



PRO Programme

Mid-term Evaluation

Final report

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ABBREVIATIONS

CAC	Citizen Assistance Centre
CIF	Citizen Involvement Fund
CBC	Cross Border Cooperation
CRDAP	Community Revitalisation through Democratic Action Programme
EAR	European Agency for Reconstruction
EC	European Commission
EPD	Enhanced Permanent Dialogue
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GTZ	Gesellschaft für Technische Zusammenarbeit
IDP	Internal Displaced Persons
IPA	Instruments for Pre Accession
IT	Information Technology
LAG	Local Action Groups
LED	Local Economic Development
LEDIB	Local Economic Development in Balkans
LSG	Local Self Government
MDC	Municipal Development Committees
MIR	Municipal Improvement and Recovery Programme
MIU	Municipal Implementation Unit
MPALSG	Ministry of Public Administration and Local Self-Government*
NGO	Non Governmental Organisation
NIP	National Investment Plan
PDO	Project Development Office
PMU	Project Management Unit
SDC	Swiss Agency for Development and Cooperation
ToR	Terms of Reference
SCTM	Standing Conference of Towns and Municipalities
SME	Small and Medium Enterprises
SPAR	Strategy of Public Administration Reform
UNDP	United Nations Development Programme
USAID	US Agency for International Development

0. EXECUTIVE SUMMARY

The success of the PRO programme lies in the large number of relevant projects identified and successfully implemented with a high level of visibility, in a poor part of Serbia where inter-ethnic relations have been very sensitive during the last decade. The “Municipal Development in South West Serbia - PRO programme was designed taking in account lessons learned from the UNDP-MIR programme (South Serbia).

This success of PRO Programme has been made possible by physical presence in the field, efficient project management, available funds for infrastructure projects and financial transparency. The project has been addressing needs of municipalities through introducing innovative approaches in governance, strategic planning and providing effective and efficient services to citizens. PRO has succeeded to create partnerships between various sectors for working together on developing municipal strategic plan and identifying priority projects for socio-economic development. Projects were identified, prioritized and implemented efficiently and transparently in a short period of time. PRO I was a very good learning exercise for municipalities on how to connect infrastructure development, institutional building and citizens' participation.

Although the project activities and human resources have been growing constantly since the beginning of PRO, organization and management structures are designed in a way to answer all needs and demands of the project implementation. The PRO team has been successful in implementing the majority of planned activities. Only a non-significant number of activities remained unfinished. Local ownership and sustainability were reinforced through the contribution of the municipalities to the co-financing of the projects. In some cases, the municipal co-financing rate went much higher than the 10% required, which is a strong indicator on the municipalities' willingness to participate to the project action. Implemented projects had multiple positive impacts on large population groups, which is one of the strongest achievements of PRO.

The PRO Programme was also combining, as well as consolidating, the objectives of former programmes such as the “Local Sustainable Development programme for South-Western Serbia and Northern Montenegro” implemented in 2003-2004, by UNDP and funded by SNV. PRO I have been implemented in a short period with a quick and important impact in the area of South West Serbia. Despite the success of the programme, the PRO team has recognized the need to foster greater long-term sustainability of the achievements. One of the solution is to focus the PRO 2 phase on *“regional and inter municipal cooperation, investment in municipal strategic planning, and to give more attention on planning for solving regional problems through joint initiatives and a more strategic and structured approach to capacity building activities.”*

The PRO Programme organization is efficient. The PRO Programme grew up quickly financially, creating a strong pressure on the PRO team to find solutions in term of management and capacity to address new challenges. The PRO Programme has implemented infrastructure works. Concerning this, each municipality has its own priorities (roads, water, etc...). The PRO Programme managed a significant number of projects which were selected in the municipalities according to the Strategic Plans (local priorities). Majority of infrastructure projects have been implemented in a short period of time. Support to municipal socio-economic development has been achieved through design and implementation of infrastructure projects, implemented through transparent mechanisms in partnership with municipalities and according to the priorities of local development strategies (infrastructure projects versus socio-economic development). The aim was to guarantee the full involvement of the municipalities, thus serving as a capacity building exercise. The realisation of these projects was an opportunity to link the infrastructure projects and the institutional capacity building (infrastructures projects versus capacity building). With a

contribution of the municipalities to the co-financing of the projects, the ownership, the sustainability of the projects and the capacity building were reinforced during the PRO I phase. The programme has created a climate of trust within municipal officials and municipal staff. Some of the municipal officials, of opposite political opinions started a dialogue, in a very sensitive political period.

The choice of emphasizing strategic/action plans within the framework of the PRO Programme has allowed synergies between municipalities, enterprises, and the NGOs. Strategic plans were prepared in all municipalities, yet in some of them the plans were prepared before PRO Programme. However, the aim of this evaluation process is to prioritise the necessities in order to improve the accordance of the infrastructure projects with the strategic plans and the action plans, as well as with the socio-economic analysis. In this perspective some strategic plans should therefore be revised and amended. During the PRO programme preparation the need to review the current Strategies was identified.

