

**TRANSPARENCY IN SPENDING LOCAL PUBLIC FUNDS
(481 BUDGET LINE) FOR CSOs ACTIVITIES**
Findings, Best Practices Examples and Recommendations

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LIST OF ABBREVIATIONS

APR	- Agency for Economy Register
BCIF	- Balkan Community Initiatives Fund
CSO	- Civil Society Organization
IDP	- Internally Displaced Person
IPA	- Instrument for Pre-accession Assistance
LG	- Local Government
LSG	- Local Self-Government
MoU	- Memorandum of Understanding
MPALSG&HMR	- Ministry of Public Administration, Local Self-government and Human and Minority Rights
MZ	- Mesna zajednica (small local community unit)
NGO	- Nongovernmental Organization
PIB	- Tax Identification Number
SCTM	- Standing Conference of Towns and Municipalities
ToR	- Terms of References

SUMMARY

This document is presenting the research organized and conducted as a *descriptive analysis* with intention to formulate conclusions and recommendations in the area of transparent funding of CSOs work from local budget in Serbia. This research is a part of the TACSO support for the development of a strong and influential Civil Society sector.

One of key challenges for CSOs from Serbia is related to lack of regulations of transparent CSOs funding, in particular from local public budgets. There is budget line called 481 that suppose to serve for supporting citizens' associations. Although structure of internal allocation of these funds is not often in the line of its main purpose, *the main problem* is nontransparent way of spending the allocated money, especially on the local level.

The general objective of the research was: To identify the existing situation in the field of transparent procedure for spending funds / allocations of 481 budget line at local level and opportunities for its broader use at local level in Serbia. *The specific objectives* of the research were: (1) To identify and analyze examples of good practices at local level in terms of functional procedures for transparent funding of CSOs; (2) To present the best practices in order to disseminate the information on the transparent CSOs' funding at local level; (3) To recommend the best procedures of the transparent CSOs funding in other LSGs / LGs in Serbia. The sample has been 47 local self-governments and local governments¹ in Serbia.

The results of the initial research are covering the following elements of the relationship between LSG/LG and local CSOs: (1) Ways of LSG/LG cooperation with CSOs; (2) Ways of the LSG/LG financial support to CSOs; (3) Planned and awarded funds from local budget line 481 in last three years; (4) CSOs awarded by local budget through public announcement; (5) Types of CSOs' projects supported by local budget through public announcement in 2011; (6) Specific Procedures Developed in LSGs/LGs for Awarding Funds to CSOs through Public Announcement and (7) Advantages and Challenges/Disadvantages of financing local CSOs from local budget.

Nine LSGs/LGs (Backa Topola, Kraljevo, Medijana/Nis, Paracin, Pozarevac, Prijepolje, Sremska Mitrovica, Sombor, Uzice) from the group of 14 which have public announcement procedures filled-in the questionnaire on "best practices". Key elements of the descriptive analysis of best practices have been: (1) cooperation between LSG/LG and CSOs; (2) Ways of financing local CSOs besides public announcement; (3) Average allocations on the local budget line 481 in period 2008-2010; (4) Book of regulations and/or other official documents for public announcement; (5) Public announcement purpose; (6) Projects' duration; (7) Awarded funds per project; (8) LSG/LG body which is proposing the decision on awarding funds; (9) Final decision-makers on awarding the funds; (10) Conditions and requests to be fulfilled by applicants; (11) Criteria for awarding the funds; (12) Standard formats developed by LSGs/LGs; (13) Monitoring procedures; (14) Benefits for LSG/LG from financing CSOs through transparent public announcement.

Results offered the opportunity for formulating several conclusions, as follows:

LSGs/LGs which participated in this research haven't completely clear concept of CSO.

There is still double approach to financing CSOs (public announcement and other ways of financing).

There is huge difference between LSGs/LGs in established conditions for CSOs which apply on public announcement for awarding the funds from budget line 481.

Examples of already developed practices of public announcement are showing emphasized differences between LSGs/LGs in documentation requested to be enclosed for applying.

Even all LSGs/LGs in best-practices sample and also lot of others from the complete sample have established the commission for the public announcement procedures, composition,

¹ Term "local government" is used for city municipalities in big cities.

mandate and specific tasks of the commission are differing in the practice and not always formulated clearly and consistently. Predominantly solution for the composition is that there are no CSOs' representatives.

Criteria for financing CSOs applying for LSGs/LGs funds are not in all cases completely transparent.

Standard format for applying for local budget funds on line 481 are actually present in some LSGs/LGs for the project applications and that is one of the very positive achievements in practice of transparent financing CSOs. However, still lack standard formats for transparent financing of institutional/organizational costs.

In most LSGs/LGs in best-practices group the weakest procedures are those concerning monitoring. Serious evaluation procedures are not established in the LSGs/LGs from our sample. Each conclusion is followed with the recommendations how to improve the actual practice and which instance should be responsible for the improvements.

Having in mind already presented conclusions, some of the most relevant recommendations of the research are:

To regulate the financing of CSO projects and CSO institutional/organizational costs exclusively through public announcement. These should be done through two separate public announcements.

Periodically informative campaigns or reminders for LSGs/LGs about the benefits of public-civil partnerships and realized contribution of civil sector to improving citizens' quality of life in local communities

Besides financing institutional/organizational costs exclusively through public announcement, it should be precisely defined what is meant by these costs and they should not include the salaries of the employed staff, even it is just one person per organization.

There should be defined minimum of unified set of information which should be included in the public announcement for awarding funds to CSOs.

It should be regulated by its legal act what is necessary documentation for applying to be enclosed by the applicant (CSO) and what kind of documentation LSGs/LGs should ask officially from the relevant institutions.

The commission for conducting public announcement procedure should be the body established by municipal/city council decision

To develop and to pilot model for financing unregistered CSOs from local budget allocation 481.

Criteria for evaluating applications should be clearly formulated, ponderable and announced in the public announcement.

Each LSG/LG as financing authority should develop at least the following standardized formats: narrative application form for project and for institutional/organizational support to CSOs; project budget form and institutional/organizational form.

Each LSG/LG should established clear and transparent monitoring procedures and develops appropriate forms to support them, like: narrative monthly or periodical report form; narrative or periodical budget report forms; form for field monitoring visits; final narrative report form and final budget report form. Evaluation report format is also recommended to be developed. The key issue is that all these should be in the function of estimating achieved results. Monitoring and evaluation activities could be the part of ToR of the commission for conducting public announcement procedures in order to escape costs of the external evaluation.

