

Chapter 5

Strengthening Non-governmental Organisations for More Effective Local Governance and Partnerships in Serbia

by

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The potential benefit for Serbia offered by multi-sector partnerships is enormous: they could provide solutions to burning issues in local communities in terms of local development while they could bring about welcome transformations within and across sectors due to their impact on increased access to resources, service-focused leadership, participatory and inclusive decision making practices, and results that build on synergies. Partnership development, however, faces a number of outstanding problems, linked to the legal, administrative and historical framework, that constrain the emergence of NGOs and their participation in civic life. A number of obstacles with regard to trust, communication and capacities in the local communities aggravate this situation. The government has to learn to communicate effectively with citizens and their initiatives, whilst NGOs have to be more aware of their social responsibility. Well-established NGOs and local government should play a more pro-active role and combine their resources and skills towards collective ends.

Introduction

The very concept of partnerships is relatively novel in the political science literature. It has been traditionally absent from the classical literature which made a clear delineation between the government (public sector) and the citizens. The governments was to rule and to ensure that the necessary level of social trust and cohesion is in existence, whilst the people (whether seen as subjects or citizens, voters or political elements, etc.) were there to follow the rules and be ruled. Even in democratic countries, those who had rights to vote would transfer their rights to “democratically elected” representatives and for a number of years (usually three to five) those duly elected would discharge public functions on behalf of those who exercised their electoral rights. In non-democratic regimes, the story was different, but again the very essence of the state apparatus was more or less similar (excluding, of course, the most oppressive regimes that surpassed even themselves by the scale of destruction of human life).

Again, traditionally in Europe state and nation-building has been perceived as large-scale centralisation, which of course directly supported the power-distance model in which people choose and those elected rule. Usually peoples’ activism appeared to be campaign oriented. All the political issues would re-emerge before the election and the fuss would die down once the general or local elections were over. Some other forms of protest would be marginalised and generally mildly tolerated, for example the women’s suffrage movement in the late 19th and early 20th century. Disenfranchised minorities were given the opportunity to organise, but were politically and socially marginalised to ensure that they would not endanger the very basis of the political system within which they tried (rightfully) to operate. The importance of local (or alternative) communities has also widely differed from country to country. Whilst in Europe, the *etatism* has been fairly omnipotent on the continent, in the communities of the United States were cherished and often seen as the real source of power (see Tullock, 1992). This may be due to the particular experience of nation-building in the United States, where the new territories and states were largely created from the bottom up, rather than through territorial reorganisations and top-down political relations.

The expanding state that got its stronger boosts from the two world wars conducted in the 20th century, has increasingly influenced social life. For instance, World War II brought about intervention in property rights, and

“socialisation” of classical property rights (Duguit, 1920). This trend of “state-spreading” has been present for most of the 20th century and it was certainly true in the 1980s when the first problems with the size and scope of the state sector emerged in the developed western democracies which faced the problem of financing the quite expensive welfare state that has emerged following the huge human disasters earlier in the century. The Anglo-Saxon countries in the 1980s experienced fiscal squeezes and it was necessary to re-examine the scope of the state, and ascertain what needed to be done to ensure that the state could continue operating successfully in years to come. The foundations for the emergence of New Public Management (NPM) were set, and the process could have been put into motion (Šević, 2004). The process of re-engineering the government has been put into motion (Osborne and Gaebler, 1992). This has created room for the government to look at the partnership and other forms of collaboration with the wider community and to move from a classical power-distance mode of conduct to collaborative and co-operative models of the relationship.

However, collaboration and co-operation can be seen in a number of ways; and focused on different aspects of social life. The partnership can be seen primarily as economic collaboration or as a form of new governance in which there is an increased degree of mutual interaction between the various levels of government and the local communities.

Re-examining partnerships

In the literature on economics and public finance, partnerships are usually seen in a fairly narrow fashion – as a mode of collaboration between the central or more often sub-national government or government controlled body and a private entity, and in which the financing is jointly provided for building up infrastructure. Public-Private-Partnership (PPP) has been seen as an innovative mode of financing new and regenerating failed infrastructure primarily in developed countries, where the private sector has the financial capacity to engage in such ventures. Along these lines the UN defines PPP as a “strategic necessity rather than a policy option”, representing “a unique and flexible solution to implement infrastructure projects” (UN, 2002, p. 3). However, there are many different meanings of public-private partnership (Rosenau, 2000). Since any relationship involving some combination of the private, voluntary and public sectors is can potentially be labelled a “partnership”, it may be useful to clarify what is meant here by the term. PPP demonstrates the characteristics of collaboration, focus on services, particular length, trust, innovation and risk allocation (for more see Grimsey and Lewis, 2004).

Different forms of PPP demonstrate different combinations of these characteristics. First of all, PPPs seek to draw upon the best available skills,

knowledge and resources, whether they are in the public or the private sector, and deliver value for money in the provision of infrastructure. Although it may seem at first sight that the PPP focus is on assets, it in fact relates to services and the public sector purchase of a particular service. PPPs are long-term and relational, as short-term agreements are costly from a transaction point of view and cannot be socially justified, either easily or at all. Any kind of partnership is a high-trust relationship and if there is a high level of uncertainty between the partners the partnership may not work as planned or wanted. Well-designed PPPs support innovation and allow better risk management by both partners. The government often can offer positive tax incentive schemes for PPPs in order to strengthen collaboration between the organisations from different sectors of the society.

