

**A brief manual to creating and conducting
transformative public policies at the local level
- with the example of the preparation of the
Development Plan of the municipality of Priboj**

as part of the

**Green Rural Deal project:
Sustainable & Smart Transition Strategies for Rural
Municipalities**

This project is part of the European Climate Initiative (EUKI) of the German Federal Ministry for Economic Affairs and Climate Action of Germany (BMWK).



Federal Ministry
for Economic Affairs
and Climate Action



European
Climate Initiative
EUKI



**Wuppertal
Institut**



RES Foundation
Partnerships
for Resilience

**balkan
green**
foundation



LGA
LOCAL GOVERNMENT ASSOCIATION
WESTERN
MACEDONIA

GERMANWATCH

Table of Contents

Introduction	1
A transformative policy	1
Steps in the policy-making process	2
Building blocks of transformative public policy deployed in Priboj	3
Municipality of Priboj Development Plan as a case of a transformative local policy document	4
Preparation and adoption of the Priboj Municipality Development Plan	4
The main features of the Development Plan of the municipality of Priboj	5
The vision of the Municipality of Priboj till 2028 and beyond	7
The Development Plan of the municipality of Priboj – transformative aspects	8
Lessons learned from the project	9
References	10

Introduction

This manual is the result of the work of the project partners led by the expert team of the RES Foundation from Belgrade, within the framework of the project *Green rural deal*. The project is part of the European Climate Initiative (EUKI), supported by Federal Ministry for Economic Affairs and Climate Action of the Federal Republic of Germany (BMWK). The project's objective was to develop local capacities for a transition to a zero-carbon economy in its three **target regions** (Priboj, Kamenica and Western Macedonia) by inviting **core stakeholders in each region** to co-create projects and strategies.

Despite many differences, the target regions face similar challenges such as demographic change in the form of a shrinking and aging population, causing a brain drain affecting their development potential, as well as changes in the political and economic framework conditions that have led to a decline of industrial jobs, a high unemployment and low wages. The general economic decline of the regions will have devastating effects on tax revenues and, indirectly, on the capacities of municipalities in these regions to design future-oriented and sustainable development. In turn, this decreases the willingness to engage in projects and programs that have positive effects only in the long-run and increases the risk that local decision-making aims at short-term benefits. Experience shows that the latter is likely to preserve the status-quo and to channel funds and investments into "more of the same", thus unsustainable high-carbon infrastructures and business models.

The manual is also based on the literature review and the analysis of transformative potential of the public policy process. It embeds the experiences in designing local transformative policies in the municipality of Priboj, with a special focus on the development and the adoption of the Development plan of the municipality of Priboj.

It serves to inspire policy makers to embark on a transformative journey and to reaffirm the necessity to conduct public policy processes in line with the available knowledge and the best practices focusing on stakeholder ownership and participation. At the same time, it raises awareness and informs about the transformative potential of public policies in the context of the green transition. The guide is not only useful to the employees in local administrations but also for a wider local community that are an essential part of the transformative public policy process.

A manual was developed jointly by the project partners¹ to sum up the approach, main lessons learnt and tools. Project partners in target regions can use it both for their own knowledge management, and as a communication tool for further facilitation of similar transformative projects in rural municipalities and regions of their countries. Moreover, the manual includes strategies, instruments and tools that are applicable in other rural European regions.

¹ As part of the activity III 1 of the project

A transformative policy

A policy that integrates a concern for environmental and climate issues like rational use of natural resources, waste production, or decarbonization of the energy sector, as well as socially acceptable levels of economic prosperity and social justice can be considered transformative. (Schot, Boni, Ramirez, Alvial-Palavicino, 2022).

To preserve the public interest, transformative policies should be designed and implemented **in a participatory process that includes a wide range of interested actors and is based on relevant and reliable data**. Participation requires a structure in the form of rules and practices that create an environment where everyone's voice is heard during the policy and decision-making process. This approach allows decision-makers to make informed decisions in the interest of the entire community. A transformative public policy should examine and look for ways in which authorities can more effectively and efficiently cope with uncertainties and handle risks that are outside their sphere of influence for the social, environmental, and economic benefits of the communities.

Also, a transformative public policy is **innovative and ambitious** both in the vision and goals and in the ways in which the proclaimed goals are reached and is grounded in the real needs of the community. As the social and environmental issues increase in their complexity, the solutions and approaches to addressing them through public policies require out-of-the-box thinking and innovative, forward approaches of all the actors including the decision-makers.

