STRENGTHENED URBAN DEVELOPMENT PLANNING IN MONTENEGRO

Strengthening governance systems in spatial planning to address uncontrolled building and implementation of the new planning legislation
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EXECUTIVE SUMMARY

The Product Document defines three main components:

- Enhanced physical planning capacity in twelve northern municipalities
- Legalisation of illegal construction
- Support to public debate around a new National Spatial Plan

The implementation of the first and third components is considered relevant, well performed and in support of main project objectives. Some performed activities under the third component were not foreseen in the Project Document. The activities regarding illegal constructions are on hold due to changed conditions.

The support to the Municipalities has been delayed while awaiting the adoption of the overarching legal framework and there is a risk that anticipated outputs will not be fully achieved at the end of the project period. The issue of sustainability is critical.

Although there is a certain relationship between the three project components, a strengthened focus during the rest of the project period is motivated.

It is recommended that the work plan for the rest of the project period will be reviewed, updated and organised as two main components:

- Support to enhanced spatial planning capacity in the northern municipalities
- Support to development and implementation of relevant legal framework for spatial planning

The support to the municipalities should be emphasised. The total budget should be reallocated accordingly.

The feasibility of a non-cost extension, based on identified needs and estimated budget balance at the end of the project period, should be explored.

An exit strategy should be elaborated with particular focus on achieving sustainability of the support to the municipalities through institutionalisation of the Capacity Development Unit function. A feasibility study on establishing a Regional Urban Centre will be carried out.

The local ownership of the Project should be strengthened through emphasising the Project Management Board (PMB) as a regular and frequent meeting place for the main project partners. The involvement of the partner municipalities in project follow-up should be strengthened through regular Steering Committee meetings, closely interlinked with the PMB.

The reporting of the project should be strengthened through a regular presentation of progress of work in relation to the agreed revised work plan with particular focus on the impact of the support to the partner municipalities. The financial follow-up should present accumulated costs in relation to the agreed budget.
The management and coordination structure of the Project is illustrated above.

The coordinating roles of the Project Management Board (PMB) for the main partners and the Steering Committee of Urban Secretariats for partner municipalities are emphasised.

The implementation structure of the two components targeting the national and municipal levels is also illustrated.

Roles and responsibilities are addressed below under “Project Administration and Coordination”.
BACKGROUND

Sida has since 2003 supported Montenegro in developing and implementing the legal framework for regulation of spatial planning and development. The first phase of the project (2003-2006) resulted in the adoption of the Law on Spatial Planning and Development in 2005.

The second, 3-year phase (with the budget of 18 MSEK) aims, according to the Project Document, to ensure public participation in development of the National Spatial Plan, strengthen capacities of institutions at the national and local level for implementation of the Law on Planning and Development and a new Law on Illegal Buildings through transparent and participatory planning and implementation procedures.

Particular focus is put on direct assistance to the municipalities in northern Montenegro in developing Spatial and Urban Plans, as required by the law. The project will contribute to establishing clear links between economic growth, poverty reduction and environmental sustainability.

Executing partner of both phases is UNDP, Montenegro. UNDP developed the Project Document in consultation with the Government of Montenegro.

Monitoring/advisory consultant to Sida is the Swedish Board of Housing, Building and Planning (Boverket) engaged for the period May 2007 – December 2010.

The purpose of this mid-term evaluation is to assess the implementation of the project so far and to present recommendations for the rest of the project period. The conclusions are based on analysis of available documents and from facts-finding and interviews during a two weeks visit to Montenegro (Appendix 5). The Consultant was supported during part of the mission by the local consultant Mr Sasha Karajovic.

In accordance with the Terms of Reference (Appendix 6), particular focus of the study has been put on a number of specific issues. They are separately addressed below, although there is a strong interrelationship between them.

The Evaluator is grateful for the assistance provided by Sida and Boverket and for the active participation of UNDP staff and wider stakeholders in the Montenegro during the course of this evaluation assignment.
PROJECT IMPLEMENTATION

Scope and Objectives

According to the Project Document the project aims to support sustainable spatial planning and development in Montenegro through

1. Supporting Sustainable Spatial Planning and Development in municipalities in the northern Montenegro through
   a) capacity building of local governments in northern Montenegro to develop spatial and urban plans and establish transparent and participatory planning process
   b) establishment of the Capacity Development Unit that will provide expert and financial assistance in planning process, and support exchange of best practices among municipalities and from the region

2. Supporting all stakeholders in developing and implementing the Law on Legalization of Illegal Buildings through wide public presentations, registration of illegal buildings, establishment of one-stop shops, capacity building, information-sharing and NGO capacity building and grants programme

3. Ensuring transparent development and implementation of the Law on Spatial Planning and Development by supporting active public participation in development of plans, with special focus on the National Spatial Plan for Montenegro, through public consultations, establishment of models of good practice and monitoring mechanisms, NGO capacity building and grants programme.

The objectives are formulated in a general way in form of needs to be addressed and more detailed as expected outputs. They can be interpreted and summarized as follows:

Development Objectives
- Sustainable development of the region
- Contribution to establishing clear links between economic growth, poverty reduction and environmental sustainability.

Project Overall Goal
- Capacities of national and local government and civil sector to implement the Law on Planning and Development and address the issue of illegal buildings
- Confidence in planning and inspection services

Project Outputs
- Sustainable spatial planning and development in municipalities in the northern Montenegro
- Legal Framework for legalization of illegal buildings established and implementation started
- Active participation of civil society in spatial planning and development
More detailed outputs for the three project components are presented in the Project Document.

