

- Ownership and sustainability
- Synergy between current programme activities and economic development
- A strengthened transfer of tendering expertise and good practices.

The need for donor coordination will increase in the near future. So far cooperation has mainly centred on CHF and FAO, but the USAID SLGRP programme is soon due to expand into the MIR municipalities of Leskovac, Lebane, Medvedja, Surdulica and Bujanovac. This will require a coordination of municipal administration capacity building activities, especially in the field of Financial Management, which is SLGRP's main focus.

4.6 Municipal Development Plans

The process of supporting the preparation of Municipal Development Plans is making progress especially in Leskovac, which has always been the most sophisticated municipality. There appears to be an urgent need to replace the fragmented cooperation with the municipalities with one that builds on a shared strategic understanding about capacity building, development priorities and modalities. It would be useful to take up this question in the RSC, as the ownership issue is of the highest importance. The work on the municipal development plans could be strengthened, perhaps by reconsidering the original TOR to ensure that they fully reflect the aims of the components of the UNDP programme with a strong emphasis on strategies for installing good governance. They should also reflect the position of the emerging municipal development structures.

The Mission has been informed that an expert will soon arrive in Serbia to assist in drafting the TOR for developing a Regional Development Plan. There appears to be no reason why complementary work on the two levels cannot be carried out simultaneously.

5 RECOMMENDATIONS

5.1 Programme priorities

In view of the crucial pre-eminence of outcome over product in development activities, the mission strongly suggests that an urgent review be carried out to assess the specifically development-oriented aspects of both SSMIRP and REP, and to propose a strategy that combines best practice from both. This will not necessarily be an easy task, and it is important that this be recognised and that sufficient attention and resources be applied.

A central issue is that of the process to be followed by the various programme actors in implementation. How to combine the best elements of ‘bottom-up’ from SSMIRP and REP to ensure the most participatory approach, and a process that will have a strong capacity building effect regardless of the “success” of a project in product terms. Good capacity building can often be the result of product “failure”, *since it is the experience of the local actors, from grass-roots level to the RSC, that is the basis of progress in terms of development outcomes.*

A second aspect is that of ownership. The ideal of demand-driven local ownership suggests that real power over the programme be progressively transferred to local bodies, primarily the RSC. Without this, the local actors will always feel that their participation is somewhat superficial, and engagement on their part beyond a certain point cannot be expected.

As long as UNDP retains the right of final decision over projects, the above concerns cannot be met. The issues of development should be taken up squarely and openly with all actors, so that if a project fails to achieve either product goals or outcomes, this can then be clearly debated, and success finally assured in development terms, regardless of products.

As an illustration, the REP project approval process merely requires a “non-objection” from a mayor before the whole project is developed and approved in the UNDP forum, *before* proceeding to the official approval process in the municipality. UNDP must find the strategy to progressively disengage from this process, and function in a facilitatory role rather than an executive one. UNDP should even welcome “failures” that provide the right opportunity for debate – there are some things that can be best achieved in this way.

The mission recommends that an exit-strategy be designed (e.g. by an appropriate consultant) to assure transition to full local ownership within the two-year time frame of the MIR, ensuring sustainability of the longer-term institutional arrangements for the region and the municipalities.

In terms of sector focus, the mission recommends that the next phase should prioritise the areas where specific expertise exists and has been documented by the Programme:

- Capacity building in local government
- Broad based social rehabilitation and development
- Civil society development.

However, consolidating peace by longer term development for poverty alleviation depends also on accelerated economic development. If economic development continues to fall behind in the region further progress in the peace process may be threatened. The UNDP programme, therefore, has a vested interest in the results of all other programmes for economic development.

As no donors appear to be involved in the design of an economic development strategy for southern Serbia, the Mission strongly supports the intention of UNDP to assist the RSC in elaborating a Local Economic Development Strategy for the Peinjski and Jablanicki districts.

The Programme can address the LED factors that lie in municipal capacity building, but need not become directly involved in private sector economic development interventions. The work on the strategy should also include a review of the plans of other stakeholders that are or are planning to contribute to economic development through private sector initiatives. UNDP should seek the

assistance of an expert to develop this strategy and to suggest a course of action for UNDP in this area.

