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The Programme for Rehabilitation and Sustainable Social Development in
Bosnia and Herzegovina
(PROGRESS BiH)
BiH/96/025

The Report of the Evaluation Mission

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Executive Summary	

Our overall assessment of PROGRESS is positive. PROGRESS has contributed to the improvement of social and physical infrastructure in the project municipalities as well as to the strengthening of municipal governance structures.

It has been successful in demonstrating that modalities for participatory planning can be developed at the municipal level and that these modalities (Municipal Development Committees, Technical Units) can be practically and effectively applied in terms of priority setting, project formulation and project monitoring where resources are available to support identified priorities.

The capacity building activities supported by PROGRESS have yielded practical results. (The seminars and training sessions conducted in local languages were reportedly the most useful.) The participating municipalities have developed and made use of these skills (and equipment) to develop plans, identify priority projects, develop project proposals and help monitor their successful execution. There is an assumption that strengthening municipal governance through participatory planning and through the funding of priorities identified by this process in the longer-term will have a facilitative relationship to the return and reinsertion of refugees and displaced persons as well as to peace-building and reconciliation. While we concur with this perspective, at this point very few minorities have as yet returned to these municipalities.

Uniformly, representatives of PROGRESS municipalities stressed the importance they attached to their involvement in the selection and monitoring of projects funded by PROGRESS resources. They were critical that other internationally supported programmes did not make as consistent use of the municipal planning and monitoring mechanisms, established by PROGRESS. Nevertheless, they felt strongly that these planning mechanisms increased the ability of the municipalities to coordinate their plans with those of international agencies working in their communities. While we are unable to provide more than anecdotal evidence of this, a number of PROGRESS-funded projects dovetailed and were coordinated with projects funded by others. There were other instances where donors consulted with municipalities and/or used their lists of priorities to make decisions about what projects they would fund.

UNDP provided \$6.5 million of its resources to support PROGRESS. This was supplemented by \$5.2 million from the Government of Japan for infrastructure rehabilitation projects in project municipalities. These resources have proven adequate for the support of six PROGRESS municipalities with minor support to a seventh. It is clear that resource constraints were instrumental in reducing the number of participating municipalities from the original 12 that were contemplated to the 7 that ultimately were funded.

The decision to focus the UNDP/UNOPS effort on municipalities that suffered substantial destruction and displacement of populations during the conflict seems

consistent with the experience and mandates of both agencies in other post-conflict settings. Further, the decision to implement an integrated area development programme and to focus on municipal governance differentiated UNDP/UNOPS activities from those of other international agencies working in the country, generally, and, more specifically, in the programme municipalities.

The integrated area-based approach used by PROGRESS worked effectively at the municipal level. Due to funding limitations the programme was not able to operate on as comprehensive a basis as it was conceived at the time of project formulation both in terms of the range of activities supported and geographic coverage. PROGRESS lacked an element related to local economic development and it was unable to operate as originally conceived on a cross-municipality, cross-inter-entity boundary line basis.

PROGRESS did not develop strong linkages beyond the municipalities that were part of the programme. For example, communications and relationships with the cantonal and entity levels were infrequent and undeveloped. This was due, at least in part, to the hesitance and/or inability of the national government to implement commitments to a process of decentralization.

PROGRESS participated regularly in interagency coordination meetings. For example, PROGRESS municipalities were represented in several key forums-the Local Refugee Return Task Forces in the municipalities. Further, PROGRESS staff encouraged the establishment of an Executive Committee in Una Sana canton that brought together international aid agencies working in the area. *PROGRESS* successfully advocated the inclusion of cantonal officials in this body. Despite these developments it was our impression that PROGRESS did not develop strong, cooperative relationships with international agencies working in the project areas or with representatives of these agencies in regional centers or in Sarajevo.

PROGRESS' selection of municipalities near to each other along the inter-entity boundary line provided a venue for improved communications across this line. While these communications have not as yet led to significant forms of cooperation, PROGRESS has at least encouraged a start to this process.

The initial conception of the area-based programme approach to be implemented by UNDP/UNOPS in the country was comprehensive in scope. To implement such a vision funders would have had to be willing for their resources to be used for such a comprehensive array of initiatives and more resources would have been required than ultimately were available. Whether due to overambitious project design, inadequate initiative regarding fundraising, constraints on use of available funds by donors or some combination of all these factors, in practice, in practice the programme needed to narrow its scope. As a result, the basic goals and framework of the programme have gone through several revisions. Clearly, the possibility for revision and flexibility needs to be built into the design of programmes that operate in such transitional environments as these operate. But the gap initial project conceptualization and actual project implementation led to unrealistic expectations as to what could be accomplished by the programme. Over time, the project has become more focused on that could reasonably be achieved with available resources.

Initially the concept was that the PROGRESS programme would serve as a platform for the coordination of a wider range of activities and a more significant volume of resources. This idea disappeared as several activities-income generation and local economic development-were not incorporated into the programme implementation. As a result, the programme relates almost solely to improving processes of municipal governance, planning and decision-making and does not provide a sufficient orientation

toward local economic development. This weakness would need to be addressed in any reformulation or extension of the programme.

The UN/UNDP programme development mission that conceptualized PROGRESS in 1996 recommended that PROGRESS undertake pilot area development schemes. Had this formulation been kept in mind, and had PROGRESS met its goals, then steps to design and mobilize necessary financial and other support for any future revision or expansion of the model would have been built into the project's work plan.

Regarding the question of sustainability of developments promoted by PROGRESS: Members of the Municipal Development Committees and of the Technical Units believed these modalities would survive in some form beyond the programme. Indeed, in several municipalities steps have been taken to incorporate the technical units into the municipal administrations. At the same time, representatives of the municipalities all felt that unless additional resources are mobilized for the municipalities, the authority and reliance on these mechanisms would wane.

No real exit strategy has been devised beyond the normal project completion procedures. Had the programme been implemented as a demonstration project, the conditions for exit or continuance would have had to be stated explicitly. To a degree, the development of municipal reconstruction and development plans can be seen as a final project activity as it provides municipalities with a tool for use in further resource mobilization.

Project management has performed competently. The project is working in fragile social, economic and political environments. Uniformly, representatives of the participating municipalities indicated how helpful the technical advice and support of the PROGRESS staff and consultants has been. A common refrain was that PROGRESS worked in a unique fashion with municipalities to define their own priorities and to strengthen their capacities to mobilize resources to address them.

At the beginning of the project, a broad base was established for management of an anticipated very large inter-agency programme. A programme of the anticipated magnitude never materialized with the result that there was over investment in the administrative structure. Administrative costs have declined over the duration of the programme as administration has become more efficient and equipment purchases have virtually ended.

The evaluation team would encourage a follow-on programme to PROGRESS that would be expanded to other municipalities under the following conditions: an assessment of the needs in municipalities for assistance for improvement of infrastructure and the development of local government; the establishment of criteria for participation in an expanded programme; and the establishment of appropriate working relationships with entity and cantonal (in the Federation of Bosnia-Herzegovina) authorities; and the availability of sufficient resources to facilitate local government and infrastructure development (including perhaps, linkage to the World Bank's local development project).

I.Introduction

Between 16 July and 7 August, 1999, an evaluation was conducted of the United Nations Development Programme's (UNDP) PROGRESS initiative that is being executed, on its behalf, by the United Nations Office of Project Services (UNOPS). This

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programme operates in seven municipalities in Northwest Bosnia and Herzegovina (BiH). The evaluation team was composed of two independent international consultants, two representatives of the Federation of Bosnia-Herzegovina (the Federation)) and one representative of the Republika Srpska (RS).

The purposes of the evaluation were to:

- (1) assess the achievements of the project against its stated objectives;
- (2) advise as to further steps that could be taken in Bosnia and Herzegovina by UNDP that could build on the experience and achievements of the project; and (
- 3) identify lessons learned regarding strategies, design, implementation and administration that can be applied in other, principally post-conflict, settings.

Evaluation Approach and Methodology. Given the relatively short duration of the evaluation mission, the geographical reach of the project, and its multidimensional aspects, the team's findings are basically subjective. They are, however, based on a thorough review of all relevant project documents, discussions with key supervisory actors at UNDP and UNOPS, key individuals responsible for direct project execution in Bosnia and Herzegovina as well as with individuals involved with providing technical assistance to the project. We visited all seven of the project municipalities. In these municipalities we met with key municipal actors asking them a similar range of questions in each place. We met with individuals at the national government, entity and cantonal (in the Federation only) levels to ascertain information regarding their awareness of and perspective on the project as well as to gather useful contextual background information regarding the environment in which the project is being implemented. We had similar discussions with representatives of international agencies in Sarajevo. At the field level we spoke with representatives of organizations that were not involved in the project but were engaged with activities that would give them insights and perspectives concerning PROGRESS's purposes, design, implementation and effects. The mission was not qualified, however, to review the technical aspects of the project's many infrastructure rehabilitation activities.

