<b>ZPK</b>	Chamber of Trades and Crafts
<b>IRBRS</b>	Investment and Development Bank of the Republika Srpska
<b>LGU</b>	Local self-government unit
<b>PUC</b>	Public utility company
<b>PE</b>	Public enterprise
<b>PPP</b>	Public-private partnership
<b>PI</b>	Public institution
<b>LG</b>	Local self-government
<b>MEIMS</b>	Ministry of EU Integration and International Cooperation
<b>MER</b>	Ministry of Energy and Mining
<b>MZ</b>	Local community (council)
<b>MZSZ</b>	Ministry of Health and Social Welfare
<b>MNRVOID</b> Society	Ministry of Scientific and Technological Development, Higher Education, and Information Society
<b>MPOS</b>	Ministry of Family, Youth, and Sports
<b>MPK</b>	Ministry of Education and Culture
<b>MPP</b>	Ministry of Economy and Entrepreneurship
<b>MPŠV</b>	Ministry of Agriculture, Forestry, and Water Management
<b>MPUGE</b>	Ministry of Spatial Planning, Construction, and Ecology
<b>MSV</b>	Ministry of Transport and Communications
<b>SME</b>	Small and medium-sized enterprises
<b>MULS</b>	Ministry of Administration and Local Self-Government
<b>MTT</b>	Ministry of Trade and Tourism
<b>NGO</b>	Non-governmental organizations
<b>CSO</b>	Civil society organizations
<b>PK</b>	Chamber of Commerce

<b>PIPLS</b>	Project for Improving Performance of Local Services in Bosnia and Herzegovina
<b>RARS</b>	Development Agency of Republika Srpska
<b>RUGIPP</b>	Republic Administration for Geodetic and Property-Law Affairs
<b>SOGRS</b>	Association of Municipalities and Cities of Republika Srpska
<b>SAA</b>	Stabilization and Association Agreement
<b>UNDP</b>	United Nations Development Program
<b>TOKIS</b>	Body for operationalization and coordination of strategic document implementation



# 1. INTRODUCTION

At its 26th special session held on December 14, 2021, the National Assembly of Republika Srpska adopted the Economic Reform Program for the period 2022–2024. Among other activities outlined in the program, it mandated the development and adoption of the Local Self-Government Development Strategy for Republika Srpska for the period 2023–2029 (hereinafter referred to as the Strategy).

The draft of this strategic document was prepared by the Working Group for the Development of the Local Self-Government Strategy in Republika Srpska. This group was appointed by the Minister of Administration and Local Self-Government, based on a decision of the Government of Republika Srpska (hereinafter referred to as the Government) adopted at its 156th session (Official Gazette of the Republika Srpska No. 14/22). The Working Group comprised 40 members,<sup>1</sup> including representatives from 14 ministries, five local governments, four specialized republican institutions, three business and entrepreneurial associations, two higher education institutions, two civil society organizations, the Association of Municipalities and Cities of the Republika Srpska, the National Assembly of the Republika Srpska (hereinafter referred to as the National Assembly), and a trade union organization.

This Local Self-Government Development Strategy is the third of its kind: the first covered the period 2009–2015, and the second, 2017–2021.

The preparation of this sectoral strategy was conducted in compliance with the Law on Strategic Planning and Development Management in Republika Srpska (Official Gazette of Republika Srpska, No. 63/21). Article 13 of this law specifies that sectoral strategies are strategic documents that identify goals and priorities for the development of specific or related sectors. In this case, it involves multiple interconnected sectors, as local self-government intersects with numerous sectoral policies, strategies, and responsibilities. This is an integrated, multisectoral strategic document (a multisectoral strategy) that sets public policies and guides the development of local self-government in Republika Srpska for the strategic period covered by the document. The Ministry of Administration and Local Self-Government led the drafting process, as stipulated in Article 7 of the aforementioned law.

In accordance with Article 8 of the Regulation on Strategic Documents in Republika Srpska (Official Gazette of Republika Srpska, No. 94/21), the development of the Local Self-Government Development Strategy followed these phases: **1) development of the strategic platform, 2) definition of priorities and measures, 3) identification of key strategic projects, 4) ensuring internal and mutual alignment of the strategic document, 5) drafting a preliminary financial plan for the implementation of the strategic document, 6) establishing a framework for implementation, monitoring, reporting, and evaluation, and 7) conducting consultations on the strategic document.**

The strategic platform, developed during the first phase, includes a situational analysis with a SWOT analysis and strategic focuses, as well as a vision and strategic goals for development with corresponding indicators.

During the drafting process, the Working Group held three two-day workshop-style meetings. The first meeting focused on discussing the key aspects and findings of the situation analysis, as well as outlining the main elements of the strategic platform. The second meeting was dedicated to identifying priorities and measures, along with certain indicators. At the third meeting, individual measures and strategic projects were elaborated, with proposals for ensuring the external and internal coherence of the document, as well as plans for financing, implementation, monitoring, reporting, and evaluation. Comments and suggestions collected during public consultations on the Strategic Platform Proposal for Local Self-Government Development in Republika Srpska for the period 2023–2029 were reviewed by the Working Group and largely incorporated into the final version. Similarly, suggestions and proposals from various domestic and international organizations, local self-government units, the academic community, RS institutions, and civil society organizations were integrated during public consultations on the draft strategic document.

<sup>1</sup> Grammatical expressions used in this strategy to denote masculine or feminine gender imply both sexes.

The draft Local Self-Government Development Strategy is aligned with the Framework for Achieving Sustainable Development Goals in Bosnia and Herzegovina, the Economic Reform Programs of Republika Srpska and Bosnia and Herzegovina, the Amendments to the Spatial Plan of Republika Srpska up to 2025, and various current sectoral strategies in Republika Srpska. It is also consistent with documents related to the EU integration process and other international obligations of Republika Srpska and Bosnia and Herzegovina, including the Stabilization and Association Agreement and the European Charter of Local Self-Government.

***The development of the Local Self-Government Development Strategy for the period 2023–2029 was supported by the EU4CS project, funded by the European Union.***



# 2. ANALYSIS OF THE STATE OF LOCAL SELF-GOVERNMENT IN REPUBLIKA SRPSKA

The baseline analysis of local self-government in Republika Srpska was prepared using available data, information, analyses, and studies. It addresses the regulatory framework for local self-government in Republika Srpska, encompassing key aspects such as constitutional provisions, legislation, competencies, service delivery, local development, financing, oversight of local self-government operations, protection of its rights, and representation of common interests. Additionally, it examines the relevant European framework and provides evaluations for Bosnia and Herzegovina and Republika Srpska regarding the Local Autonomy Index. The analysis includes detailed overviews of local self-government units based on development levels, economic, demographic, and budgetary indicators, identifies major issues in the functioning of local self-government units, and briefly presents the results and recommendations of the evaluation of the previous Local Self-Government Development Strategy in Republika Srpska for the period 2017–2021. These evaluations serve as a foundation for creating the new strategy.

## 2.1. Constitutional and Legal Framework for Local Self-Government in Republika Srpska

The system of local self-government is established and regulated by the Constitution of Republika Srpska and relevant laws. It has been significantly advanced since the founding of Republika Srpska.

### 2.1.1. Constitutional Provisions for Local Self-Government

Republika Srpska, within its internal territorial and constitutional organization of government, has an organized system of local self-government. Local self-government, as one of the fundamental constitutional principles, falls under the exclusive jurisdiction of Republika Srpska and its institutions, in line with Article 3 of the Constitution of Bosnia and Herzegovina.

Article 5 of the Constitution of Republika Srpska stipulates that the constitutional organization of the Republic is based, among other principles, on local self-government. Article 102 of the Constitution provides that the local self-government system shall be regulated by law.

The same article of the Constitution lists the following responsibilities of municipalities:

1. adoption of development programs, urban plans, budgets, and financial statements,
2. regulation and provision of public utility services,
3. regulation and management of municipal construction land and business premises,
4. construction, maintenance, and management of local roads, streets, and other public facilities of municipal significance,
5. meeting the needs of citizens in areas such as culture, education, healthcare, social protection, physical culture, information, crafts, tourism, hospitality, environmental protection, and other related matters,
6. enforcement of laws, other regulations, and general acts of the Republic entrusted to the municipality, as well as ensuring the implementation of municipal regulations and general acts,
7. formation of municipal bodies, organizations, and services, along with the regulation of their organization and operations,

8. performing other tasks as defined by the Constitution, law, and municipal statutes.

Additionally, Article 102 of the Constitution specifies that the law may entrust a city with the performance of local administrative tasks within its jurisdiction.

Cities possess resources critical to the functioning of local self-government, including financial, human, and public services, as well as other capacities. Therefore, the Republic has the ability to delegate additional responsibilities to cities beyond those assigned to municipalities.

### 2.1.2. Overview of Local Self-Government Laws

The legislative framework for local self-government in Republika Srpska has evolved through four distinct phases.

Republika Srpska **first** regulated the field of local self-government with its own law in 1994, when the National Assembly adopted the Law on Territorial Organization and Local Self-Government (Official Gazette of Republika Srpska, Nos. 11/94, 6/95, 15/96, 17/96, and 6/97). However, prior to the adoption of this law, there was no legal vacuum in this area. Article 12 of the Constitutional Law for the Implementation of the Constitution of Republika Srpska – Consolidated Text (Official Gazette of Republika Srpska, No. 21/92) stipulated that until relevant laws and other regulations were enacted in Republika Srpska, the laws and other regulations of the Socialist Federal Republic of Yugoslavia (SFRY) and the Socialist Republic of Bosnia and Herzegovina (SR BiH), which were concordant with the Constitution of Republika Srpska, would remain in force. This law addressed the territorial organization and local self-government in Republika Srpska. Article 11 of the law defined municipalities in Republika Srpska and authorized the Government to determine populated areas that constituted municipal territories. The law did not explicitly define cities as territorial units, except in Article 13, which stated that city territories would be established by law. Under this law, local self-government was exercised in municipalities where tasks of direct interest to citizens, as defined by the Constitution, laws, and municipal statutes, were carried out. The law also regulated citizen participation in municipal governance, inter-municipal cooperation, municipal responsibilities, municipal revenues, and the status and position of local community councils.

The municipal organs under this law included the municipal assembly as the representative body, the executive board, and local administration. The executive board, which functioned as the executive organ of the municipal assembly, consisted of the president and at least two members elected by the assembly. The local administration handled tasks such as the implementation of municipal regulations, laws, and other regulations delegated to municipalities, the preparation of draft decisions and acts adopted by the municipal assembly and its executive board, as well as other professional duties assigned by these bodies.

The **second** Law on Local Self-Government was adopted on December 6, 1999 (Official Gazette of Republika Srpska, Nos. 35/99, 20/01, and 51/01). This law is considered reformative as it introduced significant changes. Among other provisions, it defined municipal and city organs, including the municipal/city assembly, mayor, and municipal / city administration, and outlined their responsibilities. For the first time, the law stipulated that municipal mayors and city mayors (in cities without municipalities) would be directly elected by citizens through a majority vote of registered voters. The law also detailed the financing of municipalities, including municipal revenues and their share in the distribution of taxes, fees, and other levies determined by law, based on municipal development levels.

The **third** Law on Local Self-Government was adopted on September 13, 2004 (Official Gazette of Republika Srpska, Nos. 101/04, 42/05, 118/05, and 98/13) and was in effect from January 1, 2005, to November 25, 2016. This law regulated local self-government units, the conditions for their formation, their responsibilities, the acts of local self-government organs, public transparency, and inter-municipal cooperation. Significant attention was given to the employment and legal status of employees in the administrative services of local self-government units, including their rights, duties, and responsibilities, as well as those of elected officials. The law also established supervisory boards for local self-government units and detailed procedures for administrative oversight of their operations.

Unlike the 1999 law, which contained detailed provisions on the funding of local self-government units, the 2004 law included only general provisions on this critical issue.

Regarding municipal and city organs, the law retained the concept that the local self-government assembly was the representative body, while the mayor was the executive organ elected directly by citizens. The administrative service of the local self-government unit did not have the status of an organ. It is noteworthy that amendments to the Electoral Law of Republika Srpska discontinued the two-round mayoral election system, replacing it with a single-round election where the candidate with the most votes was elected.

The law also introduced provisions ensuring the representation of constituent peoples and others in local self-government organs.

The **fourth** Law on Local Self-Government came into effect on November 26, 2016. The Law on Local Self-Government (Official Gazette of Republika Srpska, Nos. 97/16, 36/19, and 61/21) regulates issues relevant to the organization and functioning of local self-government in Republika Srpska. However, it does not address the territorial organization of Republika Srpska, as this area is governed by a separate law, the Law on Territorial Organization of Republika Srpska (Official Gazette of Republika Srpska, Nos. 69/09, 70/12, 83/14, 106/15, 26/19, 15/21, and 37/22). The 2016 law addresses issues grouped into three categories:

3. Local self-government units and their legal status,
4. Organs of local self-government units and their responsibilities, and
5. Organization and functioning of local self-government unit organs and inter-municipal cooperation.

The latest Law on Local Self-Government omits provisions concerning the rights, obligations, and responsibilities of employees in municipal or city administrations, as these were addressed separately in the Law on Civil Servants and Employees in Local Self-Government Units (Official Gazette of Republika Srpska, No. 97/16). However, the law introduced a new criterion for determining the maximum number of employees in municipal or city administrations, a provision that sparked significant reactions among professionals and the general public in Republika Srpska. No prior legislation in Republika Srpska governing local self-government had imposed limits on local self-government unit organs regarding the number of employees. Based on an analysis of the competencies of local self-government units, their level of development, territorial size, the needs of the local population, and other quantifiable parameters—as well as the organization of local self-government in neighbouring countries that have already implemented population-based criteria—it has been concluded that a local self-government unit with a maximum of three permanent employees in the city or municipal administration (including employees in the administrative offices of the assembly) per 1,000 residents, according to the most recent population census, can achieve an optimal organizational structure to effectively fulfil all competencies and functions within the scope of both independent and delegated tasks. According to this criterion, the maximum number of employees does not include fixed-term employees, officials of the local self-government unit, or employees performing duties in the field of fire protection. This law also establishes the maximum number of permanent employees in city administrations, including those in the administrative offices of the city assembly, for cities comprising multiple municipalities. The limit is set at one permanent employee per 1,000 residents across all local self-government units within the city. This criterion applies, for instance, to the City of East Sarajevo, which consists of six municipalities.

In addition to the provision defining the criteria for determining the maximum number of employees in the Law on Local Self-Government, legal assumptions for its practical implementation have been established through secondary legislation. These include: The Regulation on Principles for Internal Organization and Job Classification in City and Municipal Administrations (Official Gazette of Republika Srpska, No. 10/17), the Regulation on Categories, Titles, and Conditions for Performing Civil Service Duties in Local Self-Government Units (Official Gazette of Republika Srpska, No. 10/17), and the Rulebook on the Content and Management of the Employee Registry in Local Self-Government Unit Organs (Official Gazette of Republika Srpska, No. 65/17).

This law establishes the possibility of dissolving the assembly of a local self-government unit by the National Assembly, upon the proposal of the Government, in cases prescribed by law. It also regulates matters concerning temporary governing bodies and early elections in the event of the dissolution of a local self-government assembly.

It is important to emphasize that this law introduces new competencies for cities that do not encompass municipalities. These competencies include legal representation before courts and other authorities in property and legal disputes, disputes related to the collection of fees and services, and labour disputes, in accordance with the law. Additionally, it covers the collection, monitoring, and enforcement of original city budget revenues. This legal reform partially moved away from the concept of homogenous local self-government, where all local government units have the same competencies.

The law also places significant emphasis on the cooperation of local self-government units. Local self-government units have the right to collaborate in carrying out duties of mutual interest to fulfil their responsibilities effectively.

Regarding citizen participation in local decision-making processes, it is noteworthy that the local community council is established as one of the forms of direct citizen involvement in local self-government. Other forms include referendums, citizen assemblies, civic initiatives, citizen hours, and other methods of participation as defined by law. Local community councils do not have legal entity status and are established by a decision of the assembly of the local self-government unit. Their organization, operation, and financing are regulated by statutes and funded through the budget of the local self-government unit, with additional funding allowed from self-contributions, donations, gifts, and personal contributions from citizens.

### **2.1.3. Overview of the Exclusive Competencies of Local Self-Government Units**

The exclusive competencies of local self-government units include the following:

a) In the area of organization and management of local self-government units:

1. Adoption of the development strategy or program for the local self-government unit,
2. Adoption of strategic and implementation documents for spatial planning within the territory of the local self-government unit,
3. Approval of budgets and financial reports for the budget,
4. Regulation and provision of the use of construction land and business premises,
5. Organization of municipal police services,
6. Conducting inspection activities in accordance with the law,
7. Organization of local economic development activities,
8. Management and disposal of local self-government unit property,
9. Establishment and regulation of city or municipal administration,
10. Execution of property-related legal affairs in accordance with the law,
11. Collection, monitoring, and enforcement of revenue collection for the local self-government unit in accordance with the law,
12. Legal representation of the local self-government unit in accordance with the law,
13. Maintenance of records on individuals who have fulfilled military obligations,
14. Development of programs to achieve gender equality,
15. Ensuring the enforcement of laws and other regulations.

b) In the area of service provision:

1. Performing specific functions in the fields of culture, education, sports, healthcare, social welfare, civil protection, information services, craftsmanship, tourism, hospitality, and environmental protection,
2. Regulation and provision of public utility services, including: production and distribution of water, gas, and heat energy; public transportation of passengers in urban and suburban areas; wastewater treatment and drainage; funeral services; maintenance, development, and equipping of public green spaces and recreational areas; maintenance of public transportation surfaces within populated areas; drainage of stormwater and other waters from public surfaces; cleaning of public surfaces within populated areas; and other utility services as defined by law.
3. Establishment of enterprises, institutions, and other organizations to provide services under their jurisdiction, including regulation of their organization and management,
4. Regulation, construction, maintenance, and utilization of public facilities and communal infrastructure necessary for the functioning of the local self-government unit.

The exclusive competencies of local self-government are characterized by the following:

- They are funded through resources generated from the local self-government unit's own revenue sources.
- Decisions are made independently within the scope of administrative decision-making.
- Oversight by the competent republican authority is limited to ensuring the legality of decisions made within the exclusive competencies, without evaluating the appropriateness of those decisions.
- The review of administrative decisions is conducted through administrative disputes.

In the area of regulatory actions and public affairs management, local self-government units are authorized to:

- Adopt strategies, plans, programs, and other planning documents within their exclusive competencies (in areas such as spatial management, local finances, and local economic development),
- Manage their own assets,
- Establish and organize city or municipal administrations in accordance with their needs and principles for internal organization and job classification, covering both exclusive and delegated competencies. This includes inspection oversight and municipal police services, and
- Ensure the implementation of laws and the execution of delegated tasks.

#### **2.1.4. Service Provision**

In the area of local service provision, local self-government units are responsible for deciding on issues related to public utilities and other matters of importance to the local population. These units are tasked with ensuring the delivery of public utility services, as regulated by specific laws, as well as managing the construction and utilization of public facilities and communal infrastructure.

Regarding other services, the key responsibilities of local self-government units in terms of decision-making and service delivery are summarized in the table below. The table outlines services included in the Local Autonomy Index, which is developed to meet the requirements of the European Commission, and will be further elaborated on in the subsequent sections of this analysis.

**Table 1. A brief overview of local self-government unit competencies by service areas**

SERVICE AREA	LGU COMPETENCIES
Education	The LGU provides funding for preschool education and care activities in preschool institutions, a portion of the funds for construction, equipping, and capital maintenance, as well as material expenses for secondary schools, and participates in shaping enrolment policies. For primary education, it contributes to infrastructure development and allocates funds for student competitions at the municipal level and the costs of participation for students from the municipality at the regional level.
Social protection	The LGU defines the policy of extended social protection within its jurisdiction and adopts corresponding programs It establishes social work centres and offers financial support to beneficiaries in accordance with regulations governing the field of social protection.
Youth and child welfare	The LGU adopts annual and mid-term child protection plans within its jurisdiction and determines extended rights. It is responsible for the construction, equipping, and maintenance of facilities for the social care of children and youth, coordinating activities, managing children’s attendance in preschool institutions, and organizing leisure and recreational activities for children up to 15 years of age (including subsidizing associated costs). The LGU provides funding for extended rights based on available resources. The LGU also adopts a youth policy for its jurisdiction.
Healthcare	The LGU organizes primary healthcare services.
Spatial planning and construction	The LGU adopts spatial planning documents and ensures their implementation. It is responsible for land use, settlement planning, public spaces, municipal waste disposal, issuing building permits, and the installation or removal of structures in public areas.
Public transportation and housing	The LGU establishes policies and organizes local transportation, which is typically operated by the private sector. It is also tasked with planning and implementing a social housing strategy within its jurisdiction and maintains ownership of social housing facilities.
Public order and peace	The LGU organizes municipal police services within its jurisdiction.

In addition to these services, local self-government units bear significant responsibility for providing services in the areas of civil protection, sports, information, craftsmanship, tourism, hospitality, and environmental protection.

The quality and accessibility of these services in the future will be heavily influenced by the speed and effectiveness of their modernization, particularly through digital transformation - referred to as ‘the future that has already begun’. This applies not only to republican authorities and institutions but also to local self-government units.

## 2.1.5. Local Development

Over the past decade, significant progress has been achieved in the field of local development management. A majority of local self-government units, primarily with the support of the ILDP project (Integrated Local Development Planning - a joint initiative of the Government of Switzerland and the United Nations Development Programme [UNDP] in BiH), which received government backing in 2008, have prepared and adopted local development strategies. These strategies aim to align economic and social development with environmental protection. Additionally, most local self-government units have developed partial capacities for managing local development. This has been achieved through the establishment of appropriate organizational units within local administrations and/or the creation of local development agencies.

The possibility of forming local development agencies is outlined in the Law on the Development of Small and Medium Enterprises (Official Gazette of Republika Srpska, Nos. 50/13 and 84/19). The same law also provides for the establishment of inter-municipal development agencies, based on agreements between interested local self-government units.

According to an analysis prepared by Republika Srpska Development Agency (RARS) for the 2021 Annual Report on Small and Medium Enterprises in Republika Srpska, there are currently 14 local development agencies (located in Banja Luka, Prijedor, Gradiška, Doboj, Bijeljina, Trebinje, Kotor Varoš, Modriča, Mrkonjić Grad, Srbac, Rudo, Stanari, Ugljevik, and Ljubinja) and one inter-municipal development agency (RAIS, based in East Sarajevo).

It is evident that more developed and economically stronger local self-government units - predominantly those with city status or categorized as developed local self-government units - have more advanced mechanisms for managing local development. In many cases, multiple organizational forms for local development management coexist within the same local self-government unit.

According to estimates by the Ministry of EU Integration and International Cooperation, which has established a direct notification system for applicants in Republika Srpska regarding open calls for project submissions, two-thirds of local self-government units actively apply for funding (either independently or through local development agencies). The remaining one-third do not actively apply to donors. From January 2019 to December 31, 2021, the Ministry recorded the delivery of 217 notifications about open calls for applications. Of these, 175 (80%) were deemed suitable for applications by local self-government units and development agencies. During the same reporting period, local self-government units and development agencies reported submitting 406 applications (from 175 calls) for project funding across all sectors. The rejection rate for submitted projects is approximately 27%.

Cities and municipalities in Republika Srpska actively participate in the Business Friendly Certification (BFC)<sup>2</sup> program in Southeast Europe, which enhances the competitiveness of cities and municipalities. The program is implemented in the Republic of Serbia, Croatia, North Macedonia, Montenegro, and Bosnia and Herzegovina. The Business Friendly Environment Network of Republika Srpska has been established. Active participants in the network include the Ministry of Administration and Local Self-Government, the Ministry of Economy and Entrepreneurship, the Association of Municipalities and Cities of Republika Srpska, and the Chamber of Commerce of Republika Srpska, which serves as the technical secretariat. According to the most recent data, 14 local self-government units in Republika Srpska have been certified or recertified according to the BFC SEE standards. These include Banja Luka, Bijeljina, Prijedor, Gradiška, Teslić, Novi Grad, Brod, Prnjavor, Laktaši, Doboj, Zvornik, Kotor Varoš, Trebinje, and Modriča. Additionally, two units (Srbac and Stanari) are currently undergoing the certification process.

Also, within the first phase of the Municipal Environmental and Economic Governance Project (MEG Project), a performance monitoring and progress tracking tool for local self-government units was developed. This tool incorporates a set of governance reference standards based on shared values and principles. Measurement within this tool, known as the Local Results Management System, is carried out using measurable

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<sup>2</sup> Local self-government units certified under the BFC standards have worked intensively to meet the requirements of the standard related to Strategic planning; Operation of local economic development offices; public-private sector cooperation through the establishment of economic councils; Establishment of streamlined systems for obtaining construction permits; Development of data-driven tools to support the local business community and attract investments; Investment promotion activities, Predictable business costs and responsible financial management; Labour market monitoring; Entrepreneurship development, and Ensuring the availability of reliable and adequate infrastructure and communal services.

performance indicators, enabling a harmonized and standardized evaluation of the performance of local self-government units across key governance areas. The Results Management System was initially applied in six local self-government units participating in the first phase of the MEG Project and has been implemented in an additional eight local self-government units in Republika Srpska since 2021.

The Investment-Development Bank of Republika Srpska also has a significant impact on local development, serving as a cornerstone for supporting development and investments in Republika Srpska. The bank fulfils this role through the financing of development projects, the implementation of privatization processes, and the efficient management of Republika Srpska's assets distributed across six funds: the Development and Employment Fund of Republika Srpska, the Shareholding Fund of Republika Srpska, the Restitution Fund of Republika Srpska, the Housing Fund of Republika Srpska, the Real Estate and Claims Management Fund, and the Development Fund for the Eastern Region of Republika Srpska. In March 2014, through the signing of a Memorandum of Understanding between the Ministry of Finance, the Ministry of Administration and Local Self-Government, the Swiss Agency for Development and Cooperation (SDC), the United Nations Development Programme, and the Investment-Development Bank of Republika Srpska, the Financial Mechanism was established. This mechanism finances projects for integrated and sustainable local development, focusing on improving the accessibility and quality of public services and promoting rural development in local communities across Republika Srpska. The Financial Mechanism represents the first public instrument designed to support the implementation of local development projects. It significantly follows the principles and rules of grant schemes applied in EU countries. Initially, the mechanism was designed to provide additional preparation, training, and capacity-building for local administrations in Republika Srpska, enabling them to utilize funds from EU pre-accession programs and other grant-based financing sources for strategic and other priority projects. Projects selected for funding are determined through a Public Call on a competitive basis, with clearly defined application conditions. Funding decisions are made by the Project Committee and confirmed by the Government. The Project Committee consists of representatives of the mechanism's partner institutions. Since 2014, through seven annual financing cycles, 64 projects have been implemented in local self-government units across Republika Srpska. The total value of these projects amounts to 8,100,000 BAM, of which 5,100,000 BAM was provided through the Financial Mechanism. The remaining amount was secured by project beneficiaries through co-financing of project activities. Furthermore, between 2020 and mid-2022, the legal framework governing the financial sector was significantly improved to promote alternative forms of financing for companies and investment opportunities, further develop the capital market in Republika Srpska, facilitate access to financing for entrepreneurs and businesses, and create a more attractive business environment for investors. Ultimately, these measures contribute to improved local development.

In the preceding period, Republika Srpska implemented a range of significant activities to support the establishment of business zones. Potential locations for business zones were mapped, basic training was provided to local administrations for their development, and a dedicated manual was prepared. Additionally, funds from various sources were approved for selected local self-governments to co-finance the preparation of project documentation for business zones. A considerable number of local self-government units have already initiated, and a smaller number have completed, activities related to the establishment of business zones, recognizing their importance in attracting investments and creating new employment opportunities. However, challenges remain, particularly regarding unfinished infrastructure works (e.g., roads, water supply and sewerage systems, electrical supply networks) and unresolved property and legal issues, which to some extent necessitate amendments to the existing regulatory framework. The RS Supreme Audit Office conducted a performance audit on the establishment of business zones in Republika Srpska for the period 2009-2019. The audit offered recommendations that, among other things, outlined the developmental pathways for this sector and supported the adoption of the new Law on Free Zones.

The RS Law on Free Zones (RS Official Gazette No. 15/21) sets out the conditions for the establishment and operation of free zones, including tax and customs incentives. Accompanying the law are the Rulebook on Criteria for Assessing the Economic Justification for Establishing a Free Zone (RS Official Gazette No. 54/21) and the Rulebook on the Content of Reports on Free Zone Operations (RS Official Gazette No. 87/21). In the upcoming strategic period, local self-government units are expected to make more extensive use of these opportunities.

## 2.1.6. Local self-government funding

The RS Law on the Budget System (RS Official Gazette Nos. 121/12, 52/14, 103/15, and 15/16) and the Law on Concessions (RS Official Gazette Nos. 59/13, 16/18, 70/20, and 101/21) prescribe the revenues and the manner in which they are shared between the RS budget and the budgets of municipalities and cities.

The revenues shared between the RS budget, municipal and city budgets, and other beneficiaries include:

a) Revenues from indirect taxes, paid into the RS budget from the ITA Single Account, which, after allocating a portion for servicing the RS external debt, are distributed as follows:

- 1) 72% to the RS budget,
- 2) 24% to the budgets of municipalities and cities,
- 3) 4% to SOE 'RS Roads'.

b) Revenues from personal income tax:

- 6) Personal income tax on independent activities, shared between the RS budget and the budgets of municipalities and cities in a ratio of 75: 25,
- 7) Income tax on personal earnings, shared between the Republic budget and the budgets of municipalities and cities in a ratio of 75: 25,

v) Revenues from fees for the conversion of agricultural land, shared between the RS budget and the budgets of municipalities and cities in a ratio of 30:70.

g) Revenues from rental of Republic-owned land, shared between the Republic budget and the budgets of municipalities and cities in a ratio of 50:50.

d) Revenues from concession fees, shared as follows: 30:70 for developed and moderately developed local self-government units, 20:80 for underdeveloped local self-government units, 10:90 for highly underdeveloped local self-government units.

đ) Revenues from special water fees:

- 1) Fees for the use of surface and groundwater, shared between the RS budget and the budgets of municipalities and cities in a ratio of 70:30,
- 2) Fees for hydroelectric power generation, shared between the RS budget and the budgets of municipalities and cities in a ratio of 70:30,
- 3) Fees for extracting materials from watercourses, shared between the Republic budget and the budgets of municipalities and cities in a ratio of 70:30,
- 4) Fees for water protection, shared between the RS budget, municipal and city budgets, and the RS Environmental Protection Fund in a ratio of 55:30:15, and

e) Confiscated property benefits and proceeds from the sale of confiscated items under the jurisdiction of the RS Inspectorate, shared between the RS budget and the budgets of municipalities and cities in a ratio of 70:30.

According to Article 11, the distribution of revenues specified in Article 9, Item a) of the RS Law on the Budget System to individual local self-government units is carried out based on the following criteria:

- a) 75% based on the population of the municipality or city,
- b) 15% based on the surface area of the municipality or city, and

v) 10% based on the number of students in secondary schools.

The own-source revenues of municipal and city budgets, under Article 11 of the RS Law on the Budget System, include:

a) Property tax,

b) Monetary fines,

v) Municipal administrative fees,

g) Communal fees,

d) Water protection fees,

đ) Municipal fees for the use of natural and other resources of general interest,

e) Tax on winnings from games of chance,

ž) Residence taxes,

z) Other revenues, such as grants, transfers, and similar sources.

The Law on Real Estate Tax (RS Official Gazette No. 91/15), in Article 4, authorizes municipal and city assemblies to adopt decisions on the value of real estate by zones for land (construction, agricultural, forest, industrial) and construction facilities (apartments, houses, business and industrial premises, and other facilities). The Tax Authority determines the tax base based on the value established by the decision of the local self-government assembly.

## **Borrowing by Local Self-Government Units**

The RS Law on Borrowing, Debt, and Guarantees (RS Official Gazette Nos. 71/12, 52/14, 114/17, 131/20, and 128/21\*), in Articles 59, 60, and 64, regulates the borrowing of local self-government units. Article 59 stipulates that a local self-government unit may undertake long-term borrowing only if, at the time the debt is incurred, the total repayment amount, including the proposed debt and the total outstanding unpaid existing debt, does not exceed 18% of its recurrent revenues generated in the previous fiscal year in any future year. Article 60 of the same Law prescribes that the short-term debt of a local self-government unit must not, at any time, exceed 5% of its recurrent revenues generated in the previous fiscal year.

According to the provisions of Article 64 of the aforementioned Law, the debt of a local self-government unit constitutes an absolute and unconditional obligation of the local self-government unit in accordance with the terms of borrowing.

## **Budget Management of Local Self-Government Units**

According to assessments by the Department for Budget and Public Finances within the Ministry of Finance, which oversees the planning and execution of local self-government unit budgets, it has been observed that good practices for realistic planning - aligned with relevant documents and decisions - and regular monitoring of tax and non-tax revenues, grants, transfers, receipts from non-financial assets, and other income are not consistently implemented across all units. Additionally, there is a clear need to rationalize expenditures, particularly those related to personal income and the use of goods and services. On the other hand, there is a need to encourage economically justified investments.

### 2.1.7. Oversight of Local Self-Government Unit Authorities

The oversight of local self-government unit authorities aims to ensure that local government operations comply with the Constitution and laws. Republic-level authorities, through their supervisory role, ensure the efficiency of delegated state administration tasks assigned to local self-government bodies. The key features of this oversight include:

- Legality-based supervision, where oversight, including its scope and procedure, can only be prescribed by law,
- For tasks within the independent scope of local self-government, the competent ministry reviews only the legality of acts adopted by municipal or city authorities, without assessing the expediency of their decisions,
- Oversight must not restrict the autonomy or independence of local self-government authorities in managing tasks within their jurisdiction relative to RS-level authorities,
- For delegated tasks, oversight includes both legality and efficiency aspects,
- Measures undertaken by competent RS authorities during the oversight process must be proportionate to the importance of the interests they seek to protect (proportionality principle), and
- Subsidiary application, where procedural matters not regulated by the Law on Local Self-Government are governed by the Law on General Administrative Procedure (RS Official Gazette Nos. 13/02, 87/07, 50/10, and 66/18).

Articles 94 to 104 (Chapter IX) of the Law on Local Self-Government regulate the procedures for overseeing the work of local self-government unit authorities.

The Ministry of Administration and Local Self-Government is authorized to perform oversight as defined by this law over the operations of local self-government unit authorities. Additionally, other ministries conduct oversight within their respective areas of jurisdiction.

### 2.1.8. Protection of Local Self-Government Rights

Article 157 of the Law on Local Self-Government stipulates that local self-government unit authorities may initiate proceedings before the competent court to assess the constitutionality and legality of laws, regulations, and other general or individual acts that violate the rights of local self-government units.

Furthermore, Article 158 of the Law provides that if local self-government unit authorities believe that an act or action by an RS or state authority has violated rights guaranteed by law, they may, within 30 days of becoming aware of such action or act, submit a request for the protection of their rights to the competent district court in administrative proceedings. The court may annul the act in question, prohibit further execution of the action, or reject the request for protection of rights.

### 2.1.9. RS Association of Municipalities and Cities

All local self-government units in the RS are members of the RS Association of Municipalities and Cities (SOGRS), which was established in 1998 and is headquartered in Bijeljina.

To strengthen the role of SOGRS and ensure greater participation of local self-government units in public policy creation, amendments to the Law on Local Self-Government in 2013 established the obligation for republic administrative authorities to submit draft or proposed laws and other general acts affecting the position, rights, and obligations of local self-government units to SOGRS and local self-government authorities for feedback.

The cooperation between SOGRS and higher levels of government in Republika Srpska is reflected in collaboration with the Government, with which SOGRS has signed a Memorandum of Cooperation, as well

as with ministries, the National Assembly and its committees, and other RS-level authorities, organizations, and institutions. SOGRS has signed memoranda or agreements of cooperation with the RS Tax Authority, the SR Chamber of Commerce, the RS Environmental Protection Fund, and the Standing Conference of Towns and Municipalities of Serbia. SOGRS maintains close and ongoing cooperation with the Association of Municipalities and Cities of the Federation of BiH. SOGRS is a member of recognized international organizations, including the Council of European Municipalities and Regions (CEMR), United Cities and Local Governments (UCLG), and the Network of Associations of Local Authorities of South-East Europe (NALAS). It actively cooperates with international donors across various areas, such as strengthening the capacities of SOGRS and local self-government units, regulatory reforms, and other initiatives.

The structure of SOGRS consists of the following: The Assembly: Each member has a representative with voting rights. The Presidency: An executive body with 21 members, including the President and three Vice Presidents, elected for a four-year term. The Supervisory Board: An oversight body of the Assembly. The Technical Service: Provides technical and administrative support. Sectoral Committees: Permanent bodies addressing specific social issues of interest to SOGRS members. Networks: Organized for experience sharing, knowledge exchange, alignment, and coordination of activities of common interest for all or several members of the Association.

The programmatic areas in which SOGRS operates include: systemic issues, local authorities, and administration; local self-government finances and property; local development; social activities: urban planning, spatial planning, and utility services; environmental protection and energy efficiency, international cooperation and EU integration.

## 2.2. European Framework for Local Self-Government

The European framework for local self-government in countries undergoing EU accession has evolved significantly since 1992.