It should be suggested to LSGs/LGs to make step towards strategic approach to financing CSOs if they really pretend to have strategic partnership with local civil sector in achieving local priorities. Projections for financing mid-term projects (up to three years lasting) should be done, because mid-term approach is accepted as the timeframe for financial planning at the national level and this is offering the opportunity to local level of government to apply it too.

INTRODUCTION

The civil society organisations play a key role in expressing the demands of citizens by encouraging their active participation as well as raising awareness of their needs, demands and rights. The importance of CSOs has been recognised in the Communication of the Commission of the European Union entitled “Civil Society Dialogue between the EU and Candidate Countries” published by the Commission in June 2005 (http://europa.eu/legislation_summaries/enlargement/ongoing_enlargement/e50022_en.htm).

Technical Assistance for Civil Society Organizations, or TACSO, is providing support and opportunities for the development of a strong and influential Civil Society sector. This programme is based upon the conviction that in the context of EU affiliation ongoing political, economic and social processes require an engaged and well-functioning Civil Society as an important precondition for democratic developments.

The general objective of TACSO project is to strengthen the overall capacities and accountability of the Civil Society organizations (CSOs) within the IPA beneficiaries and to guarantee the quality of services of CSOs and a sustainable role of the CSOs in the democratic process. The main purposes of the project are to:

- Increase and improve the capacity and actions of CSOs and to
- Improve the democratic role of CSOs.

The democratic role of CSOs is strongly connected with their programme and financial sustainability. In order to obtain the sustainability, CSOs need to reach to different funding sources, including the public sector and local government budgets.

1. METHODOLOGY OF THE RESEARCH

1.1. Problem of the Research

Relationship between CSOs and external stakeholders, especially those from public and private sector is crucial for the CSO functioning and general position in the society. One of key challenges for CSOs from Serbia is related to lack of regulations of transparent CSOs funding, in particular from local public budgets. There is budget line called 481 that suppose to serve for supporting citizens' associations, both on national and local level. Although structure of internal allocation of these funds is not often in the line of its main purpose, *the main problem* is nontransparent way of spending the allocated money, especially on the local level. For successful dealing with this problem it is important to engage additional efforts and resources in the field in order to assess the situation and to identify functional mechanisms on place. It is needed to look into the local practices throughout Serbia and identify examples of good/best practices (procedures for transparent funding of CSOs) that some local governments are implementing. Once the best practices are identified, it will be possible to promote them among other local governments.

1.2. Objectives of the Research

The general objective of the research was: To identify the existing situation in the field of transparent procedure for spending funds / allocations of 481 budget line at local level and opportunities for its broader use at local level in Serbia.

The *specific objectives* of the research were:

- (1) To identify and analyze examples of good practices at local level in terms of functional procedures for transparent funding of CSOs;
- (2) To present the best practices in order to disseminate the information on the transparent CSOs' funding at local level;
- (3) To recommend the best procedures of the transparent CSOs funding in other LSGs / LGs in Serbia.

1.3. Type of the Research

This research has been organized and conducted as a *descriptive analysis* with intention to formulate conclusions and recommendations in the area of transparent funding of CSOs work from local budget in Serbia.

1.4. Researching Techniques and Tools

The research has been organized as a *desk assessment* based on the systematic collecting of data from the representatives of local self-governments in Serbia. For the purpose of this research two researching tools have been designed: *The initial questionnaire* - Questionnaire on Ways and Procedures for Financing the Work of Local CSOs (See Annex 1.) and the *final questionnaire* - Questionnaire for the Examples of the Best Practices in Financing Local CSOs (See Annex 2.). Both questionnaires were combination of questions with open and closed answers.

1.5. Sample

The sample has been 47² local self-governments and local governments³ in Serbia (See Annex 3.). The following table is showing the structure of the sample.

Table 1: Structure of the Sample

Region in Serbia	Number of included municipalities	Number of best-practices examples
Vojvodina	17	5
Belgrade City	2	1
West Serbia	11	4
Central Serbia	6	2
East Serbia	4	1
South Serbia	7	1
TOTAL	47	14
% of total number of municipalities in Serbia	27,81%	8,28%

² The questionnaire has been sent to all of 169 cities and municipalities in Serbia.

¹ Term "local government" is used for city municipalities in big cities.

It can be seen that our sample in initial research covered more than one quarter of municipalities in Serbia (27,81%) and in best-practices example analysis – 8,28%. The sample size is offering the opportunity for relevant analysis and conclusions.

1.6. Associates in the Research

Associates in the research were Radovan Zivkovic, local trustee of SCTM in City Municipality Mediana, Nis and Dejan Milosevic, manager in NGO *Protecta*, Nis. They participated in distribution and collection of the questionnaires and processing the results.

2. RESULTS OF THE RESEARCH

2.1. Results of the Initial Research

The results of the initial research are covering the following elements of the relationship between LSG/LG and local CSOs: (1) Ways of LSG/LG cooperation with CSOs; (2) Ways of the LSG/LG financial support to CSOs; (3) Planned and awarded funds from local budget line 481 in last three years; (4) CSOs awarded by local budget through public announcement; (5) Types of CSOs' projects supported by local budget through public announcement in 2011; (6) Specific Procedures Developed in LSGs/LGs for Awarding Funds to CSOs through Public Announcement and (7) Advantages and Challenges/Disadvantages of financing local CSOs from local budget.

Ways of LSG/LG cooperation with CSOs. As it can be seen in the Table 2, the most usual way of cooperation between LSG/LG and CSOs is *partnership established in preparation and implementation of the particular projects* (33,96%). Very often ways of cooperation are *strategic partnership* (28,30%) and *ad hoc* cooperation from case to case (20,76%). It is encouraging that there is none LSGs/LGs in the sample which hasn't any form of cooperation with CSOs.

Table 2: Ways of LSG/LG Cooperation with CSOs

No.	Category of Cooperation	Frequency of answers	% of answers
1.	There is no cooperation with CSOs	0	0,00
2.	The cooperation has been established if there is some need, from case to case and <i>ad hoc</i>	11	20,76
3.	The partnership has been established with some CSOs in preparation and implementation of the particular projects	18	33,96
4.	The strategic partnership is established with some CSOs	15	28,30
5.	Some other form of cooperation ⁴	9	16,98
	TOTAL:	53	100,00

⁴ Almost just different verbal formulations of the categories of answers under 1 to 4.

