

Training of tailors in Veliki Trnovac.

This subproject is managed by an Albanian NGO. Some of the trainees now earn a living as tailors. In some cases they are the only persons in their household with an income.

The Programme clearly has a potential for enterprise facilitation although it is not staffed to provide this. As mentioned in Chapter 2, Programme Context, accelerated economic development is a critical factor for the further development of the peace process.

Component 4: Social Rehabilitation Component

Objective: participation in and promotion of activities which promote the rule of law, awareness of human rights and responsibilities, social cohesion and confidence building increased.

Assess the sustainability of the SSMIRP sub-projects including an assessment of the overall participation of the local community in subproject identification and formulation and the degree to which their design has taken account of absorption capacities by the local community

Assess the degree to which the SSMIRP affect: (1) the immediate target beneficiaries – rural and urban poor unemployed, IDPs and refugees, youth and ex-combatants, social vulnerable groups, women and minorities within these categories, local government and municipal employees, local NGOs and (2) the population at large within the municipalities in which these programmes are implemented

Field visits supported by discussions with key stakeholders have documented the participatory and inclusive project cycle introduced by SSMIRP. As a general rule the programme has entailed a very considerable community involvement both in project identification, project preparation and in project implementation. To this can be added that community representatives in the Municipal Development Committees now have a role recognised by all major stakeholders in the processing of project proposals.

There are indications that some initial overselling of the programme in Leskovac led to frustration at community level. In Leskovac municipality 21 working groups were formed generating subprojects valued in excess of 2 million USD. By the Spring of 2002, it was apparent that exaggerated expectations had been raised about the levels of financial resources available through SSMIRP. There was an urgent need to reduce these expectations and this was achieved through major changes in the SSMIRP implementation strategy and staffing of the programme team. The second mission by the World Bank's support team took the lead in reformulating the strategy by proposing the Municipal Development Fund concept. The adoption and implementation of the MDF strategy has been very effective in reducing community expectations to more realistic levels, by placing a limit of resources available to each municipality of \$100,000 from SSMIRP resources to be matched by the allocation of equal funds by the central government or municipal budgets. The policy of limiting grants from MDFs for any single subproject to \$25,000 has ensured that there is a wide spread of project activities.

The participatory process instituted by the programme does not appear to be a new procedure in Serbia, as a dialogue between municipalities and MZ leaders existed before the Milosevic era. Generally the mayors again appear to have begun to appreciate a demand-driven development process. There are, however, examples of projects which mayors do not like to give priority. Mayors everywhere like "big" infrastructure projects, but also appreciate the ICT training provided by SSMIRP.

SSMIRP's Participatory process, unlike REP's was generated at the outset when a workshop was held in each municipality. This was evidently a well-appreciated process. The result was a number of sector-specific groups that have continued to propose projects. As time passes however, one may ask whether this still represents community involvement to the same degree, or whether a new series of workshops would not generate different sectors and perhaps more creative project ideas.

This is perhaps a point on which SSMIRP could learn from the REP procedure, which remains anchored in local communities.

It is difficult to gain a realistic appreciation of the “conversion” of the municipal system to the recognition of the community and of civil society institutions as partners in development. Not surprisingly, some managers in municipal departments resist change. In Leskovac, Bujanovac and Lebane municipalities recent elections have resulted in the appointment of new mayors and in replacement of many department heads. The new municipal management appears to be more responsive to an inclusive approach to development.

There are indications that community participation in the project cycle is spreading into other municipal programmes. This is of course a slow process, and should be supported by training.

Within this component SSMIRP has so far supported 59 projects promoting social cohesion and confidence-building as major ingredients in the consolidation of peace - which is indeed impressive. Projects include:

- promotion of legal and human rights
- inter-ethnic cooperation
- multi-ethnic classes for 500 youths in English
- strengthening of fragile service delivery especially for minorities
- environmental intervention
- inter-ethnic cultural activities
- strengthened information and communication capacities.

The Mission has observed about 20 of this type of subproject. They all appear to contribute in significant ways to the SSMIRP objective.

The UNDP Programme has been successful in calling forward and in supporting implementation of this type of subproject, which at the current stage of the peace process is important. As the programme lacks indicators for results at higher levels than outputs, follow-up is not systematic.

The financing of the subprojects is arranged either through local NGOs or municipal institutions. In some cases implementation is done directly by the community and in some cases implementation support by NGOs is involved. Facilitation of capacity building of NGOs through involving them in sub-project formulation and implementation appears a very effective way to build civil society institutions.