At its core lies the European Charter of Local Self-Government, adopted in 1985. By 1992, the principle of subsidiarity, a cornerstone of the Charter, was incorporated into EU law through the Maastricht Treaty, which also established the European Committee of the Regions.

In 2007, the United Nations Governing Council adopted the International Guidelines on Decentralization and Access to Basic Services for All. Building on these guidelines, the European Charter on Development Cooperation in Support of Local Governance was adopted in 2008.

In 2013, the European Committee of the Regions adopted the opinion titled 'Empowering Local Authorities in Partner Countries for Enhanced Governance and More Effective Development Outcomes', which marked the first comprehensive political framework of the European Commission concerning local authorities. This framework recognized local authorities as political actors with policymaking and decision-making roles, requiring appropriate autonomy, capacity development, and financial resources.

In 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development. At that time, all member states, including Bosnia and Herzegovina, committed to implementing the Agenda and its Sustainable Development Goals (SDGs). To facilitate this, in 2021, the Council of Ministers of Bosnia and Herzegovina adopted the document 'Framework for the Implementation of Sustainable Development Goals in BiH'. The Government endorsed this framework and tasked all ministries with contributing to the achievement of the SDGs, while the Ministry for EU Integration and International Cooperation was tasked with regularly reporting on progress. The 2030 Agenda further underscored the role of local authorities as key actors in achieving sustainable development.

The current EU approach is guided by the **Staff Working Document on EU Cooperation with Cities and Local Authorities in Partner Countries**, which calls for stronger EU engagement with local authorities. This includes strengthening an integrated and territorial approach to urban development and promoting good local governance. This approach aims to address governance challenges, inclusivity, security, climate change, sustainability, resilience, prosperity, and innovation within a new global context. An **evaluation of EU support for local authorities in the enlargement and neighbourhood regions** (2010–2018) identified

two main directions for the next strategic period: (1) Strategic engagement with local authorities (Ensure systematic inclusion of local authorities in policy dialogues; Promote comprehensive strategies to empower local authorities; Strengthen the developmental and operational capacities of local authorities; Facilitate local authorities' participation in national decision-making processes, in line with the principle of subsidiarity, while enhancing their connection with citizens), and (2) Improving financing and capacity building for local authorities (Strengthen the financial base of local authorities; Enhance institutional learning and support mechanisms).

To implement this new approach and address the complex challenges facing cities and municipalities, the active involvement of civil society organizations in the Western Balkans region is increasingly emphasized. In June 2022, the Directorate-General for Neighbourhood and Enlargement Negotiations adopted the Guidelines for EU Support to Civil Society in the Enlargement Region 2021–2027, forming the foundation for civil society support under IPA III. The guidelines outline three main objectives: (1) Establishing an enabling environment for civil society to operate effectively. (2) Strengthening cooperation and partnerships between civil society organizations and public institutions. (3) Building the capacity and resilience of civil society organizations to carry out their activities effectively. Local authorities are expected to adopt policies and frameworks that foster community organization and civic initiatives, involve civil society organizations in policymaking and decision-making, and establish strategic partnerships and dialogues with civil society.

### 2.2.1. European Charter of Local Self-Government

Models of local self-government being developed in countries in the process of EU accession take into account local specificities and are based on the principles outlined in the European Charter of Local Self-Government, adopted in 1985. According to the Charter, local self-government represents the right of citizens and local self-government authorities to regulate and manage certain public and other affairs, within the limits established by law, based on their own responsibility and in the interest of the local population.

The Charter establishes general principles governing the scope and nature of local authority, including:

- Tasks of local self-government comprise all functions not explicitly excluded from local authority by the constitution or law.
- Citizens have the right to participate in decisions concerning their local self-government units (e.g., changes to the boundaries of local authorities must involve prior consultation with local communities, typically through referendums).
- Citizens have the right to decide on the organization of local self-government and the composition of its governing bodies.
- Local self-government units, through their authorities, may perform state functions, distinguishing between original (own) functions and delegated functions. Under this system (dual-track system), the powers of central authorities over local self-government units vary depending on whether the unit is performing its original functions or delegated functions. In the case of original functions, the powers of central authorities are limited to overseeing legality and constitutionality. However, in the case of delegated functions, the subordination of local affairs is significantly more pronounced. Here, the control exercised by the central authority is proportional to the interest being protected and may include oversight of the expediency of the actions of local self-government bodies.
- Citizens have the right to decide directly or indirectly on all matters of local self-government when their interests are at stake, while decisions affecting others' interests must remain proportionate.
- The powers and responsibilities of local authorities are defined by the constitution or law, while their fundamental rights and duties are specified by statute. These powers must be complete and exclusive and may be restricted by other authorities only as provided by law.
- Local authorities should be consulted whenever possible on all matters that directly concern them.
- Local self-government authorities have the right to make independent decisions, within legal

frameworks, about the formation and use of financial resources, ensuring effective financial oversight by central authorities.

- The principle of protecting local self-government rights, as proclaimed by the constitution and law, is safeguarded through legal remedies before courts (constitutional, regular, or administrative courts).
- Local authorities have the right to form associations and networks with other local government units, either within the country or across borders.

Effective local self-government is one of the most significant objectives of ratified obligations. By ratifying the European Charter of Local Self-Government in 2002,<sup>3</sup> Bosnia and Herzegovina adopted a concept of local self-government as a right and the capacity of local authorities to regulate and manage a substantial share of public affairs within the law, based on their responsibility and in the interest of the local population. This entails meeting citizens' needs, responding to daily service demands, discharging prerogatives, building and maintaining infrastructure, securing financial resources, and ensuring efficient administration.

Local authorities' powers are full and exclusive, defined by the constitution and law, and include the right to be delegated additional powers from central and regional government institutions.

Article 4 of the Charter stipulates that public affairs should, above all, be handled by authorities closest to the citizens - the principle of subsidiarity. In delegating new responsibilities, attention must be paid to the scope and nature of the task, as well as principles of efficiency and cost-effectiveness.

The Charter guarantees local self-government the right to its own financial resources, proportional to its responsibilities, which includes the right to collect a share of revenue from local taxes and fees.

The right to local self-government is exercised through democratically elected bodies - assemblies or councils comprised of elected representatives - without excluding other forms of direct citizen participation, such as referendums or public meetings, in accordance with law and statute.

The Charter guarantees the autonomy of local authorities in organizing their administrative structures to meet the needs of their communities and the ability to engage competent personnel.

## 2.2.2. Local Autonomy Index

In December 2021, the European Commission published a new report titled 'The Local Autonomy Index in EU Countries, the Council of Europe, and OECD Members',<sup>4</sup> which, for the first time, included Bosnia and Herzegovina, with assessments also available for Republika Srpska. The Local Autonomy Index (LAI) integrates achievements of three key principles derived from the European Charter of Local Self-Government: self-governance, interaction, and local autonomy. It measures seven dimensions<sup>5</sup> of local autonomy while assessing the overall development of these dimensions and the index across 57 countries included in the study.

<sup>3</sup> In 2009, an Additional Protocol to the European Charter on the Right to Participate in Local Government was adopted, which came into force on June 1, 2012. Bosnia and Herzegovina has not ratified this protocol.

<sup>4</sup> Ladner, A., Keuffer, N. and Bastianen, A. (2021). Local Autonomy Index in the EU, Council of Europe and OECD countries (1990-2020). Release 2.0. Brussels: European Commission. Available at: [https://ec.europa.eu/regional\\_policy/en/information/publications/studies/2021/self-rule-index-for-local-authorities-in-the-eu-council-of-europe-and-oecd-countries-1990-2020](https://ec.europa.eu/regional_policy/en/information/publications/studies/2021/self-rule-index-for-local-authorities-in-the-eu-council-of-europe-and-oecd-countries-1990-2020)

<sup>5</sup> The seven dimensions are as follows: **Legal Autonomy (legal protection)** in relation to higher levels of government, measuring the extent to which local authorities are safeguarded by law. **Organizational Autonomy** evaluates the degree to which local authorities can decide on aspects of their political system and internal administration. **Policy Scope** assesses the extent to which local self-government units (LSGUs) are effectively involved in providing appropriate services. **Effective Political Discretion** (institutional depth + effective political discretion) describes the range of tasks over which local governance effectively makes decisions and whether it enjoys a general competence clause. **Fiscal Autonomy** (fiscal autonomy + financial sustainability + freedom to borrow) combines variables related to LSGUs' financial resources, enabling them to influence their own budgets. **Non-Interference** (financial transfer systems + administrative oversight) combines, on one hand, the significance given to municipalities within the state and, on the other, the degree to which municipalities are controlled by higher levels of government. **Access** (central or regional access) measures the extent to which LSGUs can influence political decisions at higher levels of government.

On a scale from 0 to 37, the total score for Republika Srpska's Local Autonomy Index was 19.75 during the period 2017-2020, representing an increase compared to 18.75 for 2010-2016 and 17.75 for 2007-2009. The first increase from 17.75 to 18.75 was due to a higher score in fiscal autonomy, following Article 4 of the Law on Property Tax (RS Official Gazette No. 91/15), which authorized municipal and city councils to determine property values by zones for different types of land (construction, agricultural, forest, industrial) and buildings (residential, commercial, industrial, and other structures). The second increase from 18.75 to 19.75 occurred in the sub-dimension of institutional depth after the adoption of the new Law on Local Self-Government in 2016. This law established new competencies for cities without constituent municipalities, including legal representation in court and other bodies in property-related disputes, disputes over fees and services, and labour disputes. Additionally, it granted cities authority over revenue collection, control, and enforcement for their original budget revenues. This legal reform partially moved away from the concept of homogenous local self-government, where all local government units have the same competencies.<sup>6</sup>

The overall Local Autonomy Index is measured on a scale from 0 to 100 points.

Nordic countries such as Denmark, Finland, Sweden, and Iceland rank among the top-scoring nations (with more than 70 points), alongside Switzerland, France, and Liechtenstein. On the other hand, countries with very low levels of local autonomy (40 points or fewer) include Cyprus, Malta, Israel, Belarus, Russia, and Moldova.

Bosnia and Herzegovina falls into the group of countries with a medium level of local autonomy (50 to 60 points), along with 14 other countries, including Slovenia, Croatia, North Macedonia, and Montenegro.

Looking at specific dimensions, Bosnia and Herzegovina's scores in 2020 were as follows:

Legal autonomy	Policy scope	Political discretion	Fiscal autonomy	Organizational autonomy	Non-interference	Access
66.67	45.97	41.54	27.63 <sup>7</sup>	77.15	63.81	88.56

It is evident that there is both room and need for improving local autonomy in Republika Srpska in the coming period, particularly in the dimensions of fiscal autonomy, effective political discretion (decision-making on relevant policies), and policy scope, i.e., the effective provision of services.

### 2.3. Overview of Local Self-Government Units in Republika Srpska

The Law on Territorial Organization of Republika Srpska (RS Official Gazette Nos. 69/09, 70/12, 83/14, 106/15, 26/19, 15/21, and 37/22) regulates the territorial organization of Republika Srpska, as well as the conditions and procedures for territorial changes.

The territory of Republika Srpska comprises municipalities and cities. A municipality is the basic territorial unit of local self-government, formed for a part of a settlement, a single settlement, or multiple settlements. A city is a territorial unit representing a cohesive geographical, historical, administrative, social, and economic entity with an appropriate level of development. The territory of Republika Srpska consists of 64 local self-government units: 54 municipalities, nine cities without constituent municipalities, and the City of East Sarajevo, which is the only city in Republika Srpska comprising multiple municipalities.

The cities in Republika Srpska are Banja Luka, Bijeljina, East Sarajevo, Doboj, Prijedor, Trebinje, Zvornik, Gradiška, Derventa, and Laktaši.

Following the signing of the Dayton Agreement, Republika Srpska retained: 33 local self-government units whose territories and seats remained unchanged, 9 local self-government units where most of the territory and seats remained in Republika Srpska, and 18<sup>8</sup> local self-government units where the majority of the territory and seats remained in the Federation of Bosnia and Herzegovina. Of the latter group, excluding

<sup>6</sup> The total score for Bosnia and Herzegovina as a whole in 2020 is 18.58.

<sup>7</sup> The low score is partially attributed to the lower level of fiscal autonomy and financial sustainability of local self-government units in the Federation of Bosnia and Herzegovina compared to Republika Srpska.

<sup>8</sup> Berkovići, Vukosavlje, Donji Žabar, Istočni Drvar, Istočna Ilidža, Istočni Mostar, Istočno Novo Sarajevo, Istočni Stari Grad, Jezero, Krupa na Uni, Kupres, Novo Goražde, Osmaci, Oštra Luka, Pelagićevo, Petrovac, Petrovo, Ribnik.

the Municipality of East Ilidža and the City of East Sarajevo, these units are predominantly non-urban and classified as underdeveloped local self-government units, requiring special and targeted support from the Government of Republika Srpska. The aforementioned overview does not include the Municipality of Milići, which was formed from part of the Municipality of Vlasenica; the Municipality of Kostajnica, formed from part of the Municipality of Novi Grad; or the Municipality of Stanari, formed from part of the territory of the City of Doboj.

### 2.3.1. Overview of Local Self-Government Units by Development Level

The obligation to determine the development level of local self-government units and rank them into four categories is prescribed by the Law on Local Self-Government (RS Official Gazette Nos. 97/16, 36/19, and 61/21).

According to Article 76, Paragraph 5 of this law, local self-government units in Republika Srpska are classified as:

- 1) Developed local self-government units,
- 2) Moderately developed local self-government units,
- 3) Underdeveloped local self-government units,
- 4) Extremely underdeveloped local self-government units.

Local self-government units in Republika Srpska exhibit varying levels of economic development, with a significant number unable to fund their budgetary needs from their own revenues. As a result, the Republic must provide the necessary funding to enable these units to effectively perform their public duties.

Currently, the Decision on Criteria for Evaluating the Development Level of Local Self-Government Units (RS Official Gazette No. 88/19) is in force, outlining nine criteria for ranking these units.

The Decision on the Development Level of Local Self-Government Units in Republika Srpska for 2023 (RS Official Gazette of Republika Srpska No. 99/22), adopted by the Government of Republika Srpska, categorizes the units as follows:

- 1) Developed local self-government units: Banja Luka, Bijeljina, Gacko, Gradiška, Derventa, Doboj, Zvornik, Istočna Ilidža, Istočno Novo Sarajevo, Laktaši, Mrkonjić Grad, Pale, Prijedor, Prnjavor, Stanari, Teslić, Trebinje and Ugljevik.
- 2) Moderately developed local self-government units: Bileća, Brod, Kozarska Dubica, Kotor Varoš, Milići, Modriča, Sokolac, Srbac, Foča and Čelinac.
- 3) Underdeveloped local self-government units: Bratunac, Višegrad, Vlasenica, Donji Žabar, Kostajnica, Ljubinje, Nevesinje, Novi Grad, Petrovac, Petrovo, Ribnik, Rogatica, Han Pijesak, Šamac and Šipovo.
- 4) Extremely underdeveloped local self-government units: Berkovići, Vukosavlje, Istočni Drvar, Istočni Mostar, Istočni Stari Grad, Jezero, Kalinovik, Kneževo, Krupa na Uni, Kupres, Lopare, Novo Goražde, Osmaci, Oštra Luka, Pelagićevo, Rudo, Srebrenica, Trnovo, Čajniče and Šekovići.

Among the 18 local self-government units where the majority of the territory and seats remained in the Federation of Bosnia and Herzegovina, 12 (two-thirds) are classified as extremely underdeveloped, while four are classified as underdeveloped, making up 89% in total. The only 'exception to the rule' is represented by two urban municipalities within the City of East Sarajevo - East Ilidža and East Novo Sarajevo - which are categorized as developed local government units.

An overview of the underdeveloped and significantly underdeveloped local government units reveals that these are predominantly or entirely rural municipalities.

On the other hand, all cities fall into the category of developed local government units. Notably, the urban municipalities within the City of East Sarajevo (East Ilidža, East Novo Sarajevo, and Pale) are classified as developed, while the rural municipality of Trnovo is categorized as significantly underdeveloped.

The overall level of development of local government units is unsatisfactory, with the majority (55.56%) classified as underdeveloped or significantly underdeveloped. In contrast, a smaller proportion (44.44%) are categorized as developed or moderately developed. Notably, nearly one-third (31.75%) are classified as significantly underdeveloped.

Further analysis includes an overview of the local government units in the RS based on economic, demographic, and budgetary indicators, as presented in the RS Statistical Office's publication 'Cities and Municipalities of Republika Srpska 2022'.<sup>9</sup>

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<sup>9</sup> [https://www.rzs.rs.ba/static/uploads/bilteni/gradovi\\_i\\_opstine\\_republike\\_srpske/2022/Gradovi\\_I\\_Opstine\\_Republike\\_Srpske\\_2022\\_WEB.pdf](https://www.rzs.rs.ba/static/uploads/bilteni/gradovi_i_opstine_republike_srpske/2022/Gradovi_I_Opstine_Republike_Srpske_2022_WEB.pdf)

## 2.3.2. Overview of Local Government Units by Economic Indicators

Table 2: Overview of local government units by economic indicators

City / municipality	Number of economic operators, 2021	Population, 2021 (estimate)	Population per economic operators, 2021	Average net salary per employee in 2021 (in BAM)	Unemployment rate, <sup>10</sup> 2021
<b>REPUBLIKA SRPSKA</b>	<b>35,778</b>	<b>1,128,309</b>	<b>31.54</b>	<b>1,004</b>	<b>16.66</b>
<b>City of Banja Luka</b>	9,960	185,075	18.58	1,139	9.33
Berkovići	78	1,818	23.31	856	28.16
<b>City of Bijeljina</b>	3,459	103,423	29.90	945	16.56
Bileća	279	9,917	35.54	829	31.62
Bratunac	341	17,760	52.08	932	21.94
Brod	353	14,884	42.16	980	14.75
Višegrad	259	8,986	34.69	968	32.56
Vlasenica	180	9,904	55.02	911	17.72
Vukosavlje	51	4,216	82.67	777	9.06
Gacko	154	8,210	53.31	1,180	17.22
<b>City of Gradiška</b>	1,597	46,744	29.27	932	10.96
<b>City of Derventa</b>	609	24,803	40.73	871	6
<b>City of Doboj</b>	1,503	58,804	39.12	1,018	19.76
Donji Žabar	94	3,257	34.65	681	9.95
<b>City of Zvornik</b>	1,008	52,683	52.26	1,002	21.65
Istočni Drvar	43	106	2.47	1,036	20.75
Istočni Mostar	3	249	83.00	1,084	35.71
<b>City of Istočno Sarajevo</b>	2,664	60,184	22.59	1,014	/
Istočna Ilidža	558	14,143	25.35	1,123	19.34
Istočni Stari Grad	57	998	17.51	830	32.52
Istočno Novo Sarajevo	771	12,255	15.89	1,056	22.89
Pale	872	19,934	22.86	1,009	24.4
Sokolac	346	10,866	31.40	896	26.97

<sup>10</sup> The unemployment rate is calculated as the ratio of the number of unemployed individuals to the total sum of all employed and unemployed persons within the territory of a local government unit. This calculation is based on data from the RS PES regarding the number of unemployed individuals actively seeking employment and data from the RS Statistical Office on the number of employed individuals at the local government unit level.

City / municipality	Number of economic operators, 2021	Population, 2021 (estimate)	Population per economic operators, 2021	Average net salary per employee in 2021 (in BAM)	Unemployment rate, <sup>10</sup> 2021
<b>REPUBLIKA SRPSKA</b>	<b>35,778</b>	<b>1,128,309</b>	<b>31.54</b>	<b>1,004</b>	<b>16.66</b>
Trnovo	60	1,988	33.13	962	20.2
Jezero	25	960	38.40	673	52.72
Kalinovik	63	1,669	26.49	868	27
Kneževo	171	8,034	46.98	909	21.02
Kozarska Dubica	469	18,658	39.78	972	13.7
Kostajnica	111	5,304	47.78	812	15.08
Kotor Varoš	306	17,824	58.25	854	12.57
Krupa na Uni	27	1,309	48.48	908	26.2
Kupres	18	234	13.00	663	12.43
<b>City of Laktaši</b>	<b>1,578</b>	<b>34,769</b>	<b>22.03</b>	<b>877</b>	<b>7.64</b>
Lopare	193	12,957	67.13	843	16.78
Ljubinje	140	3,058	21.84	972	38.74
Milići	143	10,027	70.12	900	19.99
Modriča	577	23,183	40.18	889	13.36
Mrkonjić Grad	345	14,357	41.61	905	16.4
Nevesinje	257	11,665	45.39	960	43.49
Novi Grad	513	22,768	44.38	893	11.29
Novo Goražde	66	2,544	38.55	824	19.4
Osmaci	94	5,295	56.33	1,002	23.17
Oštra Luka	81	2,084	25.73	971	53.5
Pelagićevo	126	3,752	29.78	945	16.81
Petrovac	83	600	7.23	1,013	47.49
Petrovo	158	5,607	35.49	847	28.65
<b>City of Prijedor</b>	<b>1,525</b>	<b>77,058</b>	<b>50.53</b>	<b>963</b>	<b>11.51</b>
Prnjavor	734	32,309	44.02	862	7.47
Ribnik	138	5,059	36.66	842	22.57
Rogatica	212	9,616	45.36	780	28.94
Rudo	125	6,984	55.87	956	31.4
Srbac	541	15,854	29.30	882	15.84
Srebrenica	292	11,068	37.90	1,107	30.46
Stanari	36	6,986	194.06	1,344	26.93
Teslić	596	35,442	59.47	782	18.1
<b>City of Trebinje</b>	<b>1,201</b>	<b>28,372</b>	<b>23.62</b>	<b>1,070</b>	<b>21.94</b>

City / municipality	Number of economic operators, 2021	Population, 2021 (estimate)	Population per economic operators, 2021	Average net salary per employee in 2021 (in BAM)	Unemployment rate, <sup>10</sup> 2021
<b>REPUBLIKA SRPSKA</b>	<b>35,778</b>	<b>1,128,309</b>	<b>31.54</b>	<b>1,004</b>	<b>16.66</b>
Ugljevik	346	13,965	40.36	1,267	22.5
Foča	373	16,423	44.03	1,094	34.32
Han Pijesak	130	3,162	24.32	869	23.79
Čajniče	94	4,273	45.46	882	33.52
Čelinac	370	14,682	39.68	830	9.19
Šamac	447	14,640	32.75	905	19.9
Šekovići	133	5,676	42.68	814	35.8
Šipovo	306	9,059	29.60	820	28.65

In ten cities, a total of 25,104 economic operators are concentrated, accounting for 70.17% of the total number in Republika Srpska. On average, these cities host 37.36 economic operators per 1,000 inhabitants. Conversely, in sixteen municipalities where the majority of the territory and administrative seats remained within the Federation of Bosnia and Herzegovina, there are only 1,142 economic operators, or 3.19% of the total in Republika Srpska. These municipalities average 29.98 economic operators per 1,000 inhabitants.

The City of Banja Luka stands out significantly with the largest number of economic operators, constituting 27.8% of the total number in Republika Srpska. It also boasts one of the best ratios, with nearly 53 economic operators per 1,000 inhabitants, second only to the Municipality of Istočno Novo Sarajevo, which has almost 62 economic operators per 1,000 inhabitants.

In addition to Banja Luka, other areas with an average net salary exceeding 1,004 BAM in 2021 include the cities of Doboj, Istočno Sarajevo, and Trebinje, as well as the municipalities of Gacko, Istočni Drvar, Istočni Mostar, Istočno Novo Sarajevo, Istočna Ilidža, Pale, Petrovac, Srebrenica, Stanari, Foča, and Ugljevik.

The lowest average net salaries (below 700 BAM) were recorded in the municipalities of Kupres, Donji Žabar, and Jezero. The lowest unemployment rate in 2021 was observed in the City of Derventa, while the highest was in Oštra Luka.

### 2.3.3. Overview of Local Government Units by Demographic Indicators

Table 3. Overview of local government units by demographic indicators

City / municipality	Population <sup>11</sup> Change Index 2020/2013	Population Change Index 2020/2016	Aging Index 2021*	Natural Growth Rate 2021 (%)**
<b>REPUBLIKA SRPSKA</b>	<b>97.1</b>	<b>98.2</b>	<b>158.75</b>	<b>-8.6</b>
<b>City of Banja Luka</b>	102.8	101.2	127.01	-4.4
Berkovići	91.0	93.3	179.44	-20.9
<b>City of Bijeljina</b>	99.9	99.8	143.39	-7.7
Bileća	94.8	97.1	147.96	-10.4
Bratunac	96.1	97.7	149.55	-6.1
Brod	95.6	97.3	173.71	-10
Višegrad	90.4	94.2	257.15	-17.2
Vlasenica	94.1	96.0	155.24	-6.6
Vukosavlje	97.7	97.8	145.28	-9
Gacko	95.4	96.7	144.30	-11.2
<b>City of Gradiška</b>	95.9	97.5	169.96	-11.1
<b>City of Derвента</b>	96.4	97.8	160.37	-7.4
<b>City of Doboj</b>	86.6	97.6	147.40	-9.7
Donji Žabar	89.8	93.7	275.85	-13.5
<b>City of Zvornik</b>	97.5	98.6	139.64	-6.3
Istočni Drvar	133.3	131.3	371.43	9.4
Istočni Mostar	101.2	101.6	274.19	-8
<b>City of Istočno Sarajevo</b>	100.5	100.2	168.94	-8.1
Istočna Ilidža	98.5	99.0	173.01	-11.6
Istočni Stari Grad	91.2	93.6	134.07	-18
Istočno Novo Sarajevo	115.3	107.8	254.09	-2.9
Pale	98.3	99.0	162.16	-6.8
Sokolac	94.4	96.6	186.20	-9.8
Trnovo	100.4	102.8	463.74	-13.1
Jezero	93.4	97.4	182.58	-3.1
Kalinovik	87.2	92.6	342.16	-27.6
Kneževo	87.6	93.0	180.93	-12.8
Kozarska Dubica	91.6	94.6	215.28	-15.3
Kostajnica	95.1	97.2	113.56	-10.9

<sup>11</sup> An index of 100 indicates no change. To facilitate understanding of the indicators, here is an example: an index of 110 represents a positive change of 10%, while an index of 98 reflects a negative change of -2%.

City / municipality	Population <sup>11</sup> Change Index 2020/2013	Population Change Index 2020/2016	Aging Index 2021*	Natural Growth Rate 2021 (%)**
<b>REPUBLIKA SRPSKA</b>	97.1	98.2	158.75	-8.6
Kotor Varoš	97.6	98.8	218.02	-4.5
Krupa na Uni	86.1	90.9	237.23	-18.3
Kupres	85.0	90.9	700.00	-42.7
<b>City of Laktaši</b>	102.1	101.0	134.75	-5.7
Lopare	89.6	94.1	244.62	-10.7
Ljubinje	93.2	95.4	186.21	-8.8
Milići	96.7	98.4	161.02	-6.1
Modriča	95.6	97.0	171.14	-10.2
Mrkonjić Grad	91.8	94.6	186.00	-15.3
Nevesinje	93.8	96.4	166.54	-9.5
Novi Grad	91.6	95.0	196.99	-13.4
Novo Goražde	86.7	94.7	372.45	-9.4
Osmaci	96.0	97.4	177.23	-7.6
Oštra Luka	79.3	79.3	170.91	-15.4
Pelagićevo	87.2	92.3	407.87	-19.5
Petrovac	158.5	129.3	231.00	-10
Petrovo	90.7	94.4	212.89	-18.7
<b>City of Prijedor</b>	96.1	97.6	183.85	-9.4
Prnjavor	95.0	96.7	159.80	-9.5
Ribnik	88.4	93.2	216.15	-19.8
Rogatica	94.2	96.2	184.34	-8.6
Rudo	93.3	95.7	288.01	-9.5
Srbac	94.7	96.6	175.67	-9
Srebrenica	94.2	98.1	187.25	-4.3
Stanari	n/p	101.3	167.94	-8.7
Teslić	96.2	97.4	137.70	-10.5
<b>City of Trebinje</b>	100.6	100.6	144.08	-8.1
Ugljevik	93.5	96.3	155.34	-8.7
Foča	94.6	96.4	210.88	-11.3
Han Pijesak	93.1	95.0	241.79	-16.4
Čajniče	92.5	95.0	216.04	-10.3
Čelinac	97.6	98.9	136.63	-5.4
Šamac	91.4	94.7	258.14	-18.1
Šekovići	91.2	94.4	219.95	-13.4
Šipovo	92.4	95.0	178.54	-12.1

City / municipality	Population <sup>11</sup> Change Index 2020/2013	Population Change Index 2020/2016	Aging Index 2021*	Natural Growth Rate 2021 (‰)**
REPUBLIKA SRPSKA	97.1	98.2	158.75	-8.6

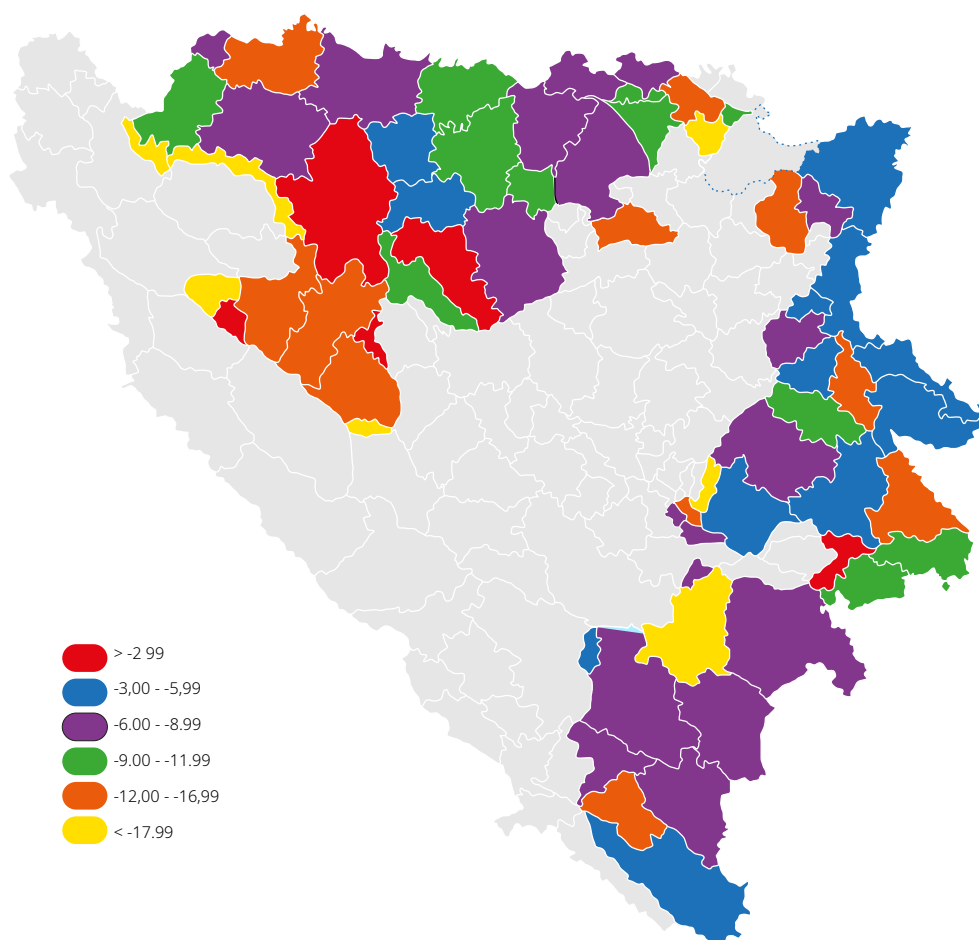
**\*Aging Index – This indicator represents the ratio of the population aged 60 and over to the population aged 0 to 19 years. An aging index value of 40.0 marks the threshold at which a population is considered old. An aging index greater than 40.0 indicates a critical imbalance between the young (0–19 years) and older populations (60 years and above).**

**Source: Statistical Release of the RS Statistical Office, 'Population Estimates 1996–2021'**

**\*\* Natural Growth Rate – This represents the difference between the birth rate and the mortality rate in a given year. A natural growth rate below 5‰ is considered low, between 5‰ and 15‰ is moderate, between 15‰ and 20‰ is high, and above 20‰ is very high.**

Population change indices are below 100 in all municipalities except for the cities of Banja Luka, Istočno Sarajevo (thanks to the municipality of Istočno Novo Sarajevo), Laktaši, and Trebinje, as well as the municipalities of Trnovo, Stanari (a newly established municipality), Istočni Drvar, and Petrovac. Lower index values are particularly evident in rural municipalities. The aging index is critical in all cities and municipalities, while the natural growth rate for 2021 is negative across all cities and municipalities, with the sole exception of the Municipality of Istočni Drvar.

## Natural Growth Rates of Municipalities / Cities in the RS



**Source: Center for Population and Social Research, Original GIS-Based Analysis using Data – Births and Deaths in Republika Srpska 2020, RS Statistical office, Republika Srpska, Banja Luka, 2021.**

Natural growth (biovitality), as the result of birth and death rates, when negative, leads to a decline in population size. For example: A natural population growth rate of  $-4.61\%$  results in the population of a given area halving in 150 years. A rate of  $-9.2\%$  corresponds to a halving period of 75 years. A rate of  $-13.77\%$  halves the population in 50 years. A rate of  $-27.35\%$  causes the population to halve in just 25 years, equivalent to one generational span. These calculations assume zero migration, which is not the case in Republika Srpska.<sup>12</sup>

<sup>12</sup> Source: Center for Population and Social Research: Comments on the Proposed RS Local Self-Government Development Strategy 2022–2028

## 2.3.4. Overview of Local Self-Government Units by Budgetary Resources and Expenditures

Table 4. Overview of local self-government units by budgetary indicators

City / municipality	Budgetary funds, 2021 (BAM)	Budgetary funds per capita, 2021 (BAM)	Budgetary expenditures, 2021 (BAM)	Budgetary expenditures per capita, 2021 (BAM)
<b>City of Banja Luka</b>	171,280,238	925	146,610,911	792
Berkovići	2,052,942	1,129	1,826,616	1,005
<b>City of Bijeljina</b>	62,610,143	605	57,282,685	554
Bileća	9,113,053	919	11,159,516	1,125
Bratunac	13,993,262	788	14,047,013	791
Brod	10,974,916	737	10,764,132	723
Višegrad	10,799,796	1,202	7,642,394	850
Vlasenica	7,178,179	725	6,096,760	616
Vukosavlje	2,384,692	566	2,427,744	576
Gacko	15,636,317	1,905	13,843,880	1,686
<b>City of Gradiška</b>	38,508,924	824	37,809,094	809
<b>City of Derventa</b>	23,587,215	951	19,584,757	790
<b>City of Doboj</b>	54,731,036	931	62,280,930	1,059
Donji Žabar	1,445,998	444	1,566,355	481
<b>City of Zvornik</b>	32,081,260	609	31,297,535	594
Istočni Drvar	1,210,425	11,419	1,166,857	11,008
Istočni Mostar	440,166,26	1,768	369,671	1,485
<b>City of Istočno Sarajevo</b>	13,761,358	229	14,176,193	236
Istočna Ilidža	10,998,895	778	12,309,842	870
Istočni Stari Grad	3,172,980	3,179	2,401,154	2,406
Istočno Novo Sarajevo	15,323,979	1,250	13,951,001	1,138
Pale	15,883,441	797	14,874,343	746
Sokolac	8,106,949	746	8,842,797	814
Trnovo	2,936,119	1,477	2,754,488	1,386
Jezero	2,000,979	2,084	1,914,582	1,994
Kalinovik	3,796,689	2,275	3,366,505	2,017
Kneževo	5,545,524	690	5,735,810	714
Kozarska Dubica	15,502,733	831	14,175,464	760
Kostajnica	6,988,670	1,318	6,709,261	376
Kotor Varoš	11,221,057	630	10,200,969	572
Krupa na Uni	1,298,119	992	1,085,728	829

City / municipality	Budgetary funds, 2021 (BAM)	Budgetary funds per capita, 2021 (BAM)	Budgetary expenditures, 2021 (BAM)	Budgetary expenditures per capita, 2021 (BAM)
Kupres	463,854	1,982	377,538	1,613
<b>City of Laktaši</b>	21,306,508	613	18,297,546	526
Lopare	7,281,743	562	7,945,224	613
Ljubinje	2,782,101	910	2,605,480	852
Milići	6,428,447	641	6,321,465	630
Modriča	12,661,175	546	12,238,393	528
Mrkonjić Grad	13,438,328	936	12,228,648	852
Nevesinje	13,312,885	1,141	12,332,360	1,057
Novi Grad	13,697,556	602	13,196,294	580
Novo Goražde	2,620,806	1,030	1,836,751	722
Osmaci	2,554,597	482	2,350,723	444
Oštra Luka	2,478,049	1,189	1,817,655	872
Pelagićevo	2,877,293	767	2,734,812	729
Petrovac	1,971,236	3,285	1,384,093	2,307
Petrovo	3,537,070	631	3,180,387	567
<b>City of Prijedor</b>	68,751,220	892	62,920,069	817
Prnjavor	19,043,698.44	589	16,708,496	517
Ribnik	5,211,157	1,030	4,554,878	900
Rogatica	8,340,705.52	867	8,461,996	880
Rudo	6,359,244	911	5,141,708	736
Srbac	14,246,943	899	14,106,496	890
Srebrenica	11,578,763	1,046	11,457,709	1,035
Stanari	13,231,209	1,894	11,249,423	1,610
Teslić	31,514,994	889	27,405,965	773
<b>City of Trebinje</b>	33,953,698	1,197	32,745,564	1,154
Ugljevik	15,771,922	1,129	15,653,579	1,121
Foča	13,789,654	840	13,184,027	803
Han Pijesak	4,685,374	1,482	3,924,776	1,241
Čajniče	3,533,536	827	3,512,366	822
Čelinac	10,612,728	723	10,051,233	685
Šamac	8,518,090	582	8,403,713	574
Šekovići	3,704,973	653	3,384,375	596
Šipovo	7,402,356	817	7,073,041	781

In the category of cities, and overall, Banja Luka had by far the largest budgetary funds in 2021, achieving the highest expenditures as well. However, the highest budgetary funds per capita were recorded in Trebinje and Derventa. Among cities without constituent municipalities, Laktaši had the smallest budgetary funds and the lowest amount per capita. Among municipalities, Teslić and Prnjavor managed the largest budgetary funds, while Istočni Drvar and Petrovac had the highest per capita funds due to their small population sizes.