A partnership that goes beyond financial dealings is a partnership that entails collaboration in the policy process between the government and the interested stakeholders. To a large extent, the recently dominant business model of stakeholders may be easily used to understand the model of especially local partnerships in the public governance process. Partnerships include an extraordinary range of community, political, strategic, sovereignty and environmental relationships. A partnership is often perceived as an “everything-and-nothing” *polysemy* that raises many critical suspicions (Lerner and Craig, 2002). The political partnership has been seen as an instrument for empowerment of local communities, and in fact “federalising” the existing policy processes (Tullock, 1992). As this has been fairly uncharted territory, it is difficult to define the “local partnership” in great detail. Local partnerships are to a large extent the development of local political conditions and on-going institutional and political changes. A decade or so ago, it was impossible to imagine people in the former socialist countries being engaged in a political partnership process. Now, this is becoming the part of the political culture and the norm taken as reference.

The optimal way to develop many opportunities and address many challenges involves a diverse array of organisations working together. Organisations bring with them distinct resources, capabilities, goals, ideologies, cultures, and values, and through the process of mutual interaction new values are created and the innovation process sustained. However, it is not that easy to collaborate, especially if the organisations are from distant spectrums of the society. The challenge of working together increases when rich and poor, government, business, civil society, various languages and different government systems are brought together. This is why many partnerships, although they may look natural, in fact fail. There is little common culture to share and keep the players stick together, or it may simply

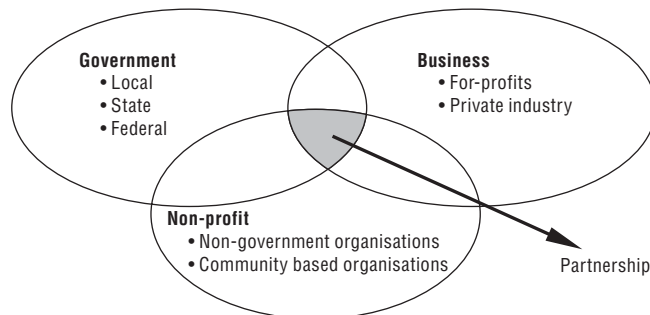
be that the organisations are unwilling to give up something of their own routines to embrace a new quality that collaboration and partnership can offer.

Partnership is a formal or formalised relationship that has to be based on common needs and shared values to succeed. The main players have rights and duties to respect and have yet to be ready to forgo some immediate short-term gains to gain a greater good that will be shared later. Thus, the partnership should, for instance, enable businesses to expand their markets, develop new products, lower production and delivery costs, expand their investment presence, etc. At the same time, a well-designed partnership should enable the government to spur privatisation, while increasing accountability, to reduce direct involvement in law enforcement, whilst increasing effectiveness, and promote and improve social cohesion (address the problem of social alienation and disfranchisement). In turn the civil society should improve the access to (public) goods to lower strata of the society (the poor and marginalised), promote new economic opportunities for citizens, or reduce the negative environmental impact of development (Jeremić, 2004).

As we have pointed out, partnership assumes collaboration between different spectrums of the society. We expect that collaboration will be established between two or three different sectors of the economy. In Inter-sector partnerships we assume that there is collaboration between at least two of the major sectors namely government (the public sector), businesses (the private sector), and the non-profit sector (the civil society).

All over the world, inter-sector partnerships are addressing many of the complex issues in society, such as housing for the poor, health care, and economic development. By working in inter-sector partnerships, governments, businesses, and nonprofits are able to reduce duplication of effort, stimulate creative solutions, and produce initiatives that any one sector could not produce alone. They are valuable because they provide a foundation

Figure 5.1. **Inter-sector partnership model**



for future collaborative efforts and support decentralisation, which is a key concern of donors. As a process, inter-sector partnerships can increase social cohesion and produce sustainable structures and social change.

In an inter-sector partnership, government may include local, national, and international agencies. The non-profit sector consists of non-governmental organisations that express and exhibit community beliefs and values by providing services, advocacy, and contributions to the collective good of the residents. The business sector includes private for-profit organisations that produce goods and services.

The benefits and challenges of inter-sector partnerships arise from the very different interests and goals of the three sectors. Government agencies are concerned with creating and maintaining public order and distributing public goods and services. Business is interested in producing goods and services and making a profit, while non-profit organisations' primary concern is maintaining community values and beliefs and providing direct services. Creating effective inter-sector partnerships thus requires skills and processes that utilise the differences to encourage exchange and creativity.