Ways of the LSG/LG financial support to CSOs. The results are showing that almost each of the LSGs/LGs from the sample have different parallel ways of financial support to CSOs from local budget. From Table 3 it can be seen that about 1/3 of the LSGs/LGs have developed the *public announcement* for the funds (30,77%). Those LSGs/LGs are: Arilje, Backa Topola, Beograd, Kanjiza, Kraljevo, Medijana/Nis, Paracin, Pozarevac, Prijepolje, Sombor, Sremska Mitrovica Ub, Uzice and Zrenjanin. Besides this form, the most of the LSGs/LGs (including those with public announcement procedures) have two other mechanisms: awarding funds to the other CSOs, if they send the request to the mayor or local council (40,00%) and awarding funds for the work of the “traditional” CSOs without request from their side (16,92%). Some LSGs/LGs have the other forms of financial support to CSOs based on different contracts, financial protocols with CSOs etc. One LSG which is in the group of undeveloped LSGs (4th group) is not financially supporting CSOs.

Table 3: Ways of LSG/LG Financial Support to CSOs

No.	Category of Support	Frequency of answers	% of answers
1.	It is not financially supporting CSOs' work	1	1,54
2.	Each year is awarding the funds for the work of the “traditional” CSOs without request from their side	11	16,92
3.	It is awarding the funds to the other CSOs, if they send the request to the mayor or local council	26	40,00
4.	Each year is publishing the public announcement for the funds	20	30,77
5.	Some other form of financial support	7	10,77
	TOTAL:	65	100,00

Planned and awarded funds from local budget line 481 in last three years. In last three years (2008, 2009, 2010) most of the LSGs/LGs from the sample allocated 1-3% of the local budget to line 481. Next group is the group LSGs/LGs which have allocated 3-5% of the local budget to line 481. It is encouraging that number of those LSGs/LGs has increased during 2009 and 2010. However, the number of LSGs/LGs which are allocating up to 1% of the local budget to line 481 is still high. The less frequent are LSGs/LGs which are allocating 5 to 10% and more than 10% of the budget to the line 481. The number of those which are allocating more than 10% of the local budget is in slight increase; however, the number of LSGs/LGs which are allocating 5 to 10% is decreasing from 2008 to 2010. Realization of the budget line 481 is in most cases coherent with the planned allocations. In some cases, especially in the category “3-5% of local budget” the realization is significantly higher than planned funds for 2009 and 2010. All other details can be seen in the Table 4.

Table 4: Planned and Awarded Funds from Local Budgets Line 481

	Planned % of local budget	No of LSG/LG	% of LSG/LG	Realized % of local budget	No of LSG/LG	% of LSG/LG
2010	Up to 1%	12	26,09	Up to 1%	12	26,09
	1 - 3%	18	39,12	1 - 3%	15	32,61
	3 – 5%	12	26,09	3 – 5%	16	34,78
	5 – 10%	2	4,35	5 – 10%	1	2,17
	More than 10%	2	4,35	More than 10%	2	4,35
		46 ⁵	100,00		46	100,00
2009	Planned % of local budget	No of LSG/LG	% of LSG/LG	Realized % of local budget	No of LSG/LG	% of LSG/LG
	Up to 1%	9	20,45	Up to 1%	8	18,18
	1 - 3%	19	43,18	1 - 3%	18	40,92
	3 – 5%	12	27,27	3 – 5%	16	36,36
	5 – 10%	3	6,83	5 – 10%	1	2,27
	More than 10%	1	2,27	More than 10%	1	2,27
		44 ⁶	100,00		44	100,00
2008	Planned % of local budget	No of LSG/LG	% of LSG/LG	Realized % of local budget	No of LSG/LG	% of LSG/LG
	Up to 1%	12	27,27	Up to 1%	11	25,00
	1 - 3%	16	36,36	1 - 3%	17	38,64
	3 – 5%	12	27,27	3 – 5%	11	25,00
	5 – 10%	3	6,83	5 – 10%	4	9,09
	More than 10%	1	2,27	More than 10%	1	2,27
		44	100,00		44	100,00

CSOs awarded by local budget through public announcement during 2011. As it is showed in Table 5, more than half of the LSGs/LGs from the sample (51,06%) haven't listed any CSO's project awarded through public announcement during 2011. Most of them haven't public announcement procedures, but there are also 3 LSGs/LGs which have it, but didn't inform on the awarded CSOs projects. It could be assumed that the LSG/LG representatives who have answered the questionnaire hadn't updated data in the moment. On the other side, it seems encouraging that more than 1/3 (36,17%) of the LSGs/LGs from the sample listed three CSOs' projects awarded by local budget. The result is coherent with previous one about the number of LSGs/LGs with public announcement procedures.

⁵ One local self government hasn't sent the information on this issue.

⁶ Three local self governments/local governments hasn't sent the information on this issue.

Table 5: LSGs/LGs which could Inform on CSOs Awarded from Local Budget through Public Announcement during 2011

No.	Number of listed CSOs' projects	Number of LSGs/LGs	% of LSGs/LGs in relation to the sample
1.	0	24	51,06
2.	1	5	10,64
3.	2	1	2,13
4.	3	17	36,17
TOTAL:		47	100,00

Types of CSOs' projects supported by local budget through public announcement in 2011. As it can be seen in Table 6, between CSOs projects supported by local budget through public announcement during 2011, about 1/3 are the project in the area of *culture, sport and education of youth* (31,03%), the next group are *the projects for local social protection services* (24,07%). The other areas of local community life are less represented. However, between them the most prominent are the projects for inclusion of the children with disabilities (which could be treated as multi-sector ones, because of interrelations between education, health and social protection in its preparation and implementation). The results are showing that *the most active CSOs in local communities are those which target groups are youth and social protection services beneficiaries*. Details are presented in Table 6. It has been observed that lot of LSGs/LGs haven't clear picture what is CSO and that very often in CSO category put different local community programmes, local strategies, churches and religious organizations. Also in some cases funds are awarded for the "CSOs' programmes" which in practice means for financing office costs of the organizations and salaries of the employed office staff. These entire is here shown in the category "other".

Table 6: Types of CSOs Projects Supported from Local Budgets through Public Announcement during 2011

Rang	Type of the project	Number	%
1	Culture, sport and education of youth	18	31,03
2	Local social protection services	14	24,07
3	Inclusion of the children with disabilities	7	12,07
4	Environmental protection	5	8,63
5	Human and minority rights, interethnic tolerance	3	5,17
6	Roma social inclusion (education, health, employment, housing)	2	3,45
7	Local economic development	1	1,7
	<i>Other</i>	8	13,79
TOTAL:		58	100,00

Specific Procedures Developed in LSGs/LGs for Awarding Funds to CSOs through Public Announcement. As presented in Table 7, the majority of LSGs/LGs have developed almost complete set of procedures for public announcement. This is especially true for the 14 LSGs/LGs which are the sub-sample of best practices. The most common procedure is *establishment of decision making body for proposing CSOs projects to be*

awarded (38,30%), then *monitoring procedures* (31,90%), *application format* (23,40%) and *regulations for conducting public announcement* (21,28%). About 12,00% of LSGs/LGs informed on “other procedures”, like: major is the only who is directly deciding etc. It is not explained by LSGs/LGs which informed on those other procedures how they relate them to the transparency as a key principle of the public announcement.