At various points throughout the trip the project team met alone. In these meetings we reviewed and revised the approach being taken to the evaluation, identified gaps in information collection and discussed preliminary observations and findings.

Project team members were present at most of the interviews conducted by the evaluation team. We checked repeatedly with them to assure ourselves that we were asking questions and receiving information that would give us an objective and comprehensive picture of PROGRESS. We sought advice regarding ways in which the evaluation team could more effectively conduct its work and, as we deemed appropriate, incorporated this advice into our methodology and itinerary. On the last day of our field visits we de-briefed and discussed with project staff, municipality and entity representatives our findings. We de-briefed representatives of UNDP, UNOPS as well as of the government of Bosnia-Herzegovina and of international organizations on the evaluation's preliminary findings prior to finalizing the evaluation report.

The evaluation report reflects a consensus of the entire evaluation team. The evaluation team worked cordially and openly together throughout the mission. We are grateful for the support that was provided the evaluation team by the PROGRESS project team and for the hospitality and openness with which we were greeted by people at the municipal level.

II. The Programme Area and Context

The programme operates in seven severely war-damaged municipalities in the Northwest of Bosnia and Herzegovina. Of these municipalities, three are in the Republika Srpska (RS) and four are in the Federation of Bosnia-Herzegovina (the Federation). During the war, major population movements occurred with the Bosniac population of what is now the RS moving to the Federation and, similarly, with the Serb population residing in the Federation moving to the RS. In addition, many people sought refuge in third countries or are living as internally displaced persons (IDPs) elsewhere in the country. On either side of the inter-entity boundary line (IEBL), most areas have become mono-ethnic.

Homes that were left unattended were either looted and destroyed or used by the ruling authorities to resettle IDPs coming from other areas. Housing in some urban areas was not too badly damaged by the war, but many rural districts were completely destroyed. Most inhabitants of rural areas have moved to urban centers and thereby impeding the return of former residents. Refugees and IDPs wishing to return home face a complex, inter-locking puzzle in which they are dependent on the availability of housing in their original community. Such housing is often occupied by other IDPs who are themselves awaiting housing in their original community or, fearful of returning to their home as a minority, wish to stay where they are. Political considerations also play a role as local authorities are often unwilling to allow or facilitate the return of minorities.

The physical infrastructure, including transportation, power and water) as well as social infrastructure (including schools, cultural centers, and other social institutions) of these municipalities were badly damaged during the war. Economic activity in these areas was severely impeded as many state-owned enterprises, such as in the wood and forestry sector, were destroyed. As a result, unemployment is extremely high in these areas and the prospects for the re-opening of these enterprises is grim both because of the extent of damage done to them but also because of the transition from a controlled to market economy in which many of these enterprises would not be competitive.

Given these political, social and economic challenges, these war-torn areas are virtually in a phase of reinventing themselves. The resources available to these areas to meet these challenges are meager. Resources at the local level are particularly scarce and the process of decentralization (that would provide a more rational structure for top-down resources flows) is still not well-defined.

In this context, PROGRESS is working with six participating municipalities to rehabilitate infrastructure and strengthen local government's ability to make the most effective use of available resources and to put themselves in a position where they would be able to mobilize resources from other levels of government or from the international community to meet immediate and intermediate-term reconstruction and development needs. Drvar, the seventh project municipality is a special case. Prior to the war, Drvar was an almost 100% Serb community in what is now the Federation. This population moved out and the community was re-settled by Croats. In 1998, a large number of the original Serb residents returned to Drvar from the RS where they had sought refuge. Relations between

the two groups have been tense. UNDP requested PROGRESS and VEEP to carry out rehabilitation activities on a non-discriminatory basis in an attempt to reduce tensions, encourage dialogue, and pump some money into the local economy.

III. Integrated Area Development Approach

The strategy adopted by UNDP, with UNOPS as the executing agent, was an integrated area development approach. This approach had four dimensions, each of which was adjusted in the process of implementing the programme:

First, comprehensive, multisectoral approaches would be encouraged. The programme would not focus on a particular sector, such as health or education, but rather would be concerned with developing and implementing an integrated strategy for rehabilitation that would cut across sectors.

Second, a participative approach to planning and priority setting would be undertaken whereby input from the broader community as well as from people with sectoral expertise would be encouraged.

Third, the approach would not target particular groups within the population, although it would support "quick action" projects to meet the immediate needs of vulnerable people. While concern for the return and reinsertion of refugees and displaced persons was seen to be an important consideration in decision making about priorities, the key issue which the programme was to address was the overall economic and social improvement of the areas. Indeed, there was a strong presumption that sustainable return and reinsertion of refugees and displaced persons could not succeed except within a context of overall social and economic advancement. Aid approaches that narrowly targetted on returnees would likely have negative rather than positive impacts on their reinsertion.

Fourth, while the primary programme focus would be on particular municipalities the aim was to link plans, programs and resource mobilization in particular municipalities to similar efforts being undertaken in other municipalities as well as to link up municipal planning and programming to plans and priorities being developed at the cantonal (in the case of the Federation), region (in the case of RS), level, the entity levels and the national level. Presumably, the selection of municipalities that were paired across the inter-entity boundary line was to encourage communications as well as strategic planning and project implementation across this line as well.

While implementation of this strategy was constrained by a variety of factors, it is nevertheless our conclusion that the integrated area development approach was the most appropriate programmatic approach for addressing the conditions the PROGRESS municipalities were facing. The basis for this conclusion is the following: (1) Implementation of such an approach was consistent with and built-on UNDP/UNOPS experience and expertise developed in other post-conflict settings. (2) The approach was complementary to, and not redundant with, the efforts being undertaken by other international organizations. (3) The approach recognized the multi-dimensional nature of the problems with which these municipalities were confronted and the importance of these municipalities strengthening their capacities to develop and devise their own strategies for how to define, prioritize and mobilize support to address their problems and opportunities. (4) Such an approach supported identifying and addressing immediate needs while

developing capacities to plan and mobilize (as well as utilize available) resources to address intermediate and longer-term possibilities. Built into the approach is practical interaction between capacity building, planning, priority setting, participation and implementation.

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Implementation of this area-based development approach was constrained in several respects.

The first issue is what the project ultimately defined as its "areas". The planned project areas were the large regions around Bihac, Banya Luka and Livno. PROGRESS has not, however, worked with any large "areas" or regions. In its operations, with only a few exceptions, project planning and implementation was attempted strictly at the municipal level. The apparent original conception of PROGRESS as a project that would involve area-based planning and project implementation not only at the municipal level but also on a cross-municipality, cross-IEBL basis was not put into practice. Intentions for the project to operate on a level beyond the municipal level (either across the IEBL and/or across municipalities), were implemented only in the context of seminars and training activities which involved the participation of representatives from all project municipalities. Such interactions may lay a basis for further, more practical interaction in the future, but to date instances of practical cooperation that extends beyond the municipality level are few.

The 1999 PROGRESS work plan expressed the intention to re-structure the project administration to have staff cover areas on both sides of the IEBL. This plan had to be cancelled because of the outbreak of the war in Kosovo. If this approach had been implemented it might have encouraged widening of the area of analysis, and planning, participation and implementation across the inter-entity boundary line. This point illustrates the fragile and volatile environment within which the programme was operating and the extent to which the programme's operation was constrained by continued social and political tensions.

A large project proposal for the municipalities concerning return of displaced people was developed in 1998. Its preparation required a significant expenditure of time and effort by both project staff and municipality personnel. This proposal was never forwarded to the prospective donor - the European Union. This was the most significant effort to address the issues of PROGRESS on a larger area basis, but it came to naught. We were unable to determine just why UNDP encouraged that priority be given to the development of this proposal and then never forwarded it to a funder. We were told that there is no possibility for resurrecting this proposal at this juncture.