Theory has identified the following benefits and challenges of inter-sector partnerships (Wadell and Brown, 1997):

Benefits

The benefits of inter-sector partnership include:

- Reducing duplication of effort and work at cross purposes
- Providing better co-ordination of resources, products, and services
- Helping each sector achieve its own goals
- Addressing large-scale issues that no one sector has the resources or the ability to resolve alone
- Transforming the capabilities of the participants
- Creating a new range of outcomes
- Increasing understanding of each sector's constraints
- Creating bridges among different communities
- Providing the foundation for broader change

Challenges

Some of the challenges that participants may face in inter-sector partnerships include:

- High levels of conflict
- Intolerance of the values and goals of other partners
- More concern about power and control than about solving problems

- The time it takes to produce concrete outcomes
- The time needed to get to know the partners and build trust between them

USAID, as the major agency promoting partnership in transitional and developing countries has also listed the following issues as the major challenges in developing and operating a successful partnership locally and nationally:

- Acknowledging that building a partnership is an incremental process
- Committing resources
- Managing risks
- Overcoming systemic barriers
- Avoiding dependence on individuals
- Building accountability and transparency

According to Waddel and Brown (1997), inter-sector partnerships present more challenges because they have greater diversity and low task specification compared with intra-sector partnership, where partners are more similar than different. The wide range of values, benefits, norms of behaviour, and cultures of sectors often show up as differences amongst organisations (Hall, 2004; March, 1988). In inter-sector partnerships, partners must spend more time building and identifying common ground from which to work than in more mono-cultural collaborations. It is also important to understand, value, and utilise the different skills, expertise and opinions in the work of the partnership. Usually, inter-sector partnerships have low task specifications because partners agree to work on general problems that are relevant to all three sectors and their constituents. Even though there is agreement on the general problems, partner organisations may decide to take very different actions to address them. The partnership co-ordinates these actions in a way that is the best for the community and the partners.

Modern community partnership assumes that all the interested stakeholders will demonstrate significant interests in local issues. It is therefore to be expected as a norm that the public, private and civil sectors will collaborate and that inter-sector partnership will take place, despite all the above mentioned challenges. In reality, the partnership process is a learning process in which organisations hailing from different sectors learn how to deal with partners whose experience is somewhat different from theirs and whose expectations are therefore not those that are initially shared. However, with rapprochement it is possible that the organisations will establish a long-term relationship and be successful in managing the partnership, and through innovation, influence developments in and the development of the local community.

What is needed to make a successful partnership?

Partnership has to meet a number of cumulative criteria in order to be deemed successful. Usually the following factors are seen to contribute to a successful partnership:

1. *Agreement that a partnership is necessary.* The partnership is a formal or formalised relation and consequently it is necessary to work out the obligations and duties of all the partners involved. It is not necessary that there be a formal contract, but there should be some form of formalised agreement between the interested parties.
2. *Respect and trust between different interests.* The partnership is a high-trust relationship, and consequently it is necessary for all those involved to demonstrate higher levels of mutual trust and respect. Lack of trust can initially hamper the achievement of results, and ultimately lead to the break-up of the partnership.
3. *The leadership of a respected individual or individuals.* Traditionally, theory has emphasised the importance of management in joint projects. For partnerships, there is a need to have leadership structure firmly developed wherever an appropriate leadership style is practiced to ensure success. Co-ordinating a large number of partners not only requires much talent, but also a lot of tact and ability to compromise without forgoing the basic aims of the partnership.
4. *Commitment of key interests developed through a clear and open process.* Transparency and accountability are the basic requirements for the successful application of a partnership agreement. Over time, priorities may (and will) change, as well as possibly, the perceptions of the participating partners. Therefore, it is necessary from the very outset to define what the minimum common ground is, and stick to it closely throughout the life of the partnership (if possible). Of course, there will be some natural developments over time, but in that case, all the parties involved have to decide on a redefinition of priorities.
5. *The development of a shared vision of what might be achieved.* Initially all the parties to the partnership will have their individual agendas and perceptions of partnership. However, if the partnership is well planned from the very beginning it is possible for partners to begin early in the partnership to develop their shared visions, priorities and the list of expected outcomes. Collaboration and co-operation assume the trading of certain values, forgoing some short-term gains for the greater good to be achieved later (sustainable long-term results).
6. *Time to build the partnership.* Partnership requires a lot of time to build, and usually it is much easier to build another partnership after partners have

past experience of each other. Short-termism in partnership building can incur huge transaction/social costs and consequently should be avoided at all costs.

7. *Shared mandates or agendas.* The impending partnership will have more chances of success if the participating organisations have shared mandates and agendas. Therefore, it is often very useful to seek to develop some common values even before the partnership project is undertaken. Good preparatory work leading to a well-defined partnership agreement may prove to be a crucial input into the partnership building process.
8. *The development of compatible ways of working and flexibility.* All organisations have their particular corporate cultures, shared values and routines. To a large extent, organisational tradition is about defining and redefining routines. When two or more organisations are to collaborate, they have to forgo some of their peculiar routines and try to develop joint routines, exercising a high level of tolerance and flexibility.
9. *Good communication, perhaps aided by a facilitator.* Following from the organisational specifics, organisations have particular ways in which they transmit information. It follows that at the very beginning, organisations may find it a problem to ensure that they understand each other and communicate in an effective manner. Also, over time, they will have to develop good communication links and their own parlance when it comes to the partnership project and its implementation.
10. *Collaborative decision-making, with a commitment to achieving consensus.* The majority voting rule may be a tradition of democracy, but managing a partnership project with decisions taken by majority vote is the best road to – disaster. Specifically, it is necessary to engage all the partners, and this requires ensuring that all the interested stakeholders be given a chance to express their opinion and to interact with the others on an equal footing. Consensus, therefore, has to be a high priority target, achieved whenever it is possible to reach it.
11. *Effective organisational management.* At the very end, the project requires some administrative co-ordination of joint and individual efforts. To do that, it is necessary to have a good project office, capable of ensuring that the project management is sound and that all partners are communicated with in good time and that dealings with actors outside the project are conducted in a timely and professional manner, on behalf of the partnership and individual members discharging the common functions.