The first phase of the "Municipal Development of South West Serbia" resulted in establishing the organizational and institutional structure for management of local sustainable development strategies (LAGs, MIUs, and MDCs). Local sustainable development strategies for municipalities were prepared in close cooperation between local stakeholders (municipal governments, civil society and the business community) and were adopted by the respective municipal assemblies. The programme is supporting modernization and improvement of municipal administrative services and establishment of citizen oriented practices through institutional and operational strengthening of Citizen Assistance Centres (CAC) in municipalities Nova Varos and Sjenica. In addition, the project is supporting further development of existing Citizen Assistance Centres in other municipalities as well as development of capacities of the municipal staff in line with identified needs. The evaluation mission has noticed that the Citizen Assistance Centres are efficient. These centres have enabled considerably quicker access of these documents by the citizens. Some of them need more IT equipment and adapted software. The CAC also need to be better integrated with other municipal structures

The MIUs represent important institutions for the PRO programme within the municipalities. As well as the CACs, the MIUs deserve better integration into the organizational structure of the municipalities, which would increase their efficiency and effectiveness. Therefore, the evaluation team stresses the necessity to work on the organization's structure of the municipalities. The functional analyses, which were used within the framework of PRO Programme, are in fact much more "diagnostic analysis" (diagnostic review- therefore, there was an error of terminology). Municipalities expected from such analysis to facilitate a better internal reorganization of the different municipal structures. Therefore, the evaluation team suggests that the functional analysis should be used in the municipalities, helping determine the exact place of MIUs in the structure and thus reinforcing their effectiveness and sustainability.

The project Citizen Involvement Fund (CIF) was also developed, which was not the case in the previously envisaged activities. Although the budget available for this project was low, it was relevant for the cases when the relations between the municipalities and the NGOs were not good. In some municipalities, the NGOs have an extremely critical attitude towards municipal authorities and vice versa. The selected projects were funded via small grants but had an important impact on the visibility of the PRO Programme. The evaluation mission suggests that the PRO Programme should target improving the relations between the municipalities and the civil society- the NGOs- and initiate activities aimed at reinforcing such a dialogue.

The institutional capacity building dimension is an important component of the PRO Programmes in both phases, PRO I and PRO II. The capacity building of municipalities is also achieved by training sessions for municipal staff and study tours. Training sessions, particularly the one on Project Cycle Management, have produced positive results. In some municipalities, administration was able to recognize other donor's opportunities. The Study tour in Slovenia was a success and

gave the possibility for the municipal staff to learn on experiences in a country with similar institutional background.

The question of the future of RDAs is crucial for the exit strategy of the PRO programme. It is a key element for the policy development at the local, regional and national levels and the programme can marginally influence national policies relating especially to regional development. The main recommendations focus on reinforcing the institutional capacity building of municipalities on institutionalising the sessions of 'lessons learnt' between the municipalities. This appears all the more necessary that the two new municipalities included in the PRO programme, could largely benefit from experience of previously involved municipalities. Additionally, the phase of the evaluation recommends that the internal communication within the PRO team should be improved, particularly between the Focal Points and the coordinators, after the decision of putting focal points in the municipalities being made from the need to identify the problems in terms of municipalities' capacity building.

1. INTRODUCTION

1.1 Preamble

The PRO Programme is an EU and SDC funded programme implemented by UNDP. The partnership between donors is in accordance with The Paris Declaration of Aid Effectiveness. The conception of the programme was to start with infrastructures projects in order to support the implementation of other reforms and work on the institutional capacity building of municipalities. The Programme officially started in 2006 with a first phase, PRO 1, which covered six municipalities. The overall objective of the PRO programme is *“to strengthen local governments in facilitating socio-economic development and contribute to attainment of good local governance in the region”*. This overall objective of the programme was *“to provide support to six municipalities: Novi Pazar, Sjenica, Tutin, Nova Varos, Prijepolje and Priboj in facilitating socio-economic development by effectively using EU and Swiss Government funding support”*.

The specific purpose of the PRO I programme was *“to develop capacities of local stakeholders and local governments so that municipalities in South West Serbia, individually and jointly, plan and take strategic action to achieve the sustainable economic development of the region and to fulfil municipal obligations to citizens”*. The project was designed so as to ensure two independent goals: *“a) improve municipal capacity to plan and implement selected priority projects based on sustainable development plans and EU funding requirements; b) Creation of inter-municipal and area based development partnerships for socio-economic growth and to better exploit future EU funding support in South West Serbia”*.

A second Phase, PRO 2, started officially in 2007, with the same six municipalities, while in the same time, two new municipalities integrated the programme and started phase 1 (Ivanjica and Raska).

