

Memorandum of Understanding

Between

**the European Integration Directorate of the Council of Ministers
of Bosnia and Herzegovina**

and

the Association of Cities and Municipalities of the Federation of Bosnia and Herzegovina

and

the Association of Towns and Municipalities of Republika Srpska

and

the Netherlands Development Organization - SNV

hereinafter: parties,

in order to *encourage the development of cooperation and the strengthening of the continuing efforts in the areas of shared interest in the European integration processes*, have agreed upon the following:

Article 1

The Memorandum of Understanding sets forth basic principles and the areas of cooperation of the parties.

Article 2

In the European integration process, the European Integration Directorate of the Council of Ministers of Bosnia and Herzegovina and the municipalities, through the Associations of Cities/Towns and Municipalities of the FBiH and RS respectively and their legitimate representatives, and the Netherlands Development Organisation (SNV), in its capacity as partner with the municipalities and the associations, shall strengthen the vertical mutual communication by means of exchange of relevant information on the European integration process, which include:

- progress of Bosnia and Herzegovina in the European integration process,
- impact of this progress on the municipalities and the Associations of Cities/Towns and Municipalities, and
- accessibility of pre-accession funds to municipalities,
- increased absorbing capacities of municipalities,
- upgrading of the existing information exchange mechanisms,
- development of new mechanisms, such as round tables, exchange of visits, good practice studies and similar.

Article 3

Municipalities, being the local self-government units, shall prepare themselves for promotion of their capacities for providing the public services in compliance with the EU standards and principles, including the capacities for absorption from the available pre-accession funds for further social-economic development. The local development measures shall be created in accordance with the EU standards and principles and they shall be aimed at improving the living standards of citizens. The local development measures shall be harmonised with the national development plan.

Capacities of the Associations of Cities/Towns and Municipalities related to the localisation of the European Union accession procedure and the funds thereto, shall be strengthened by the involvement into the European integration process. At the same time, the respective Associations of Cities/Towns and Municipalities shall spread relevant knowledge about the European Union in the local communities. The Netherlands Development Organisation (SNV) shall direct its activities towards further development of capacities of both municipalities and the Associations with regard to localisation of the European integration processes.

Article 4

The Memorandum of Understanding is based on the following principles:

- willingness of the parties to the Memorandum to perform their duties under the highest standards of professional competence and ethical integrity,
- mutual respect of different positions on certain issues,
- faith in mutual good will,
- acceptance of strategic linkage and activities that could be taken by the parties to the Memorandum,
- shared responsibility for cooperation.

Article 5

In order for this cooperation to succeed, the parties commit themselves to invest their available resources.

The European Integration Directorate will:

- appoint a contact person(s) for cooperation with the Associations and SNV;
- exchange the cooperation-related information;
- promote the idea and spirit of this cooperation with the national and international partners.

The Associations of Cities/Towns and Municipalities will:

- appoint a contact person(s) for cooperation with the European Integration Directorate and SNV;
- in all segments of negotiations between the European Integration Directorate, Council of Ministers of Bosnia and Herzegovina, and the European Union, assume active role in the parts referring to the presentation of the local level authorities;
- act as a link between the European Integration Directorate, Council of Ministers of Bosnia and Herzegovina and the local self-government units they represent;
- exchange information relevant to this cooperation;
- take part in the joint projects and their implementation, being actively supported by the European Integration Directorate.

The Netherlands Development Organisation (SNV) will:

- appoint a contact person(s) for cooperation with the European Integration Directorate and the Associations;
- exchange information relevant to this cooperation;

- provide direct support to the Associations and municipalities in promotion of their capacities concerning localisation of the EU integrations;
- promote the idea and spirit of this cooperation with the national and international partners.

Article 6

The parties may prepare the Plan of Activities for the implementation of this Memorandum. The parties will have regular evaluation meetings to assess the progress in the implementation of the Memorandum.

Article 7

All possible disputes arising from the interpretation and/or implementation of the Memorandum shall be resolved amiably, in the spirit of cooperation and mutual respect.

Article 8

The Memorandum shall come into force on the signing date.

Article 9

The Memorandum shall remain in force for a period of one year and shall continue automatically unless terminated in the meantime.

The Memorandum is made in four (4) original copies in official languages of Bosnia and Herzegovina, and four (4) original copies in the English language.

Director of the European Integration Directorate

President of the Association of Cities and Municipa
of the Federation of Bosnia and Herzegovina

Osman Topčagić

Ljubo Bešlić

President of the Association of Towns and
Municipalities of Republika Srpska

Director of the Netherlands
Development Organisation for BiH and
Montenegro

Radomir Kezunović

Janette de Regt

Sarajevo, 20.7.2007.