5.2 Review of the MIR project management structure

In view of

- the dominant position of the MIR in UNDP's work for the next 4 years
- the presence of other donors' funds in UNDP's activities
- the need to move towards municipal ownership of development structures that can deal with all donors,

the mission recommends that the management structure of the MIR be revisited with a view to assuring municipal ownership and normal democratic oversight of citizens' funds. This review need not change the MIR project document, rather build upon it, and on the de facto decisions of the most advanced municipalities, to assure clarity, accountability and sustainable municipal structures. The diagnostics foreseen in the MIR provide a good opportunity to review these questions in municipal contexts.

The internal UNDP management structure should also be reviewed in this context (see also below – Internal Systems development). Although in the recent past it may not have been advisable to bring in local staff from other regions of SAM, it would appear that in today's more peaceful environment in Southern Serbia competent Serb nationals could be attracted to achieve an easier transition to local management in the near future, as part of the exit strategy.

5.3 Review of the Municipal Development Plan

It is recommended that the process of creating municipal development plans be continued to its conclusion. The RSC should be involved in a review of the TOR together with municipal managements. The TOR should ensure both a process anchored in existing and emerging official structures, and a consultative process with the communities. Focus and ownership from RSC down to grass-roots level, and thus the process, is more important than time. The main focus of the plans should be to ensure that cooperation aims at an effective process for installing good practices in local government and that projects supported by the programme reflect shared priorities. Apart from bottom-up proposals the plans should reflect democratic accountability by tying into the new municipal development structures discussed above. The forthcoming visit of an expert to assist in merging the municipal level plans into a regional context and the subsequent development of a regional plan could take place simultaneously.

5.4 Results based management and MIS

The mission recommends that an expert in Results Based Management visit the Programme to install RBM in the programme staff and to assist in designing procedures for development of relevant indicators and monitoring systems. The same expert should revisit the TOR for the management information system (MIS) currently under development. The current TOR for the MIS assignment seems to indicate that the system mainly will be a database with insufficient concern for "need to know" management information.

Once the staff has a basic understanding of RBM it would be in a better position to assess the scope for transferring it to the municipalities.

5.5 Specific recommendations

In the following sections (5.5.1 to 5.5.9) a number of detailed suggestions are put forward. Some are of less principle concern, but nevertheless deserve mention in this way.

5.5.1 Increased focus on the complementarity of economic development issues

Achievement of longer term development targets will to a large extent depend on support for accelerated economic development. A major issue in this context will be the facilitation of private sector development. Indications are that the region has more than two thousand operating SMEs, many of which already have business partners outside the region and even outside Serbia. The mission recommends that the expert UNDP intends to make available to assist the RSC in elaborating a local Economic Development Plan

- investigate the scope for private sector development

- review of the shortcomings in the facilitatory environment for SMEs
- review the activities and plans of the major stakeholders in this area
- propose areas – if any – where UNDP may contribute to implement the strategy.

If the Programme should become involved in this area, emphasis should be on demonstration of practical experience in business profitability and assistance to business networking. A UNDP involvement in private sector facilitation, would require private sector expertise recruited outside the current staff.

5.5.2 Infrastructure

The needs in terms of infrastructure development are so great that the available programme funding can only dent the surface. The fact that infrastructure is the one constant priority of municipalities means that it will sooner or later be addressed anyway to the extent that society can afford it and afford to maintain it. Infrastructure projects should therefore carefully address other outcomes than simply improved infrastructure. The introduction of RBM should assist in ensuring this.

5.5.3 ‘Soft’ projects

Greater efforts should be made to learn from successes and develop more creative social projects. Some of the best successes to date with long-term impact may well lie in this area.

5.5.4 Women and youth

It is recommended that in light of the new focus on PRSP the programme increase the emphasis on woman and youth both in SSMIRP and REP type projects. This issue is linked to some extent to the developing strategy for programme communication and information.