## 2.4. Identified Challenges in the Functioning of Local Self-Government Units in Republika Srpska

In addition to the relative underdevelopment of many municipalities, which affects the effective scope of service delivery and the quality of life for residents, several other issues have drawn significant attention in recent years. These concerns have been raised by local self-government units, their associations, and the broader public. For the purposes of this analysis, four key areas impacting the efficient functioning of local self-government units in the RS have been highlighted:

- The number of employees in city and municipal administrations
- Relations between municipal or city assemblies and mayors
- The pronounced negative financial impact of the COVID-19 pandemic on all local self-government units
- Weaknesses in real estate management within local self-government units.

### 2.4.1. Optimization of the workforce in city and municipal administrations

The 2016 Law on Local Self-Government stipulates that the population size of a local self-government unit, as per the results of the latest population census, serves as a criterion for determining the maximum number of employees in municipal or city administrations. The law establishes that the number of permanent employees in municipal or city administrations, including staff employed in the assembly's professional service, cannot exceed three employees per 1,000 residents of the local self-government unit, based on the results of the most recent population census. For cities composed of multiple municipalities, the maximum number of employees is set at one employee per 1,000 residents across all municipalities within the city, based on the most recent census results. Employees covered by this provision include civil servants and administrative staff as defined by legislation governing the employment status of individuals in local self-government bodies, excluding local government officials and fire protection personnel. An exception is outlined in Article 68 of the Law for municipalities with fewer than 5,000 residents, based on the most recent population census. Recognizing the need for these underdeveloped and severely underdeveloped municipalities to perform their functions adequately, the law provides for a sufficient number of employees to meet operational needs.

The establishment of criteria for determining the maximum number of employees conclusively aimed to optimize local self-government structures, achieving a balance between functionality and efficiency.<sup>13</sup> This intent is further reinforced by the adoption of secondary legislation to facilitate implementation, including: the Regulation on Principles for Internal Organization and Job Classification in City and Municipal Administrations (RS Official Gazette No. 10/17), the Regulation on Categories, Titles, and Conditions for Performing Civil Service Duties in Local Self-Government Units (RS Official Gazette No. 10/17), and the Rulebook on the Content and Management of the Employee Registry in Local Self-Government Unit Bodies (RS Official Gazette No. 65/17).

However, it is important to note that no previous law in the RS regulating the local self-government system imposed restrictions on local self-government bodies in determining the number of employees within these units, particularly considering the fact that no similar criteria for setting a maximum number of employees have been introduced at other levels of government. For comparison, the Republic of Serbia introduced workforce limits across its entire public sector, encompassing state bodies, public services, autonomous provinces, and local self-governments, although these restrictions were lifted at the end of 2019.

In practice, the number of employees in municipal and city administrations often exceeds the prescribed limits. Data from the Single Workforce Database, maintained by the Ministry of Administration and Local Self-Government, reveal that a significant number of local self-government units have not adjusted their workforce in accordance with the established criteria. A 2020 survey conducted by the Union of RS Municipalities and Cities indicated that compliance with these criteria is most common among severely

<sup>13</sup> This pertains to a European standard and an explicit recommendation by the Congress of Local and Regional Authorities of the Council of Europe regarding Bosnia and Herzegovina.

underdeveloped municipalities. The predominant approach to workforce reduction has been through natural attrition (retirement), with occasional use of incentives such as severance pay or transfers to other public enterprises or institutions. The issue of enforcing maximum workforce limits remains a subject of further analysis by the Ministry of Administration and Local Self-Government.

## 2.4.2. Relations Between Local Self-Government Assemblies and Mayors

In recent years, several local self-government units have experienced operational challenges following shifts in assembly majorities. For instance, outgoing assembly leadership obstructed the work of newly elected leadership by refusing to recognize decisions on their election or dismissal, as well as other decisions adopted by the assembly. This included withholding official documents, seals, and office spaces, and disregarding decisions made by the new assembly majority without formally contesting them in court. Such actions effectively paralyzed the functioning of the municipal representative body. Simultaneously, mayors, as executive authorities, sided with the outgoing leadership, opposing the new leadership that did not belong to their political alignment, further exacerbating the stalemate.

On the other hand, tensions have also been observed between assemblies and mayors. For example, assembly majorities have refused to adopt or include on the agenda proposals submitted by mayors or have adopted decisions that fall exclusively within the mayor's jurisdiction (e.g., appointing heads of municipal departments). A significant recurring issue involved the adoption of municipal budgets. Assemblies would reject budgets proposed by mayors, or mayors would refuse to submit budgets to assemblies, rejecting amendments proposed by the majority or withdrawing budget proposals altogether. In cases where budgets were not adopted by June 30 of the fiscal year (beyond which temporary financing decisions are no longer allowed), municipalities were unable to access transaction accounts, leading to operational paralysis and jeopardizing the provision of basic services to citizens.

In such instances, the Ministry, through the RS Office of the Public Attorney, acting via the competent deputy, filed lawsuits in accordance with Article 103, Paragraph 2 of the Law on Local Self-Government. These lawsuits sought court rulings for provisional administrative measures to ensure basic functions were financed based on the previous year's budget execution until the current year's budget was adopted. The courts upheld these requests and issued provisional measures, thereby enabling local self-governments to function without disruption and fulfil their essential mandates.

Additionally, recall procedures for mayors were initiated in two municipalities during this period. Although formal reasons for recall were cited per the RS Election Law (RS Official Gazette Nos. 34/02, 35/03, 24/04, 101/04, 19/05, 24/12, 94/12 – BiH Constitutional Court Decision, 109/12, 45/18, and 18/20), the true motivation stemmed from changes in assembly majorities.

These recall attempts were unsuccessful. Subsequently, in accordance with Article 152 of the Law on Local Self-Government, proposals were submitted for the dissolution of municipal assemblies. However, the National Assembly did not approve these proposals.

## 2.4.3. Negative Impact of the Pandemic Crisis on Local Self-Government Finances

An analysis<sup>14</sup> conducted by the SOGRS revealed that the **COVID-19 pandemic had a profound negative impact on the finances of all local self-government units, irrespective of their level of development or size. The most pressing issue for these units was a lack of financial resources due to a significant decline in revenue.**

From the numerous detailed recommendations provided to mitigate this situation and reduce the adverse effects of similar crises in the future, the following key points are highlighted for this analysis:

- In addition to adopting various acts and budget revisions, it has proven crucial - especially during times of crisis - to periodically develop specific programs and measures for financial optimization

<sup>14</sup> „Analiza sprovedenih mjera u jedinicama lokalne samouprave u Republici Srpskoj za vrijeme krize izazvane COVID-19 i preporuke za upravljanje lokalnim finansijama“, <https://www.alvrs.com/cir/30.biblioteka.html>

(aimed at increasing revenue and reducing expenditures) and/or recovery plans, aligned with international methodologies.

- To address the decrease in revenue, it is essential to secure additional sources of funding for public investments - capital projects at the local level - as these investments are vital for maintaining economic activity.
- Consideration should be given to forming special funds at the local self-government level to act as compensation for revenue declines during periods of crisis.
- The crisis underscored the necessity of strengthening the own-source revenues of local self-government units and gradually increasing their fiscal autonomy. This includes progressively transferring property tax calculation, collection, and oversight to the local level.
- The crisis reemphasized the need for enacting a specific law on local self-government financing, as well as establishing new criteria for revenue distribution.
- Immediate action is needed to introduce more flexible borrowing rules, followed by further amendments to legislation regulating the borrowing practices of local self-government units.

Finally, it is noted that while large and developed local self-government units experienced the highest nominal revenue declines, the crisis disproportionately affected smaller and underdeveloped units, significantly reducing their ability to independently finance major projects. Their socioeconomic recovery post-pandemic will depend not only on their regular revenues but also on the size and allocation of transfers received from the Government. SOGRS should initiate a proposal to the Government to collaborate with the Ministry of Finance in preparing medium-term assistance measures based on budget data from all local self-government units. These measures should prioritize support according to the level of vulnerability and urgency of needs.

#### 2.4.4. Inefficient Real Estate Management in Local Self-Government Units

The RS Supreme Audit Authority conducted a performance audit titled 'Real Estate Management in Local Self-Government Units' under the RS Law on Public Sector Auditing (RS Official Gazette Nos. 98/05 and 20/14) and in accordance with ISSAI public sector audit standards.<sup>15</sup> The audit covered the period from 2017 to 2020 and included data collection from 63 local self-government units in the RS. In-depth assessments of property management practices were conducted in the cities of Banja Luka, Prijedor, Gradiška, Doboj, Bijeljina, Zvornik, Trebinje, and Derвента, as well as the municipalities of Kotor Varoš, Modriča, Milići, Istočno Novo Sarajevo, Istočna Ilidža, Gacko, and Bileća.

The audit concluded that local self-government units lacked the necessary conditions for efficient real estate management. Specific findings included:

- Local self-government units do not have adequate regulatory and organizational structures to ensure effective real estate management.
- Many units lack comprehensive property records, databases, and registries.
- Significant differences exist among local self-government units in addressing property ownership and record-keeping issues.
- There is an absence of analyses and measures aimed at improving property management efficiency.
- Increased use of properties for commercial purposes has not resulted in corresponding increases in benefits, particularly rental income.

<sup>15</sup> Glavna služba za reviziju javnog sektora Republike Srpske, Izveštaj revizije učinka UPRAVLJANJE NEKRETNINAMA U JEDINICAMA LOKALNE SAMOUPRAVE, No: RU 003 20 July 2021.

Based on these findings, several recommendations were issued. Among the first ***is that the RS Government, when creating strategic frameworks for the development of local self-government and other strategic development documents, should place a specific emphasis on objectives and commitments related to real estate management. These objectives should serve as a foundation for the development of strategic and development documents at the local self-government level.***

## 2.4.5. Key Findings and Recommendations from the Report of the Joint Committee on Local Authorities

The publication 'Local Government in Bosnia and Herzegovina – Report on Consultations by the Joint Committee on Local Authorities', prepared with the support of the EU Special Representative in BiH, the Embassy of Switzerland in BiH, and USAID, and published in 2018,<sup>16</sup> identified the following challenges common to both Republika Srpska and the Federation of Bosnia and Herzegovina:

- The population is declining and aging, which increasingly burdens local resources.
- The urban-rural disparity between the capacities of smaller and larger municipalities (and cities) in providing adequate services to their citizens is growing.
- Local self-government administration is fragmented and often expensive, leaving insufficient resources for local economic development and social protection.
- Servicing external debt further burdens local governments in both entities, and almost all local self-governments consider vertical resource allocation unsatisfactory.
- Horizontal resource allocation is also controversial - particularly in the Federation of BiH, where there is no consensus on the appropriate balance between retaining local resources and sharing them with others.
- The management and distribution of natural resources are often inefficient, undermining the sustainable development of significant revenue sources for local self-governments.

The report provided the following recommendations for the RS: Adopting a regional approach and fostering inter-municipal cooperation, particularly through sharing facilities and services with neighbouring municipalities. Enhancing the efficiency of local administrations by significantly reducing the number of employees and improving budgetary control. Improving the vertical financing system by transferring the servicing of external debt to the RS level, introducing municipal surcharges on income tax, and delegating the administration and collection of property taxes to local governments. Enhancing horizontal funding by introducing a simpler and more transparent block grant system for underdeveloped and severely underdeveloped local self-government units.

## 2.5. Evaluation of the Achievements of Previous Strategies for Local Self-Government Development

The RS has adopted two strategies for local self-government development to date: the first one for the period 2009–2015 and the second one for the period 2017–2021. An overview of the strategic goals of both strategies is provided in the following table:

16 <http://europa.ba/wp-content/uploads/2018/06/Master-LGI-report-03062018-bhs-web.pdf>

**Table 5: Overview of Strategic Goals of Previous Local Self-Government Development Strategies in the RS**

Strategic goals for the period 2009-2015	Strategic goals for the period 2017-2021
8. Effective exercise of full original competences with adequate own sources of financing, resources, and assets.	13. Ensure effective exercise of LGU competences.
9. Responsible and proactive management of public affairs and local development.	14. Achieve financial stability of LGUs.
10. Ensuring the availability and quality of public services for all citizens.	15. Ensure the availability and quality of public services for all citizens.
11. Strengthening direct citizen participation in local self-government affairs.	16. Ensure efficiency and accountability of LGUs in managing local development.
12. Developing inter-municipal cooperation and regional networking of local self-government units (LSGUs).	17. Improve incentive measures for demographic policies.
	18. Strengthen citizen participation and influence in decision-making at the local level.

The Ministry of Administration and Local Self-Government prepared an *Information Paper on the Implementation of the Local Self-Government Development Strategy in Republika Srpska for the Period 2017-2021*, including proposals for developing a new strategic document, and submitted it to the Government in early February 2022. This paper provides a detailed account of the activities undertaken by the Ministry to achieve strategic goals, as well as the activities of other ministries, the Chamber of Commerce, and the RS Development Agency. The total number of planned activities (projects and measures) within the Local Self-Government Development Strategy for 2017-2021 amounted to 84 activities, structured across 28 operational goals and six strategic goals.

In addition to the engagement of domestic institutions, it is important to emphasize the role of international organizations in implementing the Strategy. These organizations contributed significantly to achieving the vision for local self-government development through their project interventions. Notable contributions were made by the United Nations Development Programme (UNDP), Swedish International Development Cooperation Agency (SIDA), Swiss Agency for Development and Cooperation (SDC), Council of Europe, European Commission, as well as other international organizations implementing projects such as: 'Local Integrated Development – LIR', 'Municipal Environmental and Economic Governance – MEG', 'Strengthening the Role of Local Communities', 'Regional Programme on Local Democracy in the Western Balkans – ReLOAD', 'Integrated Local Development Project – ILDP', and 'Project for Improving Performance of Local Services – PIPLS'. These initiatives have significantly encouraged local economic development and enhanced the delivery of services to citizens.

In 2021, an external evaluation of the Local Self-Government Development Strategy in Republika Srpska for the period 2017-2021 was conducted. The evaluation established that a total of 35 projects or measures were implemented, accounting for 41.67% of the total planned projects/measures, and that the implementation of 29 projects and measures (35.52%) had commenced. On the other hand, no activities were recorded in relation to the implementation of 15 planned projects and measures. These include, among others: the establishment of a multi-tier concept of local self-government, defining a functional decentralization concept, redefining the competences of local self-government units, and fiscal decentralization. Key reasons for the reduced implementation rate compared to the planned objectives include: insufficient involvement of all stakeholders responsible for implementing the strategy, a lack of human resources dedicated to implementation, and insufficient funds for the realization of the projects envisaged by the strategy. For instance, the financial framework defined for the five-year implementation period of the Strategy was 500,000 BAM, but the budgeted funds amounted to only 45,000 BAM (more than ten times less). Moreover, the actual budget allocation for implementation totalled only 29,122 BAM.

## Summary of findings from the external evaluation:

*Based on data analysis and feedback from key stakeholders gathered during the evaluation process, the following conclusions were drawn: Strategic focuses and goals were correctly defined and aligned with the needs of target groups. Most of the planned activities under the current strategy remain relevant. Strategic Goal 1 (Ensure effective realization of local self-government competences) and Strategic Goal 2 (Achieve stable funding for local self-government units) may be said to remain highly pertinent for policies on functional and fiscal decentralization. However, the evaluation revealed no substantial progress in these two areas, as there was no meaningful transfer of competences from the RS level to local self-government units, despite the legal framework allowing for such transfers in ten cities. The share of expenditures by all local self-government units in total government expenditures has remained virtually unchanged, indicating stagnant fiscal decentralization.*

*Regarding Strategic Goal 3 (Ensure accessibility and quality of public services for all citizens), progress was observed in larger, economically developed local self-government units. However, significant advancements in outsourcing certain services to the private sector, specialized agencies, or through public-private partnerships remain absent. Furthermore, considerable effort is required to mainstream e-governance and systematic quality management (including user satisfaction surveys) into the operations of many local self-government units.*

*Under Strategic Goal 4 (Ensure efficiency and accountability of local self-government units in managing local development), positive changes in local development, particularly economic development, were noted. Growth in the number of businesses, accompanied by increased employment, is evident in nearly all local self-government units, while significant local development support infrastructure has been established within local administrations.*

*It is evident that the greatest challenge faced by local self-government units relates to population decline and an increasingly unfavourable demographic situation. Hence, strategic Goal 5 (Enhance demographic policy incentives) was evaluated as poorly achieved. Paradoxically, despite efforts by local self-governments to create a more favourable local business environment and generate new employment opportunities, a growing number of residents are leaving these municipalities and cities, often moving to EU countries. This trend undermines goals related to the quality of local public services, as a smaller population base reduces the collection of local taxes and fees, negatively impacting service delivery.*

*Encouragingly, some progress has been made in citizen participation and improving the operations of local communities, primarily due to long-term initiatives by UNDP in Bosnia and Herzegovina. As the second phase of this initiative continues until 2024, further positive trends are expected. However, sustainability remains a concern, particularly for donor-supported initiatives, once external funding ceases.*

*Uneven development among local self-government units remains a significant challenge for policymakers in the RS. Therefore, the quality of local government service delivery is still largely dependent on the financial capacity of individual units, resulting in isolated improvements in this area.*

*The reform of local self-government is still midway through its trajectory. Ambitious goals related to functional and fiscal decentralization are the primary reasons for this assessment, compounded by adverse demographic trends. Emigration continues, echoing Tiebout's hypothesis<sup>17</sup> that 'people vote with their feet' when they perceive inadequate living and working conditions. The introduction of e-governance concepts, public-private partnerships, quality management systems, and genuine inter-municipal cooperation in the execution of responsibilities and service delivery falls significantly short of the expectations set by this strategy. As functional and fiscal decentralization forms the foundation for all efforts, it is essential to reassess the public policies of the RS Government in this area, focusing on their further implementation and alignment with international documents in this field, such as the European Charter of Local Self-Government.*

An assessment of the impact of achieved changes by strategic goals is presented below.

17 Tiebout, Charles M. (October 1956). „A pure theory of local expenditures“. *Journal of Political Economy*. 64 (5): 416–424.

**Table 6: Assessment of strategic goals achievement**

STRATEGIC GOALS (SG)	IMPACT / CHANGE		
	Positive change	Negative change	Not ascertainable <sup>18</sup>
1. Ensure effective exercise of the competences of local self-government units.	X		
2. Achieve financial stability for local self-government units.			X
3. Ensure the availability and quality of public services for all citizens.			X
4. Ensure efficiency and accountability of local self-government units in managing local development.	X		
5. Improve incentive measures for demographic policies.		X	
6. Strengthen citizen participation and influence in decision-making at the local level	X		

The recommendations based on the relevant conclusions of the conducted external evaluation primarily focus on ensuring quality staffing and capacity building within the Department for Local Self-Government under the Ministry of Administration and Local Self-Government. They also emphasize the consistent application of the planning methodology prescribed by the new RS Law on Strategic Planning and Development Management, particularly in establishing a system of indicators for monitoring and evaluation (including baseline and target values) and in operationalizing the strategy through action, medium-term, and annual plans, as well as the budgets of the entities responsible for implementing the strategy's measures. When determining strategic interventions for the upcoming planning period, special attention should be given to interventions aimed at functional and fiscal decentralization, as well as certain aspects of demographic policy (ranging from family support and pro-natality policies to reversing the current migration trends of the population).

## 2.6. Challenges for the Upcoming Strategic Period

Following a review of previous findings and the reflections, proposals, and suggestions of the Working Group members, the following overview of issues and challenges has been identified to inform the determination of strategic orientation and the programming of priorities and measures for the next period:

- Significant demographic challenges and problems, which local self-governments can address only to a limited extent. Their success in this regard depends on their ability to effectively exercise their competencies and improve the availability and quality of relevant services.
- Major economic challenges and issues of uneven development, both within the RS and between urban and rural areas of local self-government units. Addressing these issues requires substantial reforms and systemic measures related to the organization, financing, depoliticization, and professionalization of local governance.
- The negative impact of global political, economic, and health developments on the functioning, funding, and development of local self-governments in the RS.
- A series of challenges and opportunities posed by global trends in digitalization and sustainable development, including electronic governance, the creation and use of smart and mobile solutions, energy transition, and the gradual shift to a green economy. The role and impact of local self-governments are objectively constrained by their capacity to access European and regional funds, propose their own and joint projects, and participate in international support programs.

<sup>18</sup> It was not possible to carry out an assessment due to the lack of monitoring indicators.

- Challenges and needs for greater and better inter-municipal and regional cooperation, collaboration with republic-level institutions, the business sector, and civil society organizations. Progress in these areas will depend on the general political and social climate and the openness and readiness of local self-government bodies to engage in mutual cooperation.
- Challenges and needs related to the greater availability and quality of public services, including the introduction of electronic services supported by relevant digital infrastructure, improved management of assets and resources, better analytical and planning foundations for quality management and service provision, and the monitoring of key parameters to facilitate continuous improvement.

# 3. STRATEGIC ORIENTATION

The strategic orientation for the development of local self-governance for the period 2023–2029 is based on the previous analysis, summarized into a SWOT analysis and summarized through strategic focusing.

## 3.1. SWOT analysis

The summary of key findings from the previous analysis is presented below in the form of an overview of strengths and weaknesses, considering the current state and observed trends. The findings of the previous analysis are supplemented by insights from the Working Group members, drawn from their experience and practical knowledge regarding the functioning of local self-governance in the RS, as well as opportunities for improvement. Along with strengths and weaknesses, an overview of main opportunities and threats is provided, identified through an assessment of the state and trends in external factors and future expectations. Together, these four elements form the SWOT analysis.<sup>19</sup>

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### STRENGTHS:

- *The autonomy of the RS in decision-making regarding the development of local self-governance.*
- *A solid regulatory framework for the protection of rights and the development of local self-governance.*
- *A growing number and capacity of cities.*
- *Increasing capacity of LGUs for managing local development.*
- *Good practices in LGUs (development, investments, cross-border cooperation, etc.).*
- *Continuity of operations and full membership of LGUs in the RS Association of Municipalities and Cities*
- *Strengthened citizen participation and influence, especially through local communities.*
- *Proximity to citizens and the diaspora.*

### WEAKNESSES:

- *A high proportion of underdeveloped and extremely underdeveloped LGUs within the structure.*
- *Discrepancies between the size / capacity of LGUs and their assigned responsibilities and tasks.*
- *Significant disparities in development, infrastructure, and services between urban and rural areas within LGUs.*
- *Limited financial resources for LGU development and service delivery, coupled with inefficient budget management.*
- *Inadequate professional capacity, particularly in underdeveloped and extremely underdeveloped LGUs.*
- *Low level of inter-municipal cooperation.*
- *Limited influence of LGUs on the policies of the RS Government and the actions of republican institutions and public enterprises within their territories.*
- *Inefficient management of LGU-owned assets.*
- *Operational challenges within public enterprises and institutions under LGU jurisdiction.*
- *Dysfunctional LSGU bodies.*
- *Weak performance of both republican and local inspection bodies.*

- *Limited crisis resilience of LGUs.*
- *Diminished role of local communities in advocating for citizens' needs and interests.*
- *Low participation of civil society organizations in LGU functioning and development.*
- *Insufficient capacity of LGUs to absorb EU and regional funds or engage in international and cross-border projects.*
- *Underdeveloped capacities for LGU collaboration with the diaspora.*
- *Weak analytical foundations, limited data availability, and insufficient transparency of key information for local self-government functioning and development, both in RS institutions and LGUs;*
- *Absence of a system for monitoring service quality and accessibility within LGUs.*
- *The lack of up-to-date spatial planning documents in local self-government units (LSGUs) necessary for determining the purpose, use, and protection of spaces, as well as for the development and enhancement of natural and built environments, and the allocation of activities and facilities within these spaces.*

#### **OPPORTUNITIES:**

- *Alignment with global trends in digitalization and sustainable development.*
- *Improved utilization of EU and regional funds, cross-border cooperation.*
- *Leveraging best practices from neighbouring countries (e.g., local revenue sources from Serbia, asset management from Croatia, delegation of different responsibilities to different types of LGUs from Slovenia).*
- *Increased focus of international projects and organizations on local self-governance and local development.*
- *Enhanced utilization of natural resources by LGUs.*
- *Improved collaboration with the private sector in service development and delivery.*
- *Strengthened cooperation between LSGUs and republic-level administrative bodies.*
- *Leveraging the potential of the diaspora and the network of RS representative offices abroad.*
- *Leveraging the potential of the diaspora and the network of RS representative offices abroad.*
- *Capitalizing on opportunities offered by digital transformation and innovation in the public sector.*

#### **THREATS:**

- *Extremely unfavourable demographic indicators and trends.*
- *Negative impacts of global health, political, and economic crises on the functioning, financing, and development of LGUs in the RS.*
- *Politicization of local self-governance operations and potential political resistance to significant reforms.*
- *Continuation of practices involving the exploitation of natural resources without considering the interests of LGUs and citizens.*

The logic for applying the results of the SWOT analysis in the subsequent steps of the strategic document development is based on the following concept: build on strengths, leverage favourable opportunities, avoid threats, and progressively neutralize and eliminate weaknesses.

## 3.2. Strategic Focus

Strategic focus represents the next step in concentrating attention and resources on addressing key problems and challenges that require a strategic response in the upcoming period to achieve meaningful progress.

Based on the key findings of the previous situational analysis and the SWOT analysis, the following strategic focuses are proposed:

1. The **position of local self-government** within the RS government system and the **exercise of its competencies**, aligned with the principles of the European Charter of Local Self-Government.
2. **Funding local self-government** to fully exercise its competencies and provide high-quality services.
3. **Organization, management, and capacities of local administrations, enterprises, and institutions under local self-government** to ensure their accountable and efficient operation and development.
4. **Quality and accessibility of services within the competencies of local self-government units**, aimed at expanding their scope and improving their quality for citizens, businesses, and other users.

The **first strategic focus** was selected primarily due to the identified discrepancies between the size and capacity of local self-government units and their assigned responsibilities, as well as the disparities in development, infrastructure, and services between urban and rural areas within these units. This focus also addresses the relationship with the RS-level government. Its selection was further influenced by relatively low scores regarding effective decision-making and service provision by local self-government, as reflected in the Local Autonomy Index for 2020, which measures compliance with the European Charter of Local Self-Government.

The **second strategic focus** was chosen due to the insufficient financial resources available for the development of local self-government units and the provision of services, as well as inefficiencies in budget management. It emphasizes the need to increase own-source revenues essential for the effective execution of exclusive competencies, apply the principle of adequate funding when delegating responsibilities to local self-government units. It also includes the need to increase other sources of revenue for local self-government units while avoiding the growth of so-called parafiscal charges, ensuring more efficient revenue collection, and improving asset and budget management by local self-government units.

The **third strategic focus** addresses the weaknesses in governance, organization, and the capacities of municipal and city administrations, enterprises, and institutions under local self-government. It seeks to transition to good governance through more efficient organization, reduced operational costs, and increased investments in development projects and capacities. This focus also tackles politically driven challenges in the functioning of local governance bodies, operational weaknesses of local entities, low absorption capacity, and insufficient readiness to leverage resources from international and domestic funds, engage with the private sector and diaspora, and participate in more demanding international cooperation programs.

The **fourth strategic focus** targets critical issues in delivering services within the competencies of local self-government units (administrative, utility, and specialized institutional services) to citizens, businesses, and other users. It aims to improve service quality and accessibility while ensuring mechanisms for monitoring service delivery and user satisfaction.

In seeking strategic responses to the questions, challenges, and issues stemming from these focuses, further efforts - particularly in prioritizing and planning measures for the next period - should incorporate opportunities for **inter-municipal cooperation** and active **participation of citizens** and **civil society organizations**. By fostering openness and a commitment to sustainable development, local self-government units can significantly enhance their resilience to both anticipated and unforeseen crises of a global or regional nature.

### 3.3. Vision for the Development of Local Self-Government

The vision outlines a long-term, desirable direction for the development of local self-government, one that is clear and appealing to all stakeholders, allowing them to align their goals and activities with this orientation.

The Working Group carefully examined the strengths and limitations of the visions outlined in the two previous strategies for the development of local self-government in the RS.

VISION FROM THE 2009–2015 STRATEGY	VISION FROM THE 2017–2021 STRATEGY
Local self-government as the most effective lever of local development, democracy, and improvement in the quality of life.	Local self-government, with a stable financing system, through the efficient execution of responsibilities, the provision of public services, effective management of resources and local development, and active citizen participation in decision-making, improves the quality of life in local self-government units and contributes to the balanced development of the RS.

Following a review of these versions, an analysis of previous results, and consideration of expectations for the upcoming period, the vision for the development of local self-government in the RS for 2023–2029 has been defined as follows:

Vision for local self-government in the RS, 2023–2029:

**A FUNCTIONAL AND EFFICIENT SYSTEM OF LOCAL SELF-GOVERNMENT dedicated to the CONTINUAL IMPROVEMENT OF CITIZENS' QUALITY OF LIFE and contributing to the SUSTAINABLE AND MORE BALANCED DEVELOPMENT OF REPUBLIKA SRPSKA.**

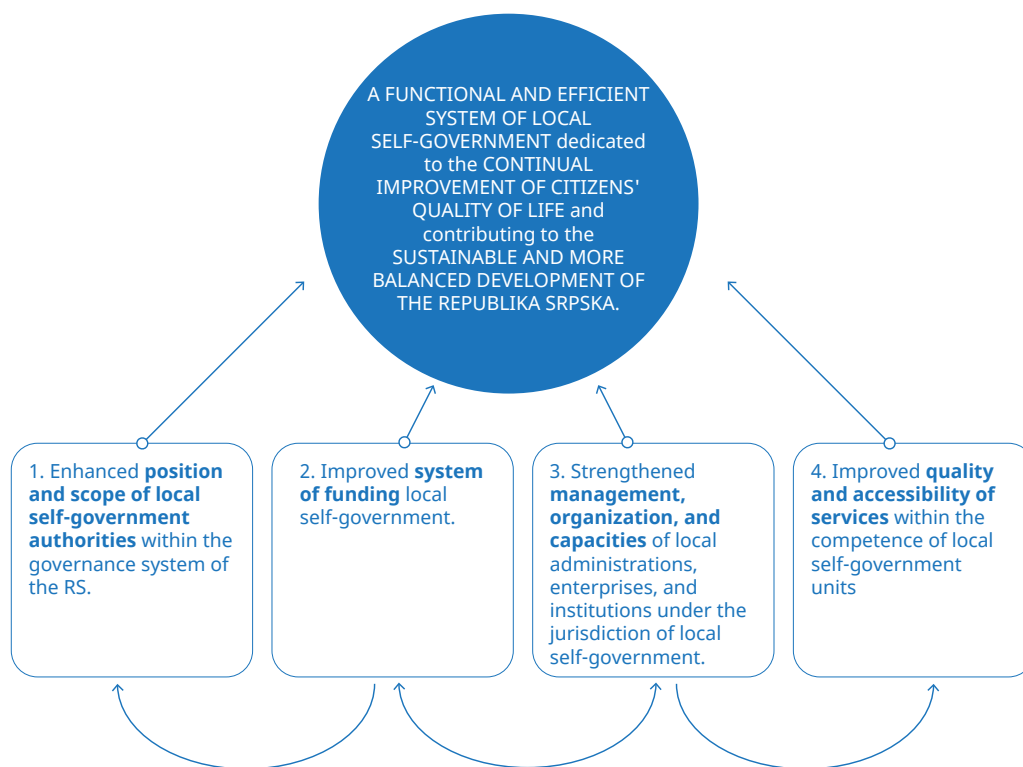
This vision clearly indicates a long-term orientation toward building an increasingly functional and efficient **system** of local self-government, which, as the level of government closest to citizens, continuously enhances their quality of life in all areas where it can and should have an impact. In doing so, it contributes to the sustainable and more balanced development of the RS. This target orientation aligns with the European framework, following the main direction and principles of the European Charter of Local Self-Government, while at the global level, it reflects the sustainable development goals outlined in the 2030 Agenda and the Framework for Implementing the Sustainable Development Goals in Bosnia and Herzegovina.

### 3.4. Strategic Goals with Indicators

Based on the defined strategic focuses and proposed development vision, the following strategic objectives have been established:

- 1. Enhanced position and scope of local self-government authorities within the governance system of the RS.**
- 2. Improved system of funding local self-government.**
- 3. Strengthened management, organization, and capacities of local administrations, enterprises, and institutions under the jurisdiction of local self-government.**
- 4. Improved quality and accessibility of services within the competence of local self-government units.**

The relationship between the vision and the strategic development objectives can be depicted as follows:



The **first strategic goal** is based on the first strategic focus. Together with the second strategic goal, it demonstrates a systemic approach and reform-oriented focus aimed at fully implementing the principles of the European Charter of Local Self-Government. This includes decentralization, improved collaboration within and between local self-government units, and a more balanced relationship with the administrative bodies of the Republic. The overarching goal is the effective realization of exclusive competencies and delegated tasks across all local self-government units, in the interest of all citizens of the RS. It seeks to contribute to more balanced development by steadily increasing the number of developed and moderately developed local self-government units while reducing the number of underdeveloped and extremely underdeveloped units. The pace and degree of its realization will depend on the unity and strength of key local self-government representatives in advocating for shared interests and on the political will to implement reform changes.

The **second strategic goal** is closely linked to the first, as it encompasses a significant portion of the prerequisites for achieving the first objective. Like the first one, it is systemic and reform-oriented, focusing on ensuring sufficient income levels for the functioning and development of local self-government units, as well as on managing budgetary resources, assets, and other resources available to them. As with the first goal, the pace and degree of its realization will depend on the unity and strength of key local self-government representatives in advocating for shared interests and on the political will to implement reform changes.

The **third strategic goal** is closely connected to the fourth, as it establishes some of the conditions necessary for its achievement (through improved governance, organization, and strengthened capacities of local self-government units) and is also linked to the second as it relies on adequate financing. This goal reflects a strategic focus on the professionalization and results-oriented performance of local administrations, enterprises, and institutions. The pace and degree of its realization will largely depend on the political willingness to implement reform changes.

The **fourth strategic goal** reflects a clear focus on providing high-quality, comprehensive, and efficient services to citizens and other users, both through local administrations and public enterprises and institutions established by local self-government units. This goal is most closely aligned with improving the quality of life, which is the fundamental determinant of the envisioned development vision. Its pace and degree of realization will depend on the achievement of the previous three goals, as well as on the level of involvement of the business and non-governmental sectors and the capacity to utilize available funding and support projects.

Progress in achieving the strategically defined objectives can be measured using the following indicators:

**Table 7: Overview of strategic goals and indicators**

Strategic goal:	Indicator:	Baseline:	Target:
1. Enhanced <b>position and scope of local self-government authorities</b> within the governance system of the RS.	– Share of underdeveloped and extremely underdeveloped LGUs within the structure.	55.56%	below 45%
	– Local Autonomy Index scores for the dimensions <b>Scope of Policy Implementation</b> and <b>Political Discretion</b>	five (aggregated) out of a possible 11	at least 6
2. Improved <b>system of funding</b> local self-government.	– Share of LGU expenditures in the total expenditures of the RS	13.39% <sup>20</sup>	around 17%
	– Share of LGU revenues in the total revenues of the RS	16.20% <sup>21</sup>	above 20%
	– Local Autonomy Index score for the dimension <b>Financial Autonomy</b>	five (aggregated) out of a possible 11	at least 8
3. Strengthened <b>management, organization, and capacities</b> of local administrations, enterprises, and institutions under the jurisdiction of local self-government.	– Number of LGUs utilizing a performance measurement system (PMS-CAF <sup>22</sup> )	10	steady growth (as of 2024)
	– Share of LGUs with improved performance measurement outcomes	-	steady growth (as of 2025)
	– Share of LGUs with positive audit reports	6%; 12% <sup>23,24</sup>	steady growth
4. Improved <b>quality and accessibility of services</b> within the competence of local self-government units	– Quality and Accessibility of Services Index ( <b>needs to be developed</b> <sup>25</sup> )	-	steady growth (as of 2025)
	– Service User Satisfaction Index ( <b>needs to be developed</b> <sup>26</sup> )	-	steady growth (as of 2025)

20 Refers to 2021, calculated based on data from the RS Budget Framework Document 2023–2025.

21 Ibid.

22 The MEG Project (UNDP) has implemented a Performance Management System (PMF) in 31 LGUs across BiH, including ten in the RS. It is planned to introduce the Common Assessment Framework (CAF), a quality management tool for public administration, in LGUs in the upcoming period. CAF implementation has already begun in RS institutions.