In the Federation little communication was developed with the cantonal authorities. The issue of coordination with jurisdictions above the municipality is compounded in the Republika Srpska where there is no cantonal level of government between the municipality and the entity level. As far as we could determine the reasons for these constrained relations between the municipalities and the cantonal and other high levels of government are several: first, the municipalities were not as yet prepared to develop these relations and were essentially preoccupied with dealing with immediate rather than longer term problems. Second, the process of decentralization in Bosnia and Herzegovina is still being defined and degree and nature of resources that will flow through from higher levels to lower levels is still being defined. During the course of the programme each of the municipalities developed Municipal Reconstruction and Development Plans. These plans have incorporated information gathered from the cantonal and other higher levels. The plans also take a longer term view. Perhaps these plans can provide a basis for more aggressive outreach from the municipality to higher levels of government as well as to the

international community.

A second issue of the integrated area development approach is linked to the word "integrated". Here the project had a large vision of functioning as a platform for the

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implementation and coordination of multi-sectoral, multi-agency activities. Letters of agreement were signed with a number of UN agencies and, in the first year of the project, project activities were funded and implemented cooperatively with UNDDSMS and ILO. Such activities and other donor initiatives soon began to develop independently of PROGRESS, establishing their own target areas and administrative structures.

While PROGRESS staff continued to encourage municipalities to view the planning process in relation to the concept of integrated area development, the projects funded by PROGRESS focused on Seed Investment Projects (SIP's) funded with UNDP resources and Infrastructure Rehabilitation Projects funded by the Government of Japan. These projects have been extremely important to rehabilitation initiatives at the municipal level. They have not however provided the broad implementation base for the programme that was originally anticipated. In some municipalities there was an understandable tendency to see a narrow link between the planning process that PROGRESS was encouraging and the project implementation process that, due to financial and mandate constraints, related to a narrower range of project possibilities.

The absence over time of a local economic development component we found to be of particular concern. As the PROGRESS model for inter-agency coordination came undone, the intended local economic development initiatives went their separate ways with coverage over larger geographic areas than PROGRESS. UNIDO and ILO, for example, each pursued their own approaches to the stimulation of local economic development under separate UNDP-funded projects. Without an economic development component (including a credit component) the programme did not establish the relationship to income generation and enterprise development activities that it otherwise might have. A planning, capacity building and project implementation process that was related more broadly to both governmental and private possibilities for income generation and small scale enterprise development in our view would have increased the effectiveness and even likely sustainability of the programme results. While there seemed to be awareness that the absence of this component was a serious constraint on the programme we see no evidence that funders, such as the Government of Japan, were approached to consider whether available funds could be used for these purposes. In any [case, in](#) any elaboration of PROGRESS this economic development component should be included if at all possible.

Despite, what we consider to be the important qualifications cited above, the area-based, multi-sectoral approach adopted by the programme has been both an appropriate and successful strategy for UNDP/UNOPS intervention.

III. Assessment of Project Performance

This section presents and assesses key results of PROGRESS. (In Chapter IV further comments will be made about PROGRESS's conceptual framework and the relationship between programme design and implementation.)

Suffice it to say here, that over its three year history significant adaptations were made in terms of the programme's geographic coverage, immediate objectives and means

of their achievement, These adjustments resulted from a variety of factors but principal amongst them was the reduced amount of resources that was available for the implementation of the programme relative to what was expected in the programme's original conception. As our task was to evaluate the programme's performance from

inception to date, and not its performance in relationship to criteria that were adjusted annually, the evaluation team settled on a definition of a hierarchy of objectives that conforms to what PROGRESS was actually doing (especially from 1997 onwards). The immediate objectives are:

1. To rehabilitate war damaged infrastructure in selected municipalities and
2. To develop capacities for participatory municipal planning, priority setting and implementation for rehabilitation and reconstruction.

These two immediate objectives contribute to the (redefined) development objectives of facilitating the return of displaced citizens of Bosnia and Herzegovina to their pre-war homes and to support the peace process by promoting the revitalization of the Northwest region of BiH through the rehabilitation of economic, social and communication systems and the empowerment of local communities in an environment of tolerance and cooperation.

A. Infrastructure Rehabilitation

Effectiveness. Since its inception, the PROGRESS project was able to deliver a total of 57 projects to seven participating municipalities (see Table 1). The total value of these completed and ongoing projects is \$6,580,099. The projects fall into two categories: Seed Investment Projects (SIPs) funded by UNDP resources and larger infrastructure projects funded by Government of Japan cost sharing.

SIPs are small projects (average size \$39,000) funded directly by PROGRESS to address municipal priorities and provide opportunities for on the job training in project design and management. The 1998 Annual Report lists 23 SIPs with a value of \$897,000. These included small-scale rehabilitation projects for schools, roads and water supplies and clean up of war ruins. These projects were important for two reasons: first, they assured municipalities that something tangible and of importance to them would result from the planning and consensus-building process they were engaged in at the municipal level. Second, the projects served an important practical training and capacity building function as local participative planning, project selection and monitoring capacities were being developed. Third, the projects, while not large in scale, met important community needs that were seen to be important by the members of the communities themselves. To cite two examples, the reconstruction of the Veterinary Station in Rbnik municipality was done in agreement with the World Bank which provided equipment and drugs for the station. The project benefitted some 3,120 households in the municipality. In Novi Grad a modest seed investment of \$8,900 to restore central heating in the House of Culture enabled the vitalization of a facility that is used by various associations in the community, notable amongst them a youth club that has taken steps to engage the perspectives and energy of youth in municipal planning and social rehabilitation initiatives.

The second project category covers larger infrastructure rehabilitation projects funded by the Government of Japan through PROGRESS. To date twelve of these projects

have been approved. The first set of four projects is either completed or nearly so. The second set of eight projects was only recently approved and is just beginning implementation. The completed projects range in value from \$1.3 million for rehabilitation of the power supply in Kljuc to \$141,000 for rebuilding a health station in Krupa. These larger projects, based on municipal priorities, afforded the municipalities with greater opportunities to learn and carry out project planning and implementation skills. In the first set of these projects, the municipalities were exposed to transparent

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competitive bidding procedures in 42 tenders that drew proposals from 269 firms from 16 countries. Municipal officials were involved in an advisory role in the rating of contractor proposals. Their input was taken into account by UNOPS in the contract awards.

Officials of all municipalities informed the team of their high level of satisfaction with the PROGRESS-funded rehabilitation and infrastructure reconstruction projects which were perceived as having met priority needs. In sum, the projects have provided direct benefits to their target beneficiaries, have provided local employment and have allowed the municipalities to gain first hand experience in project design and implementation.

Efficiency. The time required for the establishment of the participatory model for municipal project identification, formulation and priority setting has meant that project formulation and approval processes may have been slower than if a donor organization had acted unilaterally. (From our perception, the delays that occurred in project review and approval were, in any case, related more to difficulties in communications between UNDP and UNOPS than they were to processes of review and advice by municipal actors.) The benefits of local ownership in this case are seen to outweigh any delays. We believe this particularly to be the case because the purpose of these programmes is not only to rehabilitate infrastructure but to build capacities at the local level to identify programme priorities and to be involved in all stages of project selection and implementation. Under the auspices of the Municipal Development Councils (MDC's), several modalities such as Technical Support Units (TU's), Project Steering Committees (PSC's) and Thematic Commission's (TC's) have been established to be involved with development and oversight of various stages of project formulation and implementation. As a result, once approved, PROGRESS' infrastructure rehabilitation projects have been implemented with significant efficiency. Only two of 57 projects implemented by PROGRESS have not been completed on schedule. All projects have been completed within budget allocations. Indeed, due to the rigorous bidding procedures, savings of over \$300,000 were achieved over budget estimates in the first round of decision making regarding the major infrastructure projects funded by the Government of Japan (G of J) and a similar "savings" has been achieved regarding the infrastructure projects just approved for this year by the G of J.

Transparency. The rational and participative manner in which the project priorities are identified and the open and careful manner in which the projects are monitored by PROGRESS municipalities is a source of pride at the local level. The evaluation team was told by numerous people at the local level that the process of participative decision making and project monitoring stood in contrast to what was seen as more conventional processes that were more top-down, often controlled by narrow political interests and closed to

external scrutiny.

C. Strengthening Municipal Government

PROGRESS has advocated a model for improving participation, decision-making and priority setting in selected municipalities. The model consists of the establishment of

Municipal Development Committees (MDCs) comprised of municipal officials, local community leaders, and representatives of private sector and civil society organizations. The MDC is an advisory body. Its purpose is to assist elected municipal representatives and municipal authorities in the identification of needs and the establishment of priorities, particularly for rehabilitation and reconstruction. The MDCs role, structure and functions are set out in a memorandum of understanding that is signed by the mayor, the president of the municipal assembly and the chairman of the MDC. The MDC and the municipality are supported by a Technical Unit (TU) consisting of selected municipal officials who have been trained by the project in project formulation and analysis.