Table 7: Specific Procedures Developed in LSGs/LGs for Awarding Funds to CSOs through Public Announcement

Procedure	Number of LSGs/LGs	% of LSGs/LGs in relation to the sample
Without specific procedures	2	4,25
Regulations for conducting public announcement (with clear criteria and ways for identifying priorities for funding)	10	21,28
Decision making body for proposing CSOs' projects to be awarded	18	38,30
Template / application format for writing project proposal with guidelines	11	23,40
Monitoring procedures of approved projects and requests for reporting on the implementation (narrative and financial report)	15	31,90
Some other procedure which is not covered by the previous alternatives	6	12,76
TOTAL:	62	

Advantages and Challenges/Disadvantages of Financing CSOs from Local Budget.

During the analysis the answers have been clustered in 4 groups of advantages and challenges/disadvantages: (1) for final beneficiaries; (2) for development of local community; (3) for LSG/LG; (4) for CSOs. By LSG/LG opinion, the main advantage for final beneficiaries is high quality of services and for local community – realization of strategic objectives defined in local policy/strategy papers. Key advantages for LSG/LG are: improved procedures and long-term practices for awarding the funds and partnership and more active cooperation between LSG/LG and CSOs. At the same time, the main challenges for LSG/LG are lack of procedures, especially monitoring procedures and lack of local budget funds. It is very interesting that in 3 cases it have been pointed out as the challenge – opportunity for CSOs to influence the local politics. This kind of opinion rises the question of the understanding the relationship between different sectors in democratic society: what are LSGs/LGs and CSOs one to the other – potential partnership or potential enemies; should they be in cooperative or competitive relationship?

LSGs/LGs think that the advantages of this financing for CSOs are: partnership and more active cooperation between LSG/LG and CSOs, undisturbed work of traditional CSOs and continuity (financial sustainability) of CSOs work. There is just one answer about challenges and it has been seen in the undeveloped technical and human capacities of CSOs. (All details are presented in Table 8.)

Table 8: Advantages and Challenges/Disadvantages of Financing CSOs from Local Budget

Category	Advantage	Challenge
For final beneficiaries	High quality of services (4)	-
For development of local community	Realization of strategic objectives defined in local policy / strategy papers (5) Achieved results are very positive for the local community living , especially for offering different types of services (1)	-
For local self-government / local government	Improved procedures and long-term practices for awarding the funds (7) Partnership and more active cooperation between LSG / LG and CSOs (4) Readiness of the Municipality to participate in co-financing CSO projects (1) Flexibility and fast decision making in some cases (1)	Lack of procedures (11) for: <ul style="list-style-type: none"> • Public announcement (3) • Monitoring (7) • Financing sport clubs – lack of more precise regulations, criteria (general problem in Serbia) (1) Lack of local budget funds (8) : <ul style="list-style-type: none"> • At the line 481 (7) • For co-financing EU projects (1) Opportunity for CSOs to influence the local politics (3) Not established mechanisms of programme cooperation local self-government / local government - CSOs (2) Coordination of big number of CSOs (1) Implementation of positive practices from other local self-governments / local governments (1) The long-term (multiannual) financing of the projects is not possible (1)
For CSOs	Partnership and more active cooperation between LSG / LG and CSOs (4) Undisturbed work of traditional CSOs (4) <ul style="list-style-type: none"> • Better and balanced development of the CSOs – sport associations, cultural and artistic associations etc. (1) Readiness of the municipality to participate in co-financing CSO projects (1) Continuity in CSO work (2):	Technical and human capacities of CSOs are still not enough developed (1)

	<ul style="list-style-type: none"> • Continuity in financing is ensuring the continuity in NGO activities and possibilities for planning the other developmental NGO activities (1) • Opportunity for functioning of all organizations, which couldn't function without the funds (1) 	
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2.2. Results of the Research of Best-Practice Examples

Nine LSGs/LGs (Backa Topola, Kraljevo, Medijana/Nis, Paracin, Pozarevac, Prijepolje, Sremska Mitrovica, Sombor, Uzice) from the group of 14 which have public announcement procedures filled-in the questionnaire on "best practices". The following is descriptive analysis of their practices in financing local CSOs. Key elements of the analysis have been: (1) cooperation between LSG/LG and CSOs; (2) Ways of financing local CSOs besides public announcement; (3) Average allocations on the local budget line 481 in period 2008-2010; (4) Book of regulations and/or other official documents for public announcement; (5) Public announcement purpose; (6) Projects' duration; (7) Awarded funds per project; (8) LSG/LG body which is proposing the decision on awarding funds; (9) Final decision-makers on awarding the funds; (10) Conditions and requests to be fulfilled by applicants; (11) Criteria for awarding the funds; (12) Standard formats developed by LSGs/LGs; (13) Monitoring procedures; (14) Benefits for LSG/LG from financing CSOs through transparent public announcement.

Cooperation between LSG/LG and CSOs. Seven LSGs/LGs have partnership with CSOs in preparing particular projects and the same number have strategic partnership with CSOs. By "strategic partnership" those LSGs/LGs meant the participation of CSO partners in implementing projects targeting strategic priorities of local community, as they are formulated in local strategic documents. Specific example is Municipality Backa Topola which has established the Association for Development of Municipality Backa Topola. The Association is legally registered as CSO, but the majoritiz of management board are the LSG representatives.

Pozarevac has based its partnership with CSOs on signed MoU which is regulating mutual relationship. It is important that this MoU includes the participation of CSOs in planning local budget funds for co-financing CSOs projects and criteria for awarding those funds.

City of Pozarevac has the practice to sign MoU with CSO as the agreed basis for partnership. The key articles in MoU are the following:

Article 1.

Parties who signed this MoU are devoted to joint efforts on realization of strategic documents targeting improvement of conditions of the vulnerable groups of citizens and development of City of Pozarevac, as well as to improvement of mutual cooperation and partnership relations.

The objective of cooperation is joint planning of the Decision on Budget for 2011 in the areas of development of social protection services, financing CSOs' programmes and partnership work on affording IPA funds and other donors' funds through the preparation and co-financing projects for realization of established local priorities.