**Achievements**

**Enhanced physical planning capacity in 12 northern municipalities**

The Capacity Development Unit (CDU) was established in late 2007. It comprises currently three qualified local planners, one full-time Coordinator and two planners on half-time basis. They are all based in Podgorica. A new full-time staff member, to be based in the north will soon be recruited.

The CDU is responsible for the tangible support to the twelve targeted municipalities comprising the former capital Cetinje and the eleven municipalities in the northern part of Montenegro (Appendix 1). The support includes professional advice on managing the planning process, capacity building and knowledge exchange activities. Financial support is provided on cost-sharing basis for contracting consultants to carry out the planning work. The conditions of the financial support are regulated in separate contracts. The activities so far are summarized in Appendix 3 and have mainly included the following:

- Establishment of the Capacity Development Unit (CDU)
- Need assessments in all twelve municipalities
- Preparations and planning support for contracting consultants for the preparation of Local Spatial Plans (LSP) and General Urban Plans (GUP).
- Contract signed and first instalment paid to five municipalities
- Bi-annual meetings with the Steering Committee with representatives for the Urban Secretariats in the municipalities.
- Capacity development activities in form of a Best Practice Workshops, arranged in connection with the Steering Committee Meetings. All twenty-one municipalities in Montenegro were invited to participate. Study visit to Slovenia organized.
- Preparation of a web site as “Forum of Secretariats for Urbanism” for documentation of experience and knowledge exchange
The basic conditions of the twelve municipalities are very different as is summarized in Appendix 2. This concerns size and general development conditions as well the municipal resources for managing a participatory and sustainable planning process.

The support by the CDU is provided during short visits for advice and on-the-job training and through communication via E-mail. The newly established web page and the biannual Best Practice Workshops are important tools for capacity building and knowledge exchange. One of the municipalities, Kolasin, has not been interested to join the cooperation and support by the CDU.

As can be seen from the result of the support so far (Appendix 3) great effort has been put on contracting consultants for preparing the planning documents. This activity has so far been based on the previous planning law, requiring both LSP and GUP. These planning instruments shall according to the recently adopted new Law on Spatial Development and Construction of Structures be combined in the form of a Spatial Urban Development Plan.

Public participation in form of public debates will be organised in connection with the presentation of the draft plan.

Legalisation of illegal construction

Due to changed government policy, the activities defined in the Project Document is no longer applicable and no alternative use of the budget allocation has so far been considered relevant.

Refer to the specific Clause on “Illegal Constructions” below.

Support to public debate around a new National Spatial Plan (NSP)

The Ministry of Economic Development (MED), supported by GTZ, developed the draft NSP, which was on public debate during the summer 2007. The project supported public debate through:
- Engaging seven NGOs in awareness raising campaign for the most important issues of the NSP. Expert round tables were organised.
- Engaging one regional expert and one local expert for the assessment of the draft NSP

After the adoption of the draft NSP in May 2008, the project continued to support the public hearing through:
- Financing and organising part of seven thematic round tables and a public campaign in all 21 municipalities.
- Technical assistance to the Government in form of comments and suggestions by two international consultants.
- Continued engagement of the seven NGOs for mobilization of citizens to participate in the debates.
- UNESCO conference to stress importance of Kotor and Durmitor (UNESCO sites) in the National Spatial Plan
- Publishing Summary of Comments on the NSP
The final National Spatial Plan was adopted by the Government in December 2007 and by the Parliament in February 2008.

The Ministry of Economic Development prepared a new Law on Spatial Development and Construction of Structures, which was adopted in August 2008.

- The Project engaged regional consultants, who reviewed and provided recommendations for improvements of the working version of the new law.

The support to the new law, carried out in agreement with the MED, was not foreseen in the Project Document. There are recent informal requests by the MED to support the development of certain bylaws to the Law on Spatial Development and Construction of Structures.

**Budget Utilisation**

The total budget utilisation is summarised below. A detailed follow-up, elaborated on request by the Project staff on basis of current book keeping, is presented in Appendix 4.

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<td>Period</td>
<td>13 months</td>
<td>36</td>
<td></td>
<td>21 months</td>
<td>58</td>
<td>25 months</td>
<td>69</td>
</tr>
<tr>
<td>1 Municipal support</td>
<td>1 530 000</td>
<td>231 504</td>
<td>15</td>
<td>477 552</td>
<td>31</td>
<td>855 504</td>
<td>56</td>
</tr>
<tr>
<td>2 Illegal construct.</td>
<td>600 000</td>
<td>0</td>
<td>0</td>
<td>225</td>
<td>0</td>
<td>225</td>
<td>0</td>
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<tr>
<td>3 Public Debate etc</td>
<td>250 000</td>
<td>135 897</td>
<td>54</td>
<td>135 897</td>
<td>54</td>
<td>165 897</td>
<td>66</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2 380 000</td>
<td>367 401</td>
<td>15</td>
<td>613 674</td>
<td>26</td>
<td>1 021 626</td>
<td>42</td>
</tr>
</tbody>
</table>

In the table above the actual spending of main sub-components are compared with a supposed spending (%) equally distributed over the project period.

The project is implemented by a small permanent staff for project management and a Capacity Development Unit performing advice, on-the-job training and experience exchange targeting the twelve partner municipalities.

International and local experts and not the least national NGOs have been engaged for providing the technical and organisational tasks of the programme component targeting the nation level.

