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Curing and Preventing Corruption in Local Governments

Applying Practical and Strategic Anti-Corruption Methodology in the Local Government of Zenica



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The Mayor has the floor!

In March 2012 the Local Government of Zenica applied to participate in the project "Cities without Corruption – Cities with Future" responding to an open call by the World Bank Institute and FPDL targeting local governments in Bosnia and Herzegovina. In this call local governments got an opportunity to improve their activities and services through innovative and practical approach for curing and preventing vulnerability to corruption, and beyond that increase their transparency, accountability and efficiency.

When considering to apply we had in mind that we are an open and entrepreneurial local community where the local government has the role to build infrastructure and ensure conditions for economic development, improved quality of life, quick response to feasible business proposals by investors and flexibility in searching for mutually acceptable and useful solutions. Our municipality has in recent years implemented strategic and important projects, which has been our main challenge.

Analyzing the methodology of this project we understood that it gives us the tools, formula and models, which can be adapted to our own circumstances and needs. We got the opportunity to receive expert assistance by anticorruption practitioner to develop Anticorruption Strategic Plan, which suits our needs and conditions. Applying for the participation in the project we expressed our readiness to acknowledge that we have a problem and commit ourselves to start a dialog on corruption. What is important to us is that the public understands that we are a local government ready to start a dialog with citizens on all types of problems searching together for good solutions. We want to improve the image of our local government, strengthen the capacity of our organization and its efficiency, include all our employees in the anticorruption efforts and above all to be a learning organization.

In this project our local government, including public enterprises and public institutions, went through the process of diagnosing the vulnerability to corruption through several activities. The results of the analysis has revealed the areas in which we need to undertake a number of measures so as to reduce and prevent vulnerability to corruption. We have formed teams with the task to elaborate strategic solutions and concrete anticorruption measures with focus on increasing efficiency, improving quality of services, enhancing transparency and accountability, reducing discretion powers and motivating our employees. The result of all these activities is Anticorruption Strategic and Action Plan for Curing and Preventing Corruption in the Local Government of Zenica 2013-2016.

This change process has been useful for us in many ways. We have started a dialog on corruption and created commitment and an environment for further work on this important issue. We have initiated organizational reform aimed at changing our way of work through strengthening the system and curbing corruption. This includes increased transparency through better access to information and e-governance, clear accountability and limited discretion powers of public officials, simplifying procedures, better communication and coordination of our departments, strengthening of professional and ethical values and human resources, increased influence by citizens on our work, better efficiency etc.

We are creating an environment providing instruments to which people will adapt and developing a depersonalized system by raising the level of transparency and efficiency, which will increase citizens' trust in us. In this moment it is crucial to continue implementing defined anticorruption measures so as keep the level of staff motivation and quite soon deliver visible results to the citizens.

I believe that this process will lead to desired changes. Of course, the process needs to be tested in the reality.

Husejin Smajlović Mayor of Zenica

Successes

I have appreciated that this project offers tools, formula and model, which we can adapt to our own circumstances, that we can make our own analysis and elaborate a plan which suits our needs.



Mayor of Zenica

I think that just by starting to talk about this problem we have achieved an effect. We were all aware of corruption, more or less, and that it existed everywhere, but we started to treat it as something normal, which has to be that way for us as a country in transition. Now when we have located the problem, and see it as a problem, and work on its elimination we have already achieved effect.

> Semira Karić, Director of Urban Planning Department

What Did We Achieve?

The following key results have been achieved in the change process applied in the Local Government of Zenica:





Change Process

This workshop has shown us a different approach than the one we had. Eventually, we have eliminated negative thinking and resistance towards this work, which I have to admit was there at the start when we asked ourselves 'Why do we need this?

Senada Dedić, Director of Department for Common Services

I have confirmed my faith in the potential and will of people to get involved, to want and to be ready for change, to be able to deal with change, to actively participate and to want to learn.

> Semira Karić, Director of Urban Planning Department

Anti-Corruption Methodology

Addressing corruption is a priority for many countries and international donors and for good reasons. Corruption is directly linked with poverty and poor economic conditions, generates deep social inequalities and creates dysfunctional societies, in which citizens do not trust, nor respect, their public authorities and leaders.