5.5.5 Citizen’s rights and responsibilities including legal rights

The issues of citizen’s rights and responsibilities including legal rights are already addressed by the programme. But these issues are so important for realisation of the overall objective that they deserve more attention. More project ideas thus should be called forward in these areas.

5.5.6 Communication and information

Currently the effectiveness of the communication and information carried out by the Programme does not appear to be given enough consideration. It is recommended that a specialist visit the programme to support the local information officer in designing a strategy in this area.

The immediate aim of this strategy – which should include cooperation with the media – should be to ensure adequate numbers of relevant proposals for lacking project types from the community. A second issue would be effective visibility that does not reinforce the population’s sense of identity as the permanent recipients of charity by simply competing in the (output-focussed) ‘donor billboard race’, but also examining the higher-level objectives of visibility.

5.5.7 Strengthened transfer of tendering expertise and practise

With the growing number of municipalities, and considering the central significance of public procurement practices in good governance, the programme needs to have expertise in European-standard tendering practice available on a full-time basis. Tenders have until now been left to the municipalities to carry out, with no formulated monitoring strategy from the programme’s side. There is thus no overt information on how well tenders have been carried out, but it is likely that some municipalities are insufficiently rigorous in their procedures. Programme staff generally felt that all had gone well, but a programme such as this ought to have a specific strategy to make random checks that result in monitoring reports.

A precisely-formulated monitoring strategy should thus be developed. With a starting point in UNDP’s responsibility for the use of funds placed at its disposal, and in the context of the transfer of real programme authority to the RSC, the latter body could be requested and assisted to formulate its own monitoring plan. The resulting shift from monitoring-from-outside to a system making more use of peer pressure to ensure correct procedure could in itself constitute an excellent capacity-building opportunity.

5.5.8 Concern for ownership

The mission recommends that ownership concerns be more systematically addressed by the programme. An internal strategy should be formulated by the project staff comprising inter alia the many ownership aspects within the following areas:

- the difference between 'product' and 'outcome' success
- the role of the RSC
- the municipal development plans and the regional development plan
- the many types of social rehabilitation sub-projects
- capacity building within local government.

5.5.9 New types of subprojects

The mission recommends Programme support to a limited expansion of types of sub-projects:

- development of municipal maintenance strategies and systems
- building RBM into municipalities
- municipal information and communication strategies.

Support to install appropriate maintenance systems would require training, input supply and agreement with the municipalities on maintenance strategies and budgets. It may also have to address national level issues such as a more rational approach to the employment of maintenance staff in schools.

Building of RBM into municipalities should initially focus on

- installing RBM into programme staff
- installing RBM into the projects co-financed with the municipalities
- including RBM issues in training within the municipal structures
- establishing a consensus with municipal management on building strategies for accountability into the municipal development plans.

Municipal information and communication strategies should aim at a consolidation of the participatory approaches reintroduced through the UNDP Programme and at a regular feedback from the users of the municipal services.

5.6 Internal systems development

The recommendations above point at a continued need for internal systems development. This should be linked to:

- a) a staff training plan, with urgent (due to the time constraints of MIR) first steps starting with outcome awareness, *shared vision* and teambuilding
- b) design of an internal RBM system, including internal quality control, that can formalise and make permanent the debate on process versus product
- c) design of an internal strategy for the contribution to poverty reduction which will be the overriding concern for the next programme phase.
- d) review of the system of programme documentation in terms of the kind of quality control addressed by ISO norms
- e) review of the TOR for the MIS
- f) undertaking periodic programme reviews with all staff to ensure outcome-level awareness
- g) undertaking periodic external quality control (has until now been assured by WB engagement)

Some of this systems development would require mobilisation of external consultants, some of which could be recruited locally. Now that the emergency phase is over, more emphasis can be placed upon qualified Serbian staffing, although some of the issues would require access to state-of-the-art international consultants.

The overriding concern should be with the as yet little addressed differentiation between output and outcome, between product and impact, in the minds of many programme staff.