23 Positive opinion on financial reports from the RS Supreme Audit Authority.

24 Positive opinion on compliance from the RS Supreme Audit Authority.

25 Although a comprehensive index for measuring the accessibility and quality of LGU services does not currently exist, it is expected to be developed in 2023 based on a corresponding index that will be in use in Serbia by then.

26 Same applies as with the previous index.

# 4. PRIORITIES AND MEASURES

Priorities represent key areas of action for the upcoming strategic period. They are based on the defined strategic focuses and, together with the measures they encompass, make a decisive contribution to achieving the strategic goals.

An overview of priorities by strategic goals is presented in the following table:

**Table 8: Overview of priorities by strategic goals**

Strategic goals (SG)	Priorities
1. Enhanced <b>position and scope of local self-government authorities</b> within the governance system of the RS.	1.1. Improve the regulatory and institutional framework for local self-government
	1.2. Enhance horizontal and vertical cooperation
	1.3. Support municipalities lacking urban infrastructure
2. Improved <b>system of funding</b> local self-government.	2.1. Systemic increase in local self-government revenue
	2.2. More efficient and transparent management of budgetary resources in LGUs
	2.3. More efficient management of LGU assets and sustainable management of local resources
3. Strengthened <b>management, organization, and capacities</b> of local administrations, enterprises, and institutions under the jurisdiction of local self-government.	3.1. Improve the management and organization of local administrations
	3.2. Enhance the management and organization of public enterprises and institutions
	3.3. Build the capacities of local administrations, public enterprises, and institutions
	3.4. Advance local development
	3.5. Strengthen citizen participation in the affairs and development of LGUs
4. Improved <b>quality and accessibility of services</b> within the competence of local self-government units	4.1. Improve the quality and accessibility of administrative services
	4.2. Improve the quality and accessibility of administrative services
	4.3. Improve the services provided by public institutions

Nota bene:

During the drafting of the Strategic Platform, and subsequently the complete **Proposal for the Strategy for Local Self-Government Development in the RS for the period 2023–2029**, the Working Group frequently faced the dilemma of how to address the issue of demographic renewal, which is significant for all local self-government units in the RS and represents a critical survival issue for some. The previous **Strategy for Local Self-Government Development for the period 2017–2021** had elevated this issue to the level of Strategic Goal 5 (**Enhance incentive measures for demographic policy**), but its external evaluation conducted in 2021 rated the achievement of this goal as very **poor** - the worst compared to the other five strategic

goals. Considering the complexity and importance of the issue of demographic renewal and development for both local self-government units and the RS as a whole, the Working Group has chosen a different approach this time. It proposes the adoption of a separate **Strategy for the Demographic Renewal of the RS**,<sup>27</sup> which will include measures to be developed and implemented by local self-government units in line with their competencies, specific circumstances, and capacities. Additionally, within this **Strategy for Local Self-Government Development**, a series of targeted measures will focus on creating the conditions necessary to halt population outflows and support demographic renewal, with an emphasis on non-urban areas and local self-government units lacking the capacity to effectively and efficiently address this issue.

#### 4.1. Overview of Priorities and Measures for Strategic Goal 1

This section provides a tabular presentation and concise description of the priorities and measures for Strategic Goal 1, along with the associated indicators. Whenever possible, baseline values for the indicators were determined based on available data, as well as target values. Indicators of ultimate outcomes are used for the priorities, while output indicators are applied for the measures.

Under Strategic Goal 1, three priorities have been planned to achieve significant progress in terms of the position and execution of local self-government competencies in the RS, in accordance with the European Charter of Local Self-Government. The priorities are aimed at strengthening the functional and fiscal capacity of local self-government units, taking into account the imbalance between the size / capacity of local self-government units on one hand and their responsibilities and delegated tasks on the other, as well as the disparity in development, infrastructure, and services between urban and rural parts within a local self-government unit. The selected priorities are interconnected and collectively enable the achievement of the strategic goal. Quantitative indicators were used wherever feasible and justified. When this was not possible or justified, appropriate qualitative indicators were utilized.

A detailed overview of measures under this goal is provided in the annex to the strategic document.

**Table 9: Overview of priorities and measures for Strategic Goal 1**

Strategic goal 1: Enhanced <b>position and scope of local self-government authorities</b> within the governance system of the RS.			
Priorities	Indicators:	Baseline:	Target:
1.1. Improve the regulatory and institutional framework for local self-government	– Number of ECLSG provisions from integrated into RS legislation	To be determined	at least 20

##### Overview of measures for Priority 1.1.

- 1.1.1. Establish a register of local self-government competencies
- 1.1.2. Improve the regulatory framework for local self-government
- 1.1.3. Improve the institutional framework for local self-government development (**strengthen SOGRS and MULS**)
  - 1.1.3.1. Strategic project: 'Establishing a Centre for Research and Development of Local Self-Government Policies in Republika Srpska'

<sup>27</sup> The justification for such an approach was also confirmed in the RS Government Program, presented by the designated Prime Minister at the session of the National Assembly on December 21, 2022. Among the three most urgent priorities, the preparation of the Strategy for the Demographic Renewal of the Republika Srpska was explicitly highlighted.

Strategic goal 1: Enhanced **position and scope of local self-government authorities** within the governance system of the RS.

Priorities	Indicators:	Baseline:	Target:
1.2. Enhance horizontal and vertical cooperation	– Number of new cooperation agreements between LGUs (including inter-entity and cross-border cooperation)	-	at least 20
	– Number of newly adopted laws and strategies at the RS level developed with the involvement of local self-government authorities	-	all that impact local self-government

**Overview of measures for Priority 1.2.**

- 1.2.1. Support the development of inter-municipal cooperation in the RS
- 1.2.2. Support the improvement of inter-entity and cross-border cooperation
- 1.2.3. Harmonize and strengthen collaboration between RS and local authorities and institutions
- 1.2.4. Establish and maintain a registry for monitoring inter-municipal, inter-entity, and cross-border cooperation

1.3. Support municipalities lacking urban infrastructure	– number of non-urban municipalities classified as underdeveloped or highly underdeveloped local self-government units	16	no more than 12
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**Overview of measures for Priority 1.3.**

- 1.3.1. Pilot and implement tools for activating the territorial capital of targeted municipalities and problem areas
  - 1.3.1.1. Strategic project: 'Establishing a Resource Centre to Support Underdeveloped / Non-Urban Municipalities'
- 1.3.2. Pilot and implement investment incentive programs for targeted municipalities and problem areas
- 1.3.3. Establish a solidarity program / fund for local self-government

**4.1.1. Overview of measures for Priority 1.1. Improve the regulatory and institutional framework for local self-government**

The preceding analysis indicates a clear need and opportunity for further improvements to the regulatory and institutional framework governing the functioning and development of local self-government in the RS. Improvements in these areas will significantly impact the realization of other priorities outlined in this strategy. The regulatory and institutional framework must be aligned with the challenges and priorities of local self-government development in the upcoming strategic period while ensuring continued harmonization with the provisions of the European Charter of Local Self-Government in the legislation of the RS. Additionally, the institutional framework needs to be enhanced and strengthened, particularly in terms of support for the creation, implementation, monitoring, and ongoing improvement of policies and tools for local self-government development. Improvements to the regulatory framework should be based on evidence-driven prior analyses and impact assessments of revised and new regulations. This includes a systematic review of regulations from the perspective of their alignment with strategic priorities and measures for local self-government development, their consistency with the European Charter of Local Self-Government, and a detailed analysis of the institutional framework for local self-government development, complemented by other necessary studies and evaluations.

### ***Measure 1.1.1. Establish a register of local self-government competencies***

The aim of this measure is to provide a comprehensive overview of both the exclusive and delegated competences of local self-government units in a single location. By establishing a register of exclusive and delegated competences and tasks of local self-government, a systemic approach to planning and monitoring the development of local self-government will be enabled. Additionally, this will help create the groundwork for significantly reducing the disparity between the size / capacity of a local self-government unit on one hand, and its competences and assigned tasks on the other.

### ***Measure 1.1.2. Improve the regulatory framework***

This measure is systemic in nature and involves amending existing and adopting new normative acts based on the findings and recommendations of an initial analysis. It may also include improving the constitutional definition of local self-government should amendments to the RS Constitution Srpska be undertaken.

### ***Measure 1.1.3. Improve the institutional framework for local self-government development***

The elaboration and implementation of this measure will be based on the conclusions and recommendations of an initial analysis, which should also include an overview of best practices from neighbouring contexts. The focus will be on strengthening the role and capacities of the Ministry of Administration and Local Self-Government and the SOGRS. A key element of this measure is the strategic project 'Establishing a Centre for Research and Development of Local Self-Government Policies in the RS'. This centre's establishment and management should involve the Ministry of Administration and Local Self-Government, the SOGRS, and the academic community. The modalities of this initiative will be determined after the preparation of a feasibility and justification study.

## ***4.1.2. Overview of measures for Priority 1.2. Enhance horizontal and vertical cooperation***

The measures under this priority aim to address identified weaknesses, such as the low level of intermunicipal cooperation and the insufficient influence of local self-government units on government policies and the activities of RS-level institutions and public enterprises within their territories. Additionally, they seek to capitalize on opportunities for inter-entity and cross-border cooperation.

### ***Measure 1.2.1. Support the development of inter-municipal cooperation in the RS***

Previous practice has shown that legal regulation and the facilitation of cooperation between local self-government units within the RS have not yielded the expected outcomes. To improve the situation in this area, a preliminary study and analysis of the current state, successful and unsuccessful examples of cooperation, as well as barriers and opportunities for greater and more effective collaboration, need to be conducted. Following this, appropriate support instruments should be piloted, developed, and implemented.

### ***Measure 1.2.2. Support the improvement of inter-entity and cross-border cooperation***

As with the previous measure, this requires a preliminary study and analysis of the current state, successful and unsuccessful examples of collaboration, as well as barriers and opportunities for more effective and extensive cooperation. Subsequently, suitable support instruments for advancing inter-entity and cross-border collaboration should be piloted, developed, and implemented.

### ***Measure 1.2.3. Harmonize and strengthen collaboration between RS and local authorities and institutions***

***This measure involves activating existing mechanisms of cooperation and developing new forms of collaboration to achieve greater inclusion of local self-government units in regulating all matters critical to their functioning and development.*** In addition to improving the regulatory framework and updating cooperation agreements / memoranda, it includes identifying priorities for harmonizing and enhancing cooperation, communicating and coordinating harmonization processes, collaborating on the implementation of identified priorities, piloting and applying cooperation mechanisms, and promoting good practices in harmonization and collaboration to enable their broader use across sectors and local self-government units.

### ***Measure 1.2.4. Establish and maintain a registry for monitoring inter-municipal, inter-entity, and cross-border cooperation***

Systematic support for enhancing horizontal cooperation is not feasible without establishing and maintaining a registry to monitor intermunicipal, inter-entity, and cross-border collaboration based on various useful parameters. These parameters include signed agreements, joint projects (both completed and ongoing), resources invested, expected and achieved outcomes, programs under which cooperation occurs, timeframes, and more. To establish the register, normative prerequisites must be ensured, and cooperation between the Ministry of Administration and Local Self-Government and SOGRS is necessary for the implementation of this measure.

### ***4.1.3. Overview of measures for Priority 1.3. Support municipalities lacking urban infrastructure***

This priority primarily focuses on 16 local self-government units whose majority territories and administrative centres, according to the Dayton Agreement, remained in the Federation of Bosnia and Herzegovina (excluding the municipalities of Istočno Novo Sarajevo and Istočna Ilidža, which possess urban infrastructure). Following appropriate analyses and assessments, additional municipalities may also be included, particularly those with predominantly rural, sparsely populated, and economically underdeveloped areas. These municipalities require additional material and expert support to fulfill their responsibilities, meet the needs of their remaining populations, and create opportunities to retain and attract residents.

### ***Measure 1.3.1. Pilot and implement tools for activating the territorial capital of targeted municipalities and problem areas***

Following initial analyses - encompassing the definition and mapping of municipalities requiring additional support due to insufficient urban infrastructure and other necessary resources, the identification of problem areas and support priorities, and the resolution of barriers - plans are set to pilot new tools for activating the territorial capital of targeted municipalities and identified problem areas by leveraging the potential of unused spaces. The pilot phase will commence on a smaller scale with the support of a relevant international project, following which the tools will be fine-tuned, standardized, integrated into regulatory frameworks, and implemented across all targeted municipalities. As part of this measure, the strategic project 'Establishing a Resource Centre to Support Underdeveloped / Non-Urban Municipalities' is also planned.

### ***Measure 1.3.2. Pilot and implement investment incentive programs for targeted municipalities and problem areas***

Without adequate investments enabling employment opportunities, targeted municipalities will not be able to retain or attract residents. Such investments will not occur without a dedicated program designed and implemented by the Government in collaboration with targeted municipalities, the Government of the Republic of Serbia, and other potential partners.

### Measure 1.3.3. Establish a solidarity program / fund for local self-government

This measure aims to establish an appropriate mechanism for mutual solidarity among local self-government units. This mechanism will be strengthened through contributions from the Government and other stakeholders and institutions to ensure timely assistance for vulnerable areas and population groups, particularly in the event of natural or other disasters.

## 4.2. Overview of Priorities and Measures for Strategic Goal 2

Under the second strategic goal, three priorities are planned, aimed at increasing the revenues of local self-government, improving budget management in local self-government units, and ensuring more effective and sustainable management of assets and local resources in local self-government units.

**Table 10: Overview of priorities and measures for Strategic Goal 2**

Strategic goal 2. Improved system of funding local self-government.			
Priorities	Indicators:	Baseline:	Target:
2.1. Systemic increase in local self-government revenue	– LGU revenue (excluding accrued revenue)	829,700,000 BAM	at least 1,000,000,000 BAM
<b>Overview of measures for Priority 2.1.</b>			
2.1.1. Increase own-source revenues of local self-government			
2.1.2. Increase the share of local self-government units in the distribution of direct taxes and fees			
2.1.3. Enhance the efficiency of non-tax revenue collection by LGUs			
2.1.4. Actively attract and utilize non-refundable funds (grants, project funds) by local self-government units			
2.1.5. Strengthen the role of the Financial Mechanism for financing integrated and sustainable local development projects in the RS			
2.2. More efficient and transparent management of budgetary resources in LGUs	– share of capital expenditures in the total expenditures of LGU	To be determined	Steady growth
<b>Overview of measures for Priority 2.2.</b>			
2.2.1. Improve financial management and establish internal financial control systems in the public sector at the local level			
2.2.2. Increase the effectiveness and transparency of programs for awarding incentives, grants, and subsidies by LGUs			
2.2.3. Strengthen the focus on capital investments and projects within LGUs			
2.3. More efficient management of LGU assets and sustainable management of local resources	– number of LGUs with established asset registers	3	45
	– impact of LGUs on the utilization and protection of local natural resources	– disproportionately lower relative to the RS level	– equal to the RS level

Strategic goal 2. Improved **system of funding** local self-government.

Priorities	Indicators:	Baseline:	Target:
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### Overview of measures for Priority 2.3.

2.3.1. Support the establishment of digitalized asset management in LGUs

2.3.2. Ensure equitable participation of LGUs in decision-making processes regarding concessions and other forms of natural resource utilization within their territories

2.3.3. Pilot and expand programs for village revitalization

## 4.2.1. Overview of measures for Priority 2.1. *Systemic increase in local self-government revenue*

Measures under this priority aim to enable an increase in the own-source revenues of LGUs on a systemically sustainable basis. The revenue increase primarily serves to continuously improve the quality and accessibility of public services, considering current trends and the specific developmental needs and priorities of local populations. In addition to increasing own-source revenues and ensuring a greater share in the distribution of direct taxes and fees, the focus is also placed on more efficient collection of non-tax revenues and greater engagement of LGUs in attracting and effectively utilizing grant funding from donor organizations and other institutions in the RS and BiH.

### *Measure 2.1.1. Increase own-source revenues of local self-government*

This measure primarily focuses on increasing own-source revenues within the jurisdiction of LGUs. By increasing own-source revenues and strengthening their relative share in cumulative income, greater predictability and stability of local community financing is achieved, ultimately enabling broader coverage of current and capital expenditures by LGUs.

### *Measure 2.1.2. Increase the share of local self-government units in the distribution of direct taxes and fees*

This measure is based on the SOGRS Framework Platform for advocating amendments to the RS Law on the Budget System. It focuses on changes related to servicing external debt, as well as the distribution of revenue from taxes on personal earnings, taxes on income from self-employment, special water fees, road fees from vehicle registration, fuel surcharges, and fees for the conversion of agricultural land use.

### *Measure 2.1.3. Enhance the efficiency of non-tax revenue collection by local self-government units*

Enhancing non-tax revenue collection involves greater financial compliance and consistency in revenue collection efforts. Through a proactive planning policy that considers the needs and priorities of local economic and social development, more efficient collection will ensure greater stability and predictability of non-tax revenues for LGUs, thereby increasing their importance within the overall funding structure.

#### ***Measure 2.1.4. Actively attract and utilize non-refundable funds (grants, project funds) by local self-government units***

Numerous donor organizations and other institutions offer grant funding to support the implementation of priorities and development needs of LGUs based on a project-based funding approach. A more active approach to utilizing these funds, through building internal absorption and project implementation capacities in line with donor requirements, will enable a significant portion of developmental and other needs of LSGUs to be addressed through this funding mechanism.

#### ***Measure 2.1.5. Strengthen the role of the Financial Mechanism for financing integrated and sustainable local development projects in the RS***

Strengthening the role of the **Financial Mechanism** in the area of funding local socio-economic development, established with donor support through the Investment-Development Bank of Republika Srpska (IRBRS), involves the continuation of this project and its promotion as a mechanism for managing and implementing projects on a grant basis for LGUs. This will align with sustainable development goals and other development priorities of the RS. In this way, centralized project management and more efficient achievement of set goals and priorities for local development in the RS will be ensured.

### ***4.2.2. Overview of measures for Priority 2.2. More efficient and transparent management of budgetary resources in LGUs***

As a rule, limited budgetary resources must be managed efficiently and transparently to maximize their impact on the overall situation and socio-economic trends within local self-government units. The positive effects of budget management should primarily ensure a continuous increase in the share of capital expenditures in the total expenditures of local self-government units, thereby contributing to the comprehensive socio-economic growth and development of the local community.

#### ***Measure 2.2.1. Improve financial management and establish internal financial control systems in the public sector at the local level***

This measure aims to accelerate and facilitate bridging the gap between budget planning and execution, with the goal of enabling local self-government units to maintain budgets free from deficits and outstanding obligations. It also seeks to improve the currently underdeveloped financial management and control systems in some local self-government units. The measure includes activities related to enhancing the processes of planning, monitoring, and reporting on the implementation of budgetary resources at the local self-government level, as proposed by the SOGRS, as well as activities recommended in the RS Strategy for the Development of the System of Internal Financial Controls.

#### ***Measure 2.2.2. Increase the effectiveness and transparency of programs for awarding incentives, grants, and subsidies by LGUs***

This measure aims to establish and ensure the effectiveness and transparency of the process for allocating incentives, grants, and subsidies implemented by local self-government units. The focus of this measure is on selecting beneficiaries of non-repayable support programs through clearly formulated and pre-established application procedures and a transparent process for choosing beneficiaries, as well as on the monitoring and control of the purposeful use of allocated funds.

### ***Measure 2.2.3. Strengthen the focus on capital investments and projects within LGUs***

This measure seeks to shift the expenditure structure from current expenses toward capital investments and development projects. By strengthening capital expenditure, the groundwork is laid for dynamic local development, improving the quality and accessibility of public services, and enhancing the overall living conditions of the local population. Simultaneous efforts to limit and rationalize current expenditures, systematically increase the revenues of local self-government units, and secure non-repayable funding from donor organizations and other institutions for projects of capital and developmental importance to local self-government units will ensure the full success of this measure.

## ***4.3. Overview of measures for Priority 2.3. More efficient management of LGU assets and sustainable management of local resources***

The measures under this priority aim to significantly improve the otherwise inefficient management of assets in local self-government units, as identified by the RS Supreme Audit Authority, and to establish conditions for the sustainable management of resources available to local communities. This will primarily be achieved by increasing the influence of local self-government units and citizens on the use and protection of these resources.

### ***Measure 2.3.1. Support the establishment of digitalized property management systems within LGUs***

In addition to integrating activities related to property management into local development strategies, this measure includes the creation and implementation of a specialized training and advisory program within the Training Strategy for employees in local self-government units. It also involves supporting the implementation and maintenance of software solutions with property registries for local self-government units that strategically opt for this approach.

### ***Measure 2.3.2. Ensure equitable participation of LGUs in decision-making processes regarding concessions and other forms of natural resource utilization within their territories***

This measure focuses on securing a much more active role for local self-government units and community residents in the process of awarding concessions, as well as in planning and overseeing the operations of public enterprises at the republic level that utilize natural resources located within the territories of local self-government units. It also emphasizes stricter adherence to environmental impact assessments in resource-use decision-making processes.

### ***Measure 2.3.3. Pilot and expand programs for village revitalization***

The goal is to initially implement small-scale pilot projects and then develop a comprehensive rural revitalization program (modelled on Serbia's National Program for Rural Revival). This approach aims to ensure significantly more efficient use of public and private immovable assets (buildings, estates, land) that are not in use, with the ultimate objective of increasing population density in rural areas and stimulating private entrepreneurship.

## ***4.3. Overview of Priorities and Measures for Strategic Goal 3***

For the third strategic goal, five priorities have been identified to enhance the management and organization of local administrations, public enterprises, and institutions. These priorities aim to ensure the continuous strengthening of their capacities while reinforcing two potentially most powerful levers for developmental changes and improved quality of life: local development and citizen participation.

**Table 11: Overview of Priorities and Measures for Strategic Goal 3**

Strategic goal 3. Strengthened <b>management, organization, and capacities</b> of local administrations, enterprises, and institutions under the jurisdiction of local self-government.			
Priorities	Indicators:	Baseline:	Target:
3.1. Improve the management and organization of local administrations	<ul style="list-style-type: none"> <li>– number of LGUs with improved local governance</li> <li>– share of employees with tertiary education in local governments</li> <li>– ratio of women to men in LGU bodies</li> </ul>	<ul style="list-style-type: none"> <li>–</li> <li>– to be determined</li> <li>– significantly in favour of men</li> </ul>	<ul style="list-style-type: none"> <li>– all cities and at least 15 municipalities</li> <li>– steady growth</li> <li>– significantly more balanced</li> </ul>
<b>Overview of measures for Priority 3.1.</b>			
3.1.1. Support the development of good governance practices in local governments			
3.1.2. Support the digital transformation of local governments			
3.1.3. Support the promotion of gender equality and inclusion in local governments			
3.2. Enhance the management and organization of public enterprises and institutions	<ul style="list-style-type: none"> <li>– number of LGUs with improved governance and organization of public enterprises and institutions</li> </ul>	-	all cities and at least 15 municipalities
<b>Overview of measures for Priority 3.2.</b>			
3.2.1. Enhance corporate governance and quality management in public enterprises			
3.2.2. Introduce good governance models in public institutions			
3.2.3. Support the digital transformation of public enterprises and institutions			
3.3. Build the capacities of local administrations, public enterprises, and institutions	<ul style="list-style-type: none"> <li>– number of LGUs with established human resource management systems</li> </ul>	-	all cities and at least 25 municipalities
<b>Overview of measures for Priority 3.3.</b>			
3.3.1. Build the capacity of municipal / city administrations within LGUs			
3.3.2. Build the capacity of public enterprises and institutions for more efficient and transparent service delivery			
3.3.2.1. Strategic Project: ‘Development of a Training System for Local Public Enterprises and Institutions’			
3.3.3. Build the capacity of local governments, public enterprises, and institutions to actively leverage international funding and projects			
3.4. Advance local development	<ul style="list-style-type: none"> <li>– number of developed LGs</li> <li>– number of LGUs that have introduced BFC SEE certification</li> </ul>	<ul style="list-style-type: none"> <li>18</li> <li>13</li> </ul>	<ul style="list-style-type: none"> <li>at least 22</li> <li>at least 20</li> </ul>

#### Overview of measures for Priority 3.4.

- 3.4.1. Support strategic and spatial planning in LGUs for achieving sustainable development goals
- 3.4.2. Support the operationalization and implementation of strategies and plans in LGUs
- 3.4.3. Support the operationalization and implementation of strategies and plans in LGUs
- 3.4.4. Support social development programs and the promotion of social entrepreneurship in LGUs

3.5. Strengthen citizen participation in the affairs and development of LGUs	–	Number of LGUs where local community councils and CSOs are actively involved in proposing and monitoring policies	-	all cities and at least 15 municipalities
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#### Overview of measures for Priority 3.5.

- 3.5.1. Strengthen citizen participation through local community councils
- 3.5.2. Enhance the involvement of civil society organizations
- 3.5.3. Strengthen direct citizen participation by utilizing digital tools
- 3.5.4. Establish and strengthen collaboration with the diaspora

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### 4.3.1. Overview of measures for Priority 3.1. *Improve the management and organization of local administrations*

Within this priority, efforts will focus on implementing measures to operationalize and achieve the principles of good democratic local governance, promoting and guiding its digital transformation, and ensuring continuous progress in gender equality and social inclusion.

#### ***Measure 3.1.1. Support the development of good governance practices in local governments***

This measure aims to advance the goals set in the Good Governance and Public Sector Management framework, as outlined in the Framework for the Implementation of Sustainable Development Goals in Bosnia and Herzegovina, as well as the realization of the twelve principles of good democratic governance advocated by the Council of Europe. It includes the introduction of the CAF model (Common Assessment Framework), which ensures quality management in public administration.

#### ***Measure 3.1.2. Support the digital transformation of local governments***

As local administrations represent an essential part of public administration, their digital transformation is a critical component of the broader ongoing process of digitalizing the public sector. This measure's implementation will rely heavily on the support of international organizations and projects (e.g., UNDP and the project 'Digital Transformation of the Public Sector') and on lessons learned from relevant pilot projects (e.g., the 'Smart Cities – Towards Digital Transformation of Cities in BiH' project). In digitizing local self-government units, it is crucial to follow guidelines outlined in strategic documents on the development of e-governance (RS Official Gazette no. 70/11) and the adopted primary and secondary legislation regulating the information society in the RS (e.g., the Information Security Law, RS Official Gazette no. 70/11; the Regulation on Information Security Measures, RS Official Gazette no. 91/12; the Rulebook on Information Security Standards, no. 19/6-010/91-23/12; the RS Law on Electronic Signatures, RS Official Gazette no. 106/15 and 83/19; the Law on Electronic Documents, RS Official Gazette no. 106/15; the Law on Electronic Business, RS Official Gazette no. 59/09 and 33/16; and the Regulation on the Designation of the Electronic Certification Authority for Government Bodies, RS Official Gazette no. 107/20, among others).

### ***Measure 3.1.3. Support the promotion of gender equality and inclusion in local governments***

This measure envisions the application of mandatory gender equality standards as stipulated by the BiH Gender Equality Law and the international standards in effect in BiH and the RS at the level of local self-government. Additionally, it focuses on strengthening social inclusion, particularly for vulnerable population groups, aligning with the ***Society of Equal Opportunities*** pillar from the Framework for the Implementation of Sustainable Development Goals in BiH.

### ***4.3.2. Overview of measures for Priority 3.2. Enhance the management and organization of public enterprises and institutions***

This priority shares a similar character and significance with the previous one, but it is tailored to the specific needs of public enterprises and institutions under the jurisdiction of local self-government. The emphasis is placed on improving corporate governance in public enterprises and good governance in public institutions, alongside supporting their digital transformation.

#### ***Measure 3.2.1. Enhance corporate governance and quality management in public enterprises***

A significant number of local public enterprises operate at a loss and rely heavily on subsidies from local self-government budgets, jeopardizing the quality and sustainability of the services they are responsible for providing. By enhancing corporate governance, public enterprises at the local level should achieve efficient and transparent operations and deliver high-quality services. An additional group of activities in this direction involves supporting these enterprises in introducing and maintaining appropriate quality management systems, particularly ISO standards and the CAF model.

#### ***Measure 3.2.2. Introduce good governance models in public institutions***

Similar to Measure 3.1.1, this measure aims to advance the ***Good Governance and Public Sector Management*** framework defined in the Framework for the Implementation of Sustainable Development Goals in BiH. However, the focus of interventions and activities will be adapted to the specific needs and conditions of public institutions under the jurisdiction of local self-government. Following the application of the CAF model in local administrations, its introduction is also planned for local public institutions.

#### ***Measure 3.2.3. Support the digital transformation of public enterprises and institutions***

This measure will be implemented in a complementary manner with Measure ***3.1.2 Support for the Digital Transformation of Local Administration***, with the necessary adaptations to the needs and conditions of local public enterprises and institutions. During the digital transformation of public enterprises and institutions, it is essential to adhere to the guidelines outlined in strategic documents on the development of e-governance (RS Official Gazette no. 70/11) and the adopted laws and bylaws regulating the information society in the RS.

### ***4.3.3. Overview of measures for Priority 3.3. Build the capacities of local administrations, public enterprises, and institutions***

The ongoing improvement of competencies (knowledge, skills, and attitudes that translate into performance) of management structures and employees in local administrations, public enterprises, and institutions is a key success factor that significantly impacts the development of local self-government units. Capacity-building programs at the local level have so far been predominantly directed towards local administration. In this strategic period, these activities are planned to expand to include local public enterprises and public institutions, which collectively contribute to the quality of life for citizens.

### ***Measure 3.3.1. Build the capacity of municipal / city administrations within LGUs***

Based on an already established systemic approach to capacity building in local self-government units, the adoption and implementation of a Training Strategy for Employees in Local Self-Government Units is planned. This will align with priorities identified through prior training needs analysis and the priorities set forth in this strategy for the development of local self-government. Special attention will also be directed towards training the governing bodies of local self-government units to harmonize their functioning and minimize instances of misunderstanding and competition, which have been known to result in delays in adopting key acts and temporary interruptions in their operations.

### ***Measure 3.3.2. Build the capacity of public enterprises and institutions for more efficient and transparent service delivery***

The systemic approach to capacity building, already introduced for local administration, should gradually expand in the next strategic period to encompass public enterprises and institutions. This will involve establishing a training management model that includes strategic training planning (based on needs assessment and priorities from this strategy for local self-government development), implementation, monitoring, and evaluation of training.

### ***Measure 3.3.3. Build the capacity of local governments, public enterprises, and institutions to actively leverage international funding and projects***

This measure aims to address identified weaknesses related to the low absorption capacity of local self-government units for utilizing EU and regional funds and participating in international and cross-border projects. These projects create opportunities for various aspects of local self-government development. Plans include continuing and improving specialized training for local self-government officials to equip them with the necessary knowledge and skills in project management. Furthermore, efforts will focus on preparing and submitting specific individual and joint project proposals.

## ***4.3.4. Overview of measures for Priority 3.4. Advance local development***

In most local self-government units, a strategic approach to managing local development has been established through local development strategies and organizational units dedicated to this task. Moving forward, progress in this area should be maintained and accelerated, taking into account the principles and goals of sustainable development, as well as the alignment of economic and social development with environmental protection within local self-governments.

### ***Measure 3.4.1. Support strategic and spatial planning in LGUs for achieving sustainable development goals***

In the upcoming period, efforts will focus on further improving strategic and spatial planning within local self-governments and ensuring their mutual alignment. This will include providing appropriate expert and financial support to local self-government units that lack the necessary resources for these purposes. Initially, the emphasis will be on familiarizing all local self-governments with the obligations and methodologies derived from the RS Law on Strategic Planning and Development Management and its accompanying regulations, with particular attention to the synchronization of strategic planning with spatial and urban planning. Based on the strategic orientation and priorities outlined in the Framework for the Implementation of Sustainable Development Goals in BiH, local self-governments will be guided towards **smart growth, good governance, and building an inclusive society**. Additional support will be offered to accelerate and facilitate the energy transition, the shift to a green / circular economy, and the overall protection of the environment while increasing resilience to unexpected global and regional challenges (e.g., the pandemic crisis or the Ukrainian crisis).

### ***Measure 3.4.2. Support the operationalization and implementation of strategies and plans in LGUs***

Special focus will be placed on supporting local self-governments in preparing their adopted local development strategies for implementation through the development of operational documents (action, mid-term, and annual plans) in line with the Regulation on Implementation Documents in the RS. To strengthen connections and ensure consistency with spatial planning, efforts will also be directed towards the preparation, operationalization, and implementation of spatial planning documents alongside strategic planning procedures. Additional support will be provided for measures and projects contributing to the realization of sustainable development goals, particularly those related to environmental protection, energy transition, and the green / circular economy.

### ***Measure 3.4.3. Support the operationalization and implementation of strategies and plans in LGUs***

Efforts will continue to advance the preparation of local self-governments to obtain the regional BFC (Business-Friendly Certification), confirming their progress toward a favourable business environment. Activities will include the development and promotion of business zones (including free zones) and the creation and application of systemic support instruments for local entrepreneurship, especially for youth and women. Practically, this involves the localization of relevant measures included in priorities 1.2, 1.3, 1.4, and 2.1 of the Strategy for the Development of Small and Medium Enterprises 2021–2027.

### ***Measure 3.4.4. Support social development programs and the promotion of social entrepreneurship in LGUs***

This measure includes providing additional support to local self-governments that create and implement local programs for social housing, natality policies, repopulation of partially or fully depopulated areas, and other similar programs aimed at retaining and attracting the population. Additionally, it encourages other local self-governments to develop and initiate such programs. The measure also encompasses support for the development of social entrepreneurship as an effective model and tool to address the needs of particularly vulnerable groups. This involves **tackling social, health, cultural, economic, environmental, or other community challenges, preventing and addressing social exclusion, and strengthening social solidarity and cohesion.**

### ***4.3.5. Overview of measures for Priority 3.5. Strengthen citizen participation in the affairs and development of LGUs***

Greater citizen participation in the affairs and development of local self-government units represents a highly significant yet underutilized opportunity to realize the new vision of local self-government in the RS. This participation can accelerate a new phase of democratization for the entire society, creating a society of equal opportunities where no one is excluded. In this way, local self-government units develop in alignment with the needs of their citizens, enabling citizens to influence key decisions made on their behalf.

### ***Measure 3.5.1. Strengthen citizen participation through local community councils***

This measure aims to enhance the role of local communities as a link between citizens and local authorities. Local communities will enable greater citizen participation in democratic decision-making processes and serve as advocates for citizen needs to local governments and other stakeholders important for local

development. Key activities are defined based on the experiences and recommendations of the project 'Strengthening the Role of Local Communities in BiH'.

**Measure 3.5.2. Enhance the involvement of civil society organizations**

This measure focuses on increasing youth participation through local youth organizations (in line with the RS Youth Policy 2023–2027), as well as supporting associations that foster voluntary, non-partisan, and non-profit initiatives dedicated to issues of public interest. It emphasizes mutually beneficial cooperation for local authorities, these organizations, and, most importantly, citizens within local communities. This cooperation will be supported and achieved through both existing and new mechanisms and instruments.

**Measure 3.5.3. Strengthen direct citizen participation by utilizing digital tools**

The rapid development and application of information and communication technologies have opened up new possibilities for direct citizen involvement in local self-government affairs and development through digital platforms and tools based on the e-citizen concept. This measure will be developed and implemented in synergy with other measures focused on the digital transformation of the public sector.

**Measure 3.5.4. Establish and strengthen collaboration with the diaspora**

Cooperation with the diaspora allows local self-government units to maintain meaningful connections with emigrants while channelling the potential of the diaspora effectively. Although RS institutions have established a strong institutional framework for this type of cooperation, the role of local self-governments is particularly important due to their natural closeness, direct contact with citizens, and the services they provide. This measure encompasses a set of activities aimed at establishing systemic cooperation with the diaspora at the local level. These include creating a dedicated organizational contact point for cooperation, mapping the diaspora with an appropriate database, organizing information campaigns and diaspora meetings, and incorporating this type of cooperation into the strategic documents of local self-government units.

**4.4. Overview of Priorities and Measures for Strategic Goal 4**

The priorities encompassed by the fourth objective focus on improving the services under the jurisdiction of local self-government. These include administrative services provided by local administrations, utility services delivered by municipal utility companies, and social and other services offered by public institutions.