In contrast, there are some factors that are conducive to unsuccessful partnerships, for example: a history of conflict among key interests; preponderance of one (usually bullying) partner; lack of clear purpose; goals that are unrealistic or over-ambitious for the partnership; significant

differences in organisational ethos and professional routines (usually without a desire to modify and recast; a significant lack of communication amongst partners; unbalanced power and control; the lack of key interests; the existence or re-emergence of possible individual or collusive hidden agendas; discrepancies between committed inputs and expected (and delivered) outputs/outcomes, etc. (Jeremić, 2004).

Rethinking the Serbian case: Government and civil society on a joint mission?

The 1990s were marked in Serbia by a mushrooming of non-governmental organisations which significantly contributed to the development of the civil society. Serbia, as a former constituent republic of the Yugoslav federation, inherited a pretty mild socialist model of people's self-management. In contrast to other socialist countries, Yugoslavia was highly decentralised, and exhibited a number of characteristics of confederation rather than federation. Most of the state functions (excluding defence and foreign affairs) were assigned to the constituent republics and even the court system pyramid finished at the republican level. Many, if not in fact all the federal institutions (with the notable exception of the armed forces) were ineffective and had no powers over the republics. The constitutionally prescribed reconciliation process was very long and ineffective. Of course, with the experience of the economic downfall in the 1980s the already loose Yugoslav federation became even more dysfunctional. With the promulgation of the independence of the western republics, the federation imploded, finally leading to a number of ethnic conflicts on the territories of the former Yugoslavia. Even now, when there is no on-going open conflict, the question is how long the situation will remain stable.

The late 1980s saw a major political conflict within the Serbian Union of Communists, which resulted in Slobodan Milošević regaining full control of the Serbian political scene. All the alternative political factions, a characteristic of Yugoslav communist parties (as in fact all republics had their own Union of Communists, loosely co-ordinated at the federal level, despite a formally fairly strict structure), were trounced in Serbia, as the Milošević faction won with an overwhelming majority. Despite the general belief that Milošević did not enjoy popular support, the truth is somewhat different. His fairly democratic rhetoric won the public ear, and later the public eye. In the early years of his rule (roughly up to 1991), he exhibited the characteristics of a strong leader, but not necessarily a dictator (for more, see Vujadinović, *et al.* 2003; 2005).

The emergence of alternative political parties in 1990 was greeted with serious suspicion, as to a large extent it was perceived as something that could affect societal stability. In the first elections, organised in 1991 following the

promulgation of a new Serbian constitution in 1990, Milošević's domination was overwhelming. The opposition parties were either marginalised, or simply pressured not to question the domination of the newly created Socialist Party of Serbia, the successor to the Union of Communists of Serbia and its satellite organisations. The consolidation of power in Serbia under Milošević coincided with the beginning of armed conflict in the other republics, embroiling the ethnic Serbs living there, fearing that they would be marginalised in the newly created republics, which immediately embarked on the nation-state building process, in the process overemphasising the role of the dominant ethnic community. Unfortunately, the international community reacted slowly, hesitantly and finally very clumsily, displaying an incredible degree of inertia and over-simplification of the issues. The recognition of the communist-set administrative borders of the republics as the international borders gave a spur to nationalists on both sides of each border and led to serious conflicts. Internally, the armed fighting enabled the ruling party in each of the republics concerned to deal more harshly with the opposition, claiming that they were protecting the (nation-)state from the enemy, saboteurs, and traitors within its gates.

A considerable growth in NGOs took place in these circumstances. At the same time as the political parties were under strong pressure from the government, a number of NGOs were developed to address specific issues and they often supported the political parties. It should not come as a surprise that there was a significant overlap between the membership of the opposition political parties of the period and NGOs. NGOs were also important in dealing with the hardships faced during the hyperinflation of 1992-1994, distributing needed humanitarian aid especially in the early 1990s when the UN Security Council imposed international sanctions on Serbia-Montenegro (at the time the Federal Republic of Yugoslavia). NGOs were involved in the research, broadcasting, humanitarian aid, alternative education, civil actions, etc.

The years of Milošević *Sultanism* (1995-2000) were marked by the need of opposition parties to look for alternative channels to reach the people and a net of NGOs was used for this purpose. There is still research to be done on the role of NGOs in ousting Slobodan Milošević and his regime in 2000, but there is some evidence that it was important (see: Birch, 2002). One may accept this conclusion *prima facie* since two major NGOs at the time of the Serbian October Revolution are now political parties (the movement *Otpor* – Resistance and G-17, which in the meantime had become an umbrella holding registered as a humanitarian/social NGO, grouping the G-17 Institute – a think tank of undecided ideological provenance and G-17 Plus, a political party that is now the second most powerful political force in the Serbian government).

After the victory of a coalition of opposition forces in late 2000, the relationship between the government and NGOs seems to have deteriorated.