Local self-governments have limited human, material, and financial capacities to address current challenges related to the quality of the local environment, climate change, and adaptation to changed climate conditions. The periods of instability characterized by large population migrations, unstable energy markets, inflation, and economic crisis increase centralization that further weaken already insufficient local resources for adequate response. At the same time, the local citizens expect that its local self-government not only keeps providing public services but also addresses the challenges in a strategic and transformative way. This means setting long-term goals that create conditions for human, social, economic, and environmental progress of the local community. The strategic goals need to embed a path of sustainability, ensuring that external factors do not have disruptive influence on long-term development. This implies relying on own resources but also using other external opportunities for cooperation, connection and implementation of activities and projects that contribute to the implementation of the community's vision.

Within the framework of the project, project partners developed a tool for the assessment of transformative projects in rural regions².

² Draft version of the tool was used in the preparation of the Development plan of the municipality of Priboj

Steps in the policy-making process

The widely accepted six-step policy cycle includes the following steps 1) Agenda setting; 2) Policy formulation; 3) Legitimation; 4) Policy implementation; 5) Monitoring and evaluation; and 6) Policy learning (Haddad, Nakić, Bergek, and Hellsmark, 2022). All stages of this process require a collaborative and interactive approach, which implies that research and policy analysis involve different levels of interaction with different stakeholders throughout the process. This process allows for calibration of the policy response grounded in policy learning. However, when faced with a more complex policy such as climate change in the insufficiently developed political and policy context of European integration, a new and innovative thinking to develop intelligent and creative policy alternatives is required. This means that policy and decision-makers need to consider new approaches to bring different actors including the public into a dialogue about creative solutions that can push the traditional boundaries of decision-making and policy implementation. Transformative policies are also guided by the steps outlined in those cycles, but what distinguishes them from traditionally enacted public policies is openness to large social challenges, sustainable and inclusive growth. They address societal problems such as those highlighted in the Paris Agreement and the Sustainable Development Goals, which implies that economic, environmental, and social objectives are interlinked and must be considered jointly and with the same attention.