**Table 12: Overview of Priorities and Measures for Strategic Goal 4**

Strategic goal 4. Improved <b>quality and accessibility of services</b> within the competence of local self-government units			
Priorities	Indicators:	Baseline:	Target:
4.1. Improve the quality and accessibility of administrative services	– number of LGUs with continuous monitoring and improvement of the quality and accessibility of administrative services	To be determined	steady growth (as of 2024)

Strategic goal 4. Improved **quality and accessibility of services** within the competence of local self-government units

Priorities	Indicators:	Baseline:	Target:
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**Overview of measures for Priority 4.1.**

4.1.1. Support the expansion of best practices in providing administrative services through one-stop-shop models

4.1.2. Ensure the availability of administrative services in non-urban areas

4.1.3. Support continuous monitoring and improvement of the quality and accessibility of administrative services (with gender equality assurance)

4.2. Improve the quality and accessibility of administrative services	– number of LGUs with continuous monitoring and improvement of the quality and accessibility of utility services	To be determined	steady growth (as of 2025)
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**Overview of measures for Priority 4.2.**

4.2.1. Support the expansion of best practices in public-private partnerships for the provision of utility services

4.2.2. Support the introduction of local policies to subsidize utility services for vulnerable user groups

4.2.3. Ensure the availability of utility services in non-urban areas

4.2.4. Support continuous monitoring and improvement of the quality and accessibility of utility services (with gender equality assurance)

4.3. Improve the services provided by public institutions	– number of LGUs with continuous monitoring and improvement of the quality and accessibility of public services	To be determined	steady growth (as of 2025)
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**Overview of measures for Priority 4.3.**

4.3.1. Support the expansion of best practices in public-private partnerships and social entrepreneurship in providing public services

4.3.2. Support the development of culture, creative industries, and sports and recreational activities in LGUs

4.3.3. Support the introduction of local policies to subsidize services for vulnerable user groups

4.3.4. Ensure the availability of public services in non-urban areas

4.3.5. Support continuous monitoring and improvement of the quality and accessibility of public services (with gender equality assurance)

**4.4.1. Overview of measures for Priority 4.1. Improve the quality and accessibility of administrative services**

The provision of administrative services, primarily under the jurisdiction of local self-government, has been significantly improved in recent years, particularly through the enhancement of customer orientation and the adoption of a 'one-stop-shop' service model. Moving forward, efforts will continue to enhance the quality and accessibility of these services, especially by leveraging ICT technologies and facilitating service provision in non-urban areas. Special attention will be given to introducing tools for continuous monitoring of service outcomes and user satisfaction, forming a foundation for further improvements.

### ***Measure 4.1.1. Support the expansion of best practices in providing administrative services through one-stop-shop models***

This measure aims to expand best practices in delivering services through the 'one-stop-shop' model, which has already been implemented in most local self-government units through service counters or citizen service centres. The expansion of good practices involves organizing additional types of services (e.g., those related to issuing location conditions and building permits) under the same model and extending the model to other local self-government units in alignment with their specific needs and characteristics.

### ***Measure 4.1.2. Ensure the availability of administrative services in non-urban areas***

This measure aims to deliver administrative services tailored to non-urban areas, where the necessary infrastructure is lacking and the population is sparse, predominantly consisting of elderly individuals. The goal is to bring these services closer to such communities through the development and introduction of a mobile service delivery model. Initially, this model will be piloted in selected target areas and then gradually expanded to similar regions.

### ***Measure 4.1.3. Support continuous monitoring and improvement of the quality and accessibility of administrative services (with gender equality assurance)***

An important aspect of improving administrative services is ensuring continuous monitoring of their accessibility and quality based on feedback from users, including citizens, entrepreneurs, and other groups. A tool for this purpose will be developed, considering obligations and recommendations related to ensuring gender equality. The tool will be piloted in a limited number of diverse local self-government units and then standardized and gradually implemented across all units. It will also align with the requirements of the CAF model, which is planned to become the predominant quality management system for local self-government units, and integrate into the framework of the Quality and Accessibility Index and the User Satisfaction Index, which are to be developed for monitoring progress toward achieving the fourth strategic goal.

## ***4.4.2. Overview of measures for Priority 4.2. Improve the quality and accessibility of administrative services***

The availability and quality of utility services significantly impact the quality of life in local communities. Therefore, their improvement represents one of the priorities for the upcoming period and will be aligned with measures aimed at enhancing the management, organization, and capacities of public enterprises responsible for providing these services. Key focuses for improving these services will include promoting and expanding good practices of public-private partnerships, introducing policies for subsidizing service costs for vulnerable population groups, and ensuring accessibility in non-urban areas. Similar to administrative services, particular attention will be directed toward creating tools and implementing practices for the continuous monitoring of the quality and accessibility of these services.

### ***Measure 4.2.1. Support the expansion of best practices in public-private partnerships for the provision of utility services***

The public-private partnership model, whose implementation is facilitated by specific legislation, has not yet been utilized sufficiently in the provision of utility services. This measure will examine the reasons and limitations behind the negligible application of this model in utility services, recommend and develop policies and tools to reduce barriers, and encourage such investments while ensuring public interest is safeguarded.

### ***Measure 4.2.2. Support the introduction of local policies to subsidize utility services for vulnerable user groups***

This measure will define conditions and possibilities for introducing and improving local subsidy policies to make essential utility services more accessible to population groups unable to afford them. Additionally, it will offer targeted support to local self-government units that demonstrably lack the necessary resources to design and implement such policies effectively.

### ***Measure 4.2.3. Ensure the availability of utility services in non-urban areas***

Similar to the provision of administrative services, efforts will be made in the upcoming period to adapt and deliver appropriate utility services based on the specific needs and capabilities of non-urban areas. This involves an initial selection of services, piloting suitable delivery models in a small sample of local self-government units or non-urban areas, followed by promoting and expanding the proven service delivery model to a broader range of non-urban areas or local self-government units.

### ***Measure 4.2.4. Support continuous monitoring and improvement of the quality and accessibility of utility services (with gender equality assurance)***

This measure involves developing and applying tools for the continuous monitoring of the availability and quality of utility services, similar to those for administrative services but adapted to the distinct nature and scope of utility services. Accordingly, the piloting, development, and broader implementation of such tools must reflect these specificities while adhering to the same requirements for ensuring gender equality, alignment with the CAF model, and integration into the framework of quality and accessibility indices and user satisfaction indices, which are to be developed to monitor progress in achieving the fourth strategic goal.

## ***4.4.3. Overview of measures for Priority 4.3. Improve the services provided by public institutions***

Cities and municipalities play a significant role in providing services related to education and culture, social and healthcare protection, care for youth, children, and the elderly, as well as civil protection and other services essential for improving citizens' quality of life. Therefore, the continuous improvement of the accessibility and quality of these services remains a priority for the coming period and will be aligned with measures aimed at enhancing the management, organization, and capacities of public institutions responsible for delivering these services. Similar to the approach taken for communal services and public enterprises, the focus here will also be on promoting and rolling out best practices in public-private partnerships, implementing policies for subsidizing service costs for vulnerable population groups, ensuring accessibility in non-urban areas, and developing tools and practices for the continuous monitoring of service quality and availability. Additionally, further support is planned for the development of culture and creative industries within local self-government units.

### ***Measure 4.3.1. Support the expansion of best practices in public-private partnerships and social entrepreneurship in providing public services***

As with measure 4.2.1, this measure also includes an assessment of the potential use of the public-private partnership model, accompanied by appropriate recommendations and the development of policies and instruments to encourage joint investments and collaborative management between the public and private sectors in this area. Additionally, the measure involves the increased use of social entrepreneurship as an effective model and tool for addressing the needs of particularly vulnerable groups.

### ***Measure 4.3.2. Support the development of culture, creative industries, and sports and recreational activities in LGUs***

Given that cultural and sports-recreational activities play an increasingly important role in the quality of local life, and creative industries present an increasingly attractive opportunity for entrepreneurship and youth employment, this measure aims to provide targeted support and allocate greater budgetary resources to these areas.

### ***Measure 4.3.3. Support the introduction of local policies to subsidize services for vulnerable user groups***

This measure will define conditions and possibilities for introducing and improving local subsidy policies to make essential services, particularly in the areas of education, healthcare, social protection, and public transportation, more accessible to population groups that cannot afford them. Additionally, it will provide further support to local self-government units that demonstrably lack the resources to establish and implement such policies.

### ***Measure 4.3.4. Ensure the availability of public services in non-urban areas***

Similar to the provision of administrative services, efforts will be made in the upcoming period to adapt and deliver appropriate utility services based on the specific needs and capabilities of non-urban areas. This involves an initial selection of services, piloting suitable delivery models in a small sample of local self-government units or non-urban areas, followed by promoting and expanding the proven service delivery model to a broader range of non-urban areas or local self-government units.

### ***Measure 4.3.5. Support continuous monitoring and improvement of the quality and accessibility of public services (with gender equality assurance)***

As with administrative and utility services, this measure entails developing and implementing tools for the continuous monitoring of accessibility and quality. However, these tools will be specifically designed to address the unique nature and scope of the services covered under this priority. Accordingly, the piloting, development, and broader implementation of such tools must reflect these specificities while adhering to the same requirements for ensuring gender equality, alignment with the CAF model, and integration into the framework of quality and accessibility indices and user satisfaction indices, which are to be developed to monitor progress in achieving the fourth strategic goal.

# 5. STRATEGIC PROJECTS

Key strategic projects represent interventions of the highest importance for achieving strategic goals. These projects have catalytic and multifaceted effects on development, serving as a foundation for initiating additional projects. Their outcomes are expected to contribute to the realization of strategic priorities and sustainable development.

Within the RS Strategy for the Development of Local Self-Government 2023–2029, three strategic projects are identified as follows:

- Establishing a Centre for Research and Development of Local Self-Government Policies in the RS
- Establishing a Resource Centre to Support Underdeveloped / Non-Urban Municipalities
- Development of a Training System for Local Public Enterprises and Institutions

## 5.1. Establishing a Centre for Research and Development of Local Self-Government Policies in the RS

The establishment of the Centre for Research and Development of Local Self-Government Policies aims to strengthen the currently weak link in the chain of preparing, monitoring, and evaluating policies and instruments for various aspects of local self-government development. This weakness pertains to the lack of research and a critical mass of knowledge necessary for creating, monitoring, and improving these policies and instruments. The proposal is to establish this knowledge center through the collaboration between the MULS and SOGRS, enhancing the operations and impact of both institutions.

This project is planned under Measure 1.1.3: Improve the institutional framework for local self-government development.

Main project activities:

- Conduct a feasibility study, including organizational modality options;
- Select the organizational modality;
- Address logistical and organizational requirements for implementing the selected modality;
- Secure initial funding for the centre's operations.

Period: 2025–2027

The project owner is the Ministry of Administration and Local Self-Government, in collaboration with the Association of Municipalities and Cities of Republika Srpska, and with the participation of the academia and experts.

A budget of 50,000 BAM should be allocated for the preparation of the feasibility study. The total project cost estimates and funding sources will be determined following the completion of the study.

## 5.2. Establishing a Resource Centre to Support Underdeveloped / Non-Urban Municipalities

This strategy places significant emphasis on supporting underdeveloped / non-urban municipalities, which, due to objective limitations, are unable to provide their populations with services of the same quality and accessibility as those available in more developed and urban municipalities. To properly address and design the necessary types of support and to establish the conditions for delivering this support in an effective and cost-efficient manner, the establishment of a dedicated resource centre is planned. This centre will consolidate the capacities and tools required to provide such support.

This project is planned under Measure **1.3.1: Pilot and implement tools for activating the territorial capital of targeted municipalities and problem areas**

Main project activities:

- Conduct a feasibility study, including organizational modality options;
- Select the organizational modality;
- Address logistical and organizational requirements for implementing the selected modality;
- Secure initial funding for the centre's operations.

Period: 2026-2029

The project owner is the Ministry of Administration and Local Self-Government, in cooperation with the academia (ANURS, relevant faculties).

A budget of 50,000 BAM should be allocated for the preparation of the feasibility study. The total project cost estimates and funding sources will be determined following the completion of the study.

## 5.3. Development of a Training System for Local Public Enterprises and Institutions

This strategy significantly expands its scope to include local public enterprises and institutions under the jurisdiction of local self-governments. Both of these target groups have, until now, remained outside the reach of projects and interventions aimed at systemic capacity building. In the upcoming strategic period, the establishment of a systematic approach to training and strengthening the human resource management function in local public enterprises and institutions is planned, drawing on the experiences and practices of the earlier 'Municipal Training System' project.

This project is planned under Measure **3.3.2: Build the capacity of public enterprises and institutions for more efficient and transparent service delivery** with an anticipated catalytic impact on other measures within Priority **3.3: Build the capacities of local administrations, public enterprises, and institutions.**

Main project activities:

- Planning and initiating the project;
- Assessing training needs in public enterprises and institutions;
- Developing a training strategy and program for public enterprises and institutions;
- Implementing and monitoring the effects of the program.

Period: 2025–2028

The project owner is the Ministry of Administration and Local Self-Government, in collaboration with the SOGRS and support from the donor community.

# 6. DESCRIPTION OF INTERNAL AND INTERNATIONAL ALIGNMENT OF THE DOCUMENT

This section provides an explanation of the external and internal alignment of the strategic document.

## 6.1. External Alignment

External alignment refers to the complementarity of the document with other strategic frameworks of the same or higher level, including strategic documents derived from the EU integration process and internationally recognized Global Sustainable Development Goals.

The overview of external alignment is presented in three parts: alignment with the international (primarily EU) framework, alignment with the framework for the implementation of sustainable development goals in BiH, and alignment with other sectoral strategies in the RS adopted for the upcoming strategic period.

### 6.1.1. Alignment with the EU Framework

Full membership of BiH, and consequently the RS, in the European Union is both a strategic commitment and an international obligation undertaken by signing the **Stabilization and Association Agreement (SAA)** between the European Communities and their Member States, on one side, and BiH, on the other (BiH Official Gazette – International Treaties No. 10/08). Accordingly, and in compliance with Article 70 of the SAA, the RS has continued its alignment with the legal acquis of the European Union (EU acquis) in the area of local self-government, fulfilling the recommendations of the European Commission, particularly those related to administrative accountability, user orientation in the provision of public services, citizen participation and civil society organization involvement in policymaking and monitoring, digital transformation, and more.

This strategic document, especially with respect to the first and second strategic goals and corresponding priorities and measures, is closely aligned with the European Charter of Local Self-Government, which lays down the foundational EU framework for this area. Furthermore, it is consistent with the European Commission's policy on local authorities as outlined in the following documents: **Empowering Local Authorities in Partner Countries for Enhanced Governance and More Effective Development Outcomes (Opinion)**, **the Staff Working Document on EU Cooperation with Cities and Local Authorities in Partner Countries**, and **the Guidelines for EU Support to Civil Society in the Enlargement Region 2021–2027**.

### 6.1.2. Alignment with the Framework for the Implementation of Sustainable Development Goals in BiH

In 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, committing all member states, including Bosnia and Herzegovina, to implementing the 2030 Agenda and the Global Sustainable Development Goals. To facilitate this, in 2021, the BiH Council of Ministers adopted the document 'Framework for the Implementation of Sustainable Development Goals in BiH'.

The third and fourth strategic goals, along with the corresponding priorities and measures outlined in the RS Strategy for the Development of Local Self-Government 2023–2029, are largely aligned with the drivers identified under the pathway **Good Governance and Public Sector Management** within the

accelerator **Efficient, Open, Inclusive, and Accountable Public Sector**. They also align with relevant drivers within two additional accelerators: **Rule of Law, Security, and Fundamental Rights** and **Disaster Resilience**. Furthermore, all four strategic goals, along with their relevant priorities and measures, are harmonized with the drivers under the pathway **Society of Equal Opportunities** within the accelerators **Improved Social Protection Policies**, **Efficient Healthcare for All**, **Enhanced Inclusivity of Educational Systems**, and **Financial Inclusion**. Additionally, the priorities and measures under the second, third, and fourth strategic goals are aligned with the pathway **Smart Growth** and the drivers within the accelerators **Enabling Environment for Entrepreneurship and Innovation**, **Increased Investments in Infrastructure, Green Growth and Green Energy**, and **Smart Management of Natural Resources and the Environment**.

### 6.1.3. Alignment with Sectoral Strategies and Other Documents

The Strategy for the RS Development of Local Self-Government 2023–2029 is aligned with the Amendments to the RS Spatial Plan by 2025. This alignment is particularly significant given that the overarching RS Development Strategy has not yet been developed or adopted, making the Spatial Plan the sole comprehensive strategic document in the RS to guide the alignment of sectoral strategies.

The alignment with the RS Spatial Plan is reflected in the following elements:

- The development vision of the Strategy aligns with the vision and general principles of spatial development defined by the RS Spatial Plan.
- The Strategy for the Development of Local Self-Government aligns with the general objectives outlined in the RS Spatial Plan, particularly:
  - REDUCING DISPARITIES AND REVERSING ADVERSE DEMOGRAPHIC TRENDS;
  - ENHANCING SOCIAL COHESION;
  - STRENGTHENING THE MODEL OF SUSTAINABLE USE OF RESOURCES AND OVERALL TERRITORIAL CAPITAL in local self-government units and specific regions;
- The Strategy aligns with the general guidelines for spatial development set out in the RS Spatial Plan (e.g., decentralization and deconcentration, strengthening the competencies of cities, focusing on border municipalities, addressing the development challenges of underdeveloped areas, modernizing and improving spatial development and management).
- The Strategy aligns with regional development concepts defined in the Spatial Plan, particularly by addressing the issues of uneven development between local self-government units and regions, as well as between urban and rural areas.
- The Strategy aligns with strategic priorities defined in the Spatial Plan that are relevant to the local level, specifically: Regional development and sustainable urban systems; Settlement networks and development corridors; Special areas – extremely underdeveloped areas; Development of urban utility systems; Utility equipment and rural development.

The RS Strategy for the Development of Local Self-Government is also aligned with the current RS Economic Reform Program and the BiH Economic Reform Program.

Additionally, this Strategy aligns with several sectoral strategies prepared and adopted for the upcoming strategic period, including:

- Strategy for Public Finance Management in the rS 2021–2025;
- Strategy for the Development of the Internal Financial Control System in the Public Sector of the RS 2021–2025;
- Strategy for the Development of Small and Medium Enterprises in the RS 2021–2027;

- Strategy for Attracting Foreign Investments in the RS 2021–2027;
- Strategy for the Development of Preschool, Primary, and Secondary Education in the RS 2022–2030;
- Strategy for Agricultural and Rural Development in the RS 2021–2027;
- Employment Strategy of the RS 2021–2027;
- Strategy for the Development of E-Government in the RS 2019–2022;
- Strategy for the Development of Social Housing in the RS 2020–2030;
- Strategy for the Improvement of Sexual and Reproductive Health in the RS 2019–2029;
- Strategic Plan for Cooperation with the Diaspora;
- Strategy for the Development of Science and Technology, Higher Education, and the ICT Industry in the RS 2022–2028 (Draft);
- Youth Policy of the RS 2023–2027.

Detailed information on alignment with these strategies is provided in the appendix, which includes comprehensive reviews of measures by strategic objectives in the sections related to measure descriptions.

#### 6.1.4. Internal Alignment

Internal alignment is ensured through clear and logical hierarchical links between the measures, priorities, and strategic objectives defined within the strategic document. The intervention logic is further reinforced through appropriate indicators, where the indicators at the level of strategic objectives reflect the impact of achieving the corresponding objective on broader processes and aspects of development in the RS. Indicators at the priority level measure the final outcome for the target group or area they pertain to, contributing to the achievement of the strategic objective, while indicators at the measure level capture the expected results achieved through the implementation of the measure, thereby supporting the realization of priorities. Strategic projects contribute to the implementation of measures, priorities, and strategic objectives under which they are planned.

Internal alignment is evident in the appendices, which include concise overviews of priorities and measures for each strategic objective.

## 7. INDICATIVE FINANCIAL PLAN

SEQUENTIAL NUMBER AND CODE	% FUNDING	TOTAL (BAM)	RS BUDGET	OTHER SOURCES	
				(BAM)	SOURCE
1. Strategic goal	24.66%	1,910,000	610,000	1,300,000	
1.1. Priority		105,000	5,000	100,000	
1.1.1. Measure		5,000	5,000	0	
1.1.2. Measure		50,000	RS	50,000	Donors
1.1.3. Measure		50,000	RS	50,000	Donors
1.2. Priority		105,000	5,000	100,000	
1.2.1. Measure		50,000	RS	50,000	
1.2.2. Measure		50,000	RS	50,000	
1.2.3. Measure		5,000	5,000		
1.2.4. Measure		0			
1.3. Priority		1,700,000	600,000	1,100,000	
1.3.1. Measure		100,000	50,000	50,000	
1.3.2. Measure		100,000	50,000	50,000	Republic of Serbia
1.3.3. Measure		1,500,000	500,000	1,000,000	LGU, FSORS
2. Strategic goal	43.00%	3,330,000	1,100,000	2,230,000	
2.1. Priority		3,000,000	1,000,000	2,000,000	
2.1.1. Measure			RS		
2.1.2. Measure			RS		
2.1.3. Measure			RS		
2.1.4. Measure			RS		
2.1.5. Measure		3,000,000	1,000,000	2,000,000	
2.2. Priority		30,000	RS	30,000	
2.2.1. Measure			RS		
2.2.2. Measure		30,000	RS	30,000	Donors
2.2.3. Measure			RS		
2.3. Priority		300,000	100,000	200,000	
2.3.1. Measure			RS		
2.3.2. Measure			RS		
2.3.3. Measure		300,000	100,000	200,000	Donors
3. Strategic goal	26.53%	2,055,000	625,000	1,430,000	
3.1. Priority					
3.1.1. Measure			RS	PS	

3.1.2. Measure		RS	PS	
3.1.3. Measure		RS	PS	
3.2. Priority	1,000,000		1,000,000	
3.2.1. Measure	500,000	RS	500,000	Donors (WB)
3.2.2. Measure	300,000	RS	300,000	Donors
3.2.3. Measure	200,000	RS	200,000	Donors, LGU
3.3. Priority	55,000	25,000	30,000	
3.3.1. Measure	55,000	25,000	30,000	Donors
3.3.2. Measure		RS	PS	
Measure 3.3.3.		RS		
3.4. Priority	1,000,000	600,000	400,000	
3.4.1. Measure		RS	PS	
3.4.2. Measure		RS	PS	
3.4.3. Measure		SSS	PS	
3.4.4. Measure	1,000,000	600,000	400,000	Donors, LGU
3.5. Priority				
3.5.1. Measure		RS	PS	
3.5.2. Measure		SSS	PS	
3.5.3. Measure			PS	Donors
3.5.4. Measure		RS		
4. Strategic goal	5.81%	450,000	150,000	300,000
4.1. Priority				
4.1.1. Measure		RS	PS	
4.1.2. Measure		RS	PS	
4.1.3. Measure		RS	PS	
4.2. Priority	300,000	100,000	200,000	
4.2.1. Measure		RS		
4.2.2. Measure	300,000	100,000	200,000	LGU, donors
4.2.3. Measure		RS		
4.2.4. Measure		RS	PS	
4.3. Priority	150,000	50,000	100,000	
4.3.1. Measure		RS		
4.3.2. Measure		SSS	PS	
4.3.3. Measure	150,000	50,000	100,000	LGU, donors
4.3.4. Measure		RS		
4.3.5. Measure		RS	PS	
Total	<b>7,745,000</b>	<b>2,485,000</b>	<b>5,260,000</b>	

**Note:**

For the majority of measures, the use of regular institutional funds already included in annual budgets is anticipated. However, it was not possible to precisely predict their amounts, so the abbreviation RS (regular funds) is used in the corresponding sections of this overview. Similarly, it was not feasible to determine the amounts that ongoing and/or announced international support projects will allocate to the territory of the RS; therefore, the acronym PS (project funds) is used for such resources. The acronym SSS, also used in some sections, indicates that funds have already been planned in other sectoral strategies by the responsible implementers of those measures.

# 8. FRAMEWORK FOR IMPLEMENTATION, MONITORING, REPORTING, AND EVALUATION

The definitions and descriptions of the terms 'implementation', 'monitoring', 'reporting', and 'evaluation' are adopted from the Manual for the Preparation of Strategic Documents in the RS.

The **implementation** of the strategic document is carried out through the medium-term and annual work plans of the Ministry of Administration and Local Self-Government. Relevant measures from the strategic document, along with corresponding indicators, baseline, and target values for each year within the three-year medium-term period, are integrated into the medium-term work plans. Measures from the strategic document are incorporated into the medium-term plan, and activities / projects contributing to the realization of these measures, priorities, and strategic goals are identified accordingly.

The **annual work plan** serves as an operational document, detailing the activities / projects to be undertaken annually to implement the programs outlined in the medium-term plan and achieve the measures, priorities, and strategic goals set in the strategic document.

**Monitoring** involves the systematic and continuous collection, analysis, and use of data and indicators to measure the progress in achieving established goals, priorities, and measures, as well as to assess resource utilization and activities undertaken. This ensures the possibility of making necessary corrections. For successful implementation of the monitoring system, the Department for Strategic Planning and Implementation of Strategies and Projects in Local Self-Government, under the Ministry of Administration and Local Self-Government, is tasked with establishing and regularly updating electronic records of achievement indicators for strategic goals, priorities, and measures, as well as for indicators from the annual work plan. These records form the basis for preparing the Ministry's annual work report and the annual report on the implementation of the strategic document.

**Reporting** involves preparing several reports. The **Annual Activity Report** tracks the implementation of planned activities / projects and evaluates their contribution to achieving the Ministry's programs (measures). The annual activity report provides a detailed account of whether and to what extent the planned activities from the annual activity plans / programs have been implemented, the results achieved, the allocated and utilized funds for these activities, and, in cases of non-implementation or partial implementation, the reasons for such outcomes.

Based on the degree of implementation reflected in the work reports and comparison with set indicators, planned measures from the strategic document can be adjusted if they fail to deliver expected results.

The **Report on the Implementation of the Strategic Document** provides an annual overview of general development trends and progress in achieving strategic objectives. Unlike the activity report, which focuses on activities of the administration, the implementation report emphasizes achieved results and impacts during the strategy's execution. Activity reports thus serve as the foundation for the preparation of the strategic implementation report, underscoring the need for aligned timelines in the preparation of these reports.

**Evaluation** assesses the success, effectiveness, progress, and impact of the strategy's development or implementation based on collected and analysed data, as well as findings from regular monitoring and additional data collection during the preparation process. A preliminary evaluation of the implementation of

the RS Local Self-Government Development Strategy 2017–2021 was conducted during the initial stages of drafting the current strategic document. During the implementation phase, evaluation should be conducted no later than the penultimate year (2028) to determine the extent of execution, summarize achieved results, and provide input for the preparation of the next strategic document. The Ministry of Administration and Local Self-Government is responsible for organizing and conducting evaluations, although the process may also be entrusted to an independent external expert with relevant credentials.

To ensure the effective operationalization and implementation of the strategy, a dedicated body (TOKIS) is planned to be established and appointed by the Government. This body will be responsible for overseeing and coordinating the implementation of the strategic document. It is recommended that TOKIS include representatives from other institutions tasked with implementing specific measures, preferably individuals who were actively involved in drafting the strategy. This approach aims to streamline coordination and ensure the seamless integration of measures into the medium-term and annual plans and budgets of their respective institutions. The roles and responsibilities of TOKIS, along with those of other stakeholders, are detailed in the following table.

**Table 13: Overview of key activities and responsibilities for the implementation, monitoring, reporting and evaluation of the strategic document**

ACTIVITIES	PROCESS OWNERS AND PARTICIPANTS (WHO?)
Preparation / updating of the Activity Calendar carried out by the Body for Operationalization and Coordination of Strategic Document Implementation (TOKIS)	<p><b>Process owner:</b>TOKIS coordinator</p> <p><b>Process participants:</b>Other members of TOKIS; Department for Strategic Planning (RS Secretariat-General of the RS Government)</p>
Preparation of mechanisms and tools for monitoring and reporting on the implementation of the strategic document (including completing and updating indicators)	<p><b>Process owner:</b>TOKIS coordinator</p> <p><b>Process participants:</b>Other members of TOKIS; MULS leadership; Department for Strategic Planning (RS Secretariat-General of the RS Government)</p>
Updating the action plan for the next 1+2 planning cycle	<p><b>Process owner:</b>TOKIS coordinator</p> <p><b>Process participants:</b>Other TOKIS members, MULS leadership</p>
Preparation of medium-term and annual activity plans for organizational units, including key strategic projects from the strategic document and activities within their jurisdiction	<p><b>Process owner:</b>MULS Secretariat, department heads, and organizational unit managers</p> <p><b>Process participants:</b>OKIS Coordinator (and members), other relevant staff</p>
Development of medium-term and annual activity plans for MULS (for the upcoming year)	<p><b>Process owner:</b>Minister, secretary, department heads, supported by TOKIS</p> <p><b>Process participants:</b>Other staff</p>
Integration of key strategic projects / projects and activities into the BFP	<p><b>Process owner:</b>Department heads, supported by TOKIS</p> <p><b>Process participants:</b>MULS Secretary, finance officers</p>
Alignment of annual activity plans of organizational units and MULS annual activity plan with the adopted BFP and budget (for the upcoming year)	<p><b>Process owner:</b>Department heads, supported by TOKIS</p> <p><b>Process participants:</b>Other relevant managers and staff</p>
Adoption of the MULS annual activity plan (for the upcoming year)	<p><b>Process owner:</b>RS Government</p> <p><b>Process participants:</b>Minister and MULS Secretary</p>

ACTIVITIES	PROCESS OWNERS AND PARTICIPANTS (WHO?)
Development of key strategic projects / projects from the MULS annual activity plan	<b>Process owner:</b> TOKIS coordinator <b>Process participants:</b> TOKIS members, relevant experts
Monitoring and securing external funding sources for the implementation of key strategic projects	<b>Process owner:</b> TOKIS coordinator <b>Process participants:</b> TOKIS members, department heads
Monitoring the implementation of the annual activity plan and the achievement of strategic goals	<b>Process owner:</b> Department heads, TOKIS Coordinator <b>Process participants:</b> TOKIS members, relevant staff
Preparation of annual reports on the work of organizational units within MULS	<b>Process owner:</b> TOKIS members, department heads <b>Process participants:</b> Relevant staff
Adoption and publication of the annual report on the implementation of the strategic document (for the previous year)	<b>Process owner:</b> TOKIS coordinator <b>Process participants:</b> TOKIS members, department heads
Preparation and review of the MULS annual report (for the previous year)	<b>Process owner:</b> Ministry, Secretariat <b>Process participants:</b> Department heads, TOKIS Coordinator, relevant staff
Adoption and publication of the annual report on the implementation of the strategic document (for the previous year)	<b>Process owner:</b> Ministry, Secretariat <b>Process participants:</b> Department heads, TOKIS Coordinator and members
Adoption and Publication of the MULS annual report (for the previous year)	<b>Process owner:</b> RS Government <b>Process participants:</b> TOKIS members, department heads, Secretariat
Other important activities:	
– Horizontal and vertical coordination activities	<b>Process owner:</b> TOKIS coordinator <b>Process participants:</b> TOKIS Members, department heads, Department for Strategic Planning (Secretariat-General of the RS Government)
– Initiating the evaluation process in the penultimate year of the strategic document Implementation	

# 9. APPENDICES

## 9.1. Overview of strategic goals, priorities and measures

### 9.1.1. Overview of priorities and measures for Strategic Goal 1

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
1. Strategic goal	Enhanced <b>position and scope of local self-government authorities</b> within the governance system of the RS.	Strategic goal indicators	Baseline	Target
		– share of underdeveloped and extremely underdeveloped LGUs within the structure.	55.56%	below 45%
		– Local Autonomy Index scores for the dimensions <b>Scope of Policy Implementation</b> and <b>Political Discretion</b>	five (aggregated) out of a possible 11	at least 6
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		610,000	1,300,000	1,910,000
1.1. Priority	Improve the regulatory and institutional framework for local self-government	Priority indicators	Baseline	Target
		– Number of ECLSG provisions from integrated into RS legislation	To be determined	at least 20
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		5,000	100,000	105,000
1.1.1. Measure	Establish a register of local self-government competencies	Measure indicators	Baseline	Target
		Registry of LGU competencies	not in place	operational
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		5,000		5,000

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
1.1.2. Measure	Improve the regulatory framework for local self-government	Measure indicators	Baseline	Target
		number of adopted laws and other regulations improving the position of local self-government.	0	at least 7
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	50,000	Recurrent resources + 50,000
1.1.3. Measure	Improve the institutional framework for local self-government development	Measure indicators	Baseline	Target
		– Number of newly employed individuals with at least a university degree in the Department for Local Self-Government within the MULS	-	at least 3
		– Number of newly employed individuals with at least a university degree in the SOGRS	-	at least 1
		– Number of knowledge centres for the development of local self-government in the RS	-	at least 1
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	50,000	Recurrent resources + 50,000

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>1.2. Priority</b>	Enhance horizontal and vertical cooperation	Priority indicators	Baseline	Target
		– Number of new cooperation agreements between LGUs (including inter-entity and cross-border cooperation)	0	at least 20
		– Number of newly adopted laws and strategies at the RS level developed with the involvement of local self-government authorities	0	all that impact local self-government
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		5,000	100,000	105,000
<b>1.2.1. Measure</b>	Support the development of inter-municipal cooperation in the RS	Measure indicators	Baseline	Target
		Number of new cooperation agreements between local self-government units in the RS	0	at least 15
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	50,000	Recurrent resources + 50,000
<b>1.2.2. Measure</b>	Support the improvement of inter-entity and cross-border cooperation	Measure indicators	Baseline	Target
		Number of local self-government units from the RS involved in new inter-entity and cross-border cooperation projects	0	at least 20
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	50,000	Recurrent resources + 50,000

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
1.2.3. Measure	Harmonize and strengthen collaboration between RS and local authorities and institutions	Measure indicators	Baseline	Target
		Percentage of local self-government units satisfied with cooperation with RS authorities and institutions	no data	at least 67%
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		
1.2.4. Measure	Establish and maintain a registry for monitoring inter-municipal, inter-entity, and cross-border cooperation	Measure indicators	Baseline	Target
		Registry for monitoring inter-municipal, inter-entity, and cross-border cooperation	Not in place	operational (as of 2024)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		5,000		5,000
1.3. Priority	Support municipalities lacking urban infrastructure	Priority indicators	Baseline	Target
		– number of non-urban municipalities classified as underdeveloped or highly underdeveloped local self-government units	16	no more than 12
		Budget (BAM)	Other sources (BAM)	Total (BAM)
1.3.1. Measure	Pilot and implement tools for activating the territorial capital of targeted municipalities and problem / deprived areas	Measure indicators	Baseline	Target
		– Number of tools for activating territorial capital (in use)	0	at least 1 (as of 2025)
		– number of resource centres supporting underdeveloped / non-urban municipalities established	0	1
		Budget (BAM)	Other sources (BAM)	Total (BAM)
	50,000	50,000	100,000 +	

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>1.3.2. Measure</b>	Pilot and implement investment incentive programs for targeted municipalities and problem areas	Measure indicators	Baseline	Target
		Number of new investments in targeted municipalities and problem areas	0	at least 1 per target municipality
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		50,000	50,000	100,000 +
<b>1.3.3. Measure</b>	Establish a solidarity program / fund for local self-government	Measure indicators	Baseline	Target
		LG program / solidarity fund	Not in place	Operational (as of 2026)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		500,000	1,000,000	1,500,000

## 9.1.2. Overview of priorities and measures for Strategic Goal 2

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>2. Strategic goal</b>	Improved <b>system of funding</b> local self-government.	Strategic goal indicators	Baseline	Target
		– Share of LGU expenditures in the total expenditures of the RS	16.20% (2021)	around 17%
		– Share of LGU revenues in the total revenues of the RS	16.20% (2021)	above 20%
		– Local Autonomy Index score for the dimension <b>Financial Autonomy</b>	seven (aggregated) out of a possible 13	at least 8
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		1,100,000	2,230,000	3,330,000
<b>2.1. Priority</b>	Systemic increase in local self-government revenue	Priority indicators	Baseline	Target
		– LGU revenue (excluding accrued revenue)	829,700,000 BAM	at least 1,000,000,000 BAM
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		1,000,000	2,000,000	3,000,000
<b>2.1.1. Measure</b>	Increase own-source revenues of local self-government	Measure indicators	Baseline	Target
		Share of own-source revenues in the total revenues of cities	(2021)	10% increase
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
		Measure indicators	Baseline	Target
2.1.2. Measure	Increase the share of local self-government units in the distribution of direct taxes and fees	Measure indicators	Baseline	Target
		– Increase in annual revenues of LGUs	0	80,000,000 BAM (per annum)
		– Transfers from the MULS to underdeveloped and extremely underdeveloped municipalities	3,300,000 BAM	Over 3,300,000 BAM
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		
2.1.3. Measure	Enhance the efficiency of non-tax revenue collection by LGUs	Measure indicators	Baseline	Target
		Increase in LGU non-tax revenue	228,200,000 BAM	at least 20%
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		
2.1.4. Measure	Actively attract and utilize non-refundable funds (grants, project funds) by local self-government units	Measure indicators	Baseline	Target
		– Number of LGUs involved in project training	54 (by 2022)	All LGUs
		– Number of newly approved projects following project training	0	at least 2 per annum
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		
2.1.5. Measure	Strengthen the role of the Financial Mechanism for financing integrated and sustainable local development projects in the RS	Measure indicators	Baseline	Target
		– Number of completed funding cycles through the Financial Mechanism	8	14
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		1,000,000	2,000,000	3,000,000

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
		Priority indicators	Baseline	Target
<b>2.2. Priority</b>	More efficient and transparent management of budgetary resources in LGUs	– share of capital expenditures in the total expenditures of LGU	To be determined	steady growth
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	30,000	Recurrent resources + 30,000
		Measure indicators	Baseline	Target
<b>2.2.1. Measure</b>	Improve financial management and establish internal financial control systems in the public sector at the local level	– Number of LGUs with an established internal audit function	14	15–20
		– Number of certified internal auditors	24	25–35
		– Number of ILGUs with documented business process manuals and risk registers	12	at least 50
		– Number of managers who have completed relevant training	0	at least 60
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
2.2.2. Measure	Increase the effectiveness and transparency of programs for awarding incentives, grants, and subsidies by LGUs	Measure indicators	Baseline	Target
		– Methodology for allocating incentives, grants, and subsidies by LGUs	Not in place	Operational (as of 2025)
		– Methodology for monitoring and controlling the purposeful use of non-repayable support	Not in place	Operational (as of 2025)
		– Methodology for independent verification and evaluation of the effects of non-repayable support programs	Not in place	Operational (as of 2026)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
			30,000	30,000
2.2.3. Measure	Strengthen the focus on capital investments and projects within LGUs	Measure indicators	Baseline	Target
		Increase in the share of capital investments and projects in LGU expenditures	0	at least 5%
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		
2.3. Priority	More efficient management of LGU assets and sustainable management of local resources	Priority indicators	Baseline	Target
		– number of LGUs with established asset registers	3	45
		– impact of LGUs on the utilization and protection of local natural resources	– disproportionately lower relative to the RS level	– equal to the RS level
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		100,000	200,000	300,000