Parties who signed this MoU are jointly stimulating mentioned initiatives and evaluate the achievement.

Article 2.

According to the Budget Calendar, City of Pozarevac is obliged to ensure the participation of CSOs' representatives in planning budget items mentioned in the Article 1. of the MoU and to support: (1) Operational realization of Strategy of Social Protection development and Local Action Plan for Children through planning funds for establishing social protection services; (2) Planning funds in City budget for co-financing CSOs' projects attracting donors funds for realizing City strategic documents; (3) Planning funds for realizing CSOs programmes' objectives contributing to local community development through defined priorities; (4) Adopting and implementation of City Assembly and City Council on delegating services and jobs to CSOs for items planned by budget; (5) Preparation of announcement procedures, criteria and rules for selection of beneficiaries of budget funds planned for these purposes.

Article 3.

CSOs and citizens associations, as a party who is signing this MoU is obliging: (1) On active and constructive participation in planning budget for the purposes mentioned in Article 1 of this MoU; (2) To engage own activities and resources in next period in order to fundraise for implementation of adopted City strategic and action plans; (3) Through joint work with LSG to afford to all NGOs and citizens associations all information and equal approach to the process never mind if they have or not signed this document.

Ways of financing local CSOs besides public announcement. Even all 9 have the public announcement as the way of financing local CSOs activities, some of them are supporting the CSOs also by:

- Awarding the funds for the traditional CSOs without public announcement and without request from those CSOs (associations of persons with disabilities, sport associations, cultural and folklore associations etc.);
- Awarding funds to CSOs which have submitted argued request to mayor or the head of the municipal/city council.

It should be pointed out that Municipality Backa Topola is financially supporting *all* CSOs activities and functions through public announcement – one announcement is for CSOs projects and the other one for CSOs functional costs. Kraljevo and Pozarevac are opening public announcement just for supporting those CSOs which needs funds for co-financing the projects with ensured financing from the other sources.

Average allocations on the local budget line 481 in period 2008-2010. The variation in allocations on this line are very remarkable and they are from 0,50% of local budget (Backa Topola) and 0,90% (Kraljevo) to about 4,00% of local budget (Paracin). However, it should be emphasized that Backa Topola has the orientation to direct CSOs to fundraising through Association for Development of Municipality Backa Topola and Kraljevo is exclusively co-financing the projects funded from the other sources. There are 2 LSGs/LGs which have allocated more of 3% of their local budget on 481, 3 LSGs/LGs which have allocated between 2 and 3% and 2 which have allocated 1 to 2% of their local

budget. It is interesting that from 2009 when procedures of public announcement were established, Uzice increased the allocations on this budget line for 0,50% of local budget.

Book of regulations and/or other official documents for public announcement.

There are a lot of differences between LSGs/LGs in this aspect. Prevailing documents for regulating public announcement are decisions of: municipal/city council (4) and municipal/city assembly (4). Two LSGs have the books of regulations: Sombor has Book of Regulations for Supporting Socio-humanitarian Projects adopted by City Municipality and Backa Topola has Book of Regulations on Donations to Citizens' Associations on the territory of Municipality Backa Palanka passed by the mayor. Sombor also has annual decisions on financing: (a) cultural amateurism in different forms, like folklore associations; (b) celebration of remarkable days, manifestations and other programs under the auspices of City; (c) citizens' projects and NGO projects.

City Municipality Medijana/Nis has developed Guidelines for Applicants, instead of classic book of regulations. The Guidelines are similar to guidelines for applying to EU funds. These Guidelines are changing each year according to the actual local community priorities.

Sremska Mitrovica has the unique solution in this small "good-practices" group. Each of 6 city management units is opening few public announcements and each year for each of them special book of regulations is adopted and separate decision of the head of the management unit is adopted also.

Public announcement purpose. There are three groups of purposes, each of them pointed out by particular LSG/LG in this group of best-practices examples:

- To support achievement of strategic priorities defined in the local strategic documents;
- To realize different citizens' needs in local community;
- To co-finance projects of common public interest. This is directly pointed out in Kraljevo regulations of public announcement. There are defined areas of common public interest which will be funded and percentage of total fund for announcement which will be awarded to each of them.

Those three groups of priorities are interrelated – strategic priorities should be based on the citizens' needs and common public interest.

Municipality Prijepolje is announcing the potential areas for financing CSOs activities according to the priorities defined in Strategy of Sustainable Development of Municipality Prijepolje. Public announcement for financing CSOs in 2010 defined the following areas of project activities to be financed:

- Activities on strengthening the cooperation between governmental, nongovernmental and business sector;
- Incentives for and development of the economy (tourism, handicrafts, cooperatives etc.);
- Local community development;
- Ecology, environmental protection and citizens; health;
- Affirmation of human and minority rights;
- Educational programmes;
- Youth programmes;
- Elderly programmes;
- Affirmation of democratization of local community;
- Civil society development;
- Socio-humanitarian activities (support to socially vulnerable citizens, support to elderly and persons with disabilities, support to persons with developmental disturbances);
- Voluntarism;
- Protection of veterans, war and civil persons with disabilities;
- Protection and support to persons cured of addiction illnesses;
- Activities of pensioners' organizations;
- Informal education;
- Affirmation of women rights;
- Public information development and
- Other contents contributing to faster development of Municipality Prijepolje and affirmation of local activism

Projects' duration. Duration of the projects which could be awarded is announced in the content of public announcement or in the book of regulations. It is varying between 5 and 12 months. LSGs/LGs which are awarding short-term projects (maximal duration is 5 or 6 months per project) are announcing CSOs' projects funding twice a year.

Awarded funds per project. This is varying very much from one to the other LSG/LG. The amount is between 50,000.00 RSD and 2,000,000.00 RSD. Pozarevac is awarding funds through public announcement procedures only for the projects of those CSOs which have ensured at least 30% of budget from other sources.

LSG/LG body which is proposing the decision on awarding funds. In most cases (7 LSG/LG) it is *LSG/LG commission*. In Sremska Mitrovica this is not one commission, but 6 commissions because each LSG management unit is establishing its commission. The commission is appointed by the decision of some of the following instances in the LSG/LG: municipal/city council (5 LSGs/LGs); mayor (2); head of the LSG management unit (1 – Sremska Mitrovica). Uzice has *working group* for proposing the decision and in Kraljevo this is the job of the Department for Social Affairs. The number of the members is varying between 3 and 7.