Projects within this category that target especially women are insufficient in number and could usefully be multiplied. Emphasis on women is fully justified, as South Serbian society, especially among Albanian communities, is deeply patriarchal. Changes in women's perceptions and empowerment can be powerful change drivers. Projects that address this include sewing courses whose secondary but perhaps most important long-term result is to bring women out of the isolation of their homes and provide a forum for general discussion.

Sustainability of the social cohesion type SSMIRP sub-projects could mean both a continuation of the service provision and/or sustainability of the outcomes of sub-projects. Sustainability seems to depend on whether a strong ownership has been developed. Some of the sub-projects visited: Pre-school education of children, Sewing courses for women, IT courses, Cleaning of river banks, Reconstruction of street lights, improvement of maternity ward are very likely to be continued either by municipalities or by the communities. However, quite a number of the SSMIRP type sub-projects may not be sustainable in a traditional sense. But they may contribute to the generation of new value sets that will continue to have positive effects for the peace process.

Sustainability could be ensured in three ways:

1. Some subprojects – e.g. some ICT subprojects and skills training may develop into commercially viable activities
2. Some subprojects may be taken over by municipalities e.g. subprojects for promotion of legal rights and some of the service-delivery type projects
3. The target group involved may continue on their own with some activities falling outside group (1) and (2) above, initiated through some SSMIRP support.

However it is too early to assess the scope for sustainability – but this issue should be followed closely by the SSMIRP staff. As RBM does not form part of the operational guidelines for the SSMIRP staff, follow-up on ownership and sustainability issues does not take place in a systematic way.

Most of the categories of projects benefit the immediate target groups among rural and urban poor, youth social vulnerable groups, women and minorities, local government and municipal employees and local NGOs. Examples of interventions benefiting the community at large are some subprojects (e.g. hospital equipment, some environmental interventions, many cultural subprojects, interventions addressing media issues, some REP type subprojects, reconstruction of other urban infrastructure) building good governance into local government and NGO support. The Mission is not aware of subprojects specifically affecting IDPs and refugees.

Output 4.1. increased capacity of civil society organisations that promote social cohesion and inter-ethnic dialogue

Activity 1. Survey activities of existing civil society organisations to identify problems and opportunities for involvement in the programme

Activity 2. Undertake capacity building

Output 4.2. increased awareness of legal rights, responsibilities and rule of law and use within the region.

SSMIRP has in the past depended on the UNOCHA NGO database that was taken over by a local NGO in Vranje, the NBCV Centre, and is now outdated. SSMIRP needs now to support the Centre to update it. Capacity building in relation to NGOs has so far taken place through the projects. Output 4.2. above is attended to through projects, but this is an area where more projects should be generated.

Even before SSMIRP started, UNDP had begun the process of networking with and capacity building among local NGOs with a programme called “Leadership Skills and Development Programme” which was implemented in mid 2001 until February 2002. This process, which centred around multi-ethnic English classes and summer/winter camps for older children, has continued throughout the SSMIRP project period through the involvement of NGOs in project identification and implementation.

The project cycle introduced by SSMIRP appears to be an effective instrument in promoting linkages between the civil society and local government not least in implementation. So far, however, there appear to be little indication of the policy dialogue with NGOs referred to in the Project Document, although this is hardly surprising given the short time-frame. The very acceptance of NGOs as efficient service providers in a municipal context by the municipalities is a major step.

Direct support to the creation of awareness of legal rights has so far not been a significant part of the programme. However, a sub-project providing legal services has now been approved for Lebane municipality. There are indications that the municipality might take over this facility at the end of the sub-project period. This type of sub-project should be replicated in other municipalities.

The process whereby project funds from the community are routed via NGOs or municipal institutions appears to have solved the problem of lack of institutionalised accountability of individuals.

SSMIRP has a strategy to limit the number of projects sponsored per NGO to 2 while there is no limitation on the number of projects implemented by one NGO. The effects of this decision are not clear - how do these specific rules affect the programme’s ability to foster a growing network of experienced NGOs? A certain success has definitely been achieved - Southern Serbia has so far few active NGOs. Indications are that municipalities and NGOs do not yet *generally* consider each other as partners in development, though important strides have been made in this direction. Some

NGOs appear to believe that the legislation on NGOs pending in parliament could make a difference (the last law was rescinded leaving them in a legal vacuum).