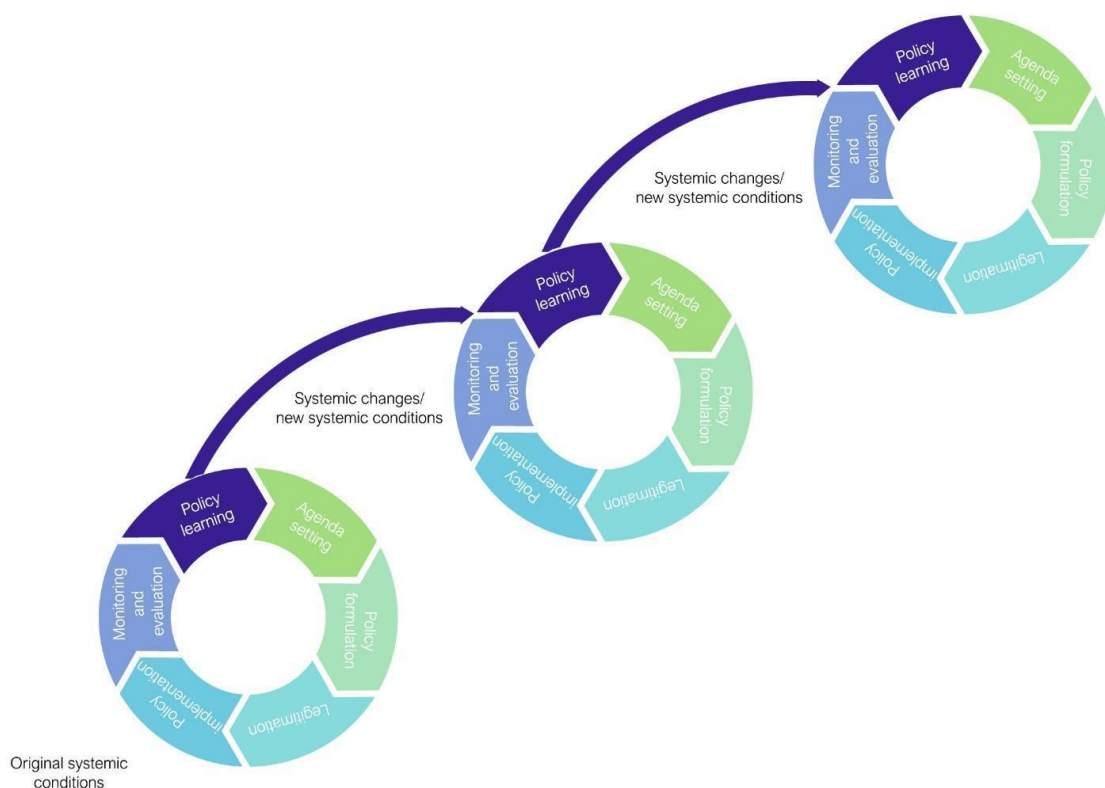


Figure 1 The transformative policies and systemic changes that occur consequently. Source: Based on Albrechts, Barbanente and Monno (2019) and Resende Haddad, Nakić, Bergek, et al (2019)

Building blocks of transformative public policy deployed in Priboj

The municipality of Priboj has a longstanding local strategic intervention in the energy sector that resulted in the decarbonization of the local public heating system in 2022. The process of decarbonizing the local heating system was grounded in the following principles of transformative systemic change:

- Political vision and local leadership
- Community consensus on vision, values, and directions of development
- Development and consolidation of the participation of interested parties and the local community in defining and activating local development policies
- Identification, assessment, and activation of new development opportunities through actions and projects which are carried out in partnership.
- Improving the provision and efficiency of public services and communal activities which are within the scope of roles and responsibilities
- Ensure good management and improved efficiency of the administration
- Piloting policy innovation

Municipality of Priboj Development Plan as a case of a transformative local policy document

Preparation and adoption of the Priboj Municipality Development Plan

In 2018, the Law on the Planning System of the Republic of Serbia was adopted to enable the establishment of an efficient, transparent, coordinated, and realistic planning system at all levels in our country. By setting the hierarchy of planning and other public policy documents, the Law provides a framework for all actors in the planning system to put their strategic reflections on key aspects of sustainable social, economic, and climate policy, regional and spatial development in the context of optimal use of budget funds, administrative capacities, and natural resources.

The preparation of development plan of the municipality of Priboj was developed through the project "Green Rural Deal ", which is part of the European Climate Initiative (EUKI), the Federal Ministry for Economic Affairs and Climate Action of the Federal Republic of Germany (BMWK), and professional support in the design was provided by the RES Foundation from Belgrade.

The process of developing the municipality of Priboj Development Plan was conducted according to the following stages:

- Preparation and organization of the Development Plan development process
- Overview and analysis of the existing situation
- Defining the vision/desired state
- Defining priority goals
- Defining measures

- Defining the framework for implementation, implementation monitoring, reporting, and evaluation of the Development Plan
- Adoption of the Development Plan by the Priboj Municipal Assembly.

The process began with the preparation and organization phase. The Decision to start work on developing the Priboj Municipality Development Plan for the period from 2022 to 2028 was taken by the Municipal Council at the session held on April 22, 2021. The decision defined that when creating the Development Plan, the goals of sustainable development are taken into account, including environmental protection, combating climate change, mitigating the effects of climate change, adapting to climate change and preventing excessive use of natural resources, taking care to enable the realization of individual legal and other interests of all interested parties and target groups, while simultaneously protecting the public interest. The decision also determined the content, structure, and mandatory elements that the Plan should contain, then the process of development by stages.

The Municipal Council took the decision on the formation of a coordination body for the preparation and monitoring of the implementation of the Development plan of the municipality of Priboj for the period from 2022 to 2028 and thematic working groups was made at the session of the Municipal Council held on June 11, 2021. The three working groups were established:

- Working group for sustainable economic development
- Working group for social development and social protection
- Working group for infrastructure, spatial development, and environmental protection.

The initial meetings of the thematic working groups to determine the initial situation were held on June 16 and 17, 2021. They identified the most significant challenges and directions for the development of Priboj in the next 8 years. They primarily relate to the further development and improvement of infrastructure and energy transition, negative demographic trends, and potentials in the field of tourism, forestry, and rural development. In the phase of the review and analysis of the existing situation, the working groups worked intensively on data collection and systematization of relevant national and local documents needed to establish the baseline. The meetings were attended by representatives of the municipal administration of Priboj, educational and cultural institutions, public companies, and the civil sector.