The Mid Term evaluation was conducted by Nebojša Vukadinović (Team leader) and Dragiša Mijačić (local development specialist – local consultant). The Mid-Term evaluation took place between June 2nd and August 15th 2008. The evaluation started with meetings with donors in Belgrade. Then, the first mission on the field took place between the 11th and 13th June, 2008. It was an opportunity to visit the municipalities of Raska and Novi Pazar and to take part into the Conference with the NGOs. Once again, the mission visited the field between 25th June and 3rd of July, 2008 in order to have interviews with all stakeholders in municipalities and analyze several sub-projects underway. The mission was also in Kraljevo (17th June and 25th June, 2008), as well as in Uzice (16th July) in order to have interviews in RDA. The evaluation team participated to a training session for all MIU and focal points on PCM. Several workshops were organized during the mission: with MIU employees and focal points in Zlatibor and with PRO team in Novi Pazar. Another round of interviews was conducted in Belgrade within the Ministry of Economy and Regional Development, Ministry of Finance, SKGO, as well as with the international external consultants working on the project. The findings and recommendations were presented to the key stakeholders on 31st of July in Belgrade at EAR premises.

The present document is divided into five sections. The section 2 focuses on Programme justification, design and *relevance*. Performance of the PRO programme is analyzed in section 3, on the one hand concerning its *efficiency* (relating the activities undertaken with the existing inputs and means), and on the other hand its *effectiveness* (relating the results of the programme to its objectives). Section 4 focuses on *impact, sustainability and multiplication*. Conclusions and recommendations are presented in section 5. The annexes include the Terms of Reference, the list of stakeholders consulted as well as the list of the documentation.

1.2 Methodology

The objectives of the evaluation set out in the Terms of Reference (ToR) are: “1. assess the progress being made towards the intended impact of the project to date, including the impact and achievements of the first phase; 2. draw out the lessons learned by all stakeholders to provide guidance and recommendations for effective implementation of the second phase; 3. in the light of the experience so far, it will assess the design and plans for the second phase, and identify any modifications that could realistically improve the likelihood of greater programme impact”.

Based on the ToR, the purpose of evaluation is to review, analyze and provide conclusions/recommendations on the following: “The extent which the project design and the activities implemented to date are contributing to the stated objectives; The likely effectiveness of the project approach in achieving stated objectives; Assessment of external factors affecting the project, and the extent to which the project has been able to adapt and/or mitigate the effects of such factors; The approach to project management, including the role of stakeholders in the steering committee and coordination with other municipal development projects in the same municipalities. A methodology for conducting evaluation comprised activities on: (1) Data collection; (2) Data analysis, (3) Interviews, Focus groups, (4) Workshops (5) Presentation of findings and recommendations to key stakeholders and (6) Writing a draft and final report. For the purpose of data collection, the evaluation team has: Collected all available project documentation, monitoring records, quarterly reports and minutes from steering Committee meetings; Collected secondary data from municipalities (Municipal Assembly decisions, municipal strategies, priority lists, reports, etc) and other beneficiaries (RDA plans, regional strategies (if any), other donors’ project documents, etc); data of external factors were collected, especially given its scope and ambition and the relative dependency of its implementation and overall success on these exogenous factors. Process of data analysis had started at the beginning of the evaluation, by receiving a big pool of PRO Programme documentation. Main part of analysis has been done after collection of all documents and finishing with interviews. A set of analytical tools (Log-frame analysis, comparative analysis, benchmarking, cost-effectiveness, etc) were used. Data analysis was focused in achieving results in line with the purpose of the evaluation.

The interviews were conducted through set of logically structured questionnaires which will aim to transform general questions into precise ones for specific target groups. Intention was to collect qualitative and quantitative data on PRO Programme implementation and its impact on different beneficiary groups. The questionnaires used semi-open questions and provided space for explanation/justification/ comments of the interviewed stakeholders. Conducted a survey on PRO Programme impact through set of interviews with all parties involved in project: PRO Programme Team, beneficiary municipalities, other stakeholders (relevant ministries, SKGO, local CSOs, representatives of business associations), international partners (MSP – Kraljevo), representatives of RDAs and secondary beneficial municipalities (Municipalities of Uzice, Kraljevo, etc) and representatives of donors’ community (EAR, SDC).

The PRO Programme team assisted the Evaluation team in identifying and collecting PRO Programme documentation and available and relevant secondary data information. The interviews were conducted through set of logically structured questionnaires which aimed to transform general questions into precise ones for specific target groups. Intention is to collect qualitative and quantitative data on PRO Programme implementation and its impact on different beneficiary groups. The questionnaires used semi-open questions (i.e. evaluation on scale of 1 to 5) and will provide space for explanation/justification/comments of the interviewed stakeholders. The interviews were prepared on key findings from the project documentation and the project context. This joint work of the two evaluators is aimed at ensuring a harmonised approach to the evaluation and a higher degree of objectivity of its findings. The PRO Team members were consulted in identifying precise and relevant questions. Given that separate stakeholders are involved in different ways and in different institutional, political and economic contexts – but also given the fact that they are confronted to different external factors – it seemed necessary to take into account the specificities of each type of stakeholders.

2. PROGRAMME JUSTIFICATION AND DESIGN

2.1 Introduction

This part assesses the planning and design phases of the Programme (origin of project proposals, involvement of beneficiaries and interest groups etc.) and the coherence and realism of the Programme