Only **Backa Topola** has Commission for Defining the Amount of Donations to Citizens' Associations on the Territory of Municipality Backa Topola, which is composed of 3 representatives of LSG and 4 representatives of local CSOs. By opinion of the Municipality, this Commission hasn't faced with any conflict of interest in the work, because every potential problem could be solved by consistent obeying the Book of Regulations and joint evaluation of the project proposals. Representatives of the CSOs who are the Commission members are not protecting the interest of own CSO, but interests of the civil sector and experiences up to now are showing that this has been made clear in the phase of establishing the Commission.

Besides the members of LSG, Uzice has included in the working group the representatives of the local institutions relevant for the projects' topics, like social protection institutions, cultural institutions etc.

There are differences in the duration of the commission mandate. In some LSGs/LGs commission is changing its membership each year and in the others the members have few-years lasting mandate.

Final decision-makers on awarding the funds. In this small sample of 9 best practices examples, final decision-makers for awarding funds to CSOs projects are LSG/LG bodies which have established the commission - in 5 LSGs/LGs municipal/city councils, in 3 of them that is mayor who is finally deciding. *Only in Prijepolje, final decision maker is commission for conducting the public announcement.*

Conditions and requests to be fulfilled by applicants. In all LSGs/LGs from the best-practices sample, the condition is to fill-in the application form, if it is established and budget of the project and to add requested annexes. If there is no application form, the appropriate description of the project idea and activities is requested and budget/financial plan of the project.

There is a big difference between LSGs/LGs in requests concerning the annexes. *The common annexes* include: copy of the registration document according to the Law on Associations and financial report. In some cases, financial report on spent funds from LSG/LG budget from last year is asked and in some other cases – annual financial report of the CSO for the last year.

Other annexes differ even more. Some LSGs/LGs request PIB, bank account, documentation confirming if they are or not using the funds from other donors, statute of CSO, etc. Uzice is requesting decision of the managing board about participating at the

public announcement. Sremska Mitrovica had the unique request – it is requesting the proof on paid administrative tax for applying at the announcement, which has been 200.00 RSD in 2011. We haven't the information how they are spending the money collected through this procedure – is it allocated for financial support to CSOs or not.

Kraljevo is requesting the most of the documentation in order to award co-financing. Between the other documents, they are requesting copies of the diplomas of persons employed in the CSO who are going to be engaged in the project and copies of format M1 for employed persons who will be engaged in the project.

Even all these LSGs/LGs are here presented as best-practices examples, because they have the public announcement for awarding funds to CSOs it is questionable if all those conditions and requests are really necessary. Administrative tax requested in Sremska Mitrovica is very unusual and it is not clear on which legal procedures it is based.

Criteria for awarding the funds. Six LSGs/LGs have transparent and publicly announced criteria for awarding the grant – Kraljevo, Medijana/Nis, Paracin, Prijepolje, Sremska Mitrovica and Sombor. Besides that, 4 of them – Kraljevo, Medijana/Nis, Paracin and Prijepolje have ponderable criteria. Criteria differ according to the recognized priorities for the local community

Criteria for awarding the funds in Paracin

Coherence of the project with the requests in public announcement – *administrative criteria* (enclosed documentation)

1. Priority areas (0-15 points)
2. Project budget and cost effectiveness (0-10)
3. Percentage of the organizational (CSO's) participation in financing proposed project (0-20)
4. CSO's realized working results in previous years (0-20)
5. Human and material resources for organizational activities (0-10)
6. Partnership and innovativeness in ideas and approach (0-10)
7. Sustainability of the project (0-15)

Criteria for awarding the funds in Kraljevo

1. Number of the project participants – 2 points per each 10 participants, maximum 20 points
2. Number of direct beneficiaries of project results – 1 point per each 10 beneficiaries and 20 points for more than 100 beneficiaries
3. Results for the city which will be realized by the project: international level – 20 points, national level – 15 points, regional level – 10 points, city level – 8 points and level of MZ – 5 points
4. Projects which ask for city co-financing up to: 10% - 20 points, 20% - 18 points, 30% - 16 points, 40% - 14 points, 50% - 12 points, 60% - 10 points, 70% - 8 points, 80% - 6 points, 90% - 4 points, more than 90% - 2 points. It is not allowed that City finances the project in 100% of budget amount.

Standard formats developed by LSGs/LGs. In this sample of best practices, 6 LSGs/LGs have developed standard format for applying, containing narrative application form and budget form. Sombor hasn't standard form, but in the Book of Regulations for Socio-humanitarian Organizations there are defined elements which project proposal should contain. Two of 6 LSGs/LGs – Uzice and Medijana/Nis have standard forms for reporting. Medijana/Nis developed all its standard forms according to the EU templates for applying and reporting.

Standard formats developed by City Municipality Medijana/Nis

Guidelines for potential applicants with the following annexes:

- Annex 1 – Application Form;
- Annex 2 – Project Budget Form;
- Annex 3 – Monthly Narrative Report Form;
- Annex 4-1 – Final Narrative Report Form;
- Annex 4-2 – Over-view of the Cost for Budget Lines;
- Annex 4-3 – Chronological List of the Project Costs

Monitoring procedures. There are two types of monitoring implemented in the practice: (a) monthly and/or periodical monitoring during project implementation and (b) *post festum* monitoring, after the finished project implementation. Six of 9 LSGs/LGs have some form of the monitoring during the project implementation. From this group, Kraljevo and Medijana explicitly mentioned monthly reporting and Uzice has quarterly reporting only for the social protection projects. The other ways of the monitoring during project implementation include monitoring visits by different departments and units of LSG/LG, like: department for social affairs; municipal/city council member who is the member of the commission which has proposed project to be financed; unit for budget inspection; city administration for budget, finances and economy etc.

In Sremska Mitrovica independent expert associate for informing is in charge for monitoring visits in front of each city management unit.

Post festum monitoring is based on over-viewing submitted final narrative and financial reports of the project. The dead line for their submission differs from one LSG/LG to the other. In some LSG/LG the part of the documentation for this monitoring is annual financial report of the CSO. It is not clear why this is necessary. In both cases – monitoring during project implementation and *post festum* monitoring, the emphasis is on the financial part. For LSGs/LGs the most important is how the money has been spent (according to the proposal or not) and they haven't yet establish some procedures and criteria for monitoring and evaluating achieved project results and objectives.