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
		Measure indicators	Baseline	Target
2.3.1. Measure	Support the establishment of digitalized asset management in LGUs	– Regulatory framework for property management in LGUs	Inadequate	Adequate (as of 2024)
		– Number of LGUs with newly established property registries	0	42
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
2.3.2. Measure	Ensure equitable participation of LGUs in decision-making processes regarding concessions and other forms of natural resource utilization within their territories	– Impact of LGUs on concession awards	Inadequate	Adequate
		– Impact of LGUs on public enterprises utilizing their natural resources	Inadequate	Adequate
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		
2.3.3. Measure	Pilot and expand programs for village revitalization	– Number of pilot projects	0	at least 3
		– Village revitalization program	Not in place	Adopted (as of 2026)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		100,000	200,000	300,000+

### 9.1.3. Overview of priorities and measures for Strategic Goal 3

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>3. Strategic goal</b>	Strengthened <b>management, organization, and capacities</b> of local administrations, enterprises, and institutions under the jurisdiction of local self-government.	Strategic goal indicators	Baseline	Target
		– Number of LGUs utilizing a performance measurement system (PMS-CAF)	10	steady growth (as of 2024)
		– Share of LGUs with improved performance measurement outcomes	0	steady growth (as of 2025)
		– Share of LGUs with positive audit reports	6%; 12%	steady growth
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		625,000	1,430,000	2,055,000
<b>3.1. Priority</b>	Improve the management and organization of local administrations	Priority indicators	Baseline	Target
		– number of LGUs with improved local governance	–	– all cities and at least 15 municipalities
		– share of employees with tertiary education in local governments	– to be determined	– steady growth
		– ratio of women to men in LGU bodies	– significantly in favour of men	– significantly more balanced
		Budget (BAM)	Other sources (BAM)	Total (BAM)

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>3.1.1. Measure</b>	Support the development of good governance practices in local governments	Measure indicators	Baseline	Target
		– Number of LGUs that have implemented CAF	-	20
		– Number of implemented improvement plans for enhancing LGU operations	-	30
		– Number of LGUs in which at least one public utility company (PUC) and one public institution (PI) hold a certificate for meeting management and quality standards (CAF)	-	10
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
<b>3.1.2. Measure</b>	Support the digital transformation of local governments	Measure indicators	Baseline	Target
		– Developed methodology for digital transformation (DT) planning, piloted in LGUs	Not in place 1	Standardized (as of 2025) 40
		– Number of LGUs with relevant roadmaps and action plans for DT		
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
<b>3.1.3. Measure</b>	Support the promotion of gender equality and inclusion in local governments	Measure indicators	Baseline	Target
		Number of LGUs where improvements in gender equality and social inclusion are visible	0	at least 30
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>3.2. Priority</b>	Enhance the management and organization of public enterprises and institutions	Priority indicators	Baseline	Target
		number of LGUs with improved governance and organization of public enterprises and institutions	0	all cities and at least 15 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
			1,000,000	1,000,000
<b>3.2.1. Measure</b>	Enhance corporate governance and quality management in public enterprises	Measure indicators	Baseline	Target
		– Number of PUCs where an assessment of the current state has been conducted, with recommendations for improving corporate governance	0	at least 50
		– Number of PUCs applying FOPIP	0	at least 30
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	500,000+	500,000+
<b>3.2.2. Measure</b>	Introduce good governance models in public institutions	Measure indicators	Baseline	Target
		Number of local public institutions with the CAF model implemented	0	at least 30
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	300,000	300,000
<b>3.2.3. Measure</b>	Support the digital transformation of public enterprises and institutions	Measure indicators	Baseline	Target
		Number of PEs and PIs with relevant roadmaps and action plans for DT	0	at least 50
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	200,000	200,000+

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>3.3. Priority</b>	Build the capacities of local administrations, public enterprises, and institutions	Priority indicators	Baseline	Target
		number of LGUs with established human resource management systems	0	all cities and at least 25 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		25,000	30,000	55,000
<b>3.3.1. Measure</b>	Build the capacity of municipal / city administrations within LGUs	Measure indicators	Baseline	Target
		Number of training sessions organized within the training system for LGU staff	5 (2021)	on average 8 a year
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		25,000	30,000	55,000
<b>3.3.2. Measure</b>	Build the capacity of public enterprises and institutions for more efficient and transparent service delivery	Budget (BAM)	Other sources (BAM)	Total (BAM)
		Training strategy and program for local PEs and PIs	Not in place	Operational (as of 2026)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
<b>3.3.3. Measure</b>	Build the capacity of local governments, public enterprises, and institutions to actively leverage international funding and projects	Measure indicators	Baseline	Target
		Number of training sessions	-	at least 2 per annum
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
<b>3.4. Priority</b>	Advance local development	Priority indicators	Baseline	Target
		– number of developed LGs	18	at least 22
		– number of LGUs that have introduced BFC SEE certification	14	at least 20
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		600,000	400,000	1,000,000

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
3.4.1. Measure	Support strategic and spatial planning in LGUs for achieving sustainable development goals	Measure indicators	Baseline	Target
		Number of updated/ new local development strategies aligned with spatial planning documents and sustainable development goals	0	at least 20
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
3.4.2. Measure	Support the operationalization and implementation of strategies and plans in LGUs	Measure indicators	Baseline	Target
		– Number of LGUs with updated / new action plans that include spatial planning documents	0	at least 30
		– Number of supported measures / projects for achieving sustainable development goals	0	at least 20
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
3.4.3. Measure	Support the operationalization and implementation of strategies and plans in LGUs	Measure indicators	Baseline	Target
		– Number of new entrepreneurs who received support for business development	0	600 per annum
		– Number of entrepreneurs who utilized the “second chance” program	0	at least 100
		– Number of business zones established	67	80
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Funds allocated through the RS SME Development Strategy 2021-2027		

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
3.4.4. Measure	Support social development programs and the promotion of social entrepreneurship in LGUs	Measure indicators	Baseline	Target
		– Number of LGUs with new / updated social housing and natality policy programs	0	at least 30
		– Number of entities that have received the status of social enterprises	0 (2020)	at least 80 (2027)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		600,000	400,000	1,000,000
3.5. Priority	Strengthen citizen participation in the affairs and development of LGUs	Priority indicators	Baseline	Target
		Number of LGUs where local community councils and CSOs are actively involved in proposing and monitoring policies	0	all cities and at least 30 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
3.5.1. Measure	Strengthen citizen participation through local community councils	Measure indicators	Baseline	Target
		– Number of LGUs that have adopted the methodological framework for local community councils	18	All LGUs
		– Number of local communities where citizen forums are being conducted	122	All LGUs
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
<b>3.5.2. Measure</b>	Enhance the involvement of civil society organizations	Measure indicators	Baseline	Target
		Number of LGUs where progress has been made in mutually beneficial cooperation with civil society organizations	0	at least 40
		Budget (BAM)	Other sources (BAM)	Total (BAM)
<b>3.5.3. Measure</b>	Strengthen direct citizen participation by utilizing digital tools	Measure indicators	Baseline	Target
		Number of LGUs using new digital tools for citizen participation	0	at least 30
		Budget (BAM)	Other sources (BAM)	Total (BAM)
			Project funds	
<b>3.5.4. Measure</b>	Establish and strengthen collaboration with the diaspora	Measure indicators	Baseline	Target
		Number of LGUs that have initiated systemic cooperation with the diaspora	2 municipalities	at least 5 cities and 8 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		

## 9.1.4. Overview of priorities and measures for Strategic Goal 4

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
4. Strategic goal	Improved <b>quality and accessibility of services</b> within the competence of local self-government units	Strategic goal indicators	Baseline	Target
		– Quality and Accessibility of Services Index ( <b>to be developed</b> )		steady growth (as of 2025)
		– Service User Satisfaction Index ( <b>to be developed</b> )		steady growth (as of 2025)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		150,000	300,000	450,000
4.1. Priority	Improve the quality and accessibility of administrative services	Priority indicators	Baseline	Target
		number of LGUs with continuous monitoring and improvement of the quality and accessibility of administrative services	To be determined	steady growth (as of 2024)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
4.1.1. Measure	Support the expansion of best practices in providing administrative services through one-stop-shop models	Measure indicators	Baseline	Target
		Number of LGUs s where administrative services are provided under the 'one-stop-shop' model		all cities and municipalities with urban infrastructure
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
4.1.2. Measure	Ensure the availability of administrative services in non-urban areas	Measure indicators	Baseline	Target
		Number of local government units where mobile service provision and open days in local communities are organized		All cities and at least 40 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
4.1.3. Measure	Support continuous monitoring and improvement of the quality and accessibility of administrative services (with gender equality assurance)	Measure indicators	Baseline	Target
		Number of LGUs using tools to monitor and improve the accessibility of administrative services		all cities and municipalities with urban infrastructure
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
4.2. Priority	Improve the quality and accessibility of administrative services	Priority indicators	Baseline	Target
		number of LGUs with continuous monitoring and improvement of the quality and accessibility of utility services	To be determined	steady growth (as of 2025)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
4.2.1. Measure	Support the expansion of best practices in public-private partnerships for the provision of utility services	Measure indicators	Baseline	Target
		Number of LGUs where a new form of public-private partnership has been established in the provision of utility services	0	at least 10
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Investors' funds		
4.2.2. Measure	Support the introduction of local policies to subsidize utility services for vulnerable user groups	Measure indicators	Baseline	Target
		Number of local government units where utility services are subsidized based on the social card	0	All cities and at least 10 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		100,000	200,000	300,000

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
4.2.3. Measure	Ensure the availability of utility services in non-urban areas	Measure indicators	Baseline	Target
		Number of LGUs applying new models for providing communal services in non-urban areas	0	at least 10
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources		
4.2.4. Measure	Support continuous monitoring and improvement of the quality and accessibility of utility services (with gender equality assurance)	Measure indicators	Baseline	Target
		Number of LGUs using tools to monitor and improve the accessibility of utility services	0	All cities and at least 10 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	
4.3. Priority	Improve the services provided by public institutions	Measure indicators	Baseline	Target
		number of LGUs with continuous monitoring and improvement of the quality and accessibility of public services	To be determined	steady growth (as of 2025)
		Budget (BAM)	Other sources (BAM)	Total (BAM)
4.3.1. Measure	Support the expansion of best practices in public-private partnerships and social entrepreneurship in providing public services	Measure indicators	Baseline	Target
		Number of LGUs where a new form of public-private partnership and/or social entrepreneurship has been established in the provision of public services	0	at least 10
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Investors' funds	

Sequential number and code	DESCRIPTION	Indicators and sources of funding		
		Measure indicators	Baseline	Target
4.3.2. Measure	Support the development of culture, creative industries, and sports and recreational activities in LGUs	number of LGUs with strengthened support the development of culture, creative industries, and sports and recreational activities	0	at least 10
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Funds allocated by other sectoral strategies		
4.3.3. Measure	Support the introduction of local policies to subsidize services for vulnerable user groups	Number of local government units where public services are subsidized based on the social card	0	All cities and at least 10 municipalities
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		50,000	100,000	150,000
4.3.4. Measure	Ensure the availability of public services in non-urban areas	Number of LGUs applying new models for providing public services in non-urban areas	0	at least 10
		Budget (BAM)	Other sources (BAM)	Total (BAM)
4.3.5. Measure	Support continuous monitoring and improvement of the quality and accessibility of public services (with gender equality assurance)	Number of LGUs applying new models for providing public services in non-urban areas	0	at least 10
		Budget (BAM)	Other sources (BAM)	Total (BAM)
		Recurrent resources	Project funds	

## 9.2. Detailed overview of measures

### 9.2.1. Detailed overview of measures for Strategic Goal 1

<b>Reference to the strategic goal</b>	1. ENHANCED <b>POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES</b> WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.1. Improve the regulatory and institutional framework for local self-government		
<b>Measure</b>	<b>1.1.1. Establish a register of local self-government competencies</b>		
<b>Description of the measure with the general area of intervention</b>	<p>The aim of this measure is to provide a comprehensive overview of both the exclusive and delegated competences of local self-government units in a single location. By establishing a register of exclusive and delegated competences and tasks of local self-government, a systemic approach to planning and monitoring the development of local self-government will be enabled. Additionally, this will help create the groundwork for significantly reducing the disparity between the size / capacity of a local self-government unit on one hand, and its competences and assigned tasks on the other.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Analysis of the exclusive and delegated competencies of LGUs;</li> <li>– Development of a registry / database providing a comprehensive overview of competencies;</li> <li>– Promotion and public awareness of where these data can be accessed.</li> </ul>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Registry of LGU competencies	not in place	operational
<b>Effect on the development and contribution of the measure to the priority</b>	A systematic approach to planning and monitoring the development of local self-government, creating the prerequisites for adjusting the scope of competencies and assigned tasks according to the size and capacities of LGUs		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 5,000 BAM Source: RS Budget		
<b>Period of the implementation of the measure</b>	2024–2025		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, RS administrative bodies, SOGRS, LGU		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.1. Improve the regulatory and institutional framework for local self-government		
<b>Measure</b>	<b>1.1.2. Improve the regulatory framework for local self-government</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure is systemic in nature and involves amending existing and adopting new normative acts based on the findings and recommendations of an initial analysis. It may also include improving the constitutional definition of local self-government should amendments to the RS Constitution Srpska be undertaken.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Preliminary analysis of the needs and possibilities for amending and/or adopting new normative acts;</li> <li>– Preparation and impact assessment of amended or new normative acts;</li> <li>– Adoption, promotion, and provision of prerequisites for implementation.</li> </ul>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of adopted laws and other regulations improving the position of LGUs	0	at least 7
<b>Effect on the development and contribution of the measure to the priority</b>	Systematic improvement of the position of local self-government and creation of prerequisites for more balanced development		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: 50,000 BAM for the initial analysis; recurrent funds</p> <p>Source: Donor funds; RS budget</p>		
<b>Period of the implementation of the measure</b>	2023–2029.		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, RS administrative bodies, SOGRS, LGU, international organizations and projects		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.1. Improve the regulatory and institutional framework for local self-government		
<b>Measure</b>	<b>1.1.3. Improve the institutional framework for local self-government development</b>		
<b>Description of the measure with the general area of intervention</b>	The elaboration and implementation of this measure will be based on the conclusions and recommendations of an initial analysis, which should also include an overview of best practices from neighbouring contexts. The focus will be on strengthening the role and capacities of the Ministry of Administration and Local Self-Government and the SOGRS. A key element of this measure is the strategic project 'Establishing a Centre for Research and Development of Local Self-Government Policies in the RS'. This centre's establishment and management should involve the MULS and SOGRS. The modalities of this initiative will be determined after the preparation of a feasibility study.		
<b>Key strategic projects</b>	'Establishing a Centre for Research and Development of Local Self-Government Policies in the RS'		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	– Number of newly employed individuals with at least a university degree in the Department for Local Self-Government within the MULS	-	at least 3
	– Number of newly employed individuals with at least a university degree in the SOGRS	-	at least 1
	– Number of knowledge centres for the development of local self-government in the RS	-	at least 1
<b>Effect on the development and contribution of the measure to the priority</b>	By strengthening the MULS and SOGRS as key institutional bearers of local self-government development, along with the establishment of a centre for policy research and development, the accelerated and coordinated development of local self-governments in the RS will be contributed to.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 50,000 BAM (feasibility study); recurrent funds Source: Donors; RS Budget		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, SOGRS, international organizations and projects		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.2. Enhance horizontal and vertical cooperation		
<b>Measure</b>	<b>1.2.1. Support the development of inter-municipal cooperation in the RS</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Previous practice has shown that legal regulation and the facilitation of cooperation between LGUs within the RS have not yielded the expected outcomes. To improve the situation in this area, a preliminary study and analysis of the current state, successful and unsuccessful examples of cooperation, as well as barriers and opportunities for greater and more effective collaboration, need to be conducted. Following this, appropriate support instruments should be piloted, developed, and implemented.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Preliminary study and situation analysis;</li> <li>– Piloting new support instruments;</li> <li>– Promotion and dissemination of support instruments;</li> <li>– Monitoring of effects.</li> </ul>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of new cooperation agreements between LGUs in the RS	0	at least 15
<b>Effect on the development and contribution of the measure to the priority</b>	Positive impact on the more efficient exercise of the competencies of LGUs and the more balanced development of the RS		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: 50,000 BAM (preliminary study and analysis), other funds based on the findings and recommendations of the analysis.</p> <p>Source: Donor funds; RS budget</p>		
<b>Period of the implementation of the measure</b>	2025–2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, SOGRS, LGUs, international organizations and projects		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.2. Enhance horizontal and vertical cooperation		
<b>Measure</b>	<b>1.2.2. Support the improvement of inter-entity and cross-border cooperation</b>		
<b>Description of the measure with the general area of intervention</b>	<p>As with the previous measure, this requires a preliminary study and analysis of the current state, successful and unsuccessful examples of collaboration, as well as barriers and opportunities for more effective and extensive cooperation. Subsequently, suitable support instruments for advancing inter-entity and cross-border collaboration should be piloted, developed, and implemented.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Preliminary study and situation analysis;</li> <li>– Promotion of good practices from the country and the region;</li> <li>– Piloting new support instruments;</li> <li>– Promotion and dissemination of support instruments;</li> <li>– Monitoring of effects.</li> </ul> <p>This measure should be implemented in coordination with measure <b>3.3.3. Build the capacity of local governments, public enterprises, and institutions to actively leverage international funding and projects</b></p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs from the RS involved in new inter-entity and cross-border cooperation projects	0	at least 20
<b>Effect on the development and contribution of the measure to the priority</b>	Positive impact on the more efficient exercise of the competencies of LGUs and the more balanced development of the RS		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 50,000 BAM (preliminary study and situation analysis) Source: Donor projects		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, SOGRS, RARS, LGUs, international organizations and projects		
<b>Target groups</b>	LGUs, citizens, entrepreneurs and SMEs		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.2. Enhance horizontal and vertical cooperation		
<b>Measure</b>	<b>1.2.3. Harmonize and strengthen collaboration between RS and local authorities and institutions</b>		
<b>Description of the measure with the general area of intervention</b>	This measure involves activating existing mechanisms of cooperation and developing new forms of collaboration to achieve greater inclusion of LGUs in regulating all matters critical to their functioning and development. In addition to improving the regulatory framework and updating cooperation agreements / memoranda, it includes identifying priorities for harmonizing and enhancing cooperation, communicating and coordinating harmonization processes, collaborating on the implementation of identified priorities, piloting and applying cooperation mechanisms, and promoting good practices in harmonization and collaboration to enable their broader use across sectors and LGUs.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Percentage of local self-government units satisfied with cooperation with RS authorities and institutions	no data	at least 67%
<b>Effect on the development and contribution of the measure to the priority</b>	Positive impact on the improvement of the position and more efficient exercise of the competencies of local self-government.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources Source: RS Budget; LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, RS administrative bodies, SOGRS, LGU		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.2. Enhance horizontal and vertical cooperation		
<b>Measure</b>	<b>1.2.4. Establish and maintain a registry for monitoring inter-municipal, inter-entity, and cross-border cooperation</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Systematic support for enhancing horizontal cooperation is not feasible without establishing and maintaining a registry to monitor intermunicipal, inter-entity, and cross-border collaboration based on various useful parameters. These parameters include signed agreements, joint projects (both completed and ongoing), resources invested, expected and achieved outcomes, programs under which cooperation occurs, timeframes, and more. With the provision of normative prerequisites for establishing a registry, cooperation between the MULS and SOGRS is necessary for the implementation of this measure, as well as collaboration with LGUs regarding data submission.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Preparation and adoption of a subordinate legal act on the record of agreements on cooperation between LGUs with other LGUs in the RS, BiH, and other countries;</li> <li>– Establishment of an electronic database;</li> <li>– Communication and data collection from LGUs regarding concluded agreements.</li> </ul>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Registry for monitoring inter-municipal, inter-entity, and cross-border cooperation	Not in place	operational (as of 2025)
	Subordinate legal act on the record of agreements on cooperation between LGUs with other LGUs in the RS, BiH, and other countries;	Not in place	adopted
<b>Effect on the development and contribution of the measure to the priority</b>	Maintaining a registry of agreements (or prescribed parameters such as goals, content, financial resources, forms of cooperation, etc.) will contribute to monitoring and improving horizontal cooperation.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 5,000 BAM Source: RS Budget		
<b>Period of the implementation of the measure</b>	2024–2025		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MEIMS, SOGRS, LGU		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	<b>1.3. Support municipalities lacking urban infrastructure</b>		
<b>Measure</b>	<b>1.3.1. Pilot and implement tools for activating the territorial capital of targeted municipalities and problem areas</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Municipalities lacking urban infrastructure require additional material and expert support to fulfill their responsibilities, meet the needs of their remaining populations, and create opportunities to retain and attract residents.</p> <p>Following initial analyses - encompassing the definition and mapping of municipalities requiring additional support due to insufficient urban infrastructure and other necessary resources, the identification of problem areas and support priorities, and the resolution of barriers - plans are set to pilot new tools for activating the territorial capital of targeted municipalities and identified problem areas by leveraging the potential of unused spaces. The pilot phase will commence on a smaller scale with the support of a relevant international project, following which the tools will be fine-tuned, standardized, integrated into regulatory frameworks, and implemented across all targeted municipalities. As part of this measure, the strategic project 'Establishing a Resource Centre to Support Underdeveloped / Non-Urban Municipalities' is also planned.</p>		
<b>Key strategic projects</b>	Establishing a Resource Centre to Support Underdeveloped / Non-Urban Municipalities		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of tools for activating territorial capital (in use)	0	at least 1 (as of 2025)
	Number of resource centres supporting underdeveloped / non-urban municipalities established	0	1
<b>Effect on the development and contribution of the measure to the priority</b>	Catalytic impact on the improvement of the position and more efficient exercise of the competencies and assigned tasks of LGUs without urban infrastructure, with a positive effect on more balanced development in the RS		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 100,000 BAM (for preliminary analysis and feasibility study); other funds according to the recommendations of the analysis and study. Source: RS Budget and donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, RS administrative bodies, SOGRS, LGU, international organizations and projects, academia		
<b>Target groups</b>	Municipalities lacking urban infrastructure and their residents		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.3. Support municipalities lacking urban infrastructure		
<b>Measure</b>	1.3.2. Pilot and implement investment incentive programs for targeted municipalities and problem areas		
<b>Description of the measure with the general area of intervention</b>	<p>Without adequate investments enabling employment opportunities, targeted municipalities will not be able to retain or attract residents. Such investments will not occur without a dedicated program designed and implemented by the RS Government in collaboration with targeted municipalities, the Government of the Republic of Serbia, and other potential partners.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Creation and adoption of a program to encourage investment in targeted municipalities and problem areas;</li> <li>– Implementation of the program;</li> <li>– Monitoring effects and updating the program.</li> </ul>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of new investments in targeted municipalities and problem areas	0	at least 1 per target municipality
<b>Effect on the development and contribution of the measure to the priority</b>	Catalytic impact on retaining and attracting population in underdeveloped municipalities.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: 100,000 BAM (for program development)</p> <p>Source: RS Budget; donations from the Republic of Serbia</p>		
<b>Period of the implementation of the measure</b>	2025–2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MEIMS, MoF, IRBRS, SOGRS, LGU		
<b>Target groups</b>	Municipalities lacking urban infrastructure and their residents		

<b>Reference to the strategic goal</b>	1. ENHANCED POSITION AND SCOPE OF LOCAL SELF-GOVERNMENT AUTHORITIES WITHIN THE GOVERNANCE SYSTEM OF THE RS.		
<b>Priority</b>	1.3. Support municipalities lacking urban infrastructure		
<b>Measure</b>	1.3.3. Establish a solidarity program / fund for local self-government		
<b>Description of the measure with the general area of intervention</b>	<p>This measure aims to establish an appropriate mechanism for mutual LGU solidarity. This mechanism will be strengthened through contributions from the RS Government and other stakeholders and institutions to ensure timely assistance for vulnerable areas and population groups, particularly in the event of natural or other disasters.</p> <p>It is recommended to first consider the option of partially adjusting the existing Solidarity Fund for the Reconstruction of the RS for this purpose. The funds would primarily be used for municipalities that lack urban infrastructure.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	LG program / solidarity fund	Not in place	Operational (as of 2026)
<b>Effect on the development and contribution of the measure to the priority</b>	Positive impact on more balanced development of the RS.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: 1,500,000 BAM</p> <p>Source: RS Budget, LGU budgets, RS Solidarity Fund for Reconstruction</p>		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MoF		
<b>Implementing agencies</b>	RS Solidarity Fund for Reconstruction, MoF, MULS, SOGRS, LGU		
<b>Target groups</b>	Municipalities lacking urban infrastructure and their residents		

## 9.2.2. Detailed overview of measures for Strategic Goal 2

<b>Reference to the strategic goal</b>	2. IMPROVED <b>SYSTEM OF FUNDING</b> LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.1. Systemic increase in local self-government revenue		
<b>Measure</b>	<b>2.1.1. Increase own-source revenues of local self-government</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure primarily focuses on increasing own-source revenues within the jurisdiction of LGUs. By increasing own-source revenues and strengthening their relative share in cumulative income, greater predictability and stability of local community financing is achieved, ultimately enabling broader coverage of current and capital expenditures by LGUs.</p> <p>The measure primarily focuses on enhancing the scope and efficiency of property tax collection by enabling cities to exercise the legal option to assume responsibility for the administration and collection of this tax. This approach draws on successful practices and experiences from Serbia, alongside the redistribution of resources from the RS Tax Authority. In the second phase, it is essential to evaluate and develop strategies for gradually extending this practice to municipalities that can meet the necessary prerequisites and capacity requirements.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Share of own-source revenues in the total revenues of cities	(2021)	10% increase
<b>Effect on the development and contribution of the measure to the priority</b>	Contributes to greater predictability and stability in LGU funding, enabling broader coverage of both operational and capital expenditures.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources Source: RS Budget and LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MoF, RS Tax Authority, SOGRS, cities (in the first phase) and municipalities (in the second phase)		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.1. Systemic increase in local self-government revenue		
<b>Measure</b>	<b>2.1.2. Increase the share of local self-government units in the distribution of direct taxes and fees</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure is based on the SOGRS Framework Platform for advocating amendments to the RS Law on the Budget System. It focuses on changes related to servicing external debt, as well as the distribution of revenue from taxes on personal earnings, taxes on income from self-employment, special water fees, road fees from vehicle registration, fuel surcharges, and fees for the conversion of agricultural land use.</p> <p>The measure also includes increasing transfers to underdeveloped and extremely underdeveloped municipalities within the RS Budget, aiming to reach the levels established in 2009.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	<ul style="list-style-type: none"> <li>– Increase in annual revenues of LGUs</li> <li>– Transfers from the MULS to underdeveloped and extremely underdeveloped municipalities</li> </ul>	<p>0</p> <p>3,300,000 BAM</p>	<p>80,000,000 BAM (per annum)</p> <p>Over 3,300,000 BAM</p>
<b>Effect on the development and contribution of the measure to the priority</b>	Contributes to greater predictability and stability in funding LGUs, as well as more balanced development of the RS.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: Recurrent resources</p> <p>Source: RS Budget</p>		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MoF, SOGRS		
<b>Target groups</b>	All LGUs, especially undeveloped and extremely undeveloped		

<b>Reference to the strategic goal</b>	2. IMPROVED <b>SYSTEM OF FUNDING</b> LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.1. Systemic increase in local self-government revenue		
<b>Measure</b>	<b>2.1.3. Enhance the efficiency of non-tax revenue collection by LGUs</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Enhancing non-tax revenue collection involves greater financial compliance and consistency in revenue collection efforts. Special attention should be given to the more efficient collection of revenues from financial and non-financial assets, as well as the collection of fees, taxes, and revenues from public services, ensuring that no new levies are introduced that would further burden citizens and the economy. Through a proactive planning policy that considers the needs and priorities of local economic and social development, more efficient collection will ensure greater stability and predictability of non-tax revenues for LGUs, thereby increasing their importance within the overall funding structure.</p> <p>The effects of this measure will also be partially influenced by the implementation of measure <b>2.3.1. Support the establishment of digitalized asset management in LGUs</b></p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Increase in LGU non-tax revenue	228,200,000 BAM	at least 20%
<b>Effect on the development and contribution of the measure to the priority</b>	Efficient collection will enable greater stability and predictability of non-tax revenues for LGUs, thereby increasing their significance in relation to the overall funding structure.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources Source: LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MoF		
<b>Implementing agencies</b>	LGU, MoF		
<b>Target groups</b>	All LGU, citizens, real sector		

<b>Reference to the strategic goal</b>	2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.1. Systemic increase in local self-government revenue		
<b>Measure</b>	<b>2.1.4. Actively attract and utilize non-refundable funds (grants, project funds) by local self-government units</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Numerous donor organizations and other institutions offer grant funding to support the implementation of priorities and development needs of LGUs based on a project-based funding approach. A more active approach to utilizing these funds, through better information and building internal absorption and project implementation capacities in line with donor requirements, will enable a significant portion of developmental and other needs of LSGUs to be addressed through this funding mechanism.</p> <p>In the context of this measure, it is necessary to ensure:</p> <ul style="list-style-type: none"> <li>• Timely information about the availability of non-repayable funds and calls for projects to finance local development needs and priorities through the established web service IRBRS: <a href="http://grantovi.irbrs.org">grantovi.irbrs.org</a>, as well as from MEIMS;</li> <li>• Expert support for local self-government units (JLS) in identifying potential funding sources and preparing competitive project proposals of local interest and significance;</li> <li>• Establishment and continuous strengthening of the capacities of local development agencies and project units operationally responsible for preparing and implementing projects, through training for groups of LGUs conducted by RARS ('Instruments for Identifying, Preparing, and Implementing Development Projects'), during which appropriate projects are proposed and developed.</li> </ul> <p>By 2022, a total of 528 participants from 54 JLS had attended such training, resulting in the approval of 24 projects with a total value of 12,500,000 euros.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	– Number of LGUs involved in project training	54 (by 2022)	All LGUs
	– Number of newly approved projects following project training	0	at least 2 per annum
<b>Effect on the development and contribution of the measure to the priority</b>	The growth of the participation of non-repayable funds in overall development financing contributes to increasing the revenues of local self-government units. If this growth is based on stable and sustainable assumptions, it represents a systemic increase in revenue that will enable LGUs to implement projects with the greatest cumulative developmental effects in their local areas.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources Source: RS Budget and LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	RARS, IRB, MULS, MEIMS, MPP, JLS		
<b>Target groups</b>	LGU and local development agencies		

<b>Reference to the strategic goal</b>	<b>2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT</b>		
<b>Priority</b>	<b>2.1. Systemic increase in local self-government revenue</b>		
<b>Measure</b>	<b>2.1.5. Strengthen the role of the Financial Mechanism for financing integrated and sustainable local development projects in the RS</b>		
<b>Description of the measure with the general area of intervention</b>	<p>The Financial Mechanism for financing integrated and sustainable local development projects in the RS is the first public instrument in the region aimed at supporting the implementation of local development projects focused on improving the availability and quality of public services and promoting rural economic development, on a non-repayable basis. It was established as a joint initiative of the Ministry of Finance of the Republika Srpska, MULS, the Swiss Agency for Development and Cooperation (SDC), UNDP, and IRBRS. All activities related to the operational management of the Financial Mechanism are carried out by IRBRS.</p> <p>Strengthening the role of the Financial Mechanism in the area of funding local socio-economic development involves the continuation of this project and its promotion as a mechanism for managing and implementing projects on a grant basis for LGUs. This will align with sustainable development goals and other development priorities of the RS. In this way, centralized project management and more efficient achievement of set goals and priorities for local development in the RS will be ensured.</p> <p>In the context of this measure, it is necessary to ensure:</p> <ul style="list-style-type: none"> <li>• Funds for financing developmental and other priority projects in LGUs through the Financial Mechanism, following already established procedures for selecting project proposals and monitoring their implementation.</li> <li>• That projects intended for LGUs, secured through cooperation between the RS Government and donor organizations, are realized through the Financial Mechanism whenever possible, considering the capacities of this Mechanism.</li> <li>• Continuous strengthening of internal capacities at IRBRS and other partner institutions for managing the Financial Mechanism.</li> </ul> <p>The primary area of action for the Financial Mechanism relates to increasing the availability and quality of public services as well as stimulating economic development in rural areas of LGUs.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of completed funding cycles through the Financial Mechanism	8	14
<b>Effect on the development and contribution of the measure to the priority</b>	Continuing the implementation of the Financial Mechanism project and strengthening its role in achieving sustainable development goals directly contributes to increasing the revenues of LGUs. The focus of this Mechanism is on providing financial support for the implementation of development projects of local significance, which facilitates the achievement of goals outlined in the LGU strategy, as well as the objectives and priorities set forth in the strategic documents of the RS, thanks to the requirement for their vertical integration.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 3,000,000 BAM, with 1,000,000 KM allocated from the RS Budget and 2,000,000 BAM provided by donor organizations.		
<b>Period of the implementation of the measure</b>	2024-2029		

<b>Institution responsible for coordination of the implementation of the measure</b>	IRBRS
<b>Implementing agencies</b>	IRBRS, MULS, MoF, donor organizations
<b>Target groups</b>	LGU

<b>Reference to the strategic goal</b>	2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT
<b>Priority</b>	2.2. More efficient and transparent management of budgetary resources in LGUs
<b>Measure</b>	<b>2.2.1. Improve financial management and establish internal financial control systems in the public sector at the local level</b>
<b>Description of the measure with the general area of intervention</b>	<p>This measure aims to accelerate and facilitate bridging the gap between budget planning and execution, with the goal of enabling LGUs to maintain budgets free from deficits and outstanding obligations. It also seeks to improve the currently underdeveloped financial management and control systems in some LGUs.</p> <p>The measure includes activities aimed at improving the processes of planning, monitoring, and reporting on the implementation of budgetary funds at the level of local self-government units,, as proposed by the SOGRS. These activities include: the mandatory preparation of three-year projections of revenues and expenditures at the LGU level, specifically a three-year budget planning document for LGUs in the RS; the introduction of an obligation for all LGUs to develop three-year capital investment plans; the requirement for all LGUs to publish budget documents and reports on budget execution on their official websites to enhance transparency in the expenditure of budgetary funds; the introduction of program budgeting obligations for all LGUs, with a preparatory transition period of one year; the establishment of a unified information system for planning and monitoring budget execution with standardized reporting methods, managed by the RS Government in cooperation with LGUs, aimed at improving the efficiency and effectiveness of budget execution.</p> <p>Additionally, activities recommended in the Strategy for Developing the System of Internal Financial Controls in the Public Sector of the Republika Srpska are included, particularly those concerning LGUs. This includes establishing an internal control function within LGUs, creating a business process manual and risk register, certifying internal auditors, and training decision-makers in LGUs regarding budget planning and enhancing awareness of managerial responsibility.</p> <p>For successful implementation of this measure, collaboration must be established with the team from the 'Project for Improving Performance of Local Services in BiH (PIPLS)', implemented by the UNDP, which conducts activities aimed at establishing and strengthening internal financial control systems in partner LGUs.</p>

	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
<b>Output indicators</b>	– Number of LGUs with an established internal audit function	14	20 – 29
	– Number of certified internal auditors	24	25–35
	– Number of ILGUs with documented business process manuals and risk registers	12	at least 50
	– Number of managers who have completed relevant training	0	at least 60
<b>Effect on the development and contribution of the measure to the priority</b>	Significant reduction in the number of LGUs with budget deficits and an increase in the amount of funds for capital investments.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources, project funds Source: RS Budget; LGU budgets; UNDP (PIPLS)		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MoF		
<b>Implementing agencies</b>	MoF - Department for the Budget and Public Finances and the Central Harmonization Unit, MULS, LGU, SOGRS, UNDP		
<b>Target groups</b>	LGUs - departments responsible for the budget and finances		

<b>Reference to the strategic goal</b>	2. IMPROVED <b>SYSTEM OF FUNDING</b> LOCAL SELF-GOVERNMENT
<b>Priority</b>	2.2. More efficient and transparent management of budgetary resources in LGUs
<b>Measure</b>	<b>2.2.2. Increase the effectiveness and transparency of programs for awarding incentives, grants, and subsidies by LGUs</b>