Coverage of Municipalities. PROGRESS began operating in 1997 initially in 4 municipalities in the Northwest of Bosnia and Herzegovina (Krupa and Ključ in the Federation and Rbnik and Novi Grad in RS). The number of municipalities was expanded to 7 in 1998 to include two municipalities in the Federation (Bosanki Petrovac and Drvar and one in RS (Sipovo). In fact, only six municipalities have received extensive support. Drvar municipality, where PROGRESS began activities this year, does not (at this writing) have a functioning municipal government and must therefore be treated as a special case.

Originally it was envisioned that more municipalities would be included in PROGRESS; but, it has not achieved the coverage of municipalities envisioned in its early years, due principally to resource constraints. The number of target municipalities within the Bihac, Banja Luka and Livno regions was reduced from 12 in early 1997 to 8 for 1998 to 7 at present.

Capacity Building. PROGRESS has successfully developed a number of capacities in the six target municipalities. These include:

1. The establishment and implementation of methodology for active and broad-based participation in municipal planning, transparent decision-making, and priority setting.

Participation in municipal planning is unquestionably active and broadly-based in PROGRESS municipalities. While in a few cases participation is heavily weighted to members of the municipal government, the evaluation team had no reason to suspect that their views were not representative of their (relatively small) municipalities. Furthermore, there are not many independent civil society organizations in several of the project's municipalities, although, where such societies do exist, emphasis has been given to their participation in the programme. In general, the MDCs function to expand participation and their membership increasingly includes representatives of nongovernmental bodies and private citizens. The MDCs have become a forum for various interests to openly present their views on the projects and priorities for municipal rehabilitation. Participation has also been strengthened by means of public awareness campaigns and radio call-in programmes devoted to rehabilitation issues. Many municipal officials and citizens clearly understand

and appreciate the value of having a broad spectrum of local society involved in the definition of needs and their prioritization. Such participation in planning and project oversight clearly represents an innovation that was noted and complemented repeatedly by the members of the evaluation team from the Federation and the RS.

To verify that the processes of participative planning and project oversight occurring in the PROGRESS communities was innovative, the evaluation team visited two non-PROGRESS municipalities. In one case, the political leadership of the municipality

took charge of what appeared to be top-down planning processes with technical support from municipal departments, though the mayor was said to travel frequently to consult leaders in local communities. In the other, the mayor established an advisory committee - somewhat like an MDC - with its own sectoral working groups and outreach activities. These visits, while admittedly limited and anecdotal, gave the evaluation team confidence in its perceptions that PROGRESS communities were more advanced in terms of their planning and participation competencies. It also gave the team a sense that the approach being implemented in the PROGRESS municipalities would have relevance and could find positive application in other municipalities as well, if support was available to encourage it.

2. The establishment of capacity to prepare project proposals based on local needs.

Technical Units (TUs) have been established in PROGRESS municipalities. Personnel in these units have been trained to collect and analyze the technical information needed for project identification and formulation and to formulate projects accordingly. Participants in training activities greatly appreciated the seminars and courses, particularly those that were presented in local language. They report that they are applying the knowledge and skills learned directly in their work. Without prompting, representatives of two outside organizations familiar with PROGRESS activities told the evaluation team that the project proposals of PROGRESS municipalities were superior to those of non-project municipalities.

3. The establishment of capacity for supervision of project design and implementation.

PROGRESS has encouraged the establishment of project steering committees to guide projects from formulation through implementation and thematic commissions to certify that contracted work has been completed accordingly to specifications. These bodies often include, but are not limited to, MDC members and in the case of the Federation, members of the relevant cantonal ministries. These supporting structures have evolved somewhat differently, with thematic commissions playing a role in project identification in some municipalities.

4. The establishment of the capacity for intermediate term planning.

PROGRESS has established an intermediate term planning format and process known as the Municipal Reconstruction and Development Plan (MRDP) in all municipalities, though only four have either completed their plans or are in an advanced stage of preparation. Two municipalities began MRDP work somewhat later than the others and will probably complete plans on the basis of abbreviated review and consultation processes. These plans are a step forward from the preparation of lists of priority projects to longer term thinking about municipality needs. Completion of all six MRDPs is intended before the scheduled end of the project in September. The municipalities see value in these

plans for longer term resource mobilization.

5. The establishment of relationships with other municipalities, including those across the inter-entity boundary line, that facilitate the exchange of experience and cooperation among municipalities.

PROGRESS training activities have been carried out as seminars or training courses that involve all participating municipalities. These repeated, intensive work-focused events have served to establish personal friendships and working relationships among officials from participating municipalities in addition to their primary function of developing job-related skills. Examples of cooperation that has grown from these relationships include the joint preparation of a rehabilitation project for external funding (Novi Grad and Krupa) and cooperation between Ribnik and Kljuc on jurisdictional matters.

6. Enhanced capacity for resource mobilization.

The capacity of PROGRESS municipalities to prepare sound proposals based on local needs and priorities enhances their capacities to mobilize resources. More directly, PROGRESS has introduced the municipalities to donor organizations and trained personnel to present their proposals at donor seminars. In addition, MDCs have identified and/or reviewed proposals for donors and NGOs and incorporated them into the plans in several municipalities.

Despite these successes, the municipalities are facing an environment of declining international interest and resources in their rehabilitation. PROGRESS has not yet addressed longer-term issues of local resource mobilization or financing rehabilitation from the proceeds of loans.

Sustainability. The sustainability of PROGRESS structures and capacities is problematic in an environment of declining donor support for rehabilitation and reconstruction. Clearly, the opportunity to access project resources for rehabilitation was a critical incentive for municipal participation in PROGRESS. Nevertheless, municipal officials and MDC members in many municipalities felt that the MDC would continue in some form, that participation once practiced cannot be discontinued. Others felt that the MDC might either be absorbed into the structure of municipal government or would evolve into a perhaps more streamlined body. But there was some skepticism about the limits of the voluntarism upon which the MDC is based.

Technical Units are seen as more durable, as they are comprised of municipal officials. Indeed, steps have been taken in several municipalities to incorporate and strengthen these units. For example, in Novi Grad although municipal staff are being substantially reduced, steps are being taken to increase the staff of the TU. We were told frankly by several mayors that they were initially skeptical of the TUs but they have now come to see their value and have come to rely increasingly upon the information and analysis done by them.

During the project, the TUs have enjoyed a special relationship with the MDC's and other mechanisms established to promote participative planning. While staffed by municipal employees the mission of these units to develop technically sound plans within a participative framework has been supported by the MDC's. The special resources (equipment) and technical assistance these units have received from PROGRESS also has

enhanced their special status. If the MDC's ceased to function or were substantially weakened this would have a negative impact on the ability of the TUs to be a capacity at the municipal level that has some relative autonomy from the official municipal government structure to develop plans and help identify priorities. While the TU s, with the exception of Drvar, have received the equipment needed to do their work, if the special capacity building support of PROGRESS is removed it is questionable whether the commitment to the TU s is sufficiently ingrained where these units will continue to

enjoy the level of respect and influence they now do. If the TU s are brought fully under the umbrella of the municipal government (a development that could be an indication of sustainability) their identification with quasi-autonomous, participative planning initiatives at the local level would probably disappear over time.

The ultimate sustainability of the PROGRESS' initiatives will lie in the long-term capacity of the municipalities to mobilize financial resources for their development. It will also depend upon the readiness of local level political officials to continue to see the value of a more professional planning capacity in their midst that uses a variety of participative techniques to collect information and identify priorities.

D. The Impact of PROGRESS On Return of Refugees and Displaced Persons

That the PROGRESS project has a relationship to the return of refugees and displaced persons is embedded in the selection of the participating municipalities. Indeed, each of the municipalities selected to participate in PROGRESS had experienced significant destruction of infrastructure and displacement of their populations. Here the issue of the impact of the project on the "sustainable return and reinsertion of refugees and displaced persons" is examined.

Prior to the war significant numbers of people who are now conceived to be "minorities" lived in these municipalities; they made up 40% of the population of these municipalities, whereas today they comprise 2 % of the population. In toto 1, 124 minorities are currently residing in these municipalities whereas prior to the war they numbered 68,380.