Development Unit in **City Municipality Medijana/Nis** is monitoring awarded projects through monthly projects reports and regular monthly field visits to CSOs during the project implementation. CSOs are obliged to invite Medijana's representatives to all public events realized during project implementation and Medijana's representatives are active participants in those events. Development Unit has the right to visit awarded CSOs without announcement and to collect information about project realization in unofficial conversation. At the end of the project, after the submission of the final narrative and financial report and if they are accepted by Development Unit, the last transfer of funds could be realized, because after signing the contract, CSOs are awarded by 80% of project budget requested from Medijana. If CSOs are not obeying the contract (for example, if they are not regularly sending the reports), contract could be broken and CSO has to pay back all funds it hasn't already spent.

Monitoring procedures in **Municipality Paracin** are covering the following activities: (1) There is the obligation in decision on awarding the funds, that the beneficiary (CSO) is obliged to prepare and send to mayor the narrative report and financial report in period of 30 days after the project realization; (2) During the project realization beneficiary is obliged to inform in time the Commission which proposed CSO for awarding about the dynamics of realizing project activities; (3) One representative of the Commission, in most cases the member of the Municipal Council is monitoring project implementation and to inform the public and citizens through local media. In the decision on awarding the funds, Commission is defining the dead lines and ways of reporting, as well as its member – economist who is in charge for overall control of spending the funds according the project purpose and for collecting necessary financial documentation.

Benefits for LSG/LG from financing CSOs through transparent public announcement. The key benefits as they have been seen by LSGs/LGs are:

- Clear purpose of spending the funds (4);
- Developed positive climate for applying to EU call for proposals and other donors' calls (2);
- Contribution to the realization of the projects which are targeting developmental priorities of local community;
- Innovative actions and enrichment of the local socio-cultural life;
- Supported vulnerable groups of citizens.

LSG of Uzice pointed out the following benefits from financing CSOs through transparent public announcement:

- (1) Significantly increased number of social services (for example, daily care centre for children with developmental disabilities, marriage and family counseling, established model of social enterprise for recycling textile, legal advisory centre for refugees and IDPs);
- (2) Enriched cultural offer in the City;
- (3) Empowered capacities for realizing ecological and touristic projects;
- (4) Connected and increased City capacities for the absorption of the national and international funds.

It is obvious that LSGs/LGs are recognizing the important benefits from financing CSOs through transparent public announcement. This raises the question why some of them are still financing CSOs on other ways too.

3. CONCLUSIONS OF THE RESEARCH AND RECOMMENDATIONS FOR FUTURE

Presented results have been taken as the basis for two sets of conclusions: general conclusions and conclusions on best-practices examples. Each conclusion is followed by the appropriate recommendation. It should be emphasized that even there are best-practices examples described under the heading: Results, the conclusions and recommendations are intonated in a way how to make the practice better and how to make more positive differences, because we think there is still challenges to be solved.

3.1. General Conclusions and Recommendations

Conclusion 1: LSGs/LGs which participated in this research haven't completely clear concept of CSO. By CSO some of them mean just NGO and some – NGOs and other kind of CSOs call "associations" and "organizations". The other one take broaden concept and by CSO mean NGOs, different traditional cultural-artistic associations, sport clubs, Red Cross, traditional churches and religious organizations and professional associations (for example, association of agriculture producers). There are even the cases where there is confusion between CSO as organization and programme or project. This kind of mixture makes confusion in practice, especially in the approach to financing CSOs. Usually the approach to the funds is offered to all of them under the same or almost the same conditions.

Recommendation 1: In coordination with relevant ministry (MPALSG&HMR) and SCTM, LSGs/LGs, CSO and key stakeholders (like, institutions of social protection in lot of

cases) should be defined what is exactly mean by CSO which is potential beneficiary⁷ of the budget line 481 from local budget. This should be unified and all LSGs/LGs in Serbia should obey it.

Conclusion 2: Whole sample of LSGs/LGs is cooperating with CSOs, but forms of cooperation are very different. There are still high percentage of LSGs/LGs which are cooperating just *ad hoc* and don't recognize CSOs as potential partners. Some LSGs/LGs doubt if CSOs through cooperation could influence local politics. All these facts are not very encouraging if we have in mind that there is one decade passed from the democratic changes in Serbian society.

Recommendation 2: Periodically informative campaigns or reminders for LSGs/LGs about the benefits of public-civil partnerships and realized contribution of civil sector to improving citizens' quality of life in local communities. This should be harmonized with SCTM annual programme activities and local SCTM trustees together with some local CSO representatives could be the convenient persons for dissemination of information at local level.

Conclusion 3: There is still double approach to financing CSOs (public announcement and other ways of financing) and just very few LSGs/LGs are awarding funds exclusively through public announcement procedures. The manifestations of the double approach are different – some LSGs/LGs are awarding the funds for CSOs projects through public announcement and funds for institutional/organizational costs without it, the other have for both ways of support parallelism between public announcement and other ways of awarding etc. There are LSGs/LGs which find any other way of financing as something against the intentions of the Law on Budget System.

Recommendation 3: To regulate the financing of CSO projects and CSO institutional/organizational costs only through public announcement. These should be done through two separate public announcements. MPALSG&HMR should formulate this as an official request towards LSGs/LGs.

Conclusion 4: Especially questionable is financing "traditional" CSOs without the request from their side and without detailed annual programme, which is very common and multiannual practice. It is not clear and transparent are the awarded funds for programme activities, for organizational costs and what kind of them (office costs, salaries of the employees) or for both.

Recommendation 4: Besides financing institutional/organizational costs exclusively through public announcement, it should be precisely defined what is meant by these costs and they should not include the salaries of the employed staff, even it is just one person per organization. This is also to be regulated by some act of MPALSG&HMR.

⁷ This is consistent with recommendations made in the *document Proposal of Legal Solutions for the BY-Law on Financing associations based on the examples from comparative legal practice* (Predlog pravnih resenja za Uredbu o finansiranju udruzenja na osnovu primera iz uporedno-pravne prakse) – draft version, prepared by Civic Initiatives and Centre for Practical Policy from Belgrade for the Working Group in Ministry for Public Administration, Local Self-government and Human Rights.

3.2. Conclusions and recommendations on Best-Practices Examples

Conclusion 5: There is huge difference between LSGs/LGs in established conditions for CSOs which apply on public announcement for awarding the funds from budget line 481. These differences are obvious in: content of public announcement, requested documentation to be enclosed, duration of the announcement, ways and channels of presenting it in the public etc.

Recommendation 5: There should be defined minimum of unified set of information which should be included in the public announcement for awarding funds to CSOs. This set of information should be agreed between municipalities through the SCTM trustees' channels of communication, and supported by MPALSG&HMR. Also, the duration of the public announcement should be unified and defined to allow to CSOs to prepare relevant project proposals/programmes and to collect the other documentation.