<p><b>Description of the measure with the general area of intervention</b></p>	<p>This measure aims to establish and ensure the effectiveness and transparency of the process for allocating incentives, grants, and subsidies implemented by LGUs. The focus of this measure is on selecting beneficiaries of non-repayable support programs through clearly formulated and pre-established application procedures and a transparent process for choosing beneficiaries, as well as on the monitoring and control of the purposeful use of allocated funds.</p> <p>This measure includes the following activities.</p> <ul style="list-style-type: none"> <li>• Development of a unified methodology for granting incentives, grants, and subsidies from local LGUs.</li> <li>• Development of a unified methodology and procedures for monitoring and controlling the designated use of non-repayable support awarded by LGUs.</li> <li>• Inclusion of mandatory independent verification and evaluation of the effects of non-repayable programs implemented by LGUs, through the establishment of a unified methodology for objective and independent verification and evaluation of the effects of non-repayable support programs conducted by LGUs.</li> </ul> <p>The differences in the levels of development among LGUs and the specificities of the support programs provided to the economy and population at the local level must be taken into account when developing unified methodologies.</p> <p>Mandatory independent verification and evaluation of the effects of non-repayable programs by LGUs, according to a unified methodology, can be organized mutually among LGUs, to be carried out by independent teams composed of experts from local administrations, exclusively at an instructive and corrective level.</p>														
<p><b>Output indicators</b></p>	<table border="1"> <thead> <tr> <th data-bbox="496 1032 1018 1077">Indicators</th> <th data-bbox="1018 1032 1185 1077">Baseline</th> <th data-bbox="1185 1032 1418 1077">Target</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1077 1018 1160">– Methodology for allocating incentives, grants, and subsidies by LGUs</td> <td data-bbox="1018 1077 1185 1160">Not in place</td> <td data-bbox="1185 1077 1418 1160">Operational (as of 2025)</td> </tr> <tr> <td data-bbox="496 1160 1018 1265">– Methodology for monitoring and controlling the purposeful use of non-repayable support</td> <td data-bbox="1018 1160 1185 1265">Not in place</td> <td data-bbox="1185 1160 1418 1265">Operational (as of 2025)</td> </tr> <tr> <td data-bbox="496 1265 1018 1406">– Methodology for independent verification and evaluation of the effects of non-repayable support programs</td> <td data-bbox="1018 1265 1185 1406">Not in place</td> <td data-bbox="1185 1265 1418 1406">Operational (as of 2026)</td> </tr> </tbody> </table>	Indicators	Baseline	Target	– Methodology for allocating incentives, grants, and subsidies by LGUs	Not in place	Operational (as of 2025)	– Methodology for monitoring and controlling the purposeful use of non-repayable support	Not in place	Operational (as of 2025)	– Methodology for independent verification and evaluation of the effects of non-repayable support programs	Not in place	Operational (as of 2026)		
Indicators	Baseline	Target													
– Methodology for allocating incentives, grants, and subsidies by LGUs	Not in place	Operational (as of 2025)													
– Methodology for monitoring and controlling the purposeful use of non-repayable support	Not in place	Operational (as of 2025)													
– Methodology for independent verification and evaluation of the effects of non-repayable support programs	Not in place	Operational (as of 2026)													
<p><b>Effect on the development and contribution of the measure to the priority</b></p>	<p>Increasing the efficiency and transparency of the allocation programs for incentives, grants, and subsidies, in accordance with the development needs and priorities of LGUs, contributes to more effective and transparent management of budgetary resources as a whole.</p>														
<p><b>Indicative funding arrangements with sources of funding</b></p>	<p>Amount: 30,000 BAM Source: Donor funds</p>														
<p><b>Period of the implementation of the measure</b></p>	<p>2024-2029</p>														
<p><b>Institution responsible for coordination of the implementation of the measure</b></p>	<p>MULS</p>														
<p><b>Implementing agencies</b></p>	<p>MULS, MoF, MPP, MPŠV, IRBRS, SOGRS, LGU, international organizations</p>														
<p><b>Target groups</b></p>	<p>LGU, local entrepreneurus, farmers, SMEs, associations and other funding beneficiaries</p>														

<b>Reference to the strategic goal</b>	2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.2. More efficient and transparent management of budgetary resources in LGUs		
<b>Measure</b>	<b>2.2.3. Strengthen the focus on capital investments and projects within LGUs</b>		
<b>Description of the measure with the general area of intervention</b>	This measure seeks to shift the expenditure structure from current expenses toward capital investments and development projects. By strengthening capital expenditure, the groundwork is laid for dynamic local development, improving the quality and accessibility of public services, and enhancing the overall living conditions of the local population. Simultaneous efforts to limit and rationalize current expenditures, systematically increase the revenues of LGUs, and secure non-repayable funding from donor organizations and other institutions for projects of capital and developmental importance to LGUs will ensure the full success of this measure.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Increase in the share of capital investments and projects in LGU expenditures	0	at least 5%
<b>Effect on the development and contribution of the measure to the priority</b>	The positive effects of budget management should primarily ensure a continuous increase in the share of capital expenditures in the total expenditures of LGUs, thereby contributing to the comprehensive socio-economic growth and development of the local community.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources Source: LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MoF, LGU, IRBRS		
<b>Target groups</b>	LGU, citizens, real sector		

<b>Reference to the strategic goal</b>	2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.3. More efficient management of LGU assets and sustainable management of local resources		
<b>Measure</b>	<b>2.3.1. Support the establishment of digitalized asset management in LGUs</b>		

<p><b>Description of the measure with the general area of intervention</b></p>	<p>The primary goal of asset management for LGUs is to ensure economically purposeful, efficient, and transparent management, promote economic growth, and protect public interests as well as the interests of LGUs.</p> <p>This measure is based on the findings and recommendations from the performance audit titled 'Property Management in Local Self-Government Units'. In this regard, the objective of this measure is to improve the area of property management owned by LGUs. The main activities include:</p> <ul style="list-style-type: none"> <li>– Analysing the regulatory framework;</li> <li>– Analysing administrative and organizational capacities in LGUs for property management (residential units, business spaces, garages, and construction land);</li> <li>– Drafting general acts in LGUs aimed at establishing a system for strategic asset management;</li> <li>– Drafting legal and sub-legal acts aimed at establishing/improving the normative-legal framework for more efficient property management in LGUs;</li> <li>– Conducting professional training for LGU officials;</li> <li>– Establishing databases and property registries.</li> </ul> <p>Assumptions include:</p> <ul style="list-style-type: none"> <li>– Establishing cooperation with the project team from the 'Project for Improving Performance of Local Services in BiH (PIPLS)', implemented by the UNDP, which focuses on enhancing key areas of property management in partner local self-government units;</li> <li>– Forming a working group for analysing and improving the normative-legal framework.</li> </ul> <p>Considering the complexity of property management issues, operational activities for implementing the performance audit recommendations will be based on a multisectoral approach.</p>		
<p><b>Output indicators</b></p>	<p><b>Indicators</b></p>	<p><b>Baseline</b></p>	<p><b>Target</b></p>
	<ul style="list-style-type: none"> <li>– Regulatory framework for property management in LGUs</li> </ul>	<p>Inadequate</p>	<p>Adequate (as of 2024)</p>
	<ul style="list-style-type: none"> <li>– Number of LGUs with newly established property registries</li> </ul>	<p>0</p>	<p>42</p>
<p><b>Effect on the development and contribution of the measure to the priority</b></p>	<p>Examples from countries in the region show that strategic asset management impacts the increase in property revenues, ranging from 8% to 25% of the budgets of LGUs.</p>		
<p><b>Indicative funding arrangements with sources of funding</b></p>	<p>Amount: Recurrent and project funds Source: RS Budget; LGU budgets; UNDP (PIPLS)</p>		
<p><b>Period of the implementation of the measure</b></p>	<p>2024-2029</p>		
<p><b>Institution responsible for coordination of the implementation of the measure</b></p>	<p>MULS</p>		
<p><b>Implementing agencies</b></p>	<p>MoF, MULS, RUGIP, MPGE, RS Public Attorney's Office, SOGRS, LGU</p>		
<p><b>Target groups</b></p>	<p>LGU</p>		

<b>Reference to the strategic goal</b>	2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.3. More efficient management of LGU assets and sustainable management of local resources		
<b>Measure</b>	<b>2.3.2. Ensure equitable participation of LGUs in decision-making processes regarding concessions and other forms of natural resource utilization within their territories</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure focuses on securing a much more active role for LGUs and community residents in the process of awarding concessions, as well as in planning and overseeing the operations of public enterprises at the republic level that utilize natural resources located within the territories of LGUs. It is estimated that changes to the legal regulations regarding concessions, as well as regulations concerning the management and operation of public enterprises that utilize natural resources, will be necessary.</p> <p>The measure also pertains to more efficient resolution of property-law issues significant for the development of local self-government units LGUs.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	<ul style="list-style-type: none"> <li>– Impact of LGUs on concession awards</li> <li>– Impact of LGUs on public enterprises utilizing their natural resources</li> </ul>	<p>Inadequate</p> <p>Inadequate</p>	<p>Adequate</p> <p>Adequate</p>
<b>Effect on the development and contribution of the measure to the priority</b>	It contributes to the sustainable management of local natural resources.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: Recurrent resources</p> <p>Source: RS Budget, LGU budgets, PE resources</p>		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MER, MPŠV, RS Concessions Commission, SOGRS, LGU, PEs		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	2. IMPROVED SYSTEM OF FUNDING LOCAL SELF-GOVERNMENT		
<b>Priority</b>	2.3. More efficient management of LGU assets and sustainable management of local resources		
<b>Measure</b>	<b>2.3.3. Pilot and expand programs for village revitalization</b>		
<b>Description of the measure with the general area of intervention</b>	<p>The goal is to initially implement small-scale pilot projects and then develop a comprehensive rural revitalization program (modelled on Serbia's National Program for Rural Revival). This approach aims to ensure significantly more efficient use of public and private immovable assets (buildings, estates, land) that are not in use, with the ultimate objective of increasing population density in rural areas, fostering private entrepreneurship, preserving traditions, and advancing rural and ethnic tourism.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Situation analysis</li> <li>– Planning and implementation of pilot projects</li> <li>– Analysis of pilot project outcomes and opportunities for scaling</li> <li>– Development of a comprehensive program for village revitalization in the RS</li> <li>– Implementation and monitoring of program realization</li> </ul>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	<ul style="list-style-type: none"> <li>– Number of pilot projects</li> <li>– Village revitalization program</li> </ul>	<p>0</p> <p>Not in place</p>	<p>at least 3</p> <p>Adopted (as of 2026)</p>
<b>Effect on the development and contribution of the measure to the priority</b>	Positive impact on increasing the population of rural areas and fostering private entrepreneurship, including support for vulnerable groups.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: 300,000 BM (for pilot projects and program development)</p> <p>Source: RS Budget; donations from the Republic of Serbia</p>		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MPŠV		
<b>Implementing agencies</b>	MPŠV, MoF, MTT, MULS, SOGRS, LGU, IRBRS, international organizations		
<b>Target groups</b>	Rural municipalities and areas		

### 9.2.3. Detailed overview of measures for Strategic Goal 3

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.1. Improve the management and organization of local administrations		
<b>Measure</b>	<b>3.1.1. Support the development of good governance practices in local governments</b>		
<b>Description of the measure with the general area of intervention</b>	<p>The public administration reform process is centred on creating an efficient, transparent, accountable, and modern public administration that operates based on best practices and the principles of the European administrative space, genuinely serving citizens by delivering fast and reliable services.</p> <p>This measure aims to advance the goals set in the <b>Good Governance and Public Sector Management</b> framework, as outlined in the Framework for the Implementation of Sustainable Development Goals in Bosnia and Herzegovina, as well as the realization of the twelve principles of good democratic governance advocated by the Council of Europe. A particular focus within the measure is on the introduction of results-based management systems, starting with the CAF model (Common Assessment Framework), which ensures quality management in public administration, along with other performance measurement tools, such as the Performance Management System (PMS) developed through the MEG project and the Good Local Governance Seal (GLG).</p> <p>The measure also includes activities to ensure the continuous operation of local self-government assemblies during crises and unforeseen situations, the enhancement of ethical codes for elected officials, and the promotion of more transparent operations of local administrations through the adoption and implementation of communication strategies and new mechanisms.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	– Number of LGUs that have implemented CAF	0	20
	– Number of implemented improvement plans for enhancing LGU operations	0	30
	– The number of LGUs with at least one PUC and one PI where a self-assessment process has been conducted or the CAF has been implemented.	0	10
<b>Effect on the development and contribution of the measure to the priority</b>	By implementing the new tool, LGUs will improve their internal operations and gain the ability to compare and compete with other LGUs. This is expected to lead to overall progress in local governance, ultimately resulting in an improved quality of life for citizens.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Project funds, LGU recurrent resources Source: UNDP, LGU budgets		
<b>Period of the implementation of the measure</b>	2023–2029.		

<b>Institution responsible for coordination of the implementation of the measure</b>	MULS and ADU
<b>Implementing agencies</b>	ADU, MULS, SOGRS, with the support of the MEG2 project
<b>Target groups</b>	LGU, citizens

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.1. Improve the management and organization of local administrations		
<b>Measure</b>	<b>3.1.2. Support the digital transformation of local governments</b>		
<b>Description of the measure with the general area of intervention</b>	<p>As local administrations represent an essential part of public administration, their digital transformation is a critical component of the broader ongoing process of digitalizing the public sector. The operationalization and implementation of this measure will heavily rely on the support of the ‘Digital Transformation of the Public Sector’ project (UNDP). Through this project, support is planned to facilitate and execute assessments and prepare roadmaps for digital transformation in LGUs. Additionally, assistance is anticipated in implementing specific prioritized activities identified during the project.</p> <p>In collaboration with the project team, the role of the MULS will be defined as a coordinator and future provider of support to LGUs in planning digital transformation and identifying priority measures. With the project’s support, a number of common priority measures will be implemented across all LGUs in the RS.</p> <p>An additional support package will be offered to LGUs, enabling them to achieve targeted progress in all areas of good governance. This includes necessary policy and regulatory changes at the local level to create a more favourable environment for advancement in governance. Assistance will be provided as part of an annual change management cycle and will include technical support and solutions to improve information systems and data analytics. This encompasses introducing public digital performance management reviews and results tracking for each LGU, digitalizing local governance, and modernizing public service delivery. For example, further development of the eCitizen digital solution will enhance inclusive public service delivery, increase citizen participation and communication, improve digital skills at the local level, and facilitate inclusive evaluations of annual performance while setting new goals for the upcoming policy cycle and ensuring the presentation of results.</p> <p>The measure also plans to utilize the experiences and lessons learned from relevant pilot projects, such as the ‘Smart Cities – Towards Digital Transformation of Cities in BiH’ project.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	<ul style="list-style-type: none"> <li>– Developed methodology / toolset for planning digital transformation, piloted in LGUs</li> <li>– Number of LGUs with relevant roadmaps and action plans for DT</li> </ul>	<p>Not in place</p> <p>1</p>	<p>Standardized (as of 2025)</p> <p>40</p>

<b>Effect on the development and contribution of the measure to the priority</b>	Digital transformation serves as a key lever for improving the management and organization of local governance.
<b>Indicative funding arrangements with sources of funding</b>	Amount: Project funds; budget funds Source: UNDP (projects MEG2 and DTJS), RS Budget, LGU budgets
<b>Period of the implementation of the measure</b>	2024-2029
<b>Institution responsible for coordination of the implementation of the measure</b>	MNRVOID, MULS
<b>Implementing agencies</b>	MULS, MNRVOID, SOGRS, LGU, UNDP (projects MEG2 and DTJS)
<b>Target groups</b>	Local administrations

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.1. Improve the management and organization of local administrations		
<b>Measure</b>	<b>3.1.3. Support the promotion of gender equality and inclusion in local governments</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure envisions the application of mandatory gender equality standards as stipulated by the BiH Gender Equality Law and the international standards in effect in BiH and the RS at the level of local self-government. This primarily involves maintaining all local-level statistics disaggregated by gender and organizing basic and advanced training sessions on gender equality for groups of LGUs, as well as planning and implementing appropriate actions or campaigns to promote gender equality.</p> <p>Additionally, it focuses on strengthening social inclusion, particularly for vulnerable population groups, aligning with the Society of Equal Opportunities pillar from the Framework for the Implementation of Sustainable Development Goals in BiH. This will be achieved through collaboration among LGUs in implementing other relevant strategies and policies that include measures and projects aimed at promoting social inclusion.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs where improvements in gender equality and social inclusion are visible	0	at least 30
<b>Effect on the development and contribution of the measure to the priority</b>	A positive impact on good governance and the organization of local administrations, contributing to progress along the 'Society of Equal Opportunities' trajectory outlined in the Framework for the Implementation of Sustainable Development Goals in BiH.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Project funds, recurrent resources Source: RS Budget, LGU budgets, donors		

<b>Period of the implementation of the measure</b>	2024-2029
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS
<b>Implementing agencies</b>	RS Gender Centre, SOGRS, LGU, MPOS, PES, international organizations and projects
<b>Target groups</b>	LGU, women and men, vulnerable groups

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.
<b>Priority</b>	3.2. Enhance the management and organization of public enterprises and institutions
<b>Measure</b>	<b>3.2.1. Enhance corporate governance and quality management in public enterprises</b>
<b>Description of the measure with the general area of intervention</b>	<p>A significant number of local public enterprises operate at a loss and rely heavily on subsidies from LGUs, jeopardizing the quality and sustainability of the services they are responsible for providing. By improving corporate governance in accordance with the guidelines defined by the OECD, local-level public enterprises should be brought to a standard of efficient and transparent operations, ensuring the provision of high-quality services.</p> <p>Main activities:</p> <ul style="list-style-type: none"> <li>– Analyze the legal framework and public policies regulating the operation of public enterprises at the local level.</li> <li>– Conduct individual assessments of various aspects of corporate governance in selected enterprises, focusing on ownership policies, human resource management, reporting policies, transparency of operations, public procurement, external and internal audits, and integrity mechanisms.</li> <li>– Develop systemic recommendations for improving the functioning of public enterprises at the local level, as well as tailored recommendations for each analysed public enterprise.</li> </ul> <p>Through the MEG2 project, financial and operational improvement programs (FOPIP) will be implemented for public utility companies, specifically targeting water utility companies. These programs will include detailed technical, financial, and institutional assessments of deficiencies and the development of action plans that serve as a basis for customized support to partner water utility companies. Additionally, gender-sensitive employment policies will be promoted within water utility companies to ensure unbiased, merit-based hiring processes.</p> <p>Further activities in this direction will include supporting these enterprises in adopting and maintaining appropriate results-based and quality management systems, primarily standards from the ISO series and the CAF model.</p>

	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
<b>Output indicators</b>	– Number of PUCs where an assessment of the current state has been conducted, with recommendations for improving corporate governance	0	at least 50
	– Number of PUCs applying FOPIP	0	at least 30
<b>Effect on the development and contribution of the measure to the priority</b>	Improving corporate governance is a key component in enhancing management and organizational structures within public enterprises.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 500,000 BAM + MEG2 project funds Source: Donor funds / World Bank, Government of Switzerland, Sweden		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MPP, MoF, MULS, MPGE, IRB, MPŠV, LGU, UNDP		
<b>Target groups</b>	LGU and PUC		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.2. Enhance the management and organization of public enterprises and institutions		
<b>Measure</b>	<b>3.2.2. Introduce good governance models in public institutions</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Similar to Measure 3.1.1, this measure aims to advance the Good Governance and Public Sector Management framework defined in the Framework for the Implementation of Sustainable Development Goals in BiH. However, the focus of interventions and activities will be adapted to the specific needs and conditions of public institutions under the jurisdiction of local self-government, with a focus on results, customer orientation, efficiency, and transparency.</p> <p>The introduction of the CAF model (Common Assessment Framework) is planned for local public institutions following its implementation in local administrations.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of local public institutions with the CAF model implemented	0	at least 30

<b>Effect on the development and contribution of the measure to the priority</b>	A positive impact on the delivery of public services and the quality of life for citizens.
<b>Indicative funding arrangements with sources of funding</b>	Amount: 300,000 BAM Source: Donor funds
<b>Period of the implementation of the measure</b>	2025–2029
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS and ADU
<b>Implementing agencies</b>	ADU, MULS, SOGRS, with the support of the MEG2 project
<b>Target groups</b>	Local-level public institutions, citizens

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.2. Enhance the management and organization of public enterprises and institutions		
<b>Measure</b>	<b>3.2.3. Support the digital transformation of public enterprises and institutions</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure will be implemented in a complementary manner with Measure <b>3.1.2 Support for the Digital Transformation of Local Administration</b>, with the necessary adaptations to the needs and conditions of local public enterprises and institutions.</p> <p>Key activities include adapting the methodology for digital transformation planning to the specificities of public enterprises and institutions at the local level, as well as developing and implementing a roadmap and action plan for a selected sample of enterprises and institutions.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of PEs and PIs with relevant roadmaps and action plans for DT	0	at least 50
<b>Effect on the development and contribution of the measure to the priority</b>	Digital transformation represents one of the key drivers for improving the management and organization of local public enterprises and institutions.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 200,000 BAM Source: Donors, LGU budgets		
<b>Period of the implementation of the measure</b>	2025–2029		

<b>Institution responsible for coordination of the implementation of the measure</b>	MNRVOID, MULS
<b>Implementing agencies</b>	MULS, MNRVOID, SOGRS, LGU, PE and PI, UNDP (projects MEG2 and DTJS)
<b>Target groups</b>	Local public enterprises and institutions

<b>Reference to the strategic goal</b>	STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.3. Build the capacities of local administrations, public enterprises, and institutions		
<b>Measure</b>	<b>3.3.1. Build the capacity of municipal / city administrations within LGUs</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Based on the previously established systemic approach to capacity building in LGUs, the adoption and implementation of a Training Strategy for LGU employees is planned. This strategy will align with priorities identified through a prior training needs analysis and the strategic priorities outlined in this local self-government development strategy. Special attention will also be directed towards training the governing bodies of LGUs to harmonize their functioning and minimize instances of misunderstanding and competition, which have been known to result in delays in adopting key acts and temporary interruptions in their operations.</p> <p>Part of the activities under this measure will focus on the continued strengthening of human resource management functions within LGUs.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of training sessions organized within the training system for LGU staff	5 (2021)	on average 8 a year
<b>Effect on the development and contribution of the measure to the priority</b>	Continuous targeted training and strengthening of human resource management functions contribute to the further development of the training system for employees in LGUs and the improvement of the management and organization of LGUs in the RS.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 55,000 BAM Source: RS Budget and donors		
<b>Period of the implementation of the measure</b>	2023–2029.		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, SOGRS, LGU		
<b>Target groups</b>	Local administration staff, LGU officials		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.3. Build the capacities of local administrations, public enterprises, and institutions		
<b>Measure</b>	<b>3.3.2. Build the capacity of public enterprises and institutions for more efficient and transparent service delivery</b>		
<b>Description of the measure with the general area of intervention</b>	<p>The systemic approach to capacity building, already introduced for local administration, should gradually expand in the next strategic period to encompass public enterprises and institutions. This will involve establishing a training management model that includes strategic training planning (based on needs assessment and priorities from this strategy for local self-government development), implementation, monitoring, and evaluation of training.</p> <p>It is recommended to initiate and implement an appropriate strategic project for the development of a training system for local public enterprises and institutions, in collaboration with interested donors, international partners, and the SOGRS.</p>		
<b>Key strategic projects</b>	Development of a Training System for Local Public Enterprises and Institutions		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Training strategy and program for local PEs and PIs	Not in place	Operational (as of 2026)
<b>Effect on the development and contribution of the measure to the priority</b>	A catalytic impact on capacity building, management, and organization of public enterprises and institutions at the local level.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Project funds Source: Donors, PEs and PIs		
<b>Period of the implementation of the measure</b>	2025–2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, SOGRS, PE, PI, LGU		
<b>Target groups</b>	Local-level PE and PI staff		

<b>Reference to the strategic goal</b>	3. STRENGTHENED MANAGEMENT, ORGANIZATION, AND CAPACITIES OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.3. Build the capacities of local administrations, public enterprises, and institutions		
<b>Measure</b>	<b>3.3.3. Build the capacity of local governments, public enterprises, and institutions to actively leverage international funding and projects</b>		
<b>Description of the measure with the general area of intervention</b>	This measure aims to address identified weaknesses related to the low absorption capacity of local self-government units for utilizing EU and regional funds and participating in international and cross-border projects. These projects create opportunities for various aspects of local self-government development. Plans include continuing and improving specialized training for local self-government officials to equip them with the necessary knowledge and skills in project management. Furthermore, efforts will focus on preparing and submitting specific individual and joint project proposals.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of organized training sessions		at least 2 per annum
<b>Effect on the development and contribution of the measure to the priority</b>	Continuous training aimed at strengthening the capacity of local government units to access EU and regional funds will contribute to attracting off-budget resources and implementing development and infrastructure projects.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent and project funds Source: Donors, PEs and PIs		
<b>Period of the implementation of the measure</b>	2023–2029.		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MEIMS, RARS, SOGRS, PEs, PIs, LGUs, PKRS		
<b>Target groups</b>	LGU officials and employees of local public enterprises and institutions.		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.4. Advance local development		
<b>Measure</b>	<b>3.4.1. Support strategic and spatial planning in LGUs for achieving sustainable development goals</b>		
<b>Description of the measure with the general area of intervention</b>	<p>In the upcoming period, further efforts will focus on enhancing strategic and spatial planning in LGUs and aligning these plans with one another, while ensuring adequate professional and financial support for those LGUs that objectively lack the necessary resources for such purposes. In the initial phase, emphasis will be placed on familiarizing all LGUs with the obligations and methodologies stemming from the RS Law on Strategic Planning and Development Management and the corresponding regulations. Special attention will be paid to the interconnections, mutual dependencies, and synchronization of strategic planning with spatial and urban planning to leverage the natural, cultural, and economic identity of each LGU as a foundation for enhancing their attractiveness for living and competitiveness for business activities. Considering the strategic orientation and priorities outlined in the Framework for the Implementation of Sustainable Development Goals in Bosnia and Herzegovina, the next cycle of strategic platform planning for LGUs will place a stronger emphasis on pathways for smart growth, good governance, and building a society of equal opportunities. Additional support will be provided to accelerate and facilitate the energy transition and the shift toward a green / circular economy, as well as the overall protection of the environment within LGUs and their resilience to unexpected shocks on a global scale (e.g., the pandemic crisis and the Ukraine crisis) or potential regional challenges.</p> <p>Appropriate support from international organizations and projects aimed at facilitating and accelerating the achievement of sustainable development goals is anticipated.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of updated/new local development strategies aligned with spatial planning documents and sustainable development goals	0	at least 20
<b>Effect on the development and contribution of the measure to the priority</b>	Direct impact on local development in alignment with sustainable development goals.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Project funds, recurrent resources Source: Donors, LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MPUGE, Strategic Planning Department at the Secretariat of the RS Government, LGUs, international organizations, and donors		
<b>Target groups</b>	LGU, citizens, real sector		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.4. Advance local development		
<b>Measure</b>	<b>3.4.2. Support the operationalization and implementation of strategies and plans in LGUs</b>		
<b>Description of the measure with the general area of intervention</b>	Special focus will be placed on supporting local self-governments in preparing their adopted local development strategies for implementation through the development of operational documents (action, mid-term, and annual plans) in line with the Regulation on Implementation Documents in the RS. To strengthen connections and ensure consistency with spatial planning, efforts will also be directed towards the preparation, operationalization, and implementation of spatial planning documents alongside strategic planning procedures. Additional support will be provided for measures and projects contributing to the realization of sustainable development goals, particularly those related to environmental protection, energy transition, and the green / circular economy.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	– Number of LGUs with updated / new action plans that include spatial planning documents	0	at least 30
	– Number of supported measures / projects for achieving sustainable development goals	0	at least 20
<b>Effect on the development and contribution of the measure to the priority</b>	Direct impact on local development in alignment with sustainable development goals.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Project funds, recurrent resources Source: Donors, LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MPUGE, Strategic Planning Department at the Secretariat of the RS Government, LGUs, international organizations, and donors		
<b>Target groups</b>	LGU, citizens, real sector		

<b>Reference to the strategic goal</b>	3. STRENGTHENED MANAGEMENT, ORGANIZATION, AND CAPACITIES OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.4. Advance local development		
<b>Measure</b>	<b>3.4.3. Support the operationalization and implementation of strategies and plans in LGUs</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This initiative effectively involves localizing the relevant measures encompassed within the priorities outlined in the Strategy for the Development of Small and Medium Enterprises (SMEs) for the 2021–2027 period, specifically focusing on: <b>Priority 1.2: Development of entrepreneurship, with an emphasis on youth and women entrepreneurs, Priority 1.3: Improving the environment for entrepreneurial activity</b>, and Priority 2.1: Enhancing the business environment and access to finance for SMEs.</p> <p>Efforts will be directed toward advancing the preparation of local self-government units (LGUs) to obtain the Business Friendly Certification (BFC), a regional certificate that confirms a favourable business environment. The initiative also includes support for aspiring entrepreneurs (start-ups), assistance in facilitating a quicker restart for entrepreneurs who failed in their first attempt due to objective reasons, strengthening and expanding mentoring systems, and providing support for the development and promotion of entrepreneurial infrastructure. This includes business zones, incubators, accelerators, innovation centres, <b>co-working</b> spaces, and even free zones. Additionally, it involves creating and utilizing systemic support instruments for entrepreneurship at the local level, with a particular focus on target groups such as youth and women.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	– Number of new entrepreneurs who received support for business development	0	600 per annum
	– Number of entrepreneurs who utilized a ‘second chance’	0	at least 100
	– Number of business zones established	67	80
<b>Effect on the development and contribution of the measure to the priority</b>	Direct positive impact on strengthening the local economy and fostering local development.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Funds allocated through the RS SME Development Strategy 2022-2027 Source:		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MPP		
<b>Implementing agencies</b>	MPP, RARS, local development agencies and municipal economic departments, PK, ZPK		
<b>Target groups</b>	Small and medium-sized enterprises, business startups, entrepreneurs seeking to restart their businesses, domestic and international investors		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.4. Advance local development		
<b>Measure</b>	<b>3.4.4. Support social development programs and the promotion of social entrepreneurship in LGUs</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure includes providing additional support to local self-governments that create and implement local programs for social housing, natality policies, repopulation of partially or fully depopulated areas, and other similar programs aimed at retaining and attracting the population. Additionally, it encourages other local self-governments to develop and initiate such programs. In addition to local social housing programs/strategies and natality policies, this measure includes specific instruments for housing construction and the allocation of social housing units to targeted population categories, appropriate subsidies for young people, particularly young married couples, as well as for families with multiple children, among others.</p> <p>The measure also encompasses the adaptation of local public services and infrastructure to meet the specific needs of vulnerable population groups.</p> <p>The measure also encompasses support for the development of social entrepreneurship as an effective model and tool to address the needs of particularly vulnerable groups. This involves <b>tackling social, health, cultural, economic, environmental, or other community challenges, preventing and addressing social exclusion, and strengthening social solidarity and cohesion</b>. In this context, the measure aligns with and localizes measure 1.4.2. <b>‘Support for the Development of Social Entrepreneurship’ from the Strategy for the Development of Small and Medium-Sized Enterprises 2021–2027’</b>.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	<ul style="list-style-type: none"> <li>– Number of LGUs with new / updated social housing and natality policy programs</li> <li>– Number of entities that have received the status of social enterprises</li> </ul>	<p>0</p> <p>0 (2020)</p>	<p>at least 30</p> <p>at least 67%</p>
<b>Effect on the development and contribution of the measure to the priority</b>	Direct impact on inclusive local development.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: 1,000,000 BAM</p> <p>Source: RS Budget, LGU budgets, donors</p>		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MPOS, MPP, MZSZ, MPK, LGU, RARS		
<b>Target groups</b>	Underdeveloped LGUs, sparsely populated non-urban areas of other LGUs, vulnerable population groups, young population.		

<b>Reference to the strategic goal</b>	3. STRENGTHENED MANAGEMENT, ORGANIZATION, AND CAPACITIES OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.5. Strengthen citizen participation in the affairs and development of LGUs		
<b>Measure</b>	<b>3.5.1. Strengthen citizen participation through local community councils</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Local communities are traditional structures with significant potential for revitalizing citizen participation, fostering inclusive decision-making, and promoting better and gender-sensitive service delivery. However, the capacities and capabilities of local communities vary, their roles and functions are insufficiently defined, and the work of local community representatives is not professionalized. This measure aims to enhance the role of local communities as a link between citizens and local authorities. Local communities will enable greater citizen participation in democratic decision-making processes and serve as advocates for citizen needs to local governments and other stakeholders important for local development. The main activities include:</p> <ul style="list-style-type: none"> <li>– Improvement of the regulatory framework for local self-governance concerning local communities;</li> <li>– Adopting a decision / recommendation for broader application of the methodological framework for local communities developed through the project ‘Strengthening the Role of Local Communities in BiH’ across all LGUs in the RS;</li> <li>– Establishment of a financial mechanism for implementing citizen-proposed projects in local communities (in cooperation with LGUs and the NGO sector), including exploring the possibility of linking this mechanism with the existing financial mechanism implemented by the IRBRS, Ministry of Finance, and MULS.</li> </ul> <p>Key activities are based on the experiences and recommendations of the project ‘Strengthening the Role of Local Communities in BiH’.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	<ul style="list-style-type: none"> <li>– Number of LGUs that have adopted the methodological framework for local community councils</li> <li>– Number of local communities where citizen forums are being conducted</li> </ul>	18  122	All LGUs  All LGUs
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on enhancing citizen participation in the affairs and development of (LGUs).		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Project funds Source: Donors (Government of Switzerland, Sweden)		
<b>Period of the implementation of the measure</b>	2023–2029.		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, SOGRS, LGU, IRBRS, MoF, UNDP		
<b>Target groups</b>	LGU community councils, citizens		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.5. Strengthen citizen participation in the affairs and development of LGUs		
<b>Measure</b>	<b>3.5.2. Enhance the involvement of civil society organizations</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure focuses on increasing youth participation through local youth organizations (in line with the RS Youth Policy 2023–2027), as well as supporting associations that foster voluntary, non-partisan, and non-profit initiatives dedicated to issues of public interest. It emphasizes mutually beneficial cooperation for local authorities, these organizations, and, most importantly, citizens within local communities. This cooperation will be supported and achieved through both existing and new mechanisms and instruments.</p> <p>Greater and more intensive involvement of civil society organizations (CSOs) is planned in the creation, implementation, and monitoring of local policies and instruments, as well as in establishing the conditions necessary to launch and participate in initiatives that represent citizens' interests. On the other hand, increased logistical and financial support for these organizations is planned from local governments, accompanied by ensuring a higher level of transparency in the allocation and monitoring of funds.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs where progress has been made in mutually beneficial cooperation with civil society organizations	0	at least 50
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on enhancing citizen participation in the affairs and development of (LGUs).		
<b>Indicative funding arrangements with sources of funding</b>	Funds allocated by the RS Youth Policy 2023–2027, project funds Source: RS Budget, LGU budgets, donors		
<b>Period of the implementation of the measure</b>	2023–2029.		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MPOS, SOGRS, LGUs, Council of Europe, OSCE, international organizations and projects		
<b>Target groups</b>	Local youth councils and youth organizations, other civil society organizations, LGUs, citizens		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.5. Strengthen citizen participation in the affairs and development of LGUs		
<b>Measure</b>	<b>3.5.3. Strengthen direct citizen participation by utilizing digital tools</b>		
<b>Description of the measure with the general area of intervention</b>	The rapid development and application of information and communication technologies have created new opportunities for citizens' direct participation in the activities and development of LGUs through the use of digital platforms and tools based on the e-citizen concept (e.g., further establishment of the eCitizen digital solution for inclusive public service delivery, increased citizen participation, and/or enhanced communication with citizens). This measure will be developed and implemented in synergy with other measures focused on the digital transformation of the public sector.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs using new digital tools for citizen participation	0	at least 30
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on enhancing citizen participation in the affairs and development of (LGUs).		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Source: Donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MNRVOID, SOGRS, LGU, international organizations and projects (UNDP, Council of Europe and others)		
<b>Target groups</b>	LGU, citizens		

<b>Reference to the strategic goal</b>	3. STRENGTHENED <b>MANAGEMENT, ORGANIZATION, AND CAPACITIES</b> OF LOCAL ADMINISTRATIONS, ENTERPRISES, AND INSTITUTIONS UNDER THE JURISDICTION OF LOCAL SELF-GOVERNMENT.		
<b>Priority</b>	3.5. Strengthen citizen participation in the affairs and development of LGUs		
<b>Measure</b>	<b>3.5.4. Establish and strengthen collaboration with the diaspora</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Cooperation with the diaspora allows LGUs its to maintain meaningful connections with emigrants while channelling the potential of the diaspora effectively Although RS institutions have established a strong institutional framework for this type of cooperation, the role of LGUs is particularly important due to their natural closeness, direct contact with citizens, and the services they provide. This measure encompasses a set of activities aimed at establishing a systematic collaboration with the diaspora at the LGU level, primarily through:</p> <ul style="list-style-type: none"> <li>- Establishing an organizational contact point for collaboration,</li> <li>- Mapping the diaspora along with creating an appropriate database,</li> <li>- Organizing information campaigns and meetings with the diaspora,</li> <li>- Positioning this type of collaboration within the strategic documents of LGUs.</li> </ul> <p>Each LGU should define priority development areas, prepare an investment profile, and establish guidelines for potential incentive policies for investment. The diaspora maintains strong ties to their places of origin and often organizes themselves along these lines in their host countries. For this reason, LGUs should primarily focus on engaging clubs and regional associations when establishing contacts and promoting their local potentials.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs that have initiated systemic cooperation with the diaspora	2 municipalities	at least 5 cities and 8 municipalities
<b>Effect on the development and contribution of the measure to the priority</b>	It enables and facilitates the participation of citizens living in the diaspora in the affairs and development of LGUs.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources Source: LGU budgets		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MEIMS		
<b>Implementing agencies</b>	MEIMS, LGU		
<b>Target groups</b>	Associations and diaspora clubs, prominent businesspeople, and experts abroad		

## 9.2.4. Detailed overview of measures for Strategic Goal 4

<b>Reference to the strategic goal</b>	4. IMPROVED QUALITY AND ACCESSIBILITY OF SERVICES WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.1. Improve the quality and accessibility of administrative services		
<b>Measure</b>	<b>4.1.1. Support the expansion of best practices in providing administrative services through one-stop-shop models</b>		
<b>Description of the measure with the general area of intervention</b>	This measure aims to expand best practices in delivering services through the 'one-stop-shop' model, which has already been implemented in most LGUs through service counters or citizen service centres. The expansion of good practices involves organizing additional types of services (e.g., those related to issuing location conditions and building permits) under the same model and extending the model to other LGUs in alignment with their specific needs and characteristics.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs s where administrative services are provided under the 'one-stop-shop' model		all cities and municipalities with urban infrastructure
<b>Effect on the development and contribution of the measure to the priority</b>	Significant and direct contribution to improving the quality and accessibility of administrative services.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Source: LGU budget, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	LGU, SOGRS, RS administrative bodies, public institutions / enterprises		
<b>Target groups</b>	LGU, citizens, business community, investors		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.1. Improve the quality and accessibility of administrative services		
<b>Measure</b>	<b>4.1.2. Ensure the availability of administrative services in non-urban areas</b>		
<b>Description of the measure with the general area of intervention</b>	This measure aims to deliver administrative services tailored to non-urban areas, where the necessary infrastructure is lacking and the population is sparse, predominantly consisting of elderly individuals. The goal is to bring these services closer to such communities. This involves the development and implementation of a mobile service delivery model and the organization of open-door days in local communities. Initially, this model will be piloted in selected target areas and then gradually expanded to similar regions.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs where mobile service provision and open days in local communities are organized		All cities and at least 40 municipalities
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on improving the accessibility of administrative services.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources, project funds Source: LGU budget, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, LGU, SOGRS		
<b>Target groups</b>	The population in non-urban areas, across all age and gender groups.		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.1. Improve the quality and accessibility of administrative services		
<b>Measure</b>	<b>4.1.3. Support continuous monitoring and improvement of the quality and accessibility of administrative services (with gender equality assurance)</b>		
<b>Description of the measure with the general area of intervention</b>	An important aspect of improving administrative services is ensuring continuous monitoring of their accessibility and quality based on feedback from users, including citizens, entrepreneurs, and other groups. A tool for this purpose will be developed, considering obligations and recommendations related to ensuring gender equality. The tool will be piloted in a limited number of diverse LGUs and then standardized and gradually implemented across all units. As a starting point, the instrument for assessing user satisfaction with counter services, developed and utilized within the GAP1 and GAP2 projects, can be used. It will also align with the requirements of the CAF model, which is planned to become the predominant quality management system for LGUs, and integrate into the framework of the Quality and Accessibility Index and the User Satisfaction Index, which are to be developed for monitoring progress toward achieving the fourth strategic goal.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs using tools to monitor and improve the accessibility of administrative services		all cities and municipalities with urban infrastructure
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on improving the quality and accessibility of administrative services.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources, project funds Source: LGU budget, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, LGU, SOGRS, MPUGE, ADU, RS Gender Centre		
<b>Target groups</b>	Citizens, entrepreneurs, and other users of administrative services in LGUs.		