The municipality towns were less damaged than the outlying, rural areas. Both "majority" people and "minority" people living in the countryside were displaced in large numbers. They had no place to move but into the towns as the countryside was destroyed. Rural dwellers from the majority community moved into the town centers in their municipality, often occupying the homes vacated by minority residents. Rural dwellers from the minority community fled into towns across the IEBL where they moved in with relatives, occupied homes vacated by minorities or resided in areas of towns formed to accommodate them.

In sum, the effect of the war has been not only to divide people along ethnic lines but to push people from the countryside into the towns. The greatest attention has been provided by the international community to the issue of minority return; but there is increasing recognition that attempts to promote this cannot be de-linked from efforts to re-build, re-populate and re-vitalize economic activity in the countryside.

The potential impact on the return of refugees and displaced persons is a factor, along with others, that is considered in the selection of all PROGRESS funded projects, whether through the Seed Investment Projects or through the Infrastructure Rehabilitation Projects funded by the Government of Japan. Similarly, this issue has been considered in

developing the municipal reconstruction and development plans.

To cite three examples where the PROGRESS projects are identified as having a specific impact upon the return of refugees and displaced persons. (In a number of other instances the project descriptions do not indicate any special benefit to the return of refugees and displaced persons other than they are of help to all in the area by rehabilitation of infrastructure.)

In Kljuc, the Government of Japan funded a project to rehabilitate the power supply system. While of benefit to all the residents of Kljuc municipality, it is claimed that 2,346 "returnees" benefited from the project. As less than 1% of the 15,000 people residing in Kljuc municipality are from the minority Serb community most of the "returnees" who have benefited from the project to date are from the majority community. As the project supported the return to their villages of members of the majority population, their move from the town back to the village could contribute to the future return of the minority population to the homes the "returnees" have vacated. Thus far 57 minority members have returned to Kljuc.

In Sipovo municipality, with funds from the Government of Japan, the water supply system to the local community of Babici is being constructed. Babici was totally depopulated by the war and many of those from the majority community (Serb) who were displaced moved into the town to live either with relatives or into homes vacated by the minority community (Bosniacs). The water supply system to this area was destroyed and this project will provide 155 households with regular access to water. This project supplements projects funded by other agencies that have repaired homes in the area and the re-connection to the electric power system. Returnees to Babici would be vacating homes owned by Bosniacs, creating the potential for minority returnees to Sipovo town to reoccupy their homes.

Prior to the war 75% of the people in the municipality of Bosanski Petrovac were Serbs. As of the end of 1998 (the latest figures cited) the population of the municipality was 99% Bosniac. The population was 15,000 prior to the war and now is approximately 6,000. Despite this reduction in population by more than one-half, there is a shortage of housing in the municipality because more than 75% of the housing units were damaged or destroyed. Only one-half of the current residents of the municipality were living in the municipality prior to the war, the remainder are Bosniacs who have been displaced from the Republika Srpska. Many of these Bosniac displaced persons are occupying the homes of Serbs who were displaced and who are now living in the Republika Srpska. Besides housing, the major industries in the municipality (wood-processing and textiles) were destroyed and are no longer operating. The agriculture sector is operating at 20% of the pre-war level. With funds from the Government of Japan, PROGRESS is contributing, along with several other donors, to the rehabilitation of the power supply network of the municipality. It is also making needed minor repairs to water supply systems to villages in which houses have recently been reconstructed to accommodate returnees. This project is justified on the grounds that it will contribute to the industrial and economic rehabilitation of the municipality as well as to the return and resettlement of displaced persons. Some 3,800 returnees are expected to benefit from this project, of whom a substantial percent are expected to be minority returnees.

Beyond the infrastructure projects themselves, PROGRESS documents assert that the participate approach (which includes representatives of the returnee communities) to municipal planning and project identification encourages inclusion of return of refugees

and displaced persons as a priority in planning and project identification. Additionally, project documents claim that because PROGRESS engages representatives of participating municipalities from both sides of the IEBL in conferences, seminars and other forms of communication this stimulates more positive attitudes toward and consideration of return of refugees and displaced persons in their municipal plans and project priorities. We, indeed, witnessed that the representatives of the municipalities in individual meetings as well as in meetings of the PROGRESS municipalities openly discussed and gave priority to the issue of return of refugees and displaced persons.

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The evaluation team reaches the following conclusions regarding the impact of PROGRESS on the return of refugees and displaced persons:

PROGRESS, to date, has had a positive, but very modest, impact upon the return of refugees and displaced persons in or to the participating municipalities.

PROGRESS has had more direct influence upon the return of members of the majority community to their areas within the municipality than on the return of minority members to their places of origin.

Very little minority return has occurred to these areas as evidenced by the fact that less than 2 % of the current population of the PROGRESS municipalities (not including Drvar) are minorities.

Whether PROGRESS projects and the process of participation, training and planning, within and among participating municipalities, will yield greater return of minorities in the future would be conjecture but they have encouraged more open consideration of return possibilities by these municipalities.

In general, the conclusion is that the return process, and particularly the process of minority return, is far more complex than the PROGRESS project has the resources and power to influence significantly. Rather than seeing "sustainable return and reinsertion of refugees and displaced persons" as an immediate goal of the project more realistically it should be seen as a goal toward which the project has a longer-term, facilitative relationship. Further, where minorities do return, PROGRESS will have contributed to a municipal climate more conducive to their reinsertion.

E. Project Management

Management Performance. Project management personnel provided by UNOPS have been experienced professionals and have brought skills to the project that have been appropriate to its stage of development. However, there have been three Programme Coordinators in the three and one quarter years of the project's life. This lack of continuity would appear to relate directly to the repeated efforts to re-state the project's purposes. The current Programme Coordinator and his predecessor brought leadership, stability and focus to the project. An important element is the current management structure is the high quality of dedicated national project staff who play important substantive roles in project implementation and are the backbone of its administrative support. The Programme Coordinator has played a very positive role in developing a multiethnic project staff that work together in a positive and professional manner in social and political environments where the potential for dissension is great.

PROGRESS management personnel get high marks from its client municipalities who are overwhelmingly satisfied with the project. One municipal official, comparing the

project with other international agencies, declared that PROGRESS was the only organization that was helping the municipalities directly and saw problems from their point of view.

In January, 1999, the Government of Japan advised UNDP that Japanese Government Evaluation Mission which had visited BiH was particularly pleased with the administration and management of PROGRESS.

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Government Monitoring. The role of the national Government in PROGRESS has been virtually non-existent. A national project management board consisting of the Prime Minister and one representative of each entity was envisioned in the project document as the Government's monitoring mechanism, but this body was never established. It was explained to the evaluation team that at the time of the programme's formation the national government itself was in a state of formation and reformation and that this explains why UNDP did not constitute this arrangement. It is not clear to us why, at a later stage of the programme, efforts were not taken by UNDP to establish a national project management board. UNDP has never held a tripartite review of the project. Indeed, though Government officials are aware of PROGRESS and appear to support it, none has had significant involvement in the project. This lack of participation must be remedied if any extension of PROGRESS is seriously considered.

Cost. The cost of management of PROGRESS has been a contentious issue. A large portion of administrative costs were incurred in BiH during the initial phase of the project in 1996-7. These expenditures were based on the assumption at the time of project formulation that an administrative platform had to be built up for a very large programme. This programme never materialized, but the base was built.

In retrospect, on the basis of PROGRESS' actual activities, the establishment and maintenance of a head office in Sarajevo appears difficult to justify on either programmatic or administrative grounds. We were informed that banking facilities and services were not available in Banja Luka when the programme began and that the imprest account had to be located in Sarajevo. And, based in Sarajevo, the programme was able to service administrative four other UNOPS projects which had the effect of reducing administrative costs for all five projects. It is also the case that the Project Coordinator could liaise more efficiently with the head offices of international agencies and government offices based in Sarajevo for coordination and resource mobilization purposes. We did not find, however, that the level of administrative and coordinative activity undertaken out of the Sarajevo office justified the level of presence there that was maintained. From a programmatic perspective we feel the leadership and experience of the principal project officer (the Project Coordinator) could have been more effectively deployed, for a variety of purposes, based in the field rather than in Sarajevo.

Finally, expenditures for administration may have been distorted by reported pressure from UNDP headquarters to "deliver" in 1996. Quick delivery is most easily achieved by the purchase of vehicles and equipment.

Administrative costs have declined significantly over time despite an increase in the number of participating municipalities and in project activities. For example, \$777,000 was spent for project equipment in 1997. This figure has declined sharply to \$22,500 in 1999. In addition, an international office manager in Banja Luka has been replaced by a national officer. The project has also realized savings as transactions have become more

routine. During 1998, in 42 competitive procurement and contracting procedures for the first set of infrastructure projects funded by the Government of Japan, the total value of contracts awarded was \$300,000 below budget. In 1999, eight more projects were approved for Government of Japan funding and have begun implementation. Cost savings have been realized in competitive bidding procedures on these projects of an additional \$300,000.