3.1.2 Strategy followed by SSMIRP

The strategy of SSMIRP appears in practice to have included the following elements:

- Responsive and inclusive subproject cycles reversing the traditional “top down” decision making approach, promoting community participation in decision making processes
- Local assumption of overall responsibility through the RSC and MDC/MDFs
- Building of social cohesion among members of communities
- Capacity building, promoting good practises in local government and NGOs
- Confidence building through a strong field presence
- Building of trust between the communities and institutions
- Partnership building with other donors (2-3 subprojects are under implementation together with CHF, while an additional 8 are in the pipeline for co-financing with CHF)
- The requirement for municipal matching funds.

The Mission finds that this is a very comprehensive agenda for the UNDP Programme. It is proposed however that the following issues are given increased attention

- Accountability for results at higher levels than outputs through the establishment of indicators and monitoring
- Concern for sustainability
- More systematic information and communication to encourage suitable subproject proposals from communities and special interest groups that can further the long-term development goals of the programme as opposed to the popular short-term product-oriented projects.

3.1.3 Situation at the end of the project

This section is a response to the “expected situation at the end of the project” in the SSMIRP Project Document

An in house capacity exist in municipalities for planning, management and oversight of investment funds and development programmes

SSMIRP has contributed to a situation where, compared with expected potential at the programme outset, significant capacity exists in all 6 municipalities through the MTU/MDC/MDF for a more professional approach to the various steps in the project cycle, i.e. project identification, design and implementation. Major shortcomings so far include the limited focus on maintenance / sustainability and no emphasis on monitoring of higher level results than outputs (“value for money”).

Without the UNDP Programme, the municipal staff in the municipalities would have limited opportunities to become accustomed to new practices related to municipal service provision. In addition they would have very limited opportunities for upgrading skills within their respective professions. Co-financing of projects has changed this situation considerably. In the six municipalities, funding by the UNDP Programme seems to range between 25% and 60% of all resources available for development projects. The Programme is thus in no way a marginal partner. The scope for a deepened partnership in capacity building not least through co-financing and training should therefore be considerable.

A participatory and inclusive planning process which involves representatives of all major ethnic communities in each municipality will have been established to guide future investments

The programme has through its project identification process and the formation of Municipal Development Committees instituted a workable model for participatory and inclusive planning

processes allowing all major ethnic communities to participate in community development. This achievement should be seen on the background of authoritarian, non-consultative structures and the almost total absence of participatory processes prior to the intervention of international organisations. Leskovac is rapidly proceeding towards a universal development fund using the MDC as a kind of project committee, and others are studying their lead. A continuation of the programme will most probably rapidly consolidate this achievement and help it to become a general practice.

The foundation for a self-sufficient local micro finance institution serving Southern Serbia will have been established

So far a micro finance institution for Southern Serbia has not been established. Negotiations with DfID to fund this component with £3.5 Million collapsed because DfID decided that the legal environment has not yet been established to open such micro-finance institutions.

Civil society organisations will have more activities in the region

The programme seems to have provided a breakthrough for more than 20 NGOs that previously existed mainly on paper. The programme has undertaken some NGO training and provided opportunities for development of NGO-based experience in participatory planning and project implementation. No other projects observed in the region offered comparable possibilities for NGO project involvement.

There will be an increased awareness of citizens' rights and responsibilities

Before the initiation of SSMIRP an inter-ethnic summer camp was arranged by the 'Centre for New Visions' for young people, with a focus on awareness of citizens' rights and responsibilities. This was followed by a Winter Camp. The SSMIRP Project has participated in a number of sub-projects which will more indirectly promote awareness of citizens rights and responsibilities such as: youth radio shows, 'From Discrimination to Equality', 'Roma in Education', school essay and drawing competitions in all six municipalities, an awareness campaign about the urban environment and 'For a Better Third Age'. The emphasis in the SSMIRP on capacity building of NGOs and the participatory and inclusive processes advocated will have increased awareness of citizens' rights and responsibilities as important outcomes. The training within the municipal structure holds considerable scope for promotion of these values, a scope that has just begun to be tapped.

Economic livelihoods will have improved

SSMIRP has to a very limited extent succeeded in facilitation of economic development. However, it has contributed to the establishment of peace, the free movement of people and goods through the former GSZ, the injection of over \$6million into the local economy, IT and business training, agricultural producer groups and to the first attempts to draw up municipal and regional economic development strategies.