<b>Веза са стратешким циљем</b>	4. Унапријеђен квалитет и доступност услуга у надлежности јединица локалне самоуправе		
<b>Приоритет</b>	4.2. Унапређивање квалитета и доступности комуналних услуга		
<b>Назив мјере</b>	<b>4.2.1. Подршка ширењу добрих пракси јавно-приватног партнерства у пружању комуналних услуга</b>		
<b>Опис мјере са оквирним подручјима дјеловања</b>	Модел јавно-приватног партнерства, чија је примјена омогућена посебним законом, још увијек није коришћен у потребној мјери код пружања комуналних услуга. У оквиру мјере ће се испитати разлози и ограничења занемарљиве примјене овог модела у случају комуналних услуга, препоручити и разрадити политике и инструменти којима ће се смањити баријере и подстаћи ова врста инвестиција, уз осигурање јавног интереса.		
<b>Индикатори за праћење резултата мјере</b>	Индикатори	Полазне вриједности	Циљне вриједности
	Број ЈЛС у којима је успостављен нови облик јавно-приватног партнерства у пружању ком. услуга.	0	Најмање десет
<b>Развојни ефекат и допринос мјере остварењу приоритета</b>	Омогућиће веће инвестиције које воде већој доступности и квалитету комуналних услуга.		
<b>Индикативна финансијска конструкција са изворима финансирања</b>	Износ: Извор:		
<b>Период спровођења мјере</b>	2025–2029.		
<b>Институција одговорна за координацију спровођења мјере</b>	МУЛС		
<b>Носиоци спровођења мјере</b>	МФ, МУЛС, МПУГЕ, СОГРС, ЈЛС, ЈП		
<b>Циљне групе</b>	Локална јавна предузећа, инвеститори, корисници комуналних услуга		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.2. Improve the quality and accessibility of administrative services		
<b>Measure</b>	<b>4.2.1. Support the expansion of best practices in public-private partnerships for the provision of utility services</b>		
<b>Description of the measure with the general area of intervention</b>	The public-private partnership model, whose implementation is facilitated by specific legislation, has not yet been utilized sufficiently in the provision of utility services. This measure will examine the reasons and limitations behind the negligible application of this model in utility services, recommend and develop policies and tools to reduce barriers, and encourage such investments while ensuring public interest is safeguarded.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs where a new form of public-private partnership has been established in the provision of utility services	0	at least 10
<b>Effect on the development and contribution of the measure to the priority</b>	It will enable greater investments that lead to improved accessibility and quality of utility services.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Source:		
<b>Period of the implementation of the measure</b>	2025-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MoF, MULS, MPUGE, SOGRS, LGU, PEs		
<b>Target groups</b>	Local public enterprises, investors, users of utility services		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.2. Improve the quality and accessibility of administrative services		
<b>Measure</b>	<b>4.2.2. Support the introduction of local policies to subsidize utility services for vulnerable user groups</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Local utility companies in most LGUs operate with significant challenges due to pricing policies that often fail to cover basic operational costs, let alone support further improvement and development. This 'social' pricing policy benefits not only vulnerable user groups but also those who do not require financial support and could afford to pay significantly more for utility services. Therefore, it is essential to develop subsidy mechanisms based on the specific needs of certain user groups. A foundational step involves creating a social registry for LGU residents, which will form the basis for defining subsidy policies for public transportation, water supply and sanitation, waste management, and other services.</p> <p>The key activities for implementing this measure include:</p> <ol style="list-style-type: none"> <li>1) Developing a methodology for creating a social registry;</li> <li>2) Applying the methodology in at least 15 LGUs (pilot phase);</li> <li>3) Defining subsidy policies for identified vulnerable groups.</li> </ol> <p>As part of the MEG2 project, support will be provided to introduce an equitable subsidy system for water supply and wastewater management services for users in social need. Specifically, LGUs and their social welfare centres will receive assistance in defining specific vulnerable population categories within their territories and ensuring monthly support through subsidized water consumption payments (e.g., 3m<sup>3</sup> per person per month). At the same time, mechanisms will be established to ensure fair use of subsidies for those in need. Importantly, support will also be provided for the adoption of a pricing procedure for water services based on principles of cost recovery, economic efficiency, and affordability, which can be further expanded through policy processes. These efforts will build on affordability surveys, ensuring accurate definitions of average household income levels. Based on this data, the maximum necessary water price can be determined and applied effectively.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of local government units where utility services are subsidized based on the social card	0	All cities and at least 10 municipalities
<b>Effect on the development and contribution of the measure to the priority</b>	It enables a more economically grounded pricing policy for local utility companies while ensuring the protection of socially vulnerable population groups.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 300,000 BAM Source: RS Budget, LGU budgets, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MZSZ, MULS, LGU, JP		
<b>Target groups</b>	Socially vulnerable groups (population), local public enterprises.		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.2. Improve the quality and accessibility of administrative services		
<b>Measure</b>	<b>4.2.3. Ensure the availability of utility services in non-urban areas</b>		
<b>Description of the measure with the general area of intervention</b>	Similar to the provision of administrative services, efforts will be made in the upcoming period to adapt and deliver appropriate utility services based on the specific needs and capabilities of non-urban areas. This involves an initial selection of services, piloting suitable delivery models in a small sample of LGUs or non-urban areas, followed by promoting and expanding the proven service delivery model to a broader range of non-urban areas or LGUs.		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs applying new models for providing communal services in non-urban areas	0	at least 10
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on improving the accessibility of utility services.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Source: LGU budget, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MPŠV, MPUGE, LGU, international organizations and projects		
<b>Target groups</b>	Population living in non-urban areas		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.2. Improve the quality and accessibility of administrative services		
<b>Measure</b>	<b>4.2.4. Support continuous monitoring and improvement of the quality and accessibility of utility services (with gender equality assurance)</b>		
<b>Description of the measure with the general area of intervention</b>	<p>It involves the development and application of an instrument for the continuous monitoring of availability and quality, similar to the approach for administrative services, but specifically tailored for utility services, which are of a different nature and scope. This includes incorporating the geographical dimension of service coverage (by local communities) on a representative sample of households, typically conducted annually. Accordingly, the piloting, development, and broader implementation of such tools must reflect these specificities while adhering to the same requirements for ensuring gender equality, alignment with the CAF model, and integration into the framework of quality and accessibility indices and user satisfaction indices, which are to be developed to monitor progress in achieving the fourth strategic goal.</p> <p>As a starting point, the PULS (Improvement of Local Self-Government Services) methodology, developed and successfully implemented during the 2010–2012 period in Banja Luka, Prijedor, Srbac, and several other municipalities in the RS, can serve as a reference. This approach included the active participation of civil society organizations in conducting user satisfaction surveys, presenting the results, and providing recommendations for improvements.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs using tools to monitor and improve the accessibility of utility services	0	All cities and at least 10 municipalities
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on improving the quality and accessibility of utility services.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources, project funds Source: LGU budget, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MPŠV, LGU, SOGRS, PUC, RS Gender Centre, CSOs		
<b>Target groups</b>	LGU, PUC, citizens and other users of utility services		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.3. Improve the services provided by public institutions		
<b>Measure</b>	<b>4.3.1. Support the expansion of best practices in public-private partnerships and social entrepreneurship in providing public services</b>		
<b>Description of the measure with the general area of intervention</b>	<p>As with measure 4.2.1, this measure also includes an assessment of the potential use of the public-private partnership model, accompanied by appropriate recommendations and the development of policies and instruments to encourage joint investments and collaborative management between the public and private sectors in this area. Additionally, the measure involves the increased use of social entrepreneurship as an effective model and tool for addressing the needs of particularly vulnerable groups.</p> <p>When elaborating the measure, attention should be paid to ensuring alignment and achieving synergistic effects with measures <b>4.2.1. Support the expansion of best practices in public-private partnerships for the provision of utility services</b> and <b>3.4.4. Support social development programs and the promotion of social entrepreneurship in LGUs</b></p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs where a new form of public-private partnership and/or social entrepreneurship has been established in the provision of public services	0	at least 10
<b>Effect on the development and contribution of the measure to the priority</b>	It enables improved accessibility and quality of services provided by public institutions at the local level.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Source: LGU budgets, private investors, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MULS, MoF, MZSZ, MPP, SOGRS, LGU		
<b>Target groups</b>	Local public institutions and their service users, including vulnerable groups.		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.3. Improve the services provided by public institutions		
<b>Measure</b>	<b>4.3.2. Support the development of culture, creative industries, and sports and recreational activities in LGUs</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Given that cultural and sports-recreational activities play an increasingly important role in the quality of local life, and creative industries present an increasingly attractive opportunity for entrepreneurship and youth employment, this measure aims to provide targeted support and allocate greater budgetary resources to these areas.</p> <p>This measure partially represents the localization of two initiatives from the RS Youth Policy 2023–2027 period: Measure 4.2.3. Support for the Development of Creative Industries (based on the adoption of relevant measures from the RS Employment Strategy 2021–2027 and the Strategy for the Development of Science, Technology, Higher Education, and the ICT Industry in the RS 2022–2028) and Measure 3.1.3. Support for Building Recreational-Sports Infrastructure for Youth (encouraging cities and municipalities in Republika Srpska to invest, according to their capacities and the needs of young people, in the construction of facilities and development of sports-recreational activities for youth).</p> <p>Additionally, it is anticipated that the forthcoming RS Strategy for the Development of Culture will address and elaborate on opportunities to support cultural development tailored to the specific needs and capacities of LGUs, as well as foster creative industries and provide support to young people in the fields of culture and arts.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	number of LGUs with strengthened support the development of culture, creative industries, and sports and recreational activities	0	at least 10
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on the quality of life in LGUs, retention and attraction of the population, especially youth.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount: Allocated under other strategies referenced in the measure description.</p> <p>Source:</p>		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MPOS, MNRVOID, MULS, LGU		
<b>Target groups</b>	Local public institutions and their service users, the population, especially youth.		

<b>Reference to the strategic goal</b>	4. IMPROVED QUALITY AND ACCESSIBILITY OF SERVICES WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.3. Improve the services provided by public institutions		
<b>Measure</b>	<b>4.3.3. Support the introduction of local policies to subsidize services for vulnerable user groups</b>		
<b>Description of the measure with the general area of intervention</b>	<p>This measure will define conditions and possibilities for introducing and improving local subsidy policies to make essential services, particularly in the areas of education, healthcare, social protection, and public transportation, more accessible to population groups that cannot afford them. Additionally, it will provide further support to LGUs that demonstrably lack the resources to establish and implement such policies.</p> <p>The development and implementation of the measure should be aligned with the development and implementation of measure <b>4.2.2. Support for the introduction of local policies subsidizing utility services for vulnerable user groups, with overlapping activities in the preparation of the methodology and the social card.</b></p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of local government units where public services are subsidized based on the social card	0	All cities and at least 10 municipalities
<b>Effect on the development and contribution of the measure to the priority</b>	It enables a more economically grounded pricing policy for PIs while ensuring the protection of socially vulnerable population groups.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: 150,000 BAM Source: RS Budget, LGU budgets, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MZSZ, MULS, MSV, LGU, PIs		
<b>Target groups</b>	Socially vulnerable groups (population), local public enterprises.		

<b>Reference to the strategic goal</b>	4. IMPROVED <b>QUALITY AND ACCESSIBILITY OF SERVICES</b> WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.3. Improve the services provided by public institutions		
<b>Measure</b>	<b>4.3.4. Ensure the availability of public services in non-urban areas</b>		
<b>Description of the measure with the general area of intervention</b>	<p>Similar to the provision of administrative services, efforts will be made in the upcoming period to adapt and deliver appropriate utility services based on the specific needs and capabilities of non-urban areas. This involves an initial selection of services, piloting suitable delivery models in a small sample of LGUs or non-urban areas, followed by promoting and expanding the proven service delivery model to a broader range of non-urban areas or LGUs.</p> <p>In the development and implementation of this measure, synchronization with measures 4.1.2. and 4.2.3. is recommended.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs applying new models for providing public services in non-urban areas	0	at least 10
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on improving the accessibility of public services.		
<b>Indicative funding arrangements with sources of funding</b>	<p>Amount:</p> <p>Source: LGU budget, donors</p>		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MZSZ, MULS, MSV, LGUs, PIs, international organizations and projects		
<b>Target groups</b>	Population living in non-urban areas		

<b>Reference to the strategic goal</b>	4. IMPROVED QUALITY AND ACCESSIBILITY OF SERVICES WITHIN THE COMPETENCE OF LOCAL SELF-GOVERNMENT UNITS		
<b>Priority</b>	4.3. Improve the services provided by public institutions		
<b>Measure</b>	<b>4.3.5. Support continuous monitoring and improvement of the quality and accessibility of public services (with gender equality assurance)</b>		
<b>Description of the measure with the general area of intervention</b>	<p>As with administrative and utility services, this measure entails developing and implementing tools for the continuous monitoring of accessibility and quality. However, these tools will be specifically designed to address the unique nature and scope of the services covered under this priority. Accordingly, the piloting, development, and broader implementation of such tools must reflect these specificities while adhering to the same requirements for ensuring gender equality, alignment with the CAF model, and integration into the framework of quality and accessibility indices and user satisfaction indices, which are to be developed to monitor progress in achieving the fourth strategic goal.</p> <p>In the development and implementation of this measure, synchronization with measures 4.1.3. and 4.2.4. is recommended.</p>		
<b>Output indicators</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target</b>
	Number of LGUs using tools to monitor and improve the accessibility of public services	0	All cities and at least 10 municipalities
<b>Effect on the development and contribution of the measure to the priority</b>	A direct positive impact on improving the quality and accessibility of public services.		
<b>Indicative funding arrangements with sources of funding</b>	Amount: Recurrent resources, project funds Source: LGU budget, donors		
<b>Period of the implementation of the measure</b>	2024-2029		
<b>Institution responsible for coordination of the implementation of the measure</b>	MULS		
<b>Implementing agencies</b>	MZSZ, MULS, MSV, LGU, PIs, RS Gender Centre, CSOs		
<b>Target groups</b>	LGU, PIs, citizens and other users of local public services		



# ACTION PLAN FOR IMPLEMENTATION OF THE STRATEGY FOR LOCAL SELF-GOVERNMENT DEVELOPMENT IN REPUBLIKA SRPSKA

2024 – 2026

August 2023



# INTRODUCTION

1. At its 26th special session held on December 14, 2021 the Republika Srpska National Assembly adopted the Economic Reform Program for the period 2022–2024. Among other activities outlined in the program, it mandated the development and adoption of the Local Self-Government Development Strategy for Republika Srpska for the period 2023–2029 (hereinafter referred to as the Strategy). At its session held on February 23, 2023, the Government of Republika Srpska adopted the Decision adopting the Strategy for the Development of Local Self-Government in Republika Srpska for the period 2023–2029 (RS Official Gazette, No. 22/23).

This Action Plan elaborates on the framework dynamics for the implementation of measures, strategic projects, other projects, and activities outlined in the strategic document. It also provides a preliminary financial framework and identifies implementation stakeholders for the period 2024–2026.

The Action Plan was developed in accordance with the Law on Strategic Planning and Development Management in Republika Srpska (RS Official Gazette No. 63/21) and the Regulation on Implementation Documents in Republika Srpska (RS Official Gazette No. 8/22).

2. The development of the Action Plan was conducted through two preparatory and three working meetings led by the Ministry of Administration and Local Self-Government's working group, with active participation from representatives of other ministries and institutions (including the Ministry of Finance; Ministry of Spatial Planning, Construction, and Ecology; Ministry of EU Integration and International Cooperation; Ministry of Agriculture, Forestry, and Water Management; Ministry of Health and Social Welfare; Ministry of Family, Youth, and Sports; Ministry of Economy and Entrepreneurship; and the Investment-Development Bank of Republika Srpska), all of whom had previously contributed to drafting the 2023–2029 Strategy for the Development of Local Self-Government. Technical support for the Action Plan's development was provided by the MEG 2 project, implemented by the United Nations Development Programme (UNDP) in Bosnia and Herzegovina.

3. A key component of the Action Plan is a table that outlines measures, strategic projects, and activities categorized by strategic objectives and priorities. The table also specifies the responsible implementing parties, outcome indicators, projected amounts, and funding sources for each year within the 2024–2026 period.

The total projected envelope, estimated with a reasonable degree of reliability, amount to 20,174,275 BAM. Of this amount, 16,472,775 BAM (81.65%) will be allocated from the Budget of Republika Srpska, while 3,701,500 BAM (18.35%) will be sourced from other contributors, primarily donor funds and local self-government units. The largest allocation from the Budget of Republika Srpska accounts for transfers to underdeveloped and extremely underdeveloped municipalities, with a total three-year allocation of 14,716,200 BAM (89.34%), planned under Measure 2.1.2.

In addition to the measures and activities for which financial amounts and sources have been clearly identified, the Action Plan anticipates the implementation of several additional measures and activities supported by donors and international organizations. While these organizations expressed their willingness to include such activities in their projects during the drafting of the Strategy for the Development of Local Self-Government in Republika Srpska, they were unable to provide specific financial commitments. The following measures and activities fall into this category within the Action Plan:

- M 2.2.1. Improve financial management and establish internal financial control systems in the public sector at the local level
- M 3.1.2. Support the digital transformation of local governments
- M 3.2.2. M Introduce good governance models in public institutions
- M 3.2.3. Support the digital transformation of public enterprises and institutions in LGUs;
- M 3.4.2. Support the operationalization and implementation of strategies and plans in LGUs;
- M 3.5.3. M Strengthen direct citizen participation by utilizing digital tools;

M 4.1.1, 4.2.1. and 4.3.1. Support for the expansion of best practices in delivering administrative services through a one-stop-shop approach, PPP in the provision of utility services, and PPP and social entrepreneurship in the delivery of public services;

M 4.1.3, 4.2.4. and 4.3.5. Support continuous monitoring and improvement of the quality and accessibility of administrative, utility and public services.

It is also expected that additional measures and activities will be undertaken, for which financial allocations are not identified in this action plan, as these will be detailed in the respective plans of their implementing entities. These measures include the following:

M 3.4.3. Support for improving the business environment and entrepreneurship in local self-government units (Development Agency of Republika Srpska and the Public Employment Service); 3.4.4.1. Support for social development programs in local self-government units (Ministry of Health and Social Welfare, Ministry of Family, Youth, and Sports, and the RS Secretariat for Displaced Persons and Migration);

3.4.4.2. Support for the development of social entrepreneurship in local self-government units (Ministry of Economy and Entrepreneurship, Ministry of Family, Youth, and Sports); M 2.2.3. Strengthen the focus on capital investments and projects within LGUs; 4.1.2. and 4.3.4. Ensure the availability of public services in non-urban areas (LGUs and public institutions).

For measures that include support for introducing local policies on subsidizing utility services and public services for vulnerable user groups (4.2.2. and 4.3.3.), the planning of implementation timelines and funding amounts depends on the progress of drafting and implementing the social map.

For other measures where funding amounts have not been specified, the plan anticipates the use of regular budgetary funds from the responsible institutions, as well as project-based funding from international organizations.

**ACTION PLAN FOR THE IMPLEMENTATION OF THE STRATEGY FOR LOCAL SELF-GOVERNMENT DEVELOPMENT IN REPUBLIKA SRPSKA 2024-2026**

**Strategy for local self-government development in Republika Srpska 2023-2029**

		Annual funding				Sources of funding			
	Coordinators / parties responsible for measure implementation	Outcome indicator	2024	2025	2026	Total	Budget	Other	Sources for other items
SC 1: Enhanced position and scope of local self-government authorities within the governance system of the RS		Share of underdeveloped and extremely underdeveloped LGUs within the structure. Local Autonomy Index scores for the dimensions <b>Scope of Policy Implementation</b> and <b>Political Discretion</b>	272,400	237,400	202,400	712,200	268,800	443,400	
P1: Improve the regulatory and institutional framework for local self-government		Number of ECLSG provisions from integrated into RS legislation	112,400	162,400	102,400	377,200	253,800	123,400	
M 1.1.1. Establish a register of LGU competencies	MULS, RS administrative bodies, SOGRS, LGU	Functional register of LGU competencies	32,400	32,400	32,400	97,200	97,200		
M 1.1.2. Improve the LGU regulatory framework	MULS, RS administrative bodies, SOGRS, LGU, international organizations and projects, OSCE	Number of amended / new regulations improving the position of local self-government	40,000	40,000	30,000	110,000	66,600	43,400	Donors (SDC, Sida, EU funds, OSCE)

M 1.1.3. Improvement of the institutional framework for local self-government development - <b>strengthening of HR capacities of MULS-a and SOGRS</b>	MULS, SOGRS, international organizations and projects	Number of newly employed individuals with at least a university degree in MULS and SOGRS Number of knowledge centres for local self-government development in the RS	40,000	40,000	40,000	40,000	120,000	90,000	30,000	Donors (SIDA, SDC, EU funds)
SP 1.1.3.1. Establish a centre for research and policy development for local self-government - <b>preliminary study</b>	MULS, SOGRS, international organizations and projects	<b>Feasibility study</b>		50,000		50,000	50,000		50,000	UNDP, SDC
P2: Enhance horizontal and vertical cooperation - Establishment of a mechanism (coordination with higher levels of government) for developing projects implemented through international frameworks		Total number of new agreements on horizontal cooperation between LGUs A mechanism (coordination with higher levels of government) for developing projects implemented through international frameworks established	115,000	20,000	0	135,000	15,000		120,000	
M 1.2.1. Support for the development of inter-municipal cooperation in the RS - <b>preliminary studies and promotion of good practices</b>	MULS, SOGRS, international organizations and projects, LGUs, MEIMS	Number of new cooperation agreements between LGUs in the RS	50,000			50,000			50,000	SDC
M 1.2.2. Support the improvement of inter-entity and cross-border cooperation - <b>preliminary studies and promotion of good practices</b>	MULS, SOGRS, RARS, international organizations and projects, MEIMS	Number of LGUs from the RS involved in new inter-entity and cross-border cooperation projects	50,000			50,000			50,000	SDC, EU funds

M 3.2.3. Harmonize and strengthen collaboration between RS and local authorities and institutions <b>- conducting LGU surveys and preparation of a new memorandum of understanding</b>	MULS, RS administrative bodies, SOGRS, LGU	Percentage of local self-government units satisfied with cooperation with RS authorities and institutions	15,000	10,000	25,000	10,000	15,000	Sida, SDC, EU funds
M 1.2.4. Establish and maintain a registry for monitoring inter-municipal, inter-entity, and cross-border cooperation - <b>preparation of a regulation and a database</b>	MULS, SOGRS, LGU	A registry for cooperation monitoring established Secondary legislation introduced to regulate record-keeping of cooperation agreements between and among LGUs	10,000	5,000	10,000	5,000	5,000	SDC, EU funds
P 1.3. Support municipalities lacking infrastructure		Number of non-urban municipalities classified as underdeveloped or highly underdeveloped LGUs	45,000	55,000	100,000	0	200,000	
M 1.3.1. Pilot and implement tools for activating the territorial capital of targeted municipalities and problem areas - <b>baseline analyses and area mapping</b>	MULS, RS administrative bodies, SOGRS, LGU, international organisations and projects, academia	Number of tools for activating territorial capital (in use) Number of resource centres supporting underdeveloped / non-urban municipalities	25,000	25,000	50,000		50,000	Donors

SP 1.3.1.1. Establish a resource centre to support underdeveloped / non-urban municipalities - <b>preliminary study</b>	MULS, IBRS	Feasibility study	20,000	30,000		50,000	50,000	50,000	Donors
M 1.3.2. Pilot and implement investment incentive programs for targeted municipalities and problem areas - <b>drafting and adoption of a program</b>	MULS, IBRS, MoF, SOGRS, LGU	Number of new investments in targeted municipalities and problem areas			100,000	100,000	100,000	100,000	Donations from the Republic of Serbia
SC 2: Improved LGU funding system		Share of LGU expenditures and revenue in the total expenditures and revenue of the RS	5,007,800	5,757,800	6,307,800	17,073,400	15,363,400	1,710,000	
P 2.1. Systemic increase in local self-government revenue		LGU revenue (excluding accrued revenue)	4,875,400	5,475,400	6,025,400	16,376,200	15,266,200	1,110,000	
M 2.1.4. Actively attract and utilize non-refundable funds (grants, project funds) by LGUs - <b>information dissemination and training for project preparation</b>	MULS, RARS, LGU, IRBRS, MEIMS, MPP	Number of LGUs involved in project training Number of newly approved projects following project training	20,000	20,000	20,000	60,000	30,000	30,000	Donors, LGU
M 2.1.5. Strengthen the role of the Financial Mechanism for financing local development	IRBRS, MULS, MoF, donor organizations	Number of completed funding cycles through the Financial Mechanism	500,000	500,000	500,000	1,500,000	500,000	1,000,000	Donors

P 2.2. More efficient and transparent management of budgetary resources in LGUs			10,000	10,000	10,000	10,000	10,000	30,000	30,000	UNDP (PIPLS project)
M 2.2.1. Improve financial management and establish internal financial control systems in the public sector at the local level - <b>elaboration and implementation with the PIPLS project</b>	MoF - Department for the Budget and Public Finances and the Central Harmonization Unit, MULS, LGU, SOGRS, UNDP	Number of LGUs with an established internal audit function Number of LGUs with documented business process manuals and risk registers								UNDP (PIPLS project), LGU, EU funds
M 2.2.3. Strengthen the focus on capital investments and projects within LGUs - <b>Implementation of the RS Public Investment Program</b>	MULS, MoF, LGU, IRBRS	Increase in the share of capital investments and projects in LGU expenditures								LGU, EU funds
P 2.3. More efficient management of LGU assets and sustainable management of local resources		Number of LGUs with established asset registers	122,400	272,400	272,400	272,400	667,200	97,200	570,000	
M 2.3.1. Support the establishment of digitalized asset management in LGUs - <b>elaboration and implementation with the PIPLS project</b>	MULS, MoF, MPUGE, RUGIP, LGU, SOGRS, RS Attorney General's Office, MNRVOID	Regulatory framework for property management in LGUs Number of LGUs with established property registers	122,400	122,400	122,400	122,400	367,200	97,200	270,000	UNDP (PIPLS project), LGU
M 2.3.3. Pilot and expand programs for village revitalization - <b>analysis of the current state; pilot projects; program preparation</b>	MPŠV, MoF, MTT, MULS, SOGRS, LGU, IRBRS, international organizations	Number of pilot projects; Village revitalization program adopted								Donations from the Republic of Serbia



3.1.3. Support the promotion of gender equality and inclusion in local governments	MULS, Gender Centre, SOGRS, LGU, MPOS, ZZRS, international organizations and projects	Number of LGUs where improvements in gender equality and social inclusion are visible	50,000	100,000	100,000	100,000	250,000	0	250,000	Donors, LGU, EU funds, OSCE
P 3.2. Enhance the management and organization of PEs and PIs		Number of LGUs with improved governance and organization of PEs and PIs	50,000	100,000	100,000	100,000	250,000	0	250,000	
3.2.1. Enhance corporate governance and quality management in public enterprises <i>- baseline analyses and assessments; implementation of FOPIP (in collaboration with UNDP)</i>	MULS, IRBRS, MPŠV, LGU, MPP, MPGE, MoF, UNDP	Number of PUCs where an assessment of the current state has been conducted, with recommendations for improving corporate governance Number of PUCs applying FOPIP	50,000	100,000	100,000	100,000	250,000		250,000	World Bank, UNDP (MEG2)
3.2.2. Introduce good governance models in public institutions <i>- planning the introduction of CAF into LGUs</i>	MULS, ADU, SOGRS, with UNDP support	Number of local public institutions with the CAF model implemented								SDC, Sida, UNDP, LGU
3.2.3. Support the digital transformation of public enterprises and institutions - <i>adaptation of the methodology for public enterprises and public institutions (with UNDP)</i>	MULS, MNRVOID, SOGRS, LGU, PE, PI, UNDP	Number of PEs and PIs with relevant roadmaps and action plans for digital transformation								UNDP (DTJS), LGU, PE and PI
P 3.3. Build capacities of LGUs, PEs and PIs		Number of LGUs with established human resource management systems	106,225	111,225	106,225	323,675	202,575		121,100	

3.3.1. Build the capacity of municipal / city administrations within LGUs – <b>adoption and implementation of the new training strategy for employees in LGUs</b>	MULS, SOGRS, LGU, OSCE	Number of training sessions organized within the training system for LGU staff	55,000	90,000	90,000	235,000	143,900	91,100	SDC, Sida, UNDP, LGU, OSCE
3.3.2. Build the capacity of public enterprises and institutions for more efficient and transparent service delivery - <b>preparation of a strategic project for developing a strategy and training program for public enterprises and public institutions</b>	MULS, SOGRS, PE, PI, LGU	Training strategy and program for local PEs and PIS	30,000			30,000		30,000	UNDP (MEG2,DTJS)
Build the capacity of local governments, public enterprises, and institutions to actively leverage international funding and projects - <b>training preparation and delivery</b>	MPP, MEIMS, RARS, SOGRS, PE, PI, LGU, PKRS	Number of organized training sessions	21,225	21,225	16,225	58,675	58,675		Funds allocated in the Action Plan for the Implementation of the SME Development Strategy 2023–2025
P 3.4. Advance local development		Number of developed LGs Number of LGUs that have introduced BFC SEE certification	125,000	125,000	80,000	330,000	187,200	142,800	
3.4.1. Support strategic and spatial planning in LGUs for achieving sustainable development goals - <b>cooperation with UNDP</b>	MULS, MPUGE, Strategic Planning Department at the Secretariat of the RS Government, LGUs, international organizations, and donors	Number of updated/new local development strategies aligned with spatial planning documents and sustainable development goals	80,000	80,000	80,000	240,000	97,200	142,800	Donors, JLS, UNDP (SDG2BiH), EU funds

3.4.2. Support the operationalization and implementation of strategies and plans in LGUs - <b>cooperation with UNDP</b>	MULS, MPUGE, Strategic Planning Department at the Secretariat of the RS Government, LGUs, international organizations, and donors	Number of LGUs with updated / new action plans Number of supported measures / projects for achieving sustainable development goals							UNDP (SDG2BIH)
3.4.3. Support the operationalization and implementation of strategies and plans in LGUs <b>- strengthening post-investments support programs for investors</b> <b>- enhancing capacities for collaboration with investors</b>	MPP, RARS, ZZZ RS, local development agencies and municipal economic departments, PK, ZPK	Number of new entrepreneurs supported Number of entrepreneurs who utilized a 'second chance' Number of business zones established Number of visits to investors organized	45,000	45,000	90,000	90,000			EU funds Funds allocated in the Action Plan for the implementation of the SME Development Strategy 2023-2025 through projects
3.4.4.1. Support for social development programs in LGUs	MPOS, MZSZ, LGU	Number of LGUs with new / updated social housing and natality policy programs							EU funds
3.4.4.2. Support for the development of social entrepreneurship in LGUs	MPP, MPOS, LGU, RARS	Number of entities that have received the status of social enterprises							EU funds
P 3.5. Strengthen citizen participation in the affairs and development of LGUs		Number of LGUs where local community councils and CSOs are actively involved in proposing and monitoring policies	150,000	150,000	430,000	194,400	130,000	235,600	

3.5.1. Strengthen citizen participation through local community councils <b>- implementation of UNDP recommendations</b>	MULS, LGU, SOGRS, JLS, IRBRS, MoF, UNDP	Number of LGUs that have adopted the methodological framework for local community councils Number of local communities where citizen forums are being conducted	80,000	80,000	60,000	220,000	97,200	122,800	UNDP (Project for local communities)
3.5.2. Enhance the involvement of civil society organizations <b>- elaboration of recommendations for LGUs</b>	MULS, MPOS, SOGRS, LGU, Council of Europe, OSCE other international organizations and donors, OSCE	Number of LGUs with improved cooperation with civil society organizations	70,000	70,000	70,000	210,000	97,200	112,800	EU Delegation, other donors, EU funds, OSCE
3.5.3. Strengthen direct citizen participation by utilizing digital tools	MULS, MNRVOID, SOGRS, LGU, international organizations and projects	Number of LGUs using new digital tools for citizen participation							UNDP (MEG2 and DTJS) EU funds
3.5.4. Establish and strengthen collaboration with the diaspora <b>- initiation of activities in LGUs</b>	MEIMS, LGU	Number of LGUs that have initiated activities for cooperation with the diaspora.							
SC 4. Improved quality and accessibility of services within the competence of LGUs <b>- optimization of administrative procedures and formalities (simplification of processes)</b>		Quality and Accessibility of Services Index Service User Satisfaction Index	300,000	300,000	300,000	900,000	247,200	652,800	



4.2.1. Support the expansion of best practices in public-private partnerships for the provision of utility services – <b>promotion of good practices</b>	MoF, MULS, MPUGE, SOGRS, LGU, PES	Number of LGUs where a new form of public-private partnership has been established in the provision of utility services	150,000	150,000	150,000	150,000	150,000	150,000	150,000	EU funds
4.2.2. Support the introduction of local policies to subsidize utility services for vulnerable user groups – <b>elaboration of social card implementation</b>	MZSZ, MULS, LGU, PE	Number of local government units where utility services are subsidized based on the social card	150,000	150,000	450,000	450,000	150,000	300,000	300,000	UNDP (MEG2), other donors, EU funds
4.2.3. Ensure the availability of utility services in non-urban areas – <b>promotion of good practices</b>	MULS, MPŠV, MPUGE, LGU, international organizations and projects	Number of LGUs applying new models for providing utility services in non-urban areas	150,000	150,000	450,000	450,000	150,000	97,200	352,800	LGU, EU funds
4.2.4. Support continuous monitoring and improvement of the quality and accessibility of utility services (with gender equality assurance) – <b>piloting and development of a tool</b>	MULS, MPŠV, LGU, SOGRS, PUC, RS Gender Centre, CSOs	Number of LGUs using tools to monitor and improve the accessibility of utility services								SDC, Sida, other donors, EU funds
P 4.3. Improve the services provided by public institutions		Number of LGUs with continuous monitoring and improvement of the quality and accessibility of public services								













**Republika Srpska Government  
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