REASONING

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1. *Legal grounds*

The legal grounds for the issuance of the Memorandum of Understanding between the European Integration Directorate of the Council of Ministers of Bosnia and Herzegovina, Association of Cities and Municipalities of the Federation of Bosnia and Herzegovina, Association of Towns and Municipalities of Republika Srpska and the Netherlands Development Organisation (SNV), have been contained in the provisions of Article 17 of the Law on Council of Ministers of Bosnia and Herzegovina (“Official Gazette of BiH”, No. 30/2003) which foresees that, in exercising their rights and duties, the Council of Ministers shall issue various legal documents.

2. *Reasons for the issuance*

The strategic goal of Bosnia and Herzegovina is to join the European Union. The Directorate for European Integration has been formed in order to meet this goal and coordinate the work of the BiH institutions under the Stabilisation and Association Process.

Among other competencies, the European Integration Directorate coordinates the following:

- drafting plans, analyses and strategic documents,
- assistance programs provided by the EU and member countries,
- raising public awareness on the European integration processes;

Association of Cities and Municipalities of the Federation of Bosnia and Herzegovina
(www.sogfbih.ba)

The Association of Cities and Municipalities of Bosnia and Herzegovina is a non-political and non-governmental association of the local authorities in the Federation of Bosnia and Herzegovina. It was established in 1973 in order to promote and develop the local self-government system and to protect interests of the local community. The existing Association of Cities and Municipalities of the Federation BiH has been institutionalised as the legal successor to the aforementioned Association, at the foundation meeting held on 29 May 1992. The Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina represents interests of 75 municipalities. The main activities of the Association include the development of new and the strengthening of the existing services intended for members/municipalities, and also the lobbying /advocacy, organisation of training and provision of legal and communication services.

The mission of the Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina is to promote democratic and efficient local government by advocating for the joint interests of the members before the authorities at the State and the Federation levels. For a long period of time the Association has provided professional services to its members thus creating a platform for the exchange of knowledge and information.

By providing support and services, the Association has been helping its members to build their capacities. The ultimate goal is to ensure that the local governments are sufficiently effective in serving the needs of their citizens.

From the international aspect, three main events have defined new perspectives of the Association. These are: ratification of the European Charter of Local Self-Government (in October 1994); the Association of Cities and Municipalities of BiH joined the Congress of Local and Regional Authorities of Europe (CLARAE) in its capacity as special guest and the admission of Bosnia and Herzegovina into the Council of Europe (April 2002).

The activities of the Association of Cities and Municipalities of the Federation of Bosnia and Herzegovina include the implementation of various projects in cooperation with the international organisations. The projects have been focused on the development of the local self-government. Some of the projects of the Association are as follows: MA(S)CIP project - Municipal Associations Capacity Improvement Program, in cooperation with VNG and the financial support of the Netherlands Government; *Beacon* scheme (best practice in municipalities) in cooperation with COE and OSCE, with the financial support of the Governments of the Great Britain and Switzerland; municipal officers training – strengthening of municipal associations in BiH, a project implemented in cooperation with KS (Association of local and regional authorities of the Netherlands) and with the financial support of the Netherlands Government. Also, the E-readiness assessment project funded by UNDP has been launched. In addition to these projects, through various activities with national and international actors, the Association has been establishing its status and has become increasingly recognisable as a legitimate representative of municipalities and towns.

When it comes to the international involvement, the Association is a member of the Congress of Local and Regional Authorities of Europe in the Council of Europe and the Network of the Associations of Local Authorities of South-East Europe (NALAS).

Association of Towns and Municipalities of Republika Srpska (www.alvrs.com)

The Association of Towns and Municipalities of Republika Srpska was established in Brčko in 1998, as an independent, non-political, non-Party association of local authorities which is focused on support and promotion of local self-government. Municipalities and towns are the members of the Association which are gathered on a voluntary basis in order to exchange their experiences, improve mutual cooperation and act towards meeting their shared interests as defined by the Association Statute, laws and other legal documents.

The mission of the Association of Towns and Municipalities of Republika Srpska is to promote democratic and efficient local government by advocating for the joint interests of the members at the State level, by providing professional services to its members and by creating a platform for the exchange of knowledge and information. The function of the Association is to develop a dialogue with the representatives of the State institutions on behalf of its members and to also cooperate with local and international associations of local authorities.