The budget amount is estimated at an exchange rate of approximately SEK 7.

**Municipal support**

Main components of the total budget for the component of Municipal support have been estimated below in order to give a more accurate illustration of the actual progress of work and budget result.
<table>
<thead>
<tr>
<th>Sub Component</th>
<th>Total (USD)</th>
<th>Spent 2008.08.31</th>
<th>%</th>
<th>Estimated 2008.12.31</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period</td>
<td>36 months</td>
<td>21 months</td>
<td>58</td>
<td>25 months</td>
<td>69</td>
</tr>
<tr>
<td>Project man.</td>
<td>145 500</td>
<td>81 089</td>
<td>56</td>
<td>93 921</td>
<td>65</td>
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<tr>
<td>CDU staff</td>
<td>(243 500)</td>
<td>30 321</td>
<td>13</td>
<td>39 291</td>
<td>16</td>
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<tr>
<td>Plan dev.</td>
<td>654 000</td>
<td>77 761</td>
<td>12</td>
<td>300 000</td>
<td>46</td>
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<tr>
<td>Other costs</td>
<td>(517 900)</td>
<td>288 381</td>
<td>56</td>
<td>422 292</td>
<td>82</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1 530 000</td>
<td>477 552</td>
<td>31</td>
<td>855 504</td>
<td>56</td>
</tr>
</tbody>
</table>

(The budget allocation for CDU staff is not clearly indicated in the Project Document. Assumed figures are presented within brackets.)

The cost for project management and administration, which is included in the budget for Municipal Support component, is in principle a fixed cost to be equally distributed over the budget period, which also appears to be the case.

The CDU staff is partly engaged on half time and only recruited in late 2007. The instalments to municipalities for cost sharing of consultancy costs will be paid late during the project period. This explains the low cost in relation to time.

However, even if these conditions are considered, a budget balance at the end of the project period can be expected.

**Support to public debate etc**

In December 2008, 70% of the project period has passed, which well corresponds with the actual spending for this component, especially as many of the activities, foreseen in the Project Document, were concentrated during the initial part of the project.
Conclusions and Recommendations

Support to Municipalities

The activities of the CDU are considered relevant and in accordance with the project objectives. The support appears to be appreciated by the recipients and well performed. However, the services have been delayed while waiting for the final legal framework for implementing the planning work and the CDU has only been active for approximately one year. The preparation of development plans is still in an initial stage and has only started in some municipalities. The revised format of planning documents, as required by the newly adopted new law, will result in certain rearrangement of the contracts with consultants.

Even with an optimistic work planning, all municipal plans will probably not be finalised by the end of the project period. Furthermore, the need of supporting proper implementation of the plan, including detail planning, and anchoring of a sustainable participatory planning process will certainly remain.

Capacity-building is an on-going process. The recipient capacity is sometimes limited and the number of contacts generally small. To limit the vulnerability of achievements, a wider group, including decision makers, should be invited to the capacity building initiatives. On-the-job training should be strengthened through increased visits by the CDU.

Expert assistance to specific issues or thematic areas of specific importance to the municipalities should be considered. This might include introduction to new planning techniques such as GIS, Strategic Environmental Assessment (SEA) support, Visioning Workshops, place-making training, methods for linking plan implementation to the budget process etc.

It is recommended that tailor-made support programmes are prepared for and in cooperation with each of the municipalities to define and specify the need and areas of support during the remaining and possibly extended project period.

The resources of the current CDU staff is considered too limited for strengthening the municipal support. Consequently, the planned new recruitment of a staff member to be based in the north is well motivated. In addition, widening the field of support through short-term inputs by specialised consultants and/or NGOs should be considered.

Coordination with related programmes targeting the partner municipalities, carried out by UNDP and other agencies, should be consolidated.

The need of sustaining the support by the CDU in a longer perspective is dealt with below under “Sustainability”

Illegal Constructions

The withholding of the component regarding illegal construction is well motivated in the absence of a legal framework or defined government policies.
The issue is dealt with below under "Illegal Constructions". To sum up, it is recommended that this component is cancelled and possible further initiatives be included in the two other components.

Support to public debate etc

The activities related to the development of the National Spatial Plan were in the main carried out as defined in the Project Document. The dissemination of the draft proposal was actively supported as well as a broad public participation. The professional inputs by consultants, engaged through the project, in order to introduce improvements in the final report, appear to have had the greatest impact on the final plan.

The recent support in form of professional comments on the new Law on Spatial Development and Construction of Structures, is not foreseen in the Project Document. However, the activities are consistent with the main objectives of the Project and well motivated in consideration of previous support to the development of a planning law and considering the impact of the law on the conditions for planning activities at the municipal level. This also applies to the possible support to the development of by-laws to the new plan.

The conditions have changed since the preparation of the Project Document and it is recommended that a revised and up-dated work plan is prepared for this component.

Summary

The activities carried out are found relevant and supportive to the overall objectives of the project. Spending of costs is found consistent with deliveries.

The Project Document is partly outdated and it is recommended that the work plan is reviewed and a new proposal be presented to Sida and the Project Management Board for consideration. A more focused programme should be aimed at and organised as two main components:

- Support to enhanced spatial planning capacity in the northern municipalities
- Support to development and implementation of relevant legal framework for spatial planning

The support to the municipalities, specified in tailor-made programmes, should be emphasised. The budget should be reallocated accordingly.