We have developed a successful anticorruption methodology for galvanizing improvements in local governments by addressing corruption in a practical and strategic way. It focuses on the internal process of change, providing necessary tools and instruments for making change happen, with the active participation of those concerned. This anticorruption methodology gained international recognition in 2011 when the UN Committee of Public Administration Experts selected the local governments of Martin/Slovakia and Craiova/Romania to receive the *UN Public Service Award* after applying it.

In our anticorruption work people are the most basic and significant resource. It is our experience that public officials when involved in a meaningful way are willing to participate in identifying systemic weaknesses that cause corruption to happen and have necessary knowledge and skills to propose the best solutions to cure and prevent systemic corruption.



As corruption tends to develop and grow in multiple and complex regulations with ample and non-transparent discretion, high monopoly and low accountability and transparency our methodology focuses on systematic corruption, rather than on individual law-breakers, and stresses preventive measures rather than merely moral preaching. Following this, in elaborating solutions we focus on reducing monopoly and discretion powers, increasing accountability and transparency, introducing effective control and penalties, as well as improving incentives and organizational culture.

Indeed we witness that many public officials win their mandates on anticorruption electoral platforms and many public managers/civil servants are concerned about corruption. But most of them fail to address it effectively because their strategies include exclusively imposing more controls, more regulations, more intimidation and fear of punishment, hunting isolated corrupt individuals or focusing too much on enforcing codes of ethics.

We propose to these public leaders and managers a new approach, a rational/ strategic methodology, based on which they can identify and treat with priority the most dangerous forms of corruption, can focus on changing not (only) corrupt individuals but the public policies and organizational systems that breed corruption, can "break the taboo" and start talking openly about corruption and its dangerous effects, involving in the process of change staff as well as outside affected stakeholders. We propose that they act as institutional reformers rather than judges or prosecutors.

Simply, we facilitate institutional reform that brings lasting improvements in local governments!

Our Approach is Participatory and Strategic

Curing and preventing corruption implies deeper understanding of how system allows corruption to take place and is about facilitating change in implementing best solutions. Our approach focuses on the organization's vulnerability to corruption and goes beyond addressing corruption by enhancing local governments' integrity, transparency and accountability, main principles of sustainable urban development. It implies a participatory and strategic process conducted inside local governments:

Participatory means that the public leaders/managers and staff, as well as outside stakeholders drives the change process from the beginning to the end with the support of skilled anticorruption practitioner. In all phases of the change process the stakeholders are actively encouraged to provide inputs and to reflect on whether the process is moving in the desired direction. Most significantly, internal as well as external stakeholders are fully involved in diagnosing the

situation and providing best solutions.

Strategic means that we follow all the steps of the strategic planning process from diagnosis to solution elaboration and implementation. This includes defining Anticorruption strategy and outlining detailed anticorruption measures in an action plan with specified timeframe, responsibility, baseline indicators, success indicators, required resources and monitoring and evaluation mechanisms.

Process Steps

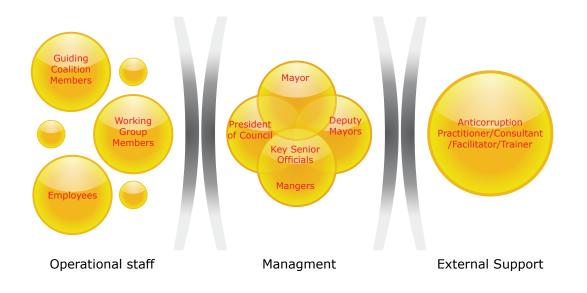
The image below presents the process of applying anti-corruption methodology and its steps and activities implemented throughout the change process in the local government of Zenica.



Main Actors Involved

The process change implemented in the Local Government of Zenica involved internal as well as external stakeholders. From inside more than 500 persons from 12 Municipal Departments, 10 Public Enterprises, 6 Public Institutions and Municipal Council took part in different project activities. The specific target groups were public leaders/mangers recognizing their crucial role in supporting and implementing change.

We have consulted external stakeholders such as business sector representatives and local non-governmental organizations incorporating their views and proposals into final Anticorruption Strategic and Action Plan.