3.2 Rapid Employment Programme

The REP is funded by an EAR grant of 4 million €, to be implemented in the period 10 January 2002 to 30 June 2003.

3.2.1 Results in relation to the project document

This section attempts to draw out the major intentions as expressed in the project document, and briefly sum up the corresponding results. In the following section, "Discussion of results obtained", a more detailed analysis is presented on the basis of the specific questions asked in the evaluation TOR. The structure of the project document has made it difficult to combine these sections.

For the sake of clarity a selection is made from the project document, which in some areas is very specific and in others somewhat sketchy. Some sections are jumped over to reduce repetition. In having to make these selections the Mission finds that the Project document itself is not designed in a manner that aids implementation by distinguishing effectively between different programme concepts. The "objectives" are clearly stated, but followed by sections which mix concepts of activity, strategy, output target and objective.

In discussions with programme staff, it transpired that the project document had not been regularly used as a reference, but that the overall objectives had been targeted by an "opportunistic" approach. This situation, in which the targeted contribution to the overall objective has been well achieved, while some lower-level conditions have not been met, is perhaps a comment on the difficulty of designing such a project in detail to operate in a fluid and unpredictable situation such as was South Serbia two years ago. The project context has changed dramatically in the meantime. In such a situation, flexibility and the need to seize whatever opportunities arise to achieve the overall objective are crucial.

The Project document or TOR establish the "aim" of the project (2. Summary, p.1) as being *to create immediate job opportunities for unemployed people, especially younger people, through infrastructure rehabilitation works and other activities related to the public benefit, contributing to the peace and stabilisation process and to the recovery of the local economy.*

The chief success of the REP lies in the large number of projects identified and carried out with high visibility over almost the whole area concerned. Every community in the Ground Safety Zone has received assistance. **This is a formidable achievement under the circumstances.** At the outset, the bulk of the Serb population regarded the UN as being part of an anti-Serb conspiracy, and were not overwhelmingly cooperative. Attitudes like this have been changed through tireless work involving constant field visits.

Section 4 states: *REP is an employment creation/income generation programme targeting mainly unskilled labour in the rural areas and vulnerable groups of inhabitants from the urban areas.* It goes on to lay out specific objectives:

- *To identify small infrastructure works..... to be carried out with the direct and active participation of villagers and municipalities.*

The list of projects undertaken and all projects visited demonstrate success in identifying the types of projects envisaged. The direct and active participation of villagers was achieved in many cases (see also next point) and municipal participation was assured by allowing the municipality to approve projects.

- *To locally recruit a significant number of unemployed people, with special focus on vulnerable groups, ethnic minorities and young people*

REP projects began with the most labour-intensive, which had the greatest visual impact. Later they began to shift in their focus from the labour-intensive to more contractor-oriented projects, occasionally providing little employment as manual labour was inappropriate to the works concerned. Examples visited were a well in a project visited at Medvedja, or a water supply at Mamince in Presevo.

The project staff felt that the shift was due to the fact that good labour-intensive projects were quickly used up. (One may however wonder whether other mechanisms have been at work - see below).

While the non-labour-intensive projects have not strictly fulfilled the conditions of the project TOR, there is little doubt that they have *contributed to the peace and stabilisation process* in a major way, and they have also to a certain degree *contributed to the recovery of the local economy*. This they have done through other mechanisms than job creation, as described below.

Most labourers were unemployed, but targeting of vulnerable groups was not otherwise achieved to a high degree (see below and workers' survey in annex).

- *To enhance the organisational capacities of the villagers, and improve communications and relations between villagers and in the municipality...*

Organisation was conducted at village level through the MZ leaders or, if these were not able to take on the task, through a supervisor (such as a technical person) proposed by the MZ leader and approved by REP staff. The organisers thus gained organisational experience, though it is questionable whether it was anything new to them.

Communications and relations at village level appear to have been improved in multi-ethnic villages with a mixed workforce, though these are a minority of locations. In monoethnic villages there was no apparent need to make such improvements. Communications and relations between villagers and their municipality have been in general strengthened with a significant improvement in mutual confidence. Changes in relations *within* the municipality are less easy to ascertain from discussions held, but it is clear that the novel practice of operating such a bottom-up proposal procedure has been a beneficial learning process all round.