The aim of the Association is to define principles and values of the local self-government thus developing the local self-governments based on democracy and decentralisation. Moreover, the Association endeavours to establish the common methods for its members' activities and it has launched an initiative towards the State bodies to establish dialogue between the representatives of local and central authorities respectively. The Association's activities include lobbying, taking part in drafting of laws and development of mechanisms for protection of their interests. The activities also include training and research.

The Netherlands Development Organisation (SNV) (www.snvworld.org)

Since its establishment in 1963, the Netherlands Development Organisation (SNV) has been active in more than 30 countries throughout the world. The Netherlands Development Organisation (SNV) is organised in five regions – the Balkans, Latin America, East and South Africa, West and Central Africa and Asia. The organisation is based in the Hague, Netherlands.

The aim of the Netherlands Development Organisation (SNV) is to support the relevant actors in BiH (clients and partners) who are willing to assume responsibility and contribute to the development of their own country. With this regard, the SNV provides flexible counselling services as per the clients' needs in order to strengthen their performance towards effective and sustainable development and good local government. The Netherlands Development

Organisation (SNV) does not offer the project implementation to its clients. The clients are those to decide what is to be done to make their performance more efficient. Unlike the work on the projects, the SNV advisors are available to the clients as much as it is needed. Promotion of communication and cooperation between the citizens, civil society organisations, business sector and authorities is the core activity of the SNV.

The Netherlands Development Organisation (SNV) is funded by the Ministry of Foreign Affairs of the Kingdom of the Netherlands. In 2005, SNV worked with 2,448 clients and had 1,500 employees. Of the total budget of EUR 87.9 million, 94% (EUR 82.3 million) were spent on the capacity building programmes. At the global level, SNV has established partnership with the United Nations Development Programme (UNDP), World Trade Organisation (WTO), Fair Trade Labelling Organisation (FLO) and the World Business Council for Sustainable Development (WBCSD).

Having completed consultations with the various actors in BiH, SNV decided in 2005 to expand its activities in BiH. Currently, SNV/BiH has offices in Sarajevo and Banja Luka. 80% of employees are citizens of BiH, while 20% come from the EU countries. The aim of the SNV is to employ 100% BiH citizens prior to the BiH admission to EU, in order to enable that its activities be continued by national capacities.

Since the beginning of its activities in BiH, SNV has actively and directly worked on promotion of capacities at the local level and the raising of awareness of localisation of the EU integration process. Research was made and a report *Municipalities and EU Admission Process* has been published. With several municipalities, direct work is in progress on defining the local development measures in accordance with the EU principles and standards and with the BiH national development agendas. In cooperation with SERDA, a project is being prepared to complete the process of planning the local development in the Sarajevo macro-economic region, etc. In addition, SNV provided its support to ALVRS in drafting the Development Strategy which was adopted at the ALVRS Assembly in April 2007.

It is beneficial for the municipalities to have an association of local authorities, given that they face the problem related to competence and funding. There is a competition with regard to the competence wherein a considerable dependence on central authorities is characteristic. Local authorities believe that they can better perform their duties in the decentralised environment. Municipalities grouped in associations are stronger, more efficient and can be better informed. Another motive for cooperation refers to the money saving due to their joint work. The Association efficiently organises special activities that would be too expensive if municipalities implemented them individually. Both Associations include the information service centres and the working groups, and both of them publish brochures/bulletins and maintain their web-sites.

Given the regional approach of the SNV activities, existing contacts and human resources, SNV may contribute to regional linkage of BiH with other countries, strengthening of capacities of the Association and municipalities in terms of exchange of EU good practice and direct building of capacities required for ever efficient incorporation of the EU principles and standards at the local level. Also, the existence of the Associations enables better communication, both between municipalities and with the authorities at the central level, which all are reasons for the signature of this Memorandum.

3. Reasoning of the proposed legal solutions

Article 1 of the Memorandum establishes the legal principles and the area of cooperation between the European Integration Directorate of the Council of Ministers of Bosnia and Herzegovina and the Association of Cities and Municipalities of the Federation of Bosnia and Herzegovina and the

Association of Towns and Municipalities of Republika Srpska, and the Netherlands Development Organisation (SNV).

Articles 2 and 3 define the area of cooperation between the parties to the Memorandum.

Article 4 specifies the principles for cooperation between the parties to the Memorandum.

Article 5 defines the resources the parties will make available for the Memorandum to be implemented.

Article 6 defines the possibility for preparation of the Plan of Activities for the Memorandum implementation.

Articles 7, 8 and 9 define the possible dispute resolution, entering into force of the Memorandum and the signature.

4. Funds required

For this Memorandum to be signed and implemented, it is not necessary the funds to be ensured in the budget of the European Integration Directorate of the Council of Ministers of Bosnia and Herzegovina.