Getting Started!

The most important thing is to create a good environment, to which people will adjust. This will make it easier to work.

Husejin Smajlović, Mayor of Zenica



Cooperation Agreement Signed



On 25 May 2012 a Cooperation Agreement was singed between Local Government of Zenica represented by the Mayor Mr Husejin Smajlovic and Proffs Consulting&Training. represented by its Director and Anti-Corruption Practitioner Emina

Abrahamsdotter. The Cooperation Agreement elaborates tasks and responsibilities of each party throughout the process to be implemented.

As an integral part of the Cooperation Agreement a detailed Work Plan was outlined with concrete activities and timeframe. Its main parts are:

- Desk review of relevant strategic documents
- Getting to know the internal organization
- General and In-Depth diagnosis
- Organizational capacity building
- Solution elaboration
- Regional networking and knowledge sharing

Establishing Guiding Coalition

At the start of the planning process a Guiding Coalition was established consisting of qualified key senior officials to be trusted and are willing to work hard throughout the long and difficult process of the challenge of curbing and preventing corruption in the Local Government of Zenica. These persons have sufficient power, influence and knowledge to carry out a change inside the organization.

Participatory Diagnosis

I like the methodology applied in this education, the way we worked. We have recognized that there are vulnerabilities to corruption, and we now slowly go towards removing the causes, which lead to the solution of the problems that we have.



Azira Kadić, Lawyer in LG Zenica

It is very important that we have started to talk about it at all. On the other side, it is also important that we talk about it in an organized manner, in which local government of Zenica voluntarily committed itself to open up this issue.

> Hazbo Ličina, Director of Department for Public Property



High Level Dialog on Corruption

As defined by Harvard professor Robert Klitgaard corruption is "The misuse of The public mangers and key senior officials in the Local Government of Zenica opened on 12 June 2012 a two-day dialog on curing and preventing corruption in their organization.

The objective was to deepen the understanding of innovative and strategic anticorruption methodology and the main theoretical concepts and models on which it relies, get a common insight into the situation in the organization and agree on the upcoming steps in the changes process and the mangers' responsibility in it.

Mayor Husejin Smajlovic, whose commitment and dedication were crucial in the process, officially opened the workshop. In his keynote address he underscored and commended World Bank Institute for its support and cooperation in the fight against corruption. He reiterated the importance of effectively addressing the issue of systemic corruption as it undermines quality of service delivery distorts competitions among business ventures and brings inequality and poverty. He strongly encouraged all present to commit collectively as the only way to fight corruption.

VISION STATEMENT OF THE LOCAL GOVERNMENT OF ZENICA

Local Government of Zenica promotes core values of rule of law, social justice, non-discrimintion and heatlhy environemnt. We are a transperent, serviceminded and open organization towards all citizens. We promote and stimulate innovations, creativity and citizens' engagement, life-long learning, and support entrepreneurship and economic activities that create new jobs. We invest into professional development of our staff and nourish the culture of dialog, accountability and mutual respect in the work place.

In the Workshop the participants imagined Desired Future and formulated a vision for their organization.

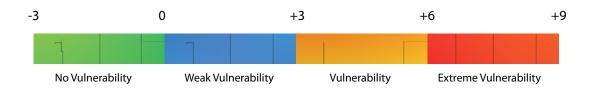
Assessing Corruption

Applying participatory diagnosis creates an environment in which people can openly and analytically discuss corruption without fear of reprisal. The analytical framework we use help us to demystify corruption and enable public servants to understand that corruption usually happens in deficient systems and is not caused by cultural traits or bad people.