There are two major training needs in this context. The first is in the field of RBM, or the ability to differentiate between the various levels of objective. The second needs to address the unfortunate schism between REP and SSMIRP staff, who still display lacking understanding of each other's viewpoints. There are at present two separate working cultures, each with its own system of loyalties. A coherent, unified team needs to be created, for otherwise much energy can be lost in divisions. This will not happen by itself, but requires careful consideration and effort, and has as its base the creation of the shared vision referred to above and understanding of what development means. We recommend a series of intensive, practical teambuilding exercises concentrated around these questions.

The World Bank team has made a specific recommendation on this point that the mission endorses. It is recommended to seek support from municipal authorities – for example the former mayor of Leskovac – in generating better understanding in the MDF-procedures among staff, and towards the new municipalities. Such a person – now independent and being a reputable professor at Nis University, having been a real promoter of the MDF-mechanism – could also play a role of ombudsman in the RSC to advise on confusions/conflicts in application of the OM, when required.

5.7 Staff composition

The structure of staff working on SSMIRP and REP was determined in a situation very different from that now facing the Vranje office at the approach to the MIR. In 2001 there was a specific need to demonstrate an international presence, for which foreigners were needed. As a result, the structure is at present a combination of internationals (five full-time) and local assistants at a considerably subordinate level. This is no criticism of the local staff, many of whom have developed impressively through the past two years, but it is an observation that local (meaning Serbian) professionals with education and experience in institution-building have not been engaged, thus necessitating international posts. The mission understood that there was an unwillingness to 'import' staff from, for example, Belgrade: this may have been sensible in 2001, but there is now no apparent need to continue this policy.

The number of internationals indeed appears large in comparison with similar programmes elsewhere. Were some more highly qualified specialist Serbian staff to be engaged, the number of expatriate posts could probably be gradually reduced, a prospect that is already built into the MIR programme and should be addressed sooner rather than later. This would not only improve efficiency¹¹, but probably effectiveness, apart from the development goal in itself of providing relevant experience and training to Serbian professionals, and the possible position of this change in a comprehensive exit strategy.

It is recommended that the staff should continue to have a strong background in programme facilitation. Technical specialists should mainly be recruited as short term consultants. The mission, however, recommends one exception. An expert in tendering – with at least 5 years of proven experience – should be attached to the programme. Such a person can be recruited in Serbia, should perhaps have an engineering background with specialist experience in tendering, and should if required receive extra training in the latest in EU practices.

Private sector/SME development is a difficult speciality. If the discussion around the UNDP support to the RSC in elaborating a local Economic Development Strategy concludes that UNDP should be involved in private sector facilitation a small separate and professional team should be engaged for this purpose under the overall Programme management.

¹¹ The MIR budget does indeed look heavy in total admin costs compared with deliverables, even given the need for a 'labour intensive' approach.

REPORT ON IASO AND ON THE STATUS OF THE SSMIRP AND REP ORGANISATIONAL SET-UP

1 United Nations Inter-Agency Support Office for Southern Serbia (IASO)

A United Nations inter-agency mission visited Presevo, Bujanovac and Medvedja municipalities in February 2001 to analyse the social and economic needs of the area. The mission made among others the following recommendations on the UN system to support the peace process:

- **Immediate actions**

- a) Strengthening ongoing activities and establishing a UN Inter-Agency Southern Serbia Support Office (IASO) that focused on developing a common strategic framework to include human rights monitoring, promoting and supporting confidence-building measures including appropriate support to DDR processes (disarmament, demobilisation, and reintegration of ex-combatants), capacity building and quick impact projects for employment, recovery and development, for Presevo, Bujanovac, and Medvedja municipalities. The IASO would also liaise closely with the joint Co-ordination Body (CB) for southern Serbia and co-ordinate activities with other international organisations and donors in the area.

- **Medium to long term actions (up to 36 months)**

- b) Within a common framework, activating an area support fund for local initiative including quick impact employment and infrastructure / service delivery projects, building confidence and promoting reintegration and social cohesion, and building up managerial and outreach capacities for local institutions in Presevo, Bujanovac, and Medvedja Municipalities.
- c) Establishing an integrated area development programme that builds the capacity of municipal authorities to plan, manage and monitor local social and economic development, support the establishment of more inclusive participatory mechanisms, and develop medium and longer-term employment and small enterprise development programmes, potentially expanding activities to the larger area covering all municipalities in the districts of Peinjski (includes Presevo and Bujanovac) and Jablanicki (includes Medvedja).