- *To improve skills, highlighting women's participation and decision-making, for workers and local municipal representatives.*

Workers' skills have not been addressed in the bulk of projects that aimed at engaging manual labourers.

Two projects have targeted women. There has been no other apparent highlighting of women's participation.

Skills for municipal representatives were addressed through the contractor training project (see below) with some effect.

Section 5.1 Specifies that the programme should recruit *approximately 13,500 workers per months (over 10,000 directly employed unskilled and semi-skilled workers and 2,500 to 3,500 workers indirectly employed)*.

It is not clear whether this target is for workers or worker-months.

According to the project table (see annex) the result has been 5,970 workers employed for a total of 45,326 worker-weeks, equivalent to approximately 10,300 worker-months. This in itself has been a considerable achievement under the conditions that pertained at the beginning of the programme.

Section 5.1 continues: *...and in parallel offer the villagers the opportunity to restart small-scale agricultural production. Furthermore local procurement of inputs (such as tools, materials etc.) will impulse local economies.*

Agricultural production was not addressed by the programme. Local procurement of tools and materials may be assumed to have had the desired outcome, since materials were in general not imported to the region. The programme documents provide no compiled breakdown of costs for such inputs.

Section 5.4 expects the REP *to improve social cohesion and dialogue among different ethnic groups by setting up a participatory mechanism at the municipal and community levels for the selection of priority and public works.*

As with the dialogue-facilitating mechanism of mixed worker groups, the task of selection and prioritisation has mainly occurred in monoethnic villages. The early exceptions have indeed assisted in regenerating dialogue at the community level. Also, multi-ethnic municipalities have generally assured multi-ethnic participation in approval organs, which successfully constituted a reassuring element in the early days after the cessation of violence.

Section 6.1 on income generation contains the provision *to facilitate local micro-economic development through a multiplier effect associated with public works contracts.*

REP project elements tendered out as public works contracts may well have less of a local multiplier effect than the direct labour component (see discussion below), though they may well have had a greater capacity-building effect by helping local companies to grow.

Section 7 foresees that *a working plan will be submitted to the approval of the Steering Committee composed by representatives of the municipality, local authorities, government and civil society on a three/four month basis.*

In practice, periodic retrospective reports have been submitted to the Regional Steering Committee⁶ but no work plans have been produced. The maturity level of the RSC was not sufficiently developed to make the necessary decisions, although this may well be changing.

Section 8, *Project selection and approval*, states that *proposals, which have been cleared on technical grounds, will be developed into individual sub-projects submitted to the Agency [presumably the EAR] for comments and then developed with the approval of the programme manager into individual project contracts.*

Monthly work plans were submitted describing completed, current and proposed sub-projects. It is unlikely that detailed comment would have been feasible due to the volume of projects.

This section says little about selection procedures. These have turned out to be one of the more interesting aspects of the programme. (See the discussion below)

Section 8 also provides sub-project selection criteria (also repeated verbatim in the REP Operation manual):

1. Labour component at least 55% of the total project cost

The target has globally been met and more. The requirement of a 55% labour component has been taken to apply to the programme as a whole rather than to each sub-project, as it is also formulated in terms of dedicated budget lines. These lines have been respected, although 58 of 154 sub-projects lay under the 55% labour component level according to the figures from the project table.

2. Project to benefit the community as a whole

The initiation and selection process has fully ensured that projects have had a genuine community nature.

3. Works to be implemented within 4-10 weeks

Of the 154 projects begun, 20 had a duration over 10 weeks and 3 under 4 weeks. Nobody interviewed could explain the justification for this requirement which seems arbitrary or unnecessarily tight.

4. Relevant inputs... like tools, material, machinery... available locally

The policy of targeting small local contractors appears to have satisfied this requirement.

5. The beneficiary community/municipality should ensure transparency in selection of workers

Workers were selected by the MZ leader, or by the project supervisor agreed upon between him and UNDP. The REP staff did not monitor the selection process, but no complaints were received.

6. Community/municipality ownership and commitment

Local community commitment has been high at all stages. REP has unmistakably been a popular programme that has succeeded admirably on this point.

Municipal ownership has been less clear, but has grown steadily. It does not yet appear in many municipalities to have reached the point where the municipality would replicate the procedure in the allocation of its own budgetary funds if the programme should cease to exist. However, this point may well be reached in the near future.

⁶ Composed of The government Coordination Body (chair); the 6 mayors of the REP / SSMIRP municipalities; CHF, DAI and UNDP as major project implementers.