The feasibility of a non-cost extension, based on identified needs and considering the estimated budget balance at the end of the year, should be explored.
RELEVANCE AND OWNERSHIP

Public Needs and Priorities

The Poverty Reduction Strategy Paper (PRSP), developed by the Government of Montenegro, recognizes that improved spatial planning and access to services in urban areas through participatory and transparent planning processes should help Montenegro to align better to the goals of economic growth and sustainable development.

The National Spatial Plan, adopted by the Parliament in February 2008, points out the need of development support to the northern part of the country.

The Project Document is based on a need assessment and was elaborated in consultation with the former Ministry of Environmental Protection and Physical Planning. Regular contacts between the Ministry and UNDP contribute to aligning the activities of the Project with current government policies. The areas of assistance to the municipalities will be related to the vision for the region as spelled out in the Montenegro-wide Spatial Plan.

A Law on Planning and Development was created with UNDP/Sida support in a previous project. A new Law on Spatial Development and Construction of Structures was adopted in August 2008. This Law combines existing Laws on Construction, Planning and Development, Inspection and Construction Land. Regional consultants, appointed by the Project, have presented comments and suggestions on the draft new law. As reported, these proposals were positively received with tangible impacts on the final law.

The new law introduces certain changes with consequences on the conditions for spatial planning at municipal level and therefore on the support to the municipalities. For example, the previously required two development planning instruments (Local Spatial Plan and Urban Development Plan) are replaced by one (Spatial Urban Development Plan)

A major government policy change concerns the approach to illegal constructions as proposed in the Project Document. See below under “Illegal Constructions”.

Ownership

The former Ministry for Environmental Protection and Physical Planning shared the responsibility with UNDP for the project objectives and design. After the reorganisation of the Government, the Ministry of Economic Development (MED) is the main governmental partner and participates in the Project Management Board (PMB) Meetings.

Recently, coordination meetings were initiated between the Ministry and the Project Management. Interview with the MED indicates that more regular information sharing on the Project implementation would be appreciated.
The Municipalities are represented in the PMB meetings, which are supposed to be arranged at least biannually. The way of reporting back to the Steering Committee and the municipalities has not been assessed. However, the impression is that the sense of ownership of the total Project is not particularly well developed among the municipalities.

UNDP’s ownership of the project is of natural reasons apprehended as strong through the contract with Sida and the role as executing agency. This impression is reinforced by frequent reference to “UNDP” rather than the Project in reports etc.

Conclusions and Recommendations

Relevance

The project activities are found relevant, in accordance with public needs and in alignment with Government policies and priorities, even if not fully foreseen in the Project Document.

There is no special legal framework elaborated to guide the Project on addressing illegal constructions as proposed in the Project Document. The decision to put this component on hold is considered well motivated.

Because of policy and conditional changes since the preparation of the Project Document, it is recommended that the work plan for the rest of the project period will be revised.

Ownership

Ownership requires frequent information-sharing, regular participation opportunities and possibilities to influence. The Project Management Board (PMB) meetings should be emphasised as the main “meeting-place” for project co-ordination. It is recommended that the PMB meetings during the remaining project period are arranged more frequently, e.g. every four months, which also is in line with Sida’s new work routines.
Minutes of Meeting, translated and possibly in a summarized form, should be circulated among the main stakeholders, including the Steering Committee.

Regular Steering Committee meetings (in combination with Best-practice Sharing workshops) between the municipalities are important for project coordination and information-sharing. Consistent with the recommended strengthened focus on the support to the municipalities, it is motivated to arrange these meeting more often and in phase with the PMB meetings. Proposals from the meetings should be documented and forwarded to the PMB for information and consideration.

The local ownership, rather than the financing and/or executing agencies should be emphasised at all occasions when the project is presented. An abbreviation or less complicated project name and/or motto, emphasising the local ownership, should be considered.
PROJECT ADMINISTRATION AND COORDINATION

Roles and Coordination

The project was developed by UNDP Montenegro in consultation with the Ministry for Environmental Protection and Physical Planning (later on replaced by the Ministry of Economic Development). It is financed by Sida with UNDP as executing agency under a separate Agreement between the two parties. Minutes of Understanding, to be completed by cooperation contracts, are signed with the partner municipalities in mainly the northern region of Montenegro.

The project has its own budget and staff. The Project Manager, appointed by UNDP, will be responsible for achievement of objectives of the project, its timely implementation and the utilization of funds.

In accordance with UNDP principles, the project has a Project Management Board (PMB) consisting of:

- Representative of the Ministry of Economic Development
- Representative of the Municipalities
- Representative of Sida
- Representative of UNDP

The role of the PMB is to review the successful completion of project stages and provide guidance regarding future project activities.

The Capacity Development Unit (CDU), financed by the project, has been established as the main human resource and project means for the support to the municipalities. An additional digital institutional “home” for the CDU function has been created through the new website “Forum for of Secretariats for Urbanism”, The role of the Forum is dealt with below under “Sustainability”.

The Steering Committee of Urban Secretariats represents the partner municipalities and meets so far in principle twice a year for project follow-up and coordination. Best Practice Exchange workshops, with a wider participation, are organised at the same occasions.

The Administrative Agreement between UNDP and Sweden prescribes semi annual meetings between Sida/the Embassy, Government of Montenegro and UNDP. Of practical reasons these meetings are combined with the Project Management Board meetings. Until now only two such meetings have been arranged.

Sida is assisted by the Swedish Board of Housing, Building and Planning (Boverket) in monitoring the implementation of the agreement with UNDP.