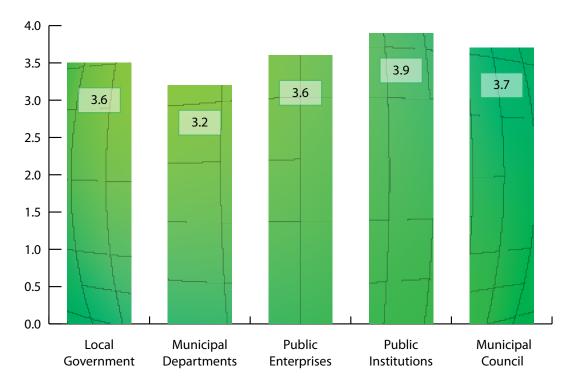
We carried out General Diagnosis aimed at assessing vulnerability to corruption by conducting a survey among all employees and elected officials in the Local Government of Zenica. We focused on assessing vulnerability to corruption for a total of 38 activities/services provided by the local government to citizens in six main areas:

- Public procurement of goods and services
- Public services management
- Public property management
- Control and inspection
- Human Resource Management
- Licenses and permits issuing

542 questionnaires were completed. All activities/services were assessed to be vulnerable to corruption having a vulnerability to corruption indicator higher than three.



The average indicator for the entire local government of Zenica was 3,6. The situation in the different parts of the local government and Municipal Council looks as follows:



Vulnerability to corruption Local government of Zenica

Closer analysis revealed that 18 activities/services had an vulnerable to corruption indicator ranging from 3.1 to 3.4, while the remaining 20 activities/services have and indicator ranging from 3.5 to 3.9. After completing General Diagnosis we have formed six working groups consisting of 33 dedicated persons.

Identifying Causes to Corruption

In order to understand what causes corruption to happen we carried out In-Depth Diagnosis, which helped us to gain a deeper picture. This part of diagnosis included survey with working group members formed for each vulnerable to corruption area, desk review and face-to-face interviews.

Identified causes are either internal or controlled by the organization and external, beyond its direct reach. Some of them are more general, while others are rather specific.

Main general causes, internal and external, look as follows:

	Causes linked to procedures and legislation	Causes linked to organization- al capacity and culture	Causes linked to individual morality
Internal causes	 Failure to respect laws Ineffectiveness of laws Legal ambiguities Complicated and lengthy procedures Lack of control system Lack of system of sanctions High level of discretion 	 Motivation Lack of knowl-edge Unprofession-alism Favoring individuals Lack of will and awareness Lack of transparency Organizational culture Failure to undertake measures Lack of access to information by the public 	 Greed Material benefits Personal benefits Low individual moral

External causes	 Poverty Difficult economic situation Political considerations General climate in the society Low number of entrepreneurs in the market Inactive local NGOs
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Specific causes in different vulnerable to corruption areas are:

Area	Causes Linked to the Area
Public Procurement	 Monopoly over the formulation of specifications and control of contract implementation by the same persons Intentionally formulating tenders in an unprofessional manner Monopoly by the commission members responsible for tender formulations Non-discloser of certain tenders in public advertisements Badly created evaluation commissions Publishing tenders in newspapers that do not sell well Unclear specific provisions in the Law on public procurement Unclear, imprecise and poorly prepared contract Inadequate control of contract implementation
Control and Inspections	 Insufficient expertise in monitoring Appointment of persons lacking expertise in supervision Insufficient number of inspectors Inactivity of inspections
Public Property	 Lack of complete register of public property Lack of updated cadaster of public property Lack of unified data base for all property Chaotic state of affairs in the cadaster
Human Resource Management	 Evaluation of performance in work is not systematically arranged Undefined monitoring of performance of employees at work Lack of procedures and criteria Lack of system for promotion Deliberately formulated vacancy to fit for a specific person

The Voice of the Business Community

Corruption, when accompanied by weak rule of law and complex bureaucratic procedures create and business-unfriendly environment, resulting in low and slow

local economic development. It was important for us to know how business sector representatives see the issue of corruption in relation to the services provided by the Local Government of Zenica.

The experience of the business community representatives primarily had remarks about the following issues:

- Poor transparency, including access to information, clarity of information, complete information and decision-making process
- Lack of professionalism related to how public servants treat clients
- Discrimination, unequal treatment of clients mainly through nepotism and violating order
- Lack of efficiency including timely decision-making, lengthy procedures and high costs
- High discretion characterized with arbitrariness and unprofessional behavior
- Lack of service-orientedness, encompassing poor quality of service delivery and lack of service-minded behavior by public servants
- Lack of organizational capacity including poor organization of internal work and lack of internal cooperation and communication between different units of local government
- Bureaucracy involving lengthy and complicated administrative procedures.