There is reason to believe that the NGOs were seeking public and probably monetary recognition of their role in the victory of the opposition, but that the government, at the time led by late Prime Minister Dr. Zoran Djindjić, was not particularly willing to share the (juicy) fruits of victory. The relationship has been lukewarm ever since, although both sides have genuinely tried to improve relations over the last few years.

Nowadays, the relationship between government, NGOs and business in Serbia is characterised by a lot of initiatives undertaken by the NGOs, an unenthusiastic reception by the government and no co-operation with the business sector. There are a number of reasons for this, ranging from the lack of political will in some instances, to the restrictive provisions in the fiscal legislation. A few months after the new government was formed (January 2001) the 3rd Forum of Yugoslav NGOs was held in Belgrade from 17th to 19th May 2001.

The resolutions of the Forum invited the government to:

- pass a new law regulating the third sector respecting European standards, the draft to be prepared in full collaboration with NGOs;
- ensure ongoing communication with NGOs, aiming at identifying citizens' needs and involving NGOs in their solution;
- provide public grants to NGOs;
- support co-operation of businesses and NGOs in local communities (two-partner collaboration projects);
- use the NGOs' capacities in conducting the government business, where there is a reason to do so;
- allow NGOs access to the data needed for the implementation of civil sector projects.

Up to now the successive "democratic" governments have failed to draft and pass the law on NGOs. The third sector is still regulated by the Republican law of 1982 and the federal law of 1990 (although the State Union does not have any right to regulate the third sector, as this is originally among the duties of member states). There were some low-level contacts between the government and NGOs regarding the law, but no significant move towards the preparation of the draft has been recorded. However, the government has used the capacity of NGOs in a number of instances when legislative initiatives were put forward by different NGOs, primarily of the think-tank type.

It is generally agreed (Jeremić, 2004) that the relations between the government and NGOs have improved since 2000. Initially, there were regular meetings of NGO representatives with the Serbian Prime Minister and this was the tradition during the government of Dr Djindjić. The meetings were

organised by FENS, which is an umbrella NGO association in Serbia. However, it seems that the relationship between the government and NGOs have deteriorated anew in the last few years, after the second post-Milošević elections in Serbia. During Dr Djindjić's tenure as Prime Minister a number of government departments approved grants to NGOs, following public announcement and competition for the allocation. Notably, this has been done by the Ministries of Social Affairs, Environment, Culture, Education and Sport. In a few instances the government ministries have invited NGOs to contribute to drafting laws and to offer their advice. However, it seems that in most cases this was done after the active participation of foreign donor organisations (Jeremić, 2004).

A few years ago, the NGO Policy Group and FENS conducted a survey of NGOs to ascertain what can be offered to the government (at both national and sub-national level). The results showed that NGOs have fairly wide range of interests and that in fact government may draw on their expertise in a number of areas, including among others education, research and development, local community development, cultural activities, democratisation, citizen support bureau activities (legal advice, etc.).

The government has also created the Socio-Economic Councils which comprises the representatives of government, trade unions, and employers. Thought was given to including interested NGOs in their work not only at the state level, but also at sub-national government level. It seems not only that NGO membership has been envisaged, but also that the Councils failed to have a serious impact on development in the country. Also, despite initiatives to include NGOs in the re-training of the labour force and improving the structure of its qualifications, nothing was done in this field. Even more interesting, in the government documents the NGOs are not mentioned as an important factor.

Up to date experience of the government-third sector interface in Serbia suggests that there is a need to strengthen the links between the government and NGOs, beyond the regular (or now less regular) consultative and protocol meetings. In the final analysis, the government has to make up its own mind regarding the role of the third sector and its relationships with the sector. At present there is no national strategy on the third sector, but this is hardly surprising given that there are no national strategies for other far more important issues either. There is reason to believe that there is a need to address personality issues, as many of the obstacles to closer and better collaboration stem from the fact that many officials on both sides are not very co-operative and open to necessary compromises and innovations.

However, the Serbian NGOs realise that there is a need for action on their part as well, and they have concluded that in order to collaborate with the government, it is necessary:

- to initiate and develop co-operation with the government and its institutions, showing more flexibility and innovativeness in proposing joint projects;
- to press the government institutions to address citizens' problems more effectively and efficiently; and
- to insist on transparency of the government's work.

Despite the importance of these resolutions it is difficult to assess to what extent these targets have been reached. In fact, NGOs have been fairly active in keeping the government under pressure and re-emphasising the burning issues regularly, seeking the appropriate government response. Also, the role of the third sector in keeping transparency in focus cannot be disputed, and is second to none. The NGOs in Serbia are an important 'social audit' instrument that is difficult to challenge.

It has also been realised that a healthy and long-term relation with the business sector (the private sector) is necessary to ensure a sustainable long-run position of the third sector. In a transitional economy it is fairly difficult to ensure financing of NGOs, especially after the foreign donors have withdrawn from the country. To address these problems the Forum concluded that it is necessary:

- to spur the business sector to support NGO projects;
- to develop common projects especially in the field of education and training (in fact re-education and re-training of laid-off workers);
- to work jointly on setting-up local foundations that would be a source of finance for local NGOs, and *be an instrument of "community reinvestment" for socially responsible businesses* (authors' emphasis).