At the time of the mission, FRY security forces were not allowed to enter the five kilometre-wide Ground Security Zone (GSZ) inside the Serbian administrative boundary with Kosovo. The ethnic Albanian rebel "Liberation Army for Presevo, Medvedja and Bujanovac", UCPMB, had taken advantage of this agreement to infiltrate the GSZ from Kosovo. Throughout 2000 the GSZ became a haven for Kosovo-based rebel attacks on the FRY security forces in Southern Serbia. The UCPMB forces eventually withdrew into Kosovo at the end of May 2001, on the understanding that promises made by Senior Deputy Prime Minister Nebojsa Covic to redress ethnic Albanian grievances in the "Covic Plan" would be fulfilled.

The UNDP Representative and the Swedish Ambassador, acting for the EU presidency co-hosted donor consultations. Once international interest and assistance had been mobilised on a large scale, the coordination lead was transferred to the head of the Coordination Body, (CB) Senior Deputy Prime Minister, Nebojsa Covic. Consultations in Belgrade between UN agencies and other major agencies such as EAR, EUMM, OSCE and USAID continued periodically.

An Inter-Agency Support Office (IASO) was set up in May 2001, under the leadership of the UNDP Area Coordinator; a retired UNDP RR/RC. UNHCR, UNICEF, OCHA and UNDP signed an agreement to establish shared premises in Vranje. All four agencies assigned international staff and worked in close collaboration in carrying out systematic visits to the villages most affected by the conflict or ethnic tensions. An international Human Rights Officer was assigned to southern Serbia by UNHCR in July 2001. A UNLO Political Officer kept up regular contacts with the main political leaders during this period. The IASO team was joined by FAO and IOM in the first quarter of 2002. While respecting individual UN agency mandates, the IASO team worked in close collaboration with UN and other international agencies throughout 2001 and 2002.

Monthly coordination meetings were held with such INGOs as ACF, CARE International, CHF, ICRC, ICS, IFC, IMG, IRD, Mercy Corps, MSF and OTI. Five working groups were set up to coordinate internationally funded humanitarian and rehabilitation activities in the key sectors bringing different international actors into partnership relations. UNHCR, which in the critical months before the withdrawal of UCPMB forces had taken a lead role in providing political support to the Coordination Body, organised the return of over five thousand ethnic Albanian IDPs from Kosovo and convened monthly inter-agency meetings of on IDPs and Refugees. UNICEF provided material support to schools, teacher training, youth groups and convened inter-agency meetings on education. The WHO representative based in Nis, coordinated health programmes in close collaboration with ICRC, INGOs and the Ministry officials. UNDP implemented projects to stimulate and strengthen local NGOs and civil society organisations, youth camps, multi-ethnic training in the English language, IT skills and community leadership. OCHA played the lead role in the overall NGO coordination through issuing regular schedules of an agency Activity List in southern Serbia. OCHA made field assessments of needs, working closely with UNHCR and UNICEF and maintained the database of INGO and international agency activities.

In addition, weekly meetings were held in the IASO conference room in Vranje between the IASO agencies followed by political and security reviews with OSCE, the Council of Europe and EUMM. The coordination meetings provided important opportunities for the exchange of information, perceptions of political and security developments and agreements about the division of areas of activity. Several non-resident UN agencies and international NGOs used IASO as a base in the south. Periodic SITREPs, compiled by the participating IASO agencies (covering their activities, security incidents and political developments), were issued between May 2001 and November 2002.

By August 2002, it was agreed that the dramatically improved security justified the downgrading of the UN security phase and the lifting of travel restrictions in the former GSZ.