The organisational set-up and the coordination and implementation structure of the project are illustrated on page 5.
Reporting

The Administration Agreement prescribes progress reports to Sida every 6 months. Until now two reports have been presented. The actual reporting period for the second report (January-July 2008) appears to cover activities between August 2007 and April 2008.

The two reports are brief and narrative. They describe mainly activities undertaken during the reporting period. Technical reports on major events are enclosed as Annexes. The last report includes a table presenting activities at the municipal level in a reader friendly format, which can be further developed.

The semi-annual financial progress reporting consists of a detailed presentation of costs during part of the reporting period. The costs are not related to tasks and the report does not give the necessary overview of the accumulated spending in relation to the budget for different components and subcomponents.

A separate Result Report from May 2008 presents a summarized overview of the progress of work. Accumulated costs are presented for the three project components in relation to the total budget in an aggregated form.

Conclusions and Recommendations

Roles and Responsibilities

It is important that roles and mandates of different stakeholders are clear and understood by all stakeholders. In summary the Project Manager is responsible for the implementation of the Project in accordance with the Project Document and as advised by the Project Management Board.

The PMB should be emphasised as the “meeting place” between the main project partners. The PMB should meet regularly as recommended above.

UNDPs rights and responsibilities are regulated in the Administrative Agreement with Sida, including reporting and information obligations. Possible major changes of the Project Document, including budget revisions, should be agreed on by Sida. The Project may benefit from Boverket’s experience through direct advice on Project implementation.

Means to strengthen the role of the partner municipalities on project implementation is proposed above under “Relevance and Ownership”.

Reporting

There is a potential for further development of the progress reports. Editing improvements, including logical use of subheadings, would make the reports more clear and reader friendly. The presentation should focus on achievements, challenges and next steps of work.
Achievements and planned activities should be related to the work plan. Progress and budget up-dates could preferably be illustrated in a diagrammatic format.

It is suggested that follow-up of the activities targeting the municipalities should be based on municipal-specific programmes with defined and agreed indicators of progress.

The budget is an important management tool for project steering and follow-up. It is recommended that a transparent financial reporting format is developed, based on an agreed revised budget. Accumulated costs should be reported in relation to the budget for main budget lines of the project components. The work plan should be reflected in the editing of the budget. Possible deviations from forecasted results should be briefly commented.

The reporting should be coordinated with the PMB meetings and distributed in advance. One more detailed annual progress report covering the whole year should be completed by reports covering the four months periods between the meetings.
ILLEGAL CONSTRUCTIONS

Background

A major part of buildings constructed over the last decades are estimated to have been illegally developed while there is no reliable register of those buildings. The former Ministry of Environmental Protection and Physical Planning officially recognized the issue of illegal buildings as an urgent measure to be solved with priority.

Illegal buildings are mostly visible in the coastal area but also found in many locations in the northern municipalities, both within and outside the urban areas. It can be groups of buildings or individual buildings, constructed or enlarged without building permit.

The illegal buildings are of different kinds and include a number of illegal (informal) settlements created by refugees, internally displaced persons and Roma. There are many residential houses built on own land as well as commercial and tourist facilities, developed for speculative reasons.

Through, the possibility of connection to public utilities and to register the buildings and pay taxes, illegal constructions sometimes have gained a sort of “legal” status.

The government is committed to resolve the problem of illegal developments in a transparent manner and with full respect of human rights by signing the Vienna Declaration on National and Regional Policy and Programmes regarding Informal Settlements in South Eastern Europe.

According to the Project Document, the previous Law on Spatial Planning and Development was not considered as a sufficient tool to deal effectively with the large problem of illegal construction. This was the justification for including the component on Illegal Construction in the Project Document, anticipating that a special legislation would be created to enable legalisation of acceptable structures over a relatively short period of time in order to define condition for further planning.

However, by the time the Ministry of Economic Development decided not to create such legislation why this project component needs to be reconsidered.

Changed Project Conditions

The Ministry of Economic Development (MED) has decided to solve the problem of illegal buildings through the new Law of Planning and Construction, specifying planning and building regulations as the basis for defining the status of Illegal construction. According to the law, illegal constructions are subject to pecuniary fines to a maximum of 5000 bold MNE Minimum wage (EUR 55). In addition illegal constructions are classified as criminal acts. This constitutes a tool to stop new illegal construction, which should be an urgent and prioritised issue. However, the effective utilisation of this tool requires proper up-dated documentation of existing constructions, which appears to be a major problem.
Furthermore, the limited capacity for inspection, which is a Government responsibility, is a serious constraint.

The new law assumes that existing illegal constructions be solved at the municipal level in connection with the spatial planning process and states that “Structures built without building permits prior to the day the Law comes into force, which are not fitted into the planning document, shall be removed”. This general instruction is not considered to give clear guidance for the implementation of the law.

The municipalities are required to present annual reports regarding the state of planning including information on illegal constructions.

In agreement with the MED, a Pilot Project, addressing illegal constructions in the municipalities of Bijelo Polje and Zabljak has been carried out by UN-Habitat with support of municipal staff and the CDU. The project presents a fast and inexpensive way of documenting existing structures within a limited area on basis of satellite images and is appreciated by the Municipalities. However, the methodology is not considered replicable for a more extensive use.

A preliminary idea of engaging NGOs for supporting the MED in documentation and reporting of new illegal constructions was mentioned during discussions on this issue.

Conclusions and Recommendations

No substantial project proposals regarding Illegal Constructions are in the pipeline.