However, the co-operation of NGOs with the business sector is still very limited. There are only a few examples of this kind of co-operation and they can be found as occasional primarily financial support for NGO activities as a part of promotional campaigns. Sometimes one finds the private and the third sector consulting about the issues facing local communities, but this is still viewed rather as an exception than a rule. There are in fact more cases where local communities and businesses conflict, with disputes for example about the polluting practices of enterprises. Socially responsible businesses have a genuine interest in supporting the local community and build their social reputation very carefully. However, in transitional economies, in which people are far more price sensitive, businesses may decide that profit maximisation is the primary concern, leaving the social responsibility aspects to be addressed somewhat later.

The problems of setting-up local partnerships: Is there hope on the horizon?

In this chapter we have constantly argued for multi-sector partnership as a possible solution to many burning issues in local communities. However, the

analysis of the Serbian situation shows clearly that there are outstanding problems that must be addressed before partnerships can be a respectable form of local initiative.

Based on the current experience of NGOs with partnerships in Serbia, and following the interviews with major players conducted in 2004, the following problems still remain when considering building further multi-sector (inter-sector) partnerships in Serbia:

- The absence of an institutional/legal framework regulating the status of domestic NGOs (as we have already noted, the legal regulatory framework is at best outdated, going back to 1982 and 1990).
- The lack of an appropriate legal framework for the international organisations operating in Serbia (putting them in the peculiar position that they are operating literally illegally on Serbian territory).
- The lack of communication and information sharing amongst the sectors, preventing any serious inter-sector collaboration and partnership.
- The absence of a strategy for many NGO sub-sectors, the government and its individual departments, and the business community at large.
- The lack of mutual trust between the sectors.
- The regular overstatement of organisational capacities and capabilities, which ultimately leads to potential partners being misled.
- The lack of trust in partnership as a potentially feasible and efficient model of collaboration.
- The inability of NGOs and local communities to define their interests and priorities in a timely and efficient fashion.
- “Belgradisation” of major players, meaning that the partners are heavily influenced by the headquarters of their “parents”, making them indifferent to the definition of their own priorities, which they subsume to those promulgated by the centre.
- A surprisingly low capacity in some sectors (especially business and partly government) for inter-sector partnership.

Despite a number of years of successful operations, the NGO community in Serbia still has a problem in demonstrating its capabilities and gaining the trust of other players. Somehow, NGOs are perceived as not serious enough and “pure associations of citizens”. This may be due to historical reasons. In socialist Yugoslavia, citizens were *de jure* allowed to organise and express their own interests through two types of organisations: *social organisations* and *citizens’ associations*. The former were established by citizens to serve certain societal interests, the latter were also established by citizens, but to serve their group needs. However, in socialist Yugoslavia all these organisations,

especially the social ones, were perceived as an integral part of the political system and were “advised” to be the members of the Socialist Union of Working People (the successor to the National Front), a Socialist social front organisation.

The difference was that social organisations were as a rule supported by the government and financed from the budget, whilst citizens’ associations were as a rule self-sustained through membership fees. However, it was very difficult to decide whether a given society was a social organisation or a citizens’ association. For example, the Amateur Fishermen’s Association was in fact a social organisation, and some regulatory capacity was even delegated to it by the government departments. Therefore, based on pre-1989 experience, people have reservations about the genuine nature of new NGOs and to what extent they may be an extension of some other organisation. It may even be thought that some long-existing social organisations could be extensions of the former regime, much as some new NGOs were more or less publicly the extension of the erstwhile opposition parties. As the law of 1990 introduced the registration principle (rather than licence principle promulgated in the 1982 law), it was literally impossible for a government department to deny registration to any organisation that met minimum legal requirements (i.e., not racist, nationalist, chauvinist, terrorist, etc. in its nature). This was largely extent exploited, and the number of new organisations soared to unprecedented levels.

However, it is even more worrying that local government has relatively low capacity when it comes to local inter-sector partnerships. The local offices have fairly limited human resources to deal with innovative ideas coming from the outside the local administration (Jeremić, 2004). Local communities also face a continuing problem with mobilising young people on local community projects, and with motivating other stakeholders to take part in them. This is aggravated by high staff turnover in local government units as well as the constant changes in priorities, which, when in fashion attract a small number of the best staff, although they may be not the best specialists for a project. Although at the republican level there is at least an annual protocol meeting with the Prime Minister, at local level there is usually no such practice, and everything is often left to private contact between NGOs and local government officials. In many municipalities this informality works in the short-run, but when the projects gain in size, this informal governance structure militates against further developments.

Similar problems arise from the tax driven legislation. At present it is impossible for a foreign entity legally to fund an NGO in Serbia. Similarly it is difficult for a domestic company to fully fund an NGO. As Serbia is a transitional country with a fairly low GDP per capita (assumed to be around USD 2 000) in which the government has problems taxing the business

sector, there is no incentive for businesses to support third sector organisations. Traditionally, “social organisations” in Serbia were tax-exempt bodies. Whether they still are is not clear. Clearly NGOs warrant some preferential tax treatment, but at present it is not clear how and how much. Similarly, private sector entities are given a rather small tax break for charitable support – 1.5 to 3.5 per cent – which is not enough to ensure adequate support for the third sector when the foreign donors leave the country. Without clearer tax rules it will be difficult to envisage the interest of other sectors in engaging in partnership projects in local communities. Experience of developed countries with PPPs has shown that it is necessary to offer some tax incentives to the private sector if it is expected to play an active role in partnership promotion.