7. Priority for women heads of households.

This point appears not to have been applied (see discussion below).

Section 11, *Visibility of the programme and the EU*, requests *various visibility activities in the FRY but especially at local level*. It specifically points to logos on everything, and *various activities* to be developed *in coordination with the ...Agency's Information and Communication Section in Belgrade*.

The REP has assured visible billboards on every site. However, South Serbia is literally peppered with project billboards from a wide variety of organisations. The result gives the impression of a donor competition, and the mission wonders if this really gives the donor the desired status and understanding among the local population that these visibility requirements attempt to target. This may be one more example of too much focus on output, too little on outcome. What is the higher-level objective associated with this activity? We have observed no serious debate on the subject.

REP has also issued about 150 articles in local newspapers and several TV reports, interviews etc. These are excellent achievements that can bring across the message of the programme and of International Community presence without turning the affected municipalities into an advertising site for the fact that the population needs donors in order to manage itself. The longer-term psychological effects should be considered.

3.2.2 Strategy followed

The strategy the Mission has observed being followed by REP is similar to that for SSMIRP, including the following elements:

- Rapid start to implementation
- Ubiquitous presence
- Responsive and inclusive project cycles
- Capacity building promoting good practises in local government
- Confidence building through a strong field presence
- Partnership building with other donors
- The requirement for municipal matching funds

Missing Strategy components include:

- Accountability for results at higher levels than outputs through the establishment of indicators and monitoring
- Concern for sustainability
- More systematic information and communication to encourage suitable subproject proposals from communities and special interest groups
- Consideration of mechanisms for approving projects, in relation to the more conscious SSMIRP procedures
- Procedural standardisation as a quality control mechanism.

3.2.3 Discussion of results obtained (ref. Questions in evaluation Mission TOR)

Assess the degree to which the programs/projects/sub-projects have been designed by the communities to promote inter-ethnic collaboration and understanding

The two parts of this question, “designed by the communities” and “to promote inter-ethnic understanding” evoke the entire range of design and implementation from concept to impact. We shall therefore take the opportunity here to consider the concept, design development, selection and implementation process between the two ends.

Community design

The mechanism by which sub-projects are proposed starts with individuals, groups of individuals and NGOs in the local community (Mesna Zajednica or MZ), who make suggestions to their MZ leaders. There are no sector working groups as in SSMIRP, a fact that keeps the REP close to the community and resists urban bias. The sub-project is therefore of community conception. The MZ

leaders have had difficulties formulating proposals, and programme staff assist the proponents in clarifying concepts and elucidating justifications under the programme objectives.

Indeed, the proposal goes through a number of internal REP office steps (see flow-chart in annex) concluding in signing by the UNDP coordinator before it returns to the MZ leader who presents it to the municipality. In talking to MZ leaders and other involved individuals it appeared that they were fully satisfied that any changes made underway were improvements. This activity has produced results in improved proposal quality, indicating successful capacity building among MZ leaders.

The proposal itself remains simple. There is no attempt in the structure to identify different level objectives or suggest success indicators. Indeed, no attempt has been made to document compliance with selection criteria at any stage, although REP staff have in every case made such judgements. Programme staff felt that this was unnecessary. However, the mission found that a more systematically documented procedure might help in maintaining a clearer differentiated view of activities, outputs, outcomes and impact. This in turn will be helpful in a more strategic approach in which RBM concepts can be introduced. Such documentation would also in itself constitute a form of quality control procedure.

MZ leaders have during the Milosevic years been municipal mouthpieces channelling information on central (at the municipal level) decisions downwards rather than channelling grass-roots initiatives upwards, and it has been feared that this aspect of programme design⁷ could allow manipulation for political ends. In full awareness of this risk, their inclusion by UNDP's programmes had the objective of challenging past practice and anchoring increased responsiveness to community initiative in the official (and democratic) structure.

In our discussions with individuals who have originated concepts for implemented sub-projects, no such manipulation has been observed. MZ leaders in general appear to have responded well to their role and represented their communities loyally. The evaluation team had a small number of opportunities to talk to persons whose projects were refused: they had no objections to the procedure.

It may safely be concluded that sub-project concepts have been 'community'-based in that they originate from individuals and groups of individuals, thus reflecting some of their highest priorities. The project design has been influenced by Programme and municipal focal point staff to the degree necessary to deliver sufficiently well-formulated proposals and to educate originators and proponents (the MZ leadership) in simple concepts of project design.