Resource Mobilization. In general, the observation of the evaluation team was that resource mobilization represented a substantial weakness. Many fewer funds were available for the programme than were originally contemplated. Even of the funds that were identified early on as being potentially available to fund programme activities only a portion of these resources have gone to the programme. In early programme documents there is reference to \$15 million of funds from the Government of Japan being available to support the programme of which \$5.7 million materialized.

Efforts to mobilize resources from international donors to support the PROGRESS programme beyond the funds originally identified (if not fully committed) produced few if any results. Noted earlier was the ambitious proposal developed for the EU that was never forwarded. Beyond this, there have been several donors conferences and other efforts to interest donors in the priorities identified by the municipalities via their participative planning endeavors. These initiatives did not generate additional support for the municipalities. In general, the evaluation team's impression is that resource mobilization for the programme was not given a very high priority by UNDP and the programme essentially came to a halt without a concerted resource mobilization effort. It is not clear whether this reflected a considered judgment on UNDP's part that the programme was adequately funded and that funding raising should be devoted to other possibilities or simply that little priority was given to this task given that it was unlikely that UNDP would have the resources itself to devote additional resources to the programme or some elaboration/extension of it.

IV. PROGRESS Conceptual Framework and Its Evolution

This section discusses the background assumptions and rationale for PROGRESS, its conceptual framework, and the evolving definition of the project's objectives. The chapter concludes with an assessment of the project conceptual framework.

A. The Conceptual Framework

UNDP/UN Mission. PROGRESS was originally conceived by the UNDP/UN Mission sent to Bosnia and Herzegovina (BiH) in March, 1996, after the Dayton Peace Agreement. The purposes of the Mission were, *inter alia*, to define priorities for UNDP/UN system cooperation and prepare proposals for aid coordination and projects for UNDP funding.

'Under the Dayton framework, national strategies for rehabilitation were to give special support to strengthening public and civil society institutions at the local level with priority support to communities most affected by the war; to integrated approaches to development at the local level; and to full participation of all population groups, particularly those affected by the war - returnees, displaced persons, demobilized combatants and vulnerable groups.

While the Dayton Agreement had ended the war, its terms did not completely satisfy the expectations of any of the parties, leading to "a climate of reluctant compliance" to the agreement. Any role to be played by the UNDP/IJN system therefore had to visibly

contribute to the peace process.

The Mission reported that the Governments of the state and both entities were in agreement on placing priority on job creation, shifting the economy from centrally

planned to market driven, relocating the provision of social services to the local level, and strengthening and decentralization of government.

The UNDP/UN Mission recommended a strategy that would address the needs to rebuild infrastructure, and to revitalize and to re-organize public administration. Further, the Mission proposed a programme for strengthening local institutions - both public and private - and for the implementation of pilot integrated area development schemes. Pilot schemes were recommended for three areas: Livno and Bihac in the Federation and Banja Luka in RS. In addition, a set of quick action projects were recommended to meet immediate needs.

The Mission also defined an implementation structure to execute the entire UNDP/UN system programme. UNOPS was identified as the executing agency with other UN agencies to act as associated agencies in accordance with their sectoral expertise.

Resources for the programme that were identified by the Mission included \$30.8 million from the Government of Japan, \$25 million of UNDP resources, and strong interest in providing funding on the part of the Government of Italy.

On behalf of UNDP, the Mission leader signed a preparatory assistance document for \$150,000 for the detailed formulation and start up activities for the large-scale fouryear area development programme - entitled "PROGRESS BiH".

Project Document for PROGRESS: BIH/96/025. Based on the Mission report, the PROGRESS project document was formulated that set as its immediate objective:

"Durable reinsertion of returning refugees and resettled internally displaced populations in critical areas", noting that these target populations include all categories of people in need living in the areas of reinsertion so that the programme aims to reduce poverty for all groups, promote improved social services and build capacity at the local level.

This objective was to contribute to the development objectives of advancing the peace process and social and economic rehabilitation.

The 12 outputs to be produced by the project in this initial phase included: a framework document for the programme; offices established in Sarajevo, Banja Luka and Bihac; an atlas of local communities; the selection of priority areas for work and the establishment of local development working groups; and the implementation of a number of "quick action projects" to immediately benefit vulnerable groups.

The project document also elaborated the role of PROGRESS as a mechanism designed to provide other UN technical cooperation projects with managerial, institutional and administrative services at the local level, thus strengthening UNDP's coordinating role and achieving synergies and economies of scale in the UNDP/UN programme as a whole. UNDP funds were to be used to cover management support, logistical and technical

assistance costs in what was foreseen as a large-scale multi-donor, multi-agency programme thus allowing funds received from other donors to be dedicated directly to programme investments identified by PROGRESS and not to administration. To facilitate working relationships, inter-agency letters of agreement were signed between the executing agency and a number of other UN agencies.

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UNOPS was confirmed as executing agency for the project and a three-member project management board, chaired by the BiH Prime Minister, was to be created as the Government counterpart. The project was to be planned and monitored according to standard UNDP procedures.

The project provided \$2.3 million of UNDP funds with the continued expectation that the \$30.8 million of Japanese funds, Italian funding and other donor contributions would be forthcoming through the UNDP Trust Fund for BiH.

Programme Manager's End of Assignment Report, January, 1997. This report is the *de facto* report on PROGRESS activities for 1996. In it, the Programme Manager re-characterized the objective of PROGRESS as follows:

"The central purpose of PROGRESS is to support the strengthening of civil society and governmental institutions in Bosnia and Herzegovina in the process of postwar reorganization, focusing on the cantonal (regional) and municipal levels. In this way both civil society and local administrations will be able to participate more effectively in the reconstruction process, the reintegration of refugees and displaced persons, and development." Six "specific" objectives of the PROGRESS approach included:

"To help in reducing poverty and unemployment "

"To support the active role of civil society.. facilitating the democratic process and the participation in decision-making_ "

"To facilitate the return and reintegration of displaced populations and demobilized combatants "

"To support the efforts of governmental authorities in promoting democratic institutions and decentralization policies "

"To help reduce the unbalances and factors of social break-up (e.g., violence, corruption, etc.)"

"To promote an active role for local communities as protagonists of sustainable and balanced development"

PROGRESS BiH Activity Report, January-December, 1997. This report is the annual report for PROGRESS for 1997. In the text accompanying project budget revision " G" (5 February, 1997), the immediate objective of PROGRESS for 1996-99 was restated as follows:

"To support, in twelve target municipalities, of the Northwest, a process whereby immediate reconstruction needs are identified and formulated at the local level in a consolidated manner around the priority sectors of intervention addressing priority rehabilitation needs and social sustainability, and for which resources are mobilized on a continuous basis at local, cantonal/regional and national levels."

The development objective to which this immediate objective would contribute was the enhancement of the peace process by promoting the revitalization of the Northwest region of BiH.

Three outputs were defined for 1997 to achieve the immediate objective: local systems of participatory governance sustaining the reconstruction established in 8 target municipalities; capacity established in 8 target municipalities for the mobilization of resources needed to finance the reconstruction effort at the local level; and a capital

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investment programme addressing the most urgent priorities for physical rehabilitation funded for the 8 target municipalities for an estimated amount of \$6.0 million.

In the main text of the report (written at the end of 1997), the immediate objective of PROGRESS for 1997-99 was again re-formulated as:

"To mobilize and empower local actors to define, prioritize, manage and raise internal and external resources for their own development in a consensus-based manner."

The three outputs defined to achieve the immediate objective were essentially the same as stated in the budget revision with these exceptions: the target number of 8 municipalities has been dropped and the \$6.0 million capital investment programme is now apparently spread over the 1997-99 period, not the single year 1997.

PROGRESS Work Plan for 1998. The project work plan for 1998 re-stated the immediate objective as it appeared in the main text of the annual report for 1997:

"To mobilize and empower local actors to define, prioritize, manage and raise internal and external resources for the own development in a consensus-based manner."

Five outputs were defined for 1998 to achieve the immediate objective: systems of participatory governance strengthened in four municipalities; PROGRESS area of intervention expanded and local capacity development begun in three additional municipalities; technical units established in the three new municipalities; strengthened cooperation among target communities and across regional boundaries; and the utilization of Municipal Development Committees by the donor and NGO community.