When asked what they would suggest as solutions the business community representatives responded as follows:

- Transparency should be increased by improving access to information through municipal web portal, introducing e-services wherever possible and one information desk for the entire local government.
- Investment-friendly environment should be improved through support and services provided to business community.
- Reward and penalty system should be introduced for professional excellence, or lack of it among the public servants.
- Accountability should be clear in law enforcement and in relation between agent and principle.
- Bureaucracy including administrative procedures should be reduced and simplified and practical approach to problem solving applied.
- Organizational capacity should be strengthened so as to increase public servants' professionalism, expertise, service-minded behavior and motivation.
- Citizens' participation through improved cooperation between local government and citizens.

Organizational Capacity-Building

Motivation is the art of getting people to do what you want them to do because they want to do it.

Dwight D. Eisenhower

Leaders establish the vision for the future and set the strategy for getting there; they cause change. They motivate and inspire others to go in the right direction and they, along with everyone else, sacrifice to get there.

John Kotter



Understanding Staff Motivation

In order to gain an insight on motivation, transparency and effectiveness among public employees in the Local Government of Zenica we conducted a survey among 1045 employees or 55%. Here are some of the answers:

What motivates you?

- stability and security in employment
- professional satisfaction
- possibility to secure decent life

What demotivates you?

- stress
- work is not rewarded fairly, pay is not determined fairly
- Iow pay
- the image we have in the public

What challenges do you face in your everyday work?

- relations with colleagues from my own department and other departments
- relations with the public
- relation with the boss

What would you propose to increase motivation?

- better pay
- performance based appreciation of work done
- fair working conditions
- stimulation system

Strengthening Leadership Skills

Curing and preventing corruption requires motivated staff which will have sufficient will and skills to work on the issue of corruption. The results of the In-Depth Diagnosis have shown that motivation in the Local Government of Zenica is a frequent cause to vulnerability to corruption.

Without motivted people there will be no effective implemenation of the Anticorruption Strategic and Action Plan, and professional developmen of staff may be a good strategy for increasing motivation through leadership excellence. Following this we have organized a two-day training for leaders and mangers Staff Development aimed at strengthening their skills for good leadership, which includes that leaders share their knowledge with others, teach their employees different skills and simulate their development.

Formulating Projects and Accessing Funds

For the purpose of capacity building we plan to organize a training on how to develop and mange projects as well as how to mobilize required resources. This training will take place in November 2013.

The acquired knowledge will be applied practically in developing two project ideas from the Anticorruption Strategic and Action Plan.



From Commitment to Action

Interactive work with both theory and practice is an opportunity to create a good document and elaborate best solutions.

Selver Keleštura, Municipal Secretary



Developing Anticorruption Strategic and Action Plan

In the Anticorruption Strategic and Action Plan 2013-2016 we have focused on achieving the following four strategic objectives in order to reduce systemic vulnerability to corruption:

- Reduce discretion powers in the decision-making process and ensure equal treatment of clients in the vulnerable to corruption activity/servicey delivery.
- Increase accountability and transparency of agent's work toward clients (citizens, companies) and toward principles clients in the vulnerable to corruption activity/servicey delivery.
- Setablish mechanisms to prevent and limit the possibility of misuse of the position for personal gains by increasing losses and the probability to be caught for corrupt actions in the respective vulnerable to corruption activity/servicey delivery.
- Inrodcue incentives for hones and efficient work and performances in the vulnerable to corruption activity/servicey delivery.