Regular meetings were held by IASO with the Coordination Body in Bujanovac to discuss the evolving security situation and needs assessments in the war-torn communities of the former GSZ. The Team Leader and IASO members accompanied local political leaders on visits to ethnic Albanian and Serb communities in the municipalities of Presevo and Bujanovac to assess needs and provide reassurance that the international community was working with the government to rebuild inter-ethnic confidence and peace. It was decided by the agencies based in southern Serbia that OSCE should take the lead role in political dialogue with former rebels and the CB. OSCE was closely involved with the establishment of the Multi-Ethnic Police Force (MEP), the organization of censuses and municipal elections in Presevo, Bujanovac and Medvedja and in negotiating amnesties for former combatants. EUMM monitored infringements of the cease-fire and other security incidents. The ICRC provided direct assistance to the government health services and, together with UNICEF, led a mine awareness campaign. All of these agencies worked in close partnership with IASO and coordinated their activities through regular weekly meetings on security, political developments and humanitarian needs.

At the end of 2001 the participating agencies of IASO carried out a self-analysis of their achievements and constraints in the implementation of various programmes to promote peace

and stability. This analysis was reviewed by an external consultant. While acknowledging that a great deal of progress had been made, the review also highlighted shortcomings in UN agency programming. It also outlined the shared concerns of the international community about the loss of momentum in implementing key aspects of the peace process and the perceived promises of the "Covic Plan". These concerns were synthesized into a concise report for distribution to the government and international community. Accordingly, a UN Inter-Agency Progress Report and Recommendations on the Situation in Southern Serbia was compiled and forwarded to DPM Covic on 21st Jan. 2002 by the UN Humanitarian/ Resident Coordinator. It was also given a wide distribution to the international community.

On 3rd February Mr. Covic met with five Heads of Agencies to discuss the report. Most of its recommendations were accepted. Mr. Covic reported on action which the government had taken and on future measures it was committed to taking. It was agreed that the follow-up meetings should be held to discuss progress and other outstanding issues.

There was an evident need for the government, through the CB, to assume stronger leadership in the coordination of international assistance. Strengthening the Public Information services and coordination capacity of the CB were seen as a priority for support by UNDP, OCHA and OSCE during the coming year.

The consultant in his report states that the IASO "has been successful in that it has regrouped some of the operational UN operating agencies in one office building, and has initiated regular coordination meetings. As delegated by the Resident Coordinator a.i. UNDP's Area Coordinator has thereby become the main spokesman for the UN system vis-à-vis the local authorities, the CB and the ethnic Albanian representatives. This coordinated and regrouped approach has been successful. There is no doubt that the combined office has its constraints....but compared to other emergency and post-emergency response situations, this office is a success." The review goes on to list the progress and remaining challenges in the implementation of the Covic Plan.

Specific recommendations and observations were made in respect of wide-ranging subjects from the recognition of ethnic Albanian institution academic qualifications for professional government service accreditation, the implementation of amnesty agreements, integration of ethnic Albanians in public services, the continued occupation by the VJ of the ethnic Albanian technical school in Bujanovac and the shoe factory in Presevo, the lack of inter-ethnic dialogue and information sharing, exaggerated expectations of international (and government) assistance on the Albanian side, the reduced presence in SS of Dr. Covic (because of his involvement in Kosovo) and the consequent need for an alternative political figure, the failure - at that stage- to hold new elections in the ethnically mixed municipalities, the need for closer and authoritative cohesion between the UN system, international agencies, CB and ethnic Albanian representatives, the revitalization of the CB, the need to improve the administrative management of the IASO Vranje office, and the need to relax the out-dated regulatory environment as a means of stimulating economic recovery in Southern Serbia.

In the past eighteen months, since this review took place, most of the concerns and recommendations it contains have been addressed. Most notably the OSCE has assisted the government in the successful conduct of censuses and new municipal elections in the municipalities of Presevo, Medvedja and Bujanovac, resulting for the first time in an ethnic Albanian mayor and majority in the Bujanovac municipal assembly, the establishment of a Multi-Ethnic Police force, the vacation by the VJ of the Bujanovac technical school and the Presevo shoe factory, relaxed measures for accreditation of ethnic Albanian academic qualifications, the UNDP support for the office of a development coordinator and agreement signed between Dr. Covic and the UNDP RR/UNRC Frank O'Donnell to provide institutional support to the expand the regional role of the Coordination Body. Progress has been made towards establishing regional planning and development cooperation by the effective functioning of the Regional Steering Committee which now holds bi-monthly meetings with the participation of six mayors, including the two ethnic Albanian mayors and the two Pcinja and

Jablanica Okrug presidents under the chair of the CB development coordinator. Lastly, the recommendation that the UN system should move from post-conflict recovery programmes to long term governance capacity building and development is being met.