In addition, the 1998 work plan revived an earlier concern as a second immediate objective:

"Facilitate and accelerate the reinsertion of refugees and internally displaced people, and revitalize the local economy in a sustainable manner through the rehabilitation of essential infrastructure, the generation of temporary employment and the promotion of income generating activities"

Two outputs were defined for the achievement of this objective: infrastructure rehabilitation projects for 1998 initiated and those identified in 1997 completed; and public awareness and visibility raised and resources mobilized for PROGRESS in the 7 target municipalities.

PROGRESS Work Plan for 1999 (January-September). The immediate objective of the work plan for the final nine months of the project is as follows:

"Provide the municipalities with the proper basic governance skills and practices in order to improve their capacity to manage their territory and to address the needs of their constituencies"

Four outputs were defined for 1999 to achieve this objective: strengthened capacities of the municipalities to manage their work and to provide efficient services; strengthened local democratic decision making, monitoring and reporting mechanisms; Municipal Reconstruction and Development Plans (MRDPs) prepared through consensus-

based participatory approach; and strengthened municipal capacity for project management.

B. Assessment of the Project Conceptual Framework

In general, the initial formulation of the project left much to be desired. The logical framework in the project document (BIH./96/025) is weak and the presentation is redundant, confusing and given to hyperbole. The impression is made that PROGRESS will be the solution to many of the serious social, economic and political issues facing BiH at the time. A clear and realistic vision of what PROGRESS could be expected to do in the post-conflict situation is lacking. Specific design weaknesses that affected the project over time are discussed further below.

Project Objectives. There have obviously been many attempts to articulate the objectives of PROGRESS. In our view, a major step forward in the definition of what would become the enduring PROGRESS theme of participatory planning for rehabilitation was the re-statement of the immediate objective set out in budget revision G in February, 1997:

"To support, in twelve target municipalities, of the Northwest, a process whereby immediate reconstruction needs are identified and formulated at the local level in a consolidated manner around the priority sectors of intervention addressing priority rehabilitation needs and social sustainability, and for which resources are mobilized on a continuous basis at local, cantonal/regional and national levels."

The outputs for achievement of this objective focused directly on "local systems of participatory governance", the development of capacity for resource mobilization, and a capital investment programme.

This statement of the immediate objective dropped the initial primary focus on the promotion of refugee and displaced person return, which had not, in any event, been a major aspect of the project's planned outputs and activities. (The "refugee reinsertion" objective did re-emerge in the 1998 work plan. But its achievement would be qualified and a by-product of the achievement of the first objective: successful completion of municipal infrastructure rehabilitation would create a favorable environment for return.)

The Logical Framework. In the project hierarchy of ends and means, the achievement of the immediate objectives should clearly contribute to the achievement of the development objective. Similarly, the production of project outputs should lead to the achievement of the immediate objectives. The initial formulation of the development objective in terms of "advancing the peace process" and of the immediate objective as "durable reinsertion of returning refugees and resettled internally displaced populations" were not entirely logical, as returning refugees could cause instability. Nor were they appropriate. The development objective was at too high a level and the immediate objective of "reinsertion of refugees" was not what the project's outputs and activities were designed to accomplish. In our view, the resettlement of refugees and displaced persons would have been a better choice for the development objective to be linked with the re-stated immediate objectives as set out in 1997.

Funding and Inter-Agency Cooperation Expectations. The early documentation on the project anticipates much more funding than ever became available for PROGRESS. Such estimates of the eventual funding for PROGRESS ranged from \$50 to

\$80 million. (Actual funding for the 1996-99 period is \$11.7 million.) In addition, PROGRESS was conceived as a base for managerial, logistic and technical support for a host of UN agency and other donor projects. The estimated funding and the anticipated coordination and support responsibilities affected the size and scope of management and administrative arrangements that were planned for the project. In hindsight, as these expectations were embedded in the project design, they can be seen as gearing up the project to handle a much higher level of work and funding than actually emerged.

Inter-Entity Cooperation. There is considerable discussion of the use of PROGRESS as a vehicle to enhance inter-entity cooperation by means of joint activities among municipalities from both sides of the inter-entity border. Indeed, in the July/December 1998 workplan it was indicated that "strengthened cooperation and contacts between target municipalities and across IEBL and regional boundaries (would be developed)." This output reflected a view that greater priority could be turned to this task given the better relationships that were being established as an important and deliberate by-product of the various capacity building activities that had been taken and were contemplated for the work period. Attention to this priority was reflected in an administrative re-organization of the PROGRESS team where program officers would be charged with working with municipalities on both sides of the IEBL. Unfortunately, the Kosovo war intervened and these plans had to be cancelled. Obviously, this issue of inter-entity cooperation is an extremely complex and delicate one. While very few joint activities across the IEBL can be cited to date there is clear evidence that the programme has had a positive impact on facilitating the possibilities for such cooperation. Indeed, in any consideration of extension of the programme the potential for increased cross entity cooperation should be even more emphasized, recognizing still that progress in this regard can be encouraged but neither guaranteed nor forced.

The Absence of the Pilot Project Mechanisms. The Mission Report of March, 1996, recommended that PROGRESS establish pilot area development schemes in three areas. The Mission noted the importance of the potential for replicability of the results of such schemes. Deliberate treatment of PROGRESS as a pilot project would have included monitoring and review of the replicability and sustainability of the model from its inception. But the pilot concept was not included in the project design. As a result, many of the questions regarding the programme's sustainability and future direction that might have been usefully addressed throughout project implementation have not been systematically considered. One consequence of the lack of a piloting process that has emerged is the lack of an exit strategy for the project, apart from normal project completion procedures.

Incentives for Municipality Participation in PROGRESS. A theoretical model of PROGRESS involvement with a municipality might have three stages: a period of advocacy, during which PROGRESS personnel explain the merits of participatory local governance and the municipality agrees to participate; a period of capacity development; and a period of operations when the municipality sets its priorities, mobilizes resources, and implements rehabilitation projects. In the actual project circumstances, the target municipalities had immediate pressing needs for rehabilitation and were aware that PROGRESS had resources available for infrastructure rehabilitation. The opportunity to

access these resources was probably the dominant incentive for municipal participation in PROGRESS. This motivational factor has significant implications for the sustainability and replicability of the PROGRESS model.

Selection Criteria for Participation in PROGRESS. PROGRESS was intended to work on area-based development in three geographical areas in Northwest BiH: Banja

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Luka, Bihac and Livno. Within these areas, specific municipalities were selected as candidates for participation in PROGRESS from the list of 19 areas defined by UNHCR as needing immediate assistance. A second criterion for selection of specific municipalities was proximity to the inter-entity boundary line where war damage was most serious, there

was significant displacement of the population, and the UN system could facilitate the re-establishment of contacts and linkages within the area. These criteria, while commendable, echo the early statements of the project's objectives and have the effect of inflating expectations in regard to PROGRESS' capacity to directly affect reconciliation, cross boundary line cooperation, and the facilitation of return of refugees and displaced persons.

V. Summary of Main Conclusions

Our overall assessment of the PROGRESS programme is positive based on improvements the project has supported in infrastructure development in war torn municipalities and in nurturing capacities for improved governance. We have no question but that the programme has had a salutary impact on improving the social and economic rehabilitation of the targetted areas. Important and innovative capacities, in the context of BiH, have been developed at the municipal level to engage in participative planning, identification of priorities and in monitoring projects that are aimed at achieving these priorities. These capabilities, if sustained (and there is question as to the extent and nature of their sustainability should programme support cease altogether at this time) will serve the municipalities well in the future in meeting the significant social and economic rehabilitation and development challenges they are confronted with. If used properly, these capabilities should be of value both in mobilizing resources (from the international community and from other levels of government) to address identified priorities and in helping to assure that available resources are utilized effectively to meet priority needs and opportunities. This general endorsement requires some qualifications, however. In particular, we feel that, early on the project suffered from unrealistic expectations and lack of clarity of purpose. The project did make effective adjustments to budget constraints and practical realities as its objectives were successively refocused.

Project Design

1. The initial formulation of PROGRESS was overly ambitious and lacked clarity of purpose. The longer-term affect of this formulation has been inflation of expectations about what the project could realistically be expected to accomplish. Indeed, the problems that PROGRESS was initially supposed to address have proven to be far more complex and intractable than the project's operational methodology could comprehend.