In order to achieve these formulated strategic objectives we have elaborated strategies that will guide the implementation process:

Public Procurement

- Establish effective pubic procurement planning and monitoring system
- Define how needs in the area of public procurement are assessed
- Simplfy and shorten administrative procedures and rules in the prublic procurement process
- Ensure that decisions are taken with high level of accountability
- Establish independent monitoring body for continuous internal and external control of public procurement procedures
- Continious professional development of public procurement officers
- > Define financial fee to the members of Public Procurement Commission
- > Define Terms of Reference with clear criteria to be assessed
- Elaborate Guide for conducing public procurement with all its phases
- Inform the public about rules and procedures related to public procurement
- Ensure access to specific technical expertise when needed
- Establish effective control of elaboration of Terms of Reference
- Establish internal control of Public Procurement Commission
- Improve transparency in the process of launching public calls
- > Define pricasely wher, when and how long to keep the call published
- Establish a system of penalties in case corruption happens
- Ensure monitoring of new way of publishing public calls

- Improve transparency in the process of executing contracts
- Introduce penalties when in case of contract breach
- Define how to act when circumstances arise which require post-contract work
- Establish effective monitoring of executing contracts
- Introduce a basic rule that changes in the contract after signing it are not permitted

Control and Inspections

- Increase access to information about how contructions inspection works
- Regularly publish the results of work done by contructions inspection (number of controls, confiscated goods, demolition of illegally constructed buildings)
- Involving inspection in more complex cases when issuing urban-technical conditions
- Encourage citizens to report irregularities
- Improved enforcement o legal rules in the area of inspections
- Improved connection and coordination between Department for Urban Planning and Inspections
- Greater internal control of inspectors
- Introduce special Ethical Code for Inspections (as Federal Ethical Code)
- Introduce integrated inspection work by establishing electronic system which connects all units of inspection department and enables ispecotors to manage their cases electronically
- Encourage internal reporting in case of irregularities (whistle-blowers)
- Improve the status of inspectors though higher pay and additional financial incentives related to performance.
- Improve inspectors' working conditions through better equipment, more staff, better vihacles, interior repairs, better security etc.

Issuing Permits and Licences

- Increase quality of governance through electronic case management, defining of internal deadlines for different steps in the procedure
- Ensure simple access to information through the presentation of information on procedures and development of informatino materials
- Ensure acces to public services through introductino of e-services
- Establish feedback mechanisms by clients
- Simplyfy rules and procedures
- Improve internal communication and cooridination
- Raise awareness on ethical and professional behaviour in public service
- Develop mechanisms for whistle-blowers
- Establish effective systemic coordination with other relevant institutions

such as Police, Registration Agency, Municipal Court, Employment Office, Tax Administration, Center for Social Work etc.

Public Service Management

- Introduce System 48 for handling requests by clients within 48 hours
- Present rules, procedures, prices, debts (login based) on the website of the public enterprise Water and Sewage
- Reduce the number of clients coming to get their debt cards
- Introduce individual electronic water gauge
- Introduce e-services on the website
- Develop guides and brochures with information about rules, procedures, terms of conditions how to get water connection

Public Property Management

- Present rules, procedures, rights and obligations related to sublease of municipal property
- Define criteria and procedures for sublease
- Conduct revision of the document on how municipal property is leased and subleased
- Introduce continuous control of sublease by Department for Economic Relations

Human Resource Management

- Incerase transparency of employment rules and procedures in the municipality, public enterprises and public institutions
- Introducing modern methods for selecting the best job applicants
- Informing employees of local government what constitues corrupt behaviour and the rules related to it
- Develop and promote the culture of integrity
- Introduce modern methods for performance monitoring and evaluation
- Establish performance monitoring and evaluation system
- Raise awaraness on ethical and professional behavior among employees
- Establish electronic data base on professional development activities
- Introduce need assessment for professional development
- Incrase transparency of rewarding and promtion of employees
- Define clear crieteria and rules for rewarding and promotion of employees
- Define criteria for scholarships provided to employees by the local government

Political Support

I think that the most important thing is to persevere with implementation of the strategic plan and keep continuity. I also think that it is important to promote and stress the issues of honesty, transparency and openness as a way for the better.



The worst thing that can happen is that the **Strategic** Plan becomes an end in itself and ends up in a drawer.

Nebojiša Nikolić, Chair of the Council



Municipal Council Supports Anti-Corruption Efforts

On 14 February 2013 Municipal Council officially adopted Anti-Corruption Strategic Plan 2013-2016 and the elaborated Anticorruption Action Plan 2013-2016 will be presented to the Council in December 2013.

On 14 February 2013 Municipal Council officially adopted Anti-Corruption Strategic Plan 2013-2016.



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