The complexity of this issue and the remaining obscurity regarding the interpretation of government policy and the legal framework on illegal constructions, reduces the justification of this component as a separate part of a revised work plan.

The saved budget amount would be included in the total budget balance to be reallocated in consistence with the revised work plan.

Possible new initiatives, if found relevant, should be included under any of the two other components. This might, for example, include support to a possible by-law on illegal constructions and to address informal settlements from a planning perspective.

Possible pilot proposals or demonstration projects should be strictly evaluated with focus on their potential for replication.

The possible services of NGOs for the documentation and reporting of illegal constructions is consistent with the Project Goal on “Confidence in planning and inspection services”. However, such an initiative requires cooperation with MED.
SUSTAINABILITY

Impact of Project Activities

Parts of the project activities were carried out as support to the development of the National Spatial Plan and the new Law on Spatial Development and Construction of Structures. The inputs in the form of comments and advice by consultants, engaged through the Project, are reported to have been positively received. The result is manifested in improvements of particularly the Law on Spatial Development and Construction of Structures.

The sustainable impact of organising public information and participation activities to stimulate the public awareness and debate on the new National Spatial Plan has not been assessed. However, evidences of an increased awareness by authorities of the importance of public information and participation have been noted.

The concrete result of the activities targeting the partner municipalities will be the planning documents. As the plan preparation is out-sourced to consultants in all municipalities the capacity development mainly comprises ability to manage, guide and monitor the planning process. Generally, the Mayor and a minor group of the municipal staff are targeted. This group needs to be widened to safeguard sustained capacity.

Capacity Development Unit

The Capacity Development Unit (CDU) plays an important role as the main project means to support the partner municipalities to manage and develop the planning process in a participatory and sustainable way. The task is demanding and it can not be expected that sustainable results of the support will be fully achieved and consolidated at the end of the short remaining project period. Safeguarding and strengthening the CDU function during and after the project period is commonly regarded as critical for a sustainable impact of the project activities.
The Project Document suggests cooperation with the municipalities to identify the future scope of the CDU and to assess the ability and feasibility of the municipalities to secure funds for financing the operations.

The development of a public “Agency for Regional Development” was recommended by a regional consultant, engaged by the Project, in his comments on the draft Law on Spatial Development and Construction of Structures.

MED’s resources for advisory support appears to be limited. The Ministry recognizes the need of a regional “branch” for improved contacts with the municipalities. However, this might require legal changes.

Alternative roles for a Regional Urban Centre include:

- Principally an advisory role and instrument for knowledge exchange, which corresponds with the current function of CDU and the Web Site.

- The advisory role combined with responsibility for Ministry contacts and regional coordination, which requires a specific mandate from the Government and possibly legal changes. This alternative requires, to deserve the confidence by the Municipalities a high degree of integrity and balance between separate municipal interests, considering the natural competition between municipalities, and overall regional ambitions.

Financing options include:
- Government and/or municipal funding
- Institutionalised as a semi-public organisation and financed through services
- Further temporary agency funding during a transition period while awaiting one of the alternatives above (assuming programme extension or new funding)

The planned additional recruitment for the CDU, to be based in the north, could be a first step towards establishing a Regional Urban Centre.

Web-Site

The new web site “Forum of Secretariats for Urbanism” has been created as a web portal for sharing best practice examples, specific data, documentation, suggestions, questions and thoughts about urban planning, primary between employees from Secretariats for Urbanism, but also as a useful tool for the interested public. Latest and most important news and related documents from the area of urban planning in Montenegro are updated regularly. Also, the related documents, laws, bylaws, rule books etc. are being uploaded on daily bases.

The Forum is currently maintained and updated by the CDU. It has been reported that MED is willing to host the web-site in the future as a link to their own site.

As the required by the law on Spatial Development and Construction of Structures, the municipalities have established web-sites of their own, linked to the joint web site.
Replication

Knowledge-exchange within and outside the Project is an important element of the project to be further strengthened. The municipalities share the challenges, including the need to develop a participatory planning process with many municipalities on Balkan and globally. By proper documentation and dissemination including through the web-site, important lessons can be shared.

In particular, the positive experience of the concept of the Capacity Development Unit is considered replicable in similar development programs and is worth wider dissemination.

On the other hand lessons learned from similar initiatives in other countries are valuable as sources of inspiration. An example of interesting “lessons-learned” on public participation is the Visioning Workshop concept developed by the Municipal Spatial Planning Support Programme in Kosovo (Appendix 7).

Cooperation with the Faculty of Architecture in Podgorica could benefit the Project as well as the education of spatial planners in Montenegro. The Faculty represents a potential to play a future advisory role in the support to the municipalities.

Conclusions and Recommendations

Regional Urban Centre

Safeguarding the CDU function after the end of the project and during a possible transition period while awaiting a permanent situation, is considered important for sustaining and further development of the support to the municipalities.

Sustainability is achieved when a strong need and demand of a process or function is recognised, and resources are allocated for that purpose. The demands of the municipalities as well as MED must form the basis for the planning of a Regional Urban Centre. The idea of combining a regional “branch office” of the ministry with an independent institution for advisory and coordination services to the municipalities should be further explored.

The current proposal to carry out a benefit study to assess the needs and demand of all partners as well as the legal and financial conditions for establishing a Regional Urban Centre is well motivated. The lacking or limited interest of support of two of the municipalities should be analysed with a long term perspective. The results of the benefit study should be included in the recommended exit strategy for the project.