Proposals for the vision and priority goals were determined in the meetings of thematic working groups that were held on December 6, 2021. The discussion revolved around the comparative advantages of Priboj. They include the possibilities to further develop rural tourism based on sustainable and environmental protection principles and the integration of thermal springs into the tourist offer and provision of new sources of renewable energy. The biggest identified challenge is the outflow of young people from Priboj. The response requires the development of a targeted investment framework and the development of the free zone. These would spur sustainable economic growth and further position Priboj as a green leader in the region that promotes a clean, ecologically sound environment with the

fossil fuels phase-out by 2030. The working groups discussed and adopted the proposals at the meeting held on December 7, 2021, at the Regional Innovation Start-up Center Priboj.

Public discussion on the proposal for the Development Plan of the municipality of Priboj for the period 2022-2028 was conducted in the period 13-27. December 2021. The document was posted on the internet presentation of the municipality of Priboj and opened for comments and suggestions for its improvement. The Development Plan of the Municipality of Priboj for the period 2022-2028 was adopted by the Priboj Municipality Assembly at the session held on December 27, 2021.

[The main features of the Development Plan of the municipality of Priboj](#)

The transformative character of this public policy document can be seen in the way priority measures (development directions) and priority goals are defined. Priority goals are a key element for solving the main community issues identified through the situational analysis and discussions in the working groups through which the implementation of the Development Plan is achieved and the vision realized. The Priboj Development plan has 14 priority goals, classified within the four development directions, which emphasize the most important development aspects in the coming period.

Development direction 1. Development of green urban and rural infrastructure on the principles of economic sustainability, availability, and affordability for all

- 1.1. Improving water management including water supply, wastewater collection and treatment, surface and groundwater protection, and water protection
- 1.2. Energy transition, improvement of air protection, and provision of clean and healthy air
- 1.3. Improvement of municipal waste management
- 1.4. Improving sustainable urban mobility

Development direction 2. Development of the local economy based on increased investments, innovations, and principles of sustainable and socially and ecologically/climate-friendly business

- 2.1. Improving the business environment and investment conditions
- 2.2. Development of tourist infrastructure and cultural content and offers
- 2.3. Improving the management of the forest fund and improving the use of biomass
- 2.4. Creating conditions for the development of agriculture

Development direction 3. Social development based on the improvement of social infrastructure and social capital, inclusion, and creation of opportunities for young people

- 3.1. Creating conditions for youth to stay and improving youth entrepreneurship
- 3.2. Establishing and developing a network of institutional and non-institutional local social services and improving the position and quality of life of citizens from the most vulnerable categories

- 3.3. Creating conditions for a healthy upbringing and quality upbringing and education
- 3.4. Integration of the principle of gender equality in all forms of life and work following domestic and international legal acts

Development direction 4. Develop public administration and smart public services based on digitization and the concept of a smart city with citizens at the center

- 4.1. Digitization and establishment of open administration
- 4.2. Improving data management, opening data, and implementing "Smart City" solutions

All priority goals are further developed through measures that represent a set of key activities that will be undertaken to achieve the goals. The measures were identified through discussion within working groups, some were recognized and taken from other documents and plans, such as the Capital Investment Plan or the Social Protection Development Strategy of the Municipality of Priboj 2020 - 2025.

[The vision of the Municipality of Priboj till 2028 and beyond](#)

The vision embedded in the municipality of Priboj Development Plan consists of four interconnected pillars that place citizens in the center of the development. This vision is based on the baseline analysis of the municipality of Priboj that includes insights from public policy documents, planning documents, surveys, interviews, and consultations with citizens and representatives of the public, civil and economic sectors.

Pillar 1. Healthy, satisfied, and fulfilled citizens

The current and future generations of Priboj residents are proud of their municipality because they have a clear perspective, opportunities to lead a healthy, dignified, and fulfilling life, but also the opportunity to give back to the community with their knowledge and commitment and in this way it may still be more prosperous.

Pillar 2. Improved state of the environment

Living in a healthy environment should not be a privilege, but a human right, which means that everyone has the right to live a healthy life in a clean and sustainable environment. A preserved environment is a prerequisite for the prosperity of the community and people because it creates economic opportunities, a healthy environment for a healthy life of people, and the richness and diversity of flora and fauna. Dealing with the environment and climate protection must not be experienced and presented as an economic cost, but as an investment in the future, for the sake of current and future generations. Investing in environmental protection can bring very tangible benefits for the community and the local economy in a shorter period than what is commonly perceived.

Pillar 3. Preserved cultural heritage (a rich cultural heritage provides a realistic basis for the development of tourism)

The municipality of Priboj is a multinational and multi-confessional community rich in cultural and historical heritage. Much like the natural environment, cultural heritage is part of the environment, that is, it makes for preconditions in which Priboj developed in the past and will continue to develop, and therefore represents an important determinant for both social and economic development.