The UN Country Team issued a report in March 2002 on the Achievements of the UN System in Southern Serbia. This report sets out the medium term development programmes and activities of the participating IASO agencies including the implementation of the UNDP/EAR Rapid Employment Programme (REP), the UNDP/World Bank/Sida/ Netherlands/ Luxembourg and Norway Southern Serbia Municipal Improvement and Recovery Programme (SSMIRP), the FAO/Netherlands horticultural project, the UNHCR programme for the reintegration over 5,500 IDPs from Kosovo, and the wide range of UNICEF education, health and youth programmes. Towards the end of 2002 many of the IASO agency short-term and emergency activities had been completed. With the exception of UNDP, FAO and IOM, the other IASO agencies decided that they could afford to manage their remaining on-going activities programmes in southern Serbia from their Belgrade offices after 2002. Accordingly, it was decided by the UNCT to close the IASO in December 2002. The UNDP REP team joined the other UNDP programme staff in their main Vranje office in January 2003, prior to closing both programmes: REP and the first phase of SSMIRP at the end of June 2003. At the beginning of 2003, Sida and Norway made new grants for second phase of SSMIRP and by May 2003 negotiations were finalized to launch a new four year programme combining the UNDP REP/SSMIRP achievements, objectives and remaining resources into a four year EAR funded MIR capacity building programme in eleven municipalities starting in July 2003.

The greatest indicator of achievement of the Covic-led, and internationally supported, peace process has been the steady improvement in security which has allowed freedom of movement of people and goods in the former GSZ to an extent which was unthinkable two years ago. As late as February 2002, the CB reported seventeen shooting, land-mine or grenade attacks on the civilian population and security forces in one month. By August 2002 the number of monthly reported security incidents had dropped so dramatically that the UN system was able to lift travel restrictions on its staff within the former GSZ. There are still sporadic attempts by ethnic Albanian extremists based in Kosovo to destabilize the political/social integration and peace processes taking place in Southern Serbia. A campaign of disinformation has been conducted from Pristina. Commemoration ceremonies for fallen UCPMB heroes are marked with provocative anti-Serb demonstrations of Albanian nationalism. But the discipline and restraint of the security forces has been one of the main indicators of the government's success in the peace process. This has been matched by the continued investments of large government grants through the CB in PMB municipalities, which have matched the UNDP and CHF investments in infrastructure and human development programmes.

The main results of IASO discussed with the UNDP Area Coordinator, supported by information during the mission and by prior experience from Serbia of the members of the mission appear to be:

- A strong field presence of the international agencies that was crucial to the peace process for the ethnic Albanians
- The presence of international agencies were at first resented by the Serbian community, but was gradually accepted, being an important step to reducing the isolation of the Serbian communities in south Serbia
- Projects supported by the international community contributed significantly to the dialog between the ethnic groups
- The physical presence of UNDP in South Serbia greatly facilitated mobilization of resources for the SSMIRP and REP Programme
- The high degree of delegation given to the Area Coordinator (100,000 USD per subproject) for project approval and recruitment of local staff facilitated rapid decision

2 Status of the SSMIRP and REP organisational set-up

The UNDP Programme set-up under the guidance of the Area Coordinator is subdivided into

- the SSMIRP Programme Unit headed by a Team Leader
- the REP Programme Unit headed by a REP Manager
- the Operations Unit headed by an Operations Officer

The number of posts and the division of responsibilities appear to have been well matched to the work that had to be carried out in the initial Programme phase.