Web site

The infrastructure conditions and the distance to the partner municipalities make direct contacts complicated and time-consuming. An increasing maturity in respect of internet utilisation can be envisaged. Consequently, the internet Forum is considered to play an important role for future knowledge and information sharing and dissemination, including at the conceptual stage of the planning work.
However, to make the Forum strong the active participation and contribution by the municipalities is important as well as proper maintenance. The Regional Urban Centre would be the natural host for the Forum.

**Exit Strategy**

An exit strategy is recommended to be elaborated as part of a revised work plan for the remaining and possibly extended project period. The exit strategy will guide a planned phasing out of the project, and define future roles and responsibilities for central and local level institutions and other stakeholders in order to safeguard sustainable results of the project achievements.

The current support targeting the partner municipalities aims to strengthen capacities, ownership and responsibilities of the local governments in order for them to carry out the tasks related to spatial and urban planning, implementation and monitoring.

Capacity-building has to be seen as an on-going process. The need for supporting the development and anchoring of a sustainable participatory planning process through capacitating a wide group, including decision makers, will remain at the end of the project period. Consequently, sustaining the support through the development of a Regional Urban Centre, which would gradually take over the role and function of the CDU, will form the core of the exit strategy.
APPENDIX 1 MAP OF MUNICIPALITIES

Source: National Spatial Plan
### APPENDIX 2 SUMMARY OF MUNICIPAL CONDITIONS

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**Decision:** Start of planning work officially decided  
**Contract:** Consultant contracted for planning work  
**Draft:** A draft plan presented for review  
**IFS:** Informal Settlement  
**Source:** CDU
### APPENDIX 3  SUMMARY OF CDU SUPPORT/ACHIEVEMENTS

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1) Common Capacity Building Activities

Source: CDU

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## APPENDIX 4
### BUDGET FOLLOW-UP

Strengthened urban development planning in Montenegro

**Budget Follow up (USD)**  
Result = Spendings until 2008.09.09

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29
## APPENDIX 5 AGENDA
Evaluation Mission 22 Sept - 3 Oct 2008

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![Dragana Cenic](image)

### Tuesday, 23 Sept 2008

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<tr>
<td>14:00</td>
<td>Ms <strong>Dragana Cenic</strong></td>
</tr>
<tr>
<td>16:30</td>
<td>Professor <strong>Dusan Vuksanovic</strong>, Faculty of Architecture</td>
</tr>
</tbody>
</table>

![Nela Jovic & Christian Jakobsson](image)

![Dusan Vuksanovic](image)

### Wednesday, 24 Sept 2008

<table>
<thead>
<tr>
<th>Time</th>
<th>Meeting with...</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00</td>
<td>Ms <strong>Maja Kustudic Asanin</strong>, Project Assistant</td>
</tr>
<tr>
<td>11:00</td>
<td>Mr <strong>Robert Aleksic</strong>, UNDP GIS Office</td>
</tr>
<tr>
<td>14:15</td>
<td>Ms <strong>Milica Begovic Radojevic</strong>, UNDP Team Leader</td>
</tr>
</tbody>
</table>

![Maja Kustudic Asanin](image)

![Robert Aleksic](image)

![Milica Begovic Radojevic](image)
Thursday, 25 Sept 2008

Visit to Municipality of Andrijevica

12.00  Meeting with Mr. **Radota Pantovic**, Main Administrator, Mr **Miljan Scekic**, Advisor for urban planning and Mr **Mijodrag Dovovic**, Inspector

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Friday, 26 Sept 2008

Visit to Municipality of Zabljak

10:00  Meeting with Mr. **Milika Ostojic**, Main Administrator, and Mr **Sava Zekovic**, Secretor for urbanism

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Monday, 29 Sept 2008

9:00  Meeting with Mr **Predrag Dakovic**, Project Manager

11:00  Meeting with Mr **Predrag Dakovic** and Mr. **Sasha Karajovic**, Local Consultant

14:00  Work session with Mr **Sasha Karajovic**
Tuesday, 30 Sept 2008

8:30 Meeting with CDU members, Mr Djordije Kalezic and Ms Milica Mijuskovic
11:00 Work session with Mr Sasha Karajovic
16:00 Meeting with Ms Sasa Kikovic, GTZ

Wednesday, 1 Oct 2008

08:00 Work session with Mr Sasha Karajovic
10:30 Meeting with Ms Budislava Kuc (Advisor), Ministry of Economical Development and Mr Sasha Karajovic
13:30 Work session with Mr Sasha Karajovic

Thursday, 2 Oct 2008

08:00 Summing up meeting with Mr Predrag Dakovic and Ms Dragana Cenic
11:00 Meeting with Mr Dejan Milovac, MANS (NGO)
APPENDIX 6  TERMS OF REFERENCE

Strengthened Urban Development Planning in Montenegro (2006-2010)

Midterm evaluation
This document outlines the tasks for the short term consultancy that will contribute to the learning process of involved stakeholders and enable selection of the most appropriate approach for the remaining part of the project.

Introduction
Montenegro is rich in natural resources and has a climate conducive to agriculture and tourism. Sustainable use of natural resources and protection of natural resources is vital for the tourism industry, Montenegro’s key source for economic growth, and is closely linked to spatial planning. Montenegrin government is, thus, creating a system of public physical planning to give better control to the public sector over development.

During the last few years, Montenegro has created a business-friendly investment climate, with FDI reaching the highest level in Europe. Tourism and tourism investments, particularly along the Adriatic coast, are booming, which creates pressure on natural resources. This expansion also affects underdeveloped northern municipalities. Illegal construction is a huge problem that needs to be solved, and Government recently decided not to create lex specialis for legalisation of existing illegal construction (as initially planned) but to solve them through municipal planning documents.