Conclusion 6: Examples of already developed practices of public announcement are showing emphasized differences between LSGs/LGs in documentation requested to be enclosed for applying. In some cases this raise at least two questions: (1) is all these documentation necessary or it is requested to demonstrate the seriousness of the applying procedures, and (2) what about high costs for CSOs to afford some of the documentation (for example, each certificate on organization's registration in APR basis has been about 1,500.00 RSD, copies of the statute and other documents etc.)?

Recommendation 6: MPALSG&HMR should regulate by its legal act what is necessary documentation for applying to be enclosed by the applicant (CSO) and what is the documentation which LSGs/LGs should ask officially from the relevant institutions.

Conclusion 7: Even all LSGs/LGs in best-practices sample and also lot of others from the complete sample have established the commission for the public announcement procedures, composition, mandate and specific tasks of the commission are differing in the practice and not always formulated clearly and consistently. Predominantly solution for the composition is that there are no CSOs' representatives.

Recommendation 7: The commission for conducting public announcement procedure should be the body established by municipal/city council decision (more democratic way than mayor's decision) for the actual year and composed of the representatives of at least two parties: local government and local CSOs representatives. If relevant, representatives of local business sector (for example, if local economy development is one of the priorities) and local institutions (health, education, social protection priorities) could be in the commission. Potential conflict of interest should be prevented by regulations in commission's rules of procedures. Commission should have its ToR. MPALSG&HMR should prepare basic instructions and municipal/city council should conduct all activities necessary for transparent work of the commission.

Conclusion 8: The most of the LSGs/LGs in the best-practice group request from CSOs to enclose the evidence – certificate that they are registered in APR basis, even Law of Associations recognized the category of CSOs which are not registered. In actual practice this means that unregistered associations of citizens couldn't apply for local budget funds, even they can legally be active. In lot of cases these CSOs are real grass-root organization deeply sensibilized for local community needs.

Recommendation 8: To develop and to pilot model for financing unregistered CSOs from local budget allocation 481. This piloting could be done through some donor's projects conducted by SCTM in partnership with few experienced CSOs.

Conclusion 9: Criteria for financing CSOs applying for LSGs/LGs funds are not in all cases completely transparent. In some LSGs/LGs they are not part of the public announcement, but they are formulated in book of regulations or decision on financing CSOs. In some LSGs/LGs where they are the part of the public announcement, they are not always pondered and it is not clear how on particular criterion the application is going to be estimated.

Recommendation 9: Criteria for evaluating applications should be clearly formulated, ponderable and announced in the public announcement. Evaluation of the applications should be done according to criteria and for each evaluated application there should be brief written report containing scores at each criterion and total scores. Good example for creating the procedure is evaluation grid for EU funded projects which could serve as a basis for developing the appropriate one. LSGs/LGs should develop the criteria because they are the funding authorities.

Conclusion 10: Standard format for applying for local budget funds on line 481 are actually developed in some LSGs/LGs and that is one of the very positive achievements in practice of transparent financing CSOs. However, still lack standard formats for transparent financing of institutional/organizational costs.

Recommendation 10: Each LSG/LG as financing authority should develop at least the following standardized formats: narrative application form for project and for institutional/organizational support to CSOs; project budget form and institutional/organizational form. These formats should be the basis for unified approach to evaluation, selection and awarding and should be appropriate to LSG/LG needs.

Conclusion 11: In most LSGs/LGs in best-practices group the weakest procedures are those concerning monitoring. Serious evaluation procedures are not established in the LSGs/LGs from our sample.

Recommendation 11: Each LSG/LG should established clear and transparent monitoring procedures and develops appropriate forms to support them, like: narrative monthly or periodical report form; narrative or periodical budget report forms; form for field monitoring visits; final narrative report form and final budget report form. Evaluation report format is also recommended to be developed. The key issue is that all these should be in the function of estimating achieved results. Monitoring and evaluation activities could be the part of ToR of the commission for conducting public announcement procedures in order to escape costs of the external evaluation.

Conclusion 12: LSGs/LGs from the sample are financing CSOs' projects lasting maximally one year. Everything is submitted to the annual budget planning. However, if we talks about strategic partnership between LSGs/LGs and CSOs and achieving strategic priorities of local community, there are development projects which need longer financing. Even it is not actually forbidden to make local budget projections for two next years (like in Memorandum on National Budget), very few of LSGs/LGs is doing this, because the Law on Financing LSGs is not directly requesting this to be done.

Recommendation 12: It should be suggested to LSGs/LGs to make step towards strategic approach to financing CSOs if they really pretend to have strategic partnership with local civil sector in achieving local priorities. Projections for financing mid-term projects (up to three years lasting) should be done, because mid-term approach is accepted as the timeframe for financial planning at the national level and this is offering the opportunity to local level of government to apply it too.

3.3. Recommendations for TACSO Serbia Office

TACSO Serbia has made strong efforts to increase the capacities and promote the social role of CSOs. Based on already achieved TACSO results and results of this research, the following are the recommendations for TACSO:

(1) In coordination with SCTM to conduct the advocacy campaign for transparent funding of all CSO's activities (projects and institutional/organizational costs) through local level budget line 481, by public announcements for both activities. TACSO participation in campaign could cover public events, like round tables and different public meetings for presenting this research results, conclusions and recommendations. This campaign could be the part of the broader one targeting CSOs contribution to local community development in partnership with LSGs/LGs.

(2) To publish this research in Serbian with annexes, especially those presenting best-practices examples and to distribute it to all LSGs in coordination with SCTM and to Government Office for Cooperation with NGOs. The publication should be also presented at TACSO web-site and web-site of the Government Office.

(3) To develop the manual for conducting public announcement for CSO funding through budget line 481 (projects and institutional/organizational costs), which should include at least: (a) potential structure/content of public announcement; (b) elaboration of CSOs representatives' participation in local decision making bodies for funding; (c) strategic or mid-term approach to CSO funding at local level; (d) necessary monitoring and evaluation procedures.

(4) To develop and present to LSGs/LGs the model for financing unregistered CSOs. This could be done in cooperation with BCIF foundation which already has the respective experience in this area.

(5) To inform MPALSG&HMR about research findings and to send them research report and future manual as practical illustration of the achieved results.

4. ANNEXES

Annexes in English

Annex 1: Initial Questionnaire

Annex 2: Questionnaire for Examples of the Best Practices in Financing Local CSOs

Annex 3: Sample of the research

Annex 4: Budget line 481 in LSGs/LGs from the sample

Annex 5: Advantages and Challenges of Financing CSOs from Local Budget

Annexes in Serbian

Case Studies of Best-Practices Examples