The management and staff represent a vast accumulated experience in cooperation with communities, social rehabilitation and development, implementation of small infrastructure projects and to some extent in municipal capacity building. However, the lack of systematic feedback means that some of this experience cannot be documented. To this can be added that the lack of a fully developed system for Results-Based Management means that data available to Programme management are incomplete. This, however, is the situation for most donor supported Programmes in their initial phases and often beyond. But action should now be taken to firm up the system for making available critical “need to know” management information, through installation of a relevant MIS backed by results based management (see below) and generally to streamline documentation.

The mission finds, that the SSMIRP/REP staff generally shows great enthusiasm and commitment, and that each team has a shared vision, though the two teams have developed somewhat separately and are in need of some integration. The firming up of the management systems advocated by this mission in the recommendations to the report on SSMIRP/REP to increase transparency and accountability would help in preserving and improving this very positive situation among staff and management.

The mission also recommends a fresh strategic look at staffing in the light of the balance of expatriates and national staff, and the use of qualified staff from other regions of Serbia (see main body of report).

The current staff no doubt includes persons whose resources are under-utilised because the systems for documenting excellence remains underdeveloped. The programme appears to lack a recognised “marketplace” where management and staff can offer new ideas for further development of the Programme. Again this is a weakness found in many publicly-funded organisations. As an example it appears that a qualified but under-utilised capacity for firming up tendering systems exists at management level in the Operations Unit.

The mission has been requested to give an overall assessment of the appropriateness of the current SSMIRP/REP staff for the implementation of MIR. Generally the current staff appear to have many of the essential qualities to support the implementation of MIR, but a crash training programme should supplement these qualities with some lacking skills. In this context the Mission has observed that limited systematic staff development has taken place during the first phase of the SSMIRP/REP Programme where emphasis for very good reasons was on quick starting of the Programmes. In the start of the MIR programme, the need for additional staff can be used to implement any results of the review referred to above with minimum loss of valuable experienced staff.

It has been suggested that UNDP intends to support the RSC in elaborating a Local Economic Development Strategy for the Peinjski and Jablanicki districts. If the study is to be carried out in close contact with the UNDP office in Vranje, it would be a problem that this office has no private sector experience.

Staff training appears necessary in relation to: Results-Based Management, information and communication, operation of management information systems and continuous updating on training needs assessments. This training should be part of the TOR for the short term consultants which the mission recommends is made available in specific areas. This training is required to facilitate the envisaged transfer of responsibilities to the municipalities leaving Programme staff with the responsibility for accounting, monitoring and evaluation.

Areas where new expertise is required	Expertise provided by external experts	Limited expertise available within staff to support expert & implement
Municipal development plans		
• Design TOR	X	X
• Implement	X	X
Regional dev. Plan		
• Design TOR	X	X
• Implement	X	X
Results based management (RBM)		
• Design system & train	X	
• Follow up		X
Information & communication		
• Design strategies	X	X
• Follow up		X
Systems for sustainability		X
Economic development		
• Design of strategy	X	X
• Implementation – if any – by MIR		X
Tendering		X
Capacity building		
• Training needs assessment (TNA)	X	X
• Design strategy	X	X
• Implement training	X	X
Management information system		
• Redesign TOR	X	X
• Finalise systems design	X	X
• Operate MIS	X	X
Strengthen programme documentation		X
External quality control	X	X

The mission understands that MIR staff will include among others

- one Project Facilitator to be placed in each of the 11/13 municipalities
- four Project Supervisors
- two Project Engineers
- two Capacity Building Facilitators.

This staff appears appropriate but should be supplemented by an expert in tendering for a two years period.

If the design of the strategy for economic development leads to a decision that UNDP needs to complement other stakeholders in private sector facilitation, 1-2 additional and specialised staff would be required as a separate unit under the overall Programme management. In the report on the evaluation it was recommended that contributions to economic development by UNDP linked to SMEs should at least initially be limited to facilitation of existing SMEs (information is that there exist 2,600 operating SMEs in the two districts to be covered by MIR which is a vast area for private sector facilitation) by

- making available proven experience in profitable business operations linked to assistance to develop business plans
- assist in networking with national and international business partners.

Finally, the Mission has developed proposals for operational guidelines for the division of responsibilities between the MIR management and the Programme Coordinator at the UNDP Office in Belgrade. The proposed guidelines are appended as an Annex.