Conclusion: The future of inter-sector co-operation

Partnerships in Serbia have since 2000 been increasingly emphasised as a form of governance rather more than infrastructure building. National experience with partnerships has shown that there is a clear political willingness to co-operate on behalf of the government, NGOs and some business, but there is a need to do more work on the promotion of mutual trust and understanding of individual specifics. However, clearly little is being done on the promotion of common actions originating from, and to the benefit of, different sectors of the society. Although communication links have been improved over time, there is still much to be done on this front, but by all the stakeholders. The government has to learn to communicate effectively with citizens and their initiatives, whilst NGOs have to be more aware of their social responsibility and not limit themselves to emphasising the responsibility of other two sectors: the government and the private sector.

Based on the current experience of inter-sector collaboration and partnership, the *scenario to follow* should include:

1. *Reiterating the pro-active role of NGOs.* Experienced and well-established NGOs seek the support of local government. In this process, both partners contribute with their skills and resources to achieve common goals.
2. *Pro-active role of local government.* Local government fosters establishment of NGOs. In some cases its representatives should become members of the managing boards of the NGOs. In this case, the fundraising capacity of the NGO would be combined with the ability of the local government to provide access to different donors.
3. *Promoting wider consultative processes.* As a result of discussion among local community actors (local government, NGOs, business associations, trade unions etc) a common point of view is formed.

4. Promoting “partnership” on different (foreign) donor initiatives. Partnerships start as a project financed by a donor. After completion of the project, the partners try to continue their relationships.
5. Promoting (if necessary) outside mediation. A person (a representative from government, NGOs or even business) initiates co-operation between different sectors based on his/her personality and good relationships with other sectors.

If these moves are made it will be possible to promote partnership activities by many different sectors in the Serbian transitional society. As the transitional process develops more opportunities for partnership will emerge, and even more important, such partnership can be an important instrument for empowering local communities, especially in an epoch of world-wide globalisation in which many communities lack experience and must develop the capacity to deal with the challenges ahead. However, through partnership, even poor and democratically nascent communities (see O'Rourke for the Vietnamese experience with citizens' actions) may be able to work for their own benefit and ensure that their genuine local interests are met, at least partially.

Even though many challenges are associated with creating an inter-sector partnership, the benefits are enormous. When recognised and implemented effectively, inter-sector partnership can bring about beneficial transformation within and across sectors. Partnerships that are transformational in their intent include common visions and goals, increased access to resources, service-focused leadership, participatory organisational structures, inclusive decision making practices, focus on both process and outcomes, and results that are synergetic and bring about sustainable change.

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ANNEX

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Table of Contents

Executive Summary	13
<i>Chapter 1. Local Innovations for Growth in Central and Eastern Europe:</i>	
Policy and Governance Issues	
By Sylvain Giguère	19
Introduction	20
New orientations for policies and institutions	21
What local strategies try to achieve	22
Obstacles	24
The governance structures of local development	27
From representative to participatory democracy	31
The governance of entrepreneurship and economic development .	33
Local development financing and fiscal autonomy	36
Main lessons and conclusions	38
Note	41
References	41
<i>Chapter 2. Local Governance for Economic Development: A Comparative</i>	
Analysis of Canadian and Irish Conditions and its Lessons for Poland	
By David J.A. Douglas	43
Introduction	44
Local development in rural Ontario: deficits and challenges	45
The institutional infrastructure	47
Toward a policy and programme response	48
Some contextual challenges	50
Ireland: progress and challenges relating to local development ...	52
Local governance in the Polish context: some challenges	
and transferables	56
Conclusions	61
Notes	63
References	63
<i>Chapter 3. Governance and Local Economic Development: In Search</i>	
of an Appropriate Governance Structure for Croatia	
By Ivana Rašić Bakarić, Marijana Sumpor and Jelena Šišinački.	69
Introduction	70

Theoretical basis for local and regional economic development . . .	71
An analysis of the institutional framework for local economic governance	77
Analysis of the local economies and economic governance in Croatia	80
Analysis of fiscal capacity for local economic development	84
Conclusion	87
Notes	88
References	89
Annex 3.A1. Functions and Responsibilities across Levels of Government	91
Chapter 4. Building a Governance Framework that Enables the Establishment of Partnerships in Slovenia: Comparison with Ireland and Finland	
By <i>Zdenka Kovač</i>	93
Introduction	94
Slovenia as a case study: the background	95
Experimenting with the self-management system	96
Looking for new models	98
Establishing local development partnerships for the first time	100
Initiating regional structures as a “top down” approach	103
New efforts in building decentralised governance	105
Keeping the partnerships going	107
Comparison with Ireland and Finland	109
Lessons to be learnt	115
References	117
Chapter 5. Strengthening Non-governmental Organisations for More Effective Local Governance and Partnerships in Serbia	
By <i>Vladan Jeremić and Željko Šević</i>	119
Introduction	120
Re-examining partnerships	121
What is needed to make a successful partnership?	126
Rethinking the Serbian case: Government and civil society on a joint mission?	128
The problems of setting-up local partnerships: Is there hope on the horizon?	132
Conclusion: The future of inter-sector co-operation	135
References	136
Chapter 6. Enforcing the Participation of Civil Society in Local Decision Making: The Lessons from the South-East Europe Experience	
By <i>Haralambos Kondonis</i>	139