Pillar 4. Leadership

Priboj and its citizens want to show that it is possible for a small community, which in the recent past was plagued by economic, social, and environmental problems, which is not located at the crossroads of economic roads, which is peripheral and far from larger urban centers, can, using internal strengths and own creativity, decentralization, modern management methods, innovation, and digitalization, but also with cooperation on a regional, national and international level, change negative trends and become a leader and an example of prosperity for other local governments in the surrounding area, Serbia, but also on a much broader level. This value pillar is closely intertwined with the other three and is key to initiating changes and achieving the goals and vision given in the Development Plan. Leadership implies the achievement of political and broader social consensus on important issues that are resolved by the Plan, as well as leading the process within local government. Continuous communication and cooperation of actors at the local level are key for all of the above, and the leadership and the local government itself bear the greatest responsibility for this.

Based on the aforementioned value pillars, the forward-looking vision of the municipality of Priboj till 2028 is articulated as follows:

Priboj is a green, carbon-neutral, ecological and healthy municipality, which is and will increasingly be a regional leader in the future, an innovative and sustainable community of healthy, satisfied, and accomplished citizens, ready to invest their knowledge and social capital in improving the environment, local economy, development of agriculture, tourism and preservation of cultural and historical heritage.

[The Development Plan of the municipality of Priboj – transformative aspects](#)

The transformative aspects identified in the Development Plan of the Municipality of Priboj reflect the long-term vision and the proposed measures for reaching it. The long-term vision was developed through a participatory and inclusive process organized by the local administration and including diverse stakeholders such as the civil society sector. Conducting a consultative process with the participation of a wide range of interested actors, which took place through the activity of working groups during the preparation of the Development Plan, has remained a practice and now serves decision-makers when considering important issues for the local community. Among other things, this led to a better connection of actors from different interest groups and an understanding of the needs and problems they face.

During and after the process of preparation and adoption of the Development Plan all stakeholders embraced the importance of a broad social consensus around the key issues relevant for the community development. This change has mainstreamed in other planning processes following the adoption of the Development Plan. Building a broad social consensus through consultations and involvement of interested actors with diverse standpoints continue to be practiced in the preparation of the action plan and implementation measures.

The adopted vision considers the social dimension of the development and emphasizes the green transition and fossil fuels phase-out of the Municipality of Priboj. This development builds on the longstanding local strategic interventions in the energy sector that resulted in the decarbonization of the local public heating system. The process of decarbonizing the local heating system included a multistakeholder coordination and partnership from different levels such as international financial institutions, national level government, international development agencies and civil society. The whole, decade-long process was led by local leadership.

Lessons learned from the project

- **Transformative policy should be bottom-up oriented, while the higher level should provide an enabling framework.**
- **The local leadership needs to arrive at a clear long-term transformative vision and engage in local consensus building for necessary changes.**
- **Local leadership should drive the change and its implementation in line with the needs of their citizens and different local actors.**
- **Transformative policy approach at the local level should be used to deliver not only economic development but also contribute to societal and environmental goals.**
- **It is important to use a wide range of public consultation methods including face to face interactions, field and household visits as well as digital technologies to ensure a wide participation and inclusion.**
- **It is critical to use external opportunities beyond the local and national level for learning, partnership, cooperation, and implementation of activities and projects that contribute to the achievement of the local vision.**
- **Green procurement, new technologies, or social innovation should be used in the implementation of transformative policies.**

References

- Carolina R. Haddad, Valentina Nakić, Anna Bergek HansHellsmark (2022). Transformative innovation policy: A systematic review. Environmental Innovation and Societal Transitions, Volume 43, June 2022, Pages 14-40
- Johan Schot, Alejandra Boni, Matias Ramirez, Carla Alvial-Palavicino. Transformative Innovation Policy & Social Innovation
- Resende Haddad, C., Nakic, V., Bergek, A. et al (2019). The policymaking process of transformative innovation policy: a systematic review. Proceedings of the 4th International Conference on Public Policy (ICPP4)
- Louis Albrechts, Angela Barbanente, Valeria Monno (2019). Practicing transformative planning: the territory-landscape plan as a catalyst for change.
- Examples of transformative solutions
http://www.highendsolutions.eu/page/transformative_solutions
- Development plan of the municipality of Priboj for the period 2022-2028