Selection process

The prioritising of REP projects for funding is then made at municipal level. This filter is also a potential point at which community 'design' can be skewed over the programme as a whole depending on the committee composition. Our discussions with Mayors about REP and SSMIRP showed their prioritisation of heavy infrastructure improvement over all other considerations. While they valued the employment component, it was of secondary importance to them, and subtler development concepts were barely considered at all. One may reasonably assume that committee members from the municipal administration would tend to reflect this view in their prioritisation.

Though it was in principle the assembly executive board that took decisions, in practice it was the Mayor who was main contact and approval point. REP staff were not present when internal approvals were needed from the assembly. In keeping with Serbia's generally centralised practices, delegated authority at lower levels within the municipalities did not appear to be encouraged. This represents what might be one of the greatest transparency-building challenges – an enlightened government is decentralising power, but this does not guarantee that local potentates are prepared to do the same at municipal level. It would be interesting for the MIR programme to find ways of addressing good management practice in ensuring delegation so that decisions are taken at the lowest appropriate level. For the REP, however, an autocratic procedure enabled a rapid start-up that was also important, but in the longer term the question ought to be examined.

Some REP staff felt that civil society participation is unnecessary here in view of the relatively straightforward and technical nature of the REP projects. But identification of priorities, also in a

⁷ USAID's CRDA programme avoids officials, presumably for this reason.

REP context, can constitute valuable capacity building itself. While REP projects often require a more technical effort after prioritisation there is no reason in principle why they should not be subject to the same selection bodies as SSMIRP projects (see also below).

The possibility here to skew programme products from “community-designed” towards the priorities of the municipal authorities is difficult to quantify. The shift in REP project types referred to above might indicate such a skewing, although programme staff felt that it has not significantly occurred. However, although active awareness of this possibility was notable in some key programme staff, it did not appear to have impacted practice. Further, time pressure has run counter to the search for increasingly elusive labour-intensive projects. The pressure to disburse funds became overriding and naturally tended towards contractors who required proportionately less supervision. This is regrettable since the need for labour-intensive activities is so acute, and because there is no reason why the REP, having admirably served its purpose of opening the way for further-reaching development projects, should not be gradually revised to become more of one itself.

Implementation – labour component

Direct engagement of labour has been organised by the MZ, keeping this function laudably at the lowest level of government practicable. This *subsidiarity* principle could well be applied throughout the programme with good effect. Relatively new in EU-speak, the term refers to an old principle of good management by which decisions are taken at the lowest level appropriate.

Payment has been made by UNDP staff carrying bags of cash to the village. While this arrangement is at present practical, it is difficult to see it being justified very far into a development process.

Project files observed carried detailed documentation of received salaries with signatures of receipt.

Implementation – contractor component

Tender documents, if applicable, are prepared by the REP technical staff. Municipal technical services, if such exist, are available in support. The municipal assembly executive board holds the tender, and the REP focal point served chiefly as a liaison and tender award administrator.

The evolving process of tender award best practice from UN to EC standards seems to have caused some confusion. The programme needs to address this question as a central capacity building issue. The Mission has recommendations below on this point.

Contractors from the closest possible region of the works were encouraged to bid, and were contractually obliged to hire local labour and ethnically mix their work teams.

In contracting companies, REP made the laudable decision not to insist on licensed contractors, thereby avoiding using large companies from regional urban centres such as Nis. To obtain a license in Serbia, a contractor must permanently employ a number of qualified staff far in excess of that required for most of the works performed, and unaffordable for local firms. Further, licenses in the last 15 years have been distributed not on grounds of competence but rather of political affiliation. The REP policy has undoubtedly strengthened the targeting of economic support to the affected municipalities.

Project files observed contain varying degrees of tender documentation. Some systematisation would be useful here: since the municipality is the tendering authority, it should archive the invitations to tender and other detailed documents, providing the REP office with a copy of the tender report and other relevant documents in a standardised manner.

Responsiveness of municipalities to programme needs was varied, and sometimes low. For example, it took some six months for Bujanovac municipality to issue a building license for works on the school at Konculj. This is slowly improving owing to the cooperation on many projects.

Supervision

Supervision of manual works is carried out by a technical person proposed by the MZ leader, or the leader himself. In case of larger contractor components the municipal technical services have been