2. PROGRESS management demonstrated admirable flexibility in redefining and narrowing the focus of project activities over time to achievable objectives.
3. PROGRESS should have been treated as a demonstration project with deliberate monitoring mechanisms and success criteria to guide decisions about extension,

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expansion or termination of project activities. PROGRESS began work in four municipalities and expanded to seven in 1998.
4. The intended model of PROGRESS as a platform for management, logical support and coordination of a large multi-donor programme never developed. This resulted in excessive investment in the administrative framework and a low level of donor coordination.

Project Implementation

5. The "integrated area development" model has been successfully applied, but essentially limited to, the municipality level. Programme linkages with higher levels of government have been weak or absent altogether.
6. The participatory model for municipality planning and priority setting, backed up with appropriate technical expertise, has been proven to be successful. However, whether or not the model could be introduced and sustained without extensive resources for rehabilitation or development activities is problematic. Municipal officials have declared that these mechanisms will continue in some form, but as the financial environment is rapidly evolving, their sustainability appears dependent on the municipalities' future capacity for resource mobilization.
7. The project's capacity building activities have been appropriate and successful in the main. In addition to enhancing local participation, these activities have strengthened municipal capacities in planning and priority setting, project formulation and implementation, intermediate term planning and to a limited extent in resource mobilization. Training seminars, especially those conducted in local language, were well-received by the participants. Participants have reported that they actively apply the knowledge and skills learned in their work. These capacity building activities have also successfully met another goal - the establishment of personal relationships among municipal leaders and technicians that has facilitated inter-municipality and cross-inter-entity boundary line cooperation.
8. The economic development component of the PROGRESS model did not develop during project implementation due to insufficient donor coordination. Over time, this has become a significant shortcoming as unemployment and the lack of income generating activities have emerged as critical concerns in participating municipalities.
9. The pairing of the small UNDP-funded Seed Investment Projects with the larger infrastructure reconstruction activities of funded by the Government of Japan was a good strategy for learning at the municipal level, allowing immediate experience

with smaller, quick start activities while the larger, longer-term projects were being developed.

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10. PROGRESS has successfully delivered 57 infrastructure projects to the seven participating municipalities valued at \$6.5 million. These projects were delivered on time (with two exceptions) and under budget. The projects have provided various direct benefits to their target beneficiaries, have generated local employment and have provided municipal personnel with first hand experience in project planning and implementation.
11. In regard to project management, client municipalities are very satisfied with the PROGRESS approach, its technical support and management. However, there has been insufficient coordination at higher levels of Government and with other international agencies.
12. The return of refugees and displaced persons to municipalities has largely consisted of former residents who were in the pre-war majority. There has been very little return of minorities. The return question appears to be far too complex for PROGRESS to address directly. Its relation to the return issue is now correctly stated as "creating an environment that can facilitate return."

VI. Recommendations

The evaluation mission was asked "to determine whether the PROGRESS programme requires substantial revision and, if so, recommend initiatives and/or corrective measures to improve the performance effectiveness and sustainability of the PROGRESS project."

The evaluation mission's assessment of PROGRESS was generally positive. Based on this, we recommend continuation but with substantial revisions in terms of area coverage and in terms of the types of funding that is provided (i.e., possible provision of funds on a loan rather than, or in addition to, on a grant basis). We encourage continued support for an integrated area-based programme strategy that focuses on capacity building for participatory planning, project identification and formulation and funding for infrastructure and/or development priorities identified through this process at the municipality and cross-municipality levels. Such an approach builds on the work done through PROGRESS and is consistent with the types of approaches UNDP/UNOPS have supported in other post-conflict settings.

We would, however, suggest that continuation of such an approach be considered under the following conditions:

First, we do not believe that a programme that focuses on capacity building for planning, identification of priorities and project formulation can succeed if there are not funds available to support some of the priorities that are identified. New municipalities would require funds to support some of these priorities. Determinations would need to be made as to whether current municipalities are capable of sustaining the capabilities they have reached without some further project and/or administrative support. A linkage should also be established with the World Bank's Local Government Development Project that is focusing on developing capacity for capital budgeting in municipalities and possible lending for infrastructure projects.

Second, all or some of the current municipalities should be included in whatever programme continuation is designed. These municipalities have experience with the

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development of participatory planning mechanisms, with project formulation, implementation and monitoring, as well as with the formulation of municipal reconstruction and development plans. This experience will be a valuable asset to any extension of the PROGRESS. Resources would need to be available to support the continued participation of these municipalities in a reformulated programme.

Third, an assessment of the needs of municipalities nationwide should be conducted with Government. Such an assessment would inform the development of criteria for the identification of municipalities that might participate in a follow-on project. This needs assessment would examine:

- the extent to which municipalities outside of PROGRESS may have taken similar steps toward improvement of municipal planning and governance that could usefully be brought into relationship to the programme;
- the interest and ability of municipalities to participate in a reformulated programme;
- the physical, economic and financial conditions of municipalities and opportunities for various types of resource mobilization;
- the location of municipalities in terms of geographic proximity or other factors that would imply the need for inter-municipality cooperation;
- and possible linkages with any other planned or ongoing programmes in local government development such as OSCE's Municipal Infrastructure, Finance and Implementation Training Project.

Fourth, criteria would need to be developed on the basis of agreement between the Government and UNDP that would lead to the identification of participating municipalities. These criteria would need to be formulated based upon a clear statement of what the objectives and expected outputs would be of a revised programme. Examples of questions the criteria would have to address would be:

- To what extent should municipalities be selected that are located along the inter-entity boundary line and, if so, what are the expected results of this selection?
- To what extent should the programme continue to be based primarily in areas that have been highly damaged during the war and/or that have experienced significant displacement of populations?
- If these factors are used as criteria for site selection then what are expected results related to these choices and what are the timeframes for their accomplishment?
- To what extent will the programme focus solely on municipalities that are still addressing reconstruction as opposed to medium term development problems?
- How do national as well as entity level policies affect the selection of new municipalities?

Fifth, any reformulation of the programme should address two weaknesses we have identified in the current programme.

- The programme needs to encourage municipal planning and implementation strategies that engage the interest and resources of cantons and of the entity and national governments. It should also encourage the development of inter-municipality cooperation and projects where planning identifies areas of common interest. Such a thrust would be consistent with priorities expressed at the recent Stability Pact conference.

- The programme needs to encourage the expansion of capacities at the municipal and inter-municipal levels to address issues of local economic development by stimulating the development of civil society organizations and encouraging the inclusion of

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representatives who can relate municipal plans and priorities to private as well as public initiatives in the municipality.

Of course, how many municipalities can be included and what level of support would be available for project priorities would be determined by the resources available to support the programme and by cooperative relationships agreed to with other agencies.

VII. Lessons Learned

1. Capacity building for improved participatory planning and decision-making is necessary but not sufficient. Resources must be available to support priorities identified by the municipalities but also as means of providing practical application of the training that has been provided.
2. The sustainability of these kinds of programmes beyond an initial phase during which special financial support and training is provided is dependent upon building linkages to parties outside the narrow framework of the programme-at the cantonal, entity and national levels and in international agencies. If time, priority and method is not devoted to this during the programme's implementation phase there will be neither time nor attention paid to it afterwards.
3. In order to make programmes interesting to donors they must relate to longer-term objectives but the linkages between the shorter-term outputs to these longer-term goals and priorities are often inadequately drawn. Doing so in more tangible and measurable terms is difficult but is needed. For example, in this case the linkages need to be clarified between participatory planning and capacity building at the municipal level and the objectives of decentralization, privatization, return and reinsertion of minorities, reconciliation and democratization.
4. Intermediary institutions in many post-conflict societies are weak and especially at the local level. Very often few non-governmental organizations exist and processes of decision making center on a very few people. There is need to broaden participation by strengthening these intermediary structures. There is, however, no one pattern or answer to how to go about doing this. PROGRESS has stressed the creation of municipal development councils and strengthening technical capabilities at the municipal level to develop plans and identify priorities. This approach has proven useful and practical but it is by no means the answer for all municipalities or indeed the entire answer for the municipalities in which the programme has been working. As and if the programme is revised and continues it will be important to not follow a "cookie-cutter" approach to replication.
5. PROGRESS deliberately established a framework for programme implementation that included opportunities for representatives of municipalities from both sides of the inter-entity boundary line to interact, in a neutral context, on a variety of levels. These interactions were supported via seminars and training sessions where the primary focus was on developing municipal capacities and skills but where, overtime, the effect was to stimulate communication, cooperation and more trusting relationships among

participants across the IEBL. This lesson can be applied more generally to other postconflict settings.