Introduction	140
Building a strategy and the challenge of implementation	141
Capacity building and fiscal decentralisation	145
Promoting participative democracy at the local level	147
Linking local democracy and cross-border co-operation	149
Conclusion	151
Notes	152
Chapter 7. Participatory Democracy: From Ideals to Realities – the Lessons from Three Localities in Croatia	
<i>By Irena Đokic, Nenad Starc and Paul Stubbs</i>	155
Old practices: alive and kicking	156
Dealing with the inflow of resources	159
New contexts, new initiatives	160
An interim report card	166
Notes	172
References	172
Chapter 8. Mobilising the Population for Maximum Impact: UNDP's Experience in Albania	
<i>By Kalyan Pandey</i>	175
Introduction	176
The conceptual package of Social Mobilisation	177
Basic approach to Social Mobilisation	180
How can social mobilisation efforts help local governance and development?	180
A case study: a local development initiative supported by the Community Mobilisation Process	183
Conclusion	189
Chapter 9. Institutions, Governance and the Development of Entrepreneurship in Central and Eastern Europe	
<i>By David Smallbone</i>	191
Introduction	192
Entrepreneurship and government policy	193
Transitional environments with major institutional deficiencies ..	195
Institutions and SME development in accession States	199
Some governance issues	202
Conclusions and key policy issues	209
Notes	211
References	212
Chapter 10. The Experience of Public-private Partnerships in Financing Entrepreneurship in Eastern Germany and Poland	
<i>By Holger Kuhle</i>	215

Introduction	216
Local policy and credit provision for SMEs	216
Reducing the risk for private sector investments – the case of a Polish guarantee scheme	219
Using public sector funds – a micro credit scheme in Germany ...	222
Innovative financing models	224
Conclusion	226
Notes	228
Chapter 11. Community Development Banking to Foster Entrepreneurship: A Comparison between Experiments in Hungary and Poland	
By Željko Šević	231
Introduction	232
The entrepreneur and the SME	234
Rethinking the role of the state in promoting sustainable growth .	238
Different models for financing SMEs	244
Conclusion: Perspectives for financing social capital	250
References	253
Chapter 12. Tackling the Problem of Inadequate Financing for Local Development: The Case of Croatia	
By Dubravka Jurlina Alibegović	257
Present model of financing of local self-government units	258
Sources for financing local development projects	263
Limitations at local level in financing local development projects .	271
Recommendations for improving the financing of local development	272
Notes	275
References	276
Chapter 13. Fostering Local Development in Bulgaria: The Need of Fiscal Decentralisation	
By Desislava Stoilova	277
Introduction	278
Fiscal decentralisation and local governance	278
Local own-source revenues	281
Intergovernmental transfer system: Financial dependence of local governments	283
Municipal borrowing and local investment financing	287
Conclusions and issues for consideration	290
Notes	291
References	291
Chapter 14. Fiscal Autonomy and the Incentives to Stimulate Business Growth and Efficient Public Goods Provision: The Case of Belarus	
By Irina Kolesnikova	293

Introduction	294
Fiscal relations across government levels	295
The impact of fiscal incentives on business growth and the efficiency of provision of public goods	297
Conclusion	301
References	301
<i>Annex. About the Authors</i>	303

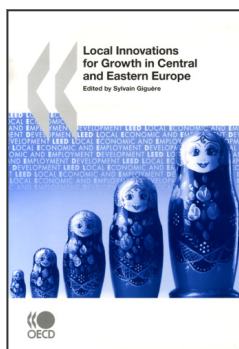
List of tables

6.1. Administrative organisation of SEE countries	142
6.2. Local and general government budgets	146
8.1. Financing the MDG targets	187
12.1. Local and regional self-governments' taxes	259
12.2. Distribution of shared taxes	260
12.3. Additional share of income tax for decentralised functions	261
12.4. Total revenues and grants of sub-national budgets	262
12.5. Sub-national budget expenditures, by economic classification ...	262
14.1. Indicators of fiscal decentralisation in Belarus	297
14.2. Composition of expenditures and revenues of an average locality's budget	298
14.3. Outcomes of public goods provision and new business formation	299
14.4. Pair-wise correlation coefficients	300

List of figures

4.1. The regional development partnerships structure as proposed in the new Law	106
5.1. Inter-sector partnership model	123
6.1. Fields of local governmental assistance in Stability Pact beneficiary countries (2003)	145
8.1. The CBO process	180
8.2. Programme coverage (villages)	185
8.3. Number and type of CBOs	185
8.4. Concentration of MCG projects	187
10.1. Advantages of a fund model	226
13.1. Bulgaria: Basic macroeconomic and budgetary indicators	280
13.2. Municipal revenue assignment (% of total local revenues)	280
13.3. Rates of local taxes and fees proceeds increase in comparison with local budgets increase	282
13.4. Local fees structure in FY 2004	282
13.5. Intergovernmental transfer system	285

13.6. Intergovernmental transfer structure	285
13.7. Additionally allocated subsidies	286
13.8. Local investments relative share in municipal budgets	287
13.9. Sources for local investment financing	288
13.10. Public sector debt indicators	289



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