Since 2003 Sida supported Montenegro in developing and implementing legal framework for regulation of spatial planning and development. First phase of the project (2003-2006) resulted in adoption of Law on Spatial Planning and Development. The second, 3-year phase (with the budget of 19.2 MSEK) aims to ensure public participation in development of the National Spatial Plan, strengthen capacities of institutions at the national and local level for implementation of the Law on Planning and Development and new Law on Illegal buildings through transparent and participatory planning and implementation procedures. Special focus is put on direct assistance to 12 municipalities in northern Montenegro in developing Spatial and General Urban Plans. The project is planned to contribute to establishing clear links between economic growth, poverty reduction and environmental sustainability.

Implementing partner of both phases is UNDP, who developed the project in cooperation with the Government of Montenegro. Sida will make financing available for the services of performing this mid-term evaluation.

Tasks

1. Analyse the performance (and if relevant recommend changes) –
   - To what extent are objectives achieved (related to the project document)?
   - What is the cost-effectiveness of the project activities (analysis of the initial allocation of resources and budget utilisation) and adherence to the original budget of the project?
   - What are the reasons for achievement or non-achievement and what can be done to make further interventions more effective?

2. Evaluate ownership and alignment –
   - Are the requirements of local ownership fulfilled?
   - Are the measures foreseen in alignment with national and public needs and priorities?
   - Are stakeholders involved and motivated to take actions?
   - What measures can be taken to improve partnership?

3. Analyse routines and systems to ensure quality in project implementation and reporting feedback (and if relevant recommend changes):
   - The roles, mandates and coordination between the cooperation partners (UNDP, Ministry, CDU, local governments, Sida, Boverket) and between other national and international actors active in the sector.
   - The means for reporting and follow-up: documentation, communication, and indicators used.
   - Advise how to promote integration and contribution of the achieved results and experience to the learning process and incitement for actions.

4. Advise how to proceed with component 3 (Legalisation of illegal construction) in changed circumstances.

5. Identify and analyse risks for sustainability of results and propose adequate risk management measures and actions. Possible issues could be:
   - Does the Ministry have the financial capacity and political will to maintain the benefits from the project when the Sida’s support is withdrawn?
   - How will the Capacity Development Unit become institutionalised?
   - How should maintenance of the web-site “Forum of secretariats for urbanism” became sustainable after the project end?
   - What alternatives there are for replication of project achievements?

Methodology of services required

1. Analysis of project documentation and planning (approx 1 week)
2. Fact-finding and interviews with key stakeholders in Montenegro (approx 2 weeks)
3. Report writing (1 week)
4. Presentation and discussion of report and findings at seminar in Montenegro, follow-up comments from Sida and UNDP (1 week)
The estimated time allocated for implementation of the assignment includes both international and local consultant time. The cost of the local consultant must not exceed 10% of the assignment’s total cost.

Sida, Boverket and UNDP will provide consultants with the background information and contacts they will need to carry out the assignment. List of stakeholders to be visited will be elaborated and agreed later in consultation with consultants, Sida and other stakeholders. Consultants will make themselves available for discussions with Sida/Stockholm and Sida/Belgrade before and after the visit and for discussion on recommendations and conclusions.

The analysis shall be carried out in an objective and impartial manner. The assignment should result in concrete recommendations to Sida and UNDP. Recommendations are to be stated briefly, clearly and in an analytical manner.

**Time schedule**

The duration of the assignment will be approximately 5 weeks and it should start as early as possible. As July and August are holiday season, the field visit will be arranged in early September. The tenderer shall specify the shortest possible period of time for personnel/sub-consultants to make themselves available for the assignment.

**Reporting**

The report shall be written in English and should not exceed 25 pages (excluding annexes). The draft report shall be submitted to Sida electronically 2 weeks after the mission. Sida will share it with others and send consultants joined comments. Within 2 weeks from receiving the comments on the draft, the final version of the report should be submitted to Sida electronically.

**Specific requirements**

The tenderer shall have a documented knowledge and practical experience of working with land use and spatial planning preferably with experience from evaluation of such initiatives. The tenderer shall include an up-dated CV for each team member with correct information on the person in question, specifically indicating previous experience of similar assignments performed in the last 3 years.

A local expert stationed in the region, with adequate level of knowledge in local language shall be part of the evaluation team. This expert should have relevant background and work experience. If not identified already, the local expert may be added and CV provided for Sida’s approval after the tender is awarded.

The tenderer shall specify how the assignment will be organised, propose research methodology and provide description and justification in relation to possible alternatives in the tender documents.

The tenderer shall submit a proposal for a time schedule and a work plan for the implementation of the assignment.
The tenderer shall specify the total cost of the assignment. All types of costs are to be given in SEK, excluding VAT.

Selection

Proposals should be sent to Tomas Nyström at Sida (tomas.nystrom@sida.se).

A consultant with framework agreement with Sida will be contracted to carry out the assignment. In evaluating proposals Sida will take the following indicators into account:

- Knowledge and experience concerning spatial planning, especially capacity development and public participation – 40%
- Knowledge and experience in evaluating development cooperation projects – 20%
- Knowledge and experience about the political and social situation in Montenegro and/or SEE region – 10%
- Approach and methodology offered for completing the assignment – 15%
- Cost and availability – able to start the assignment no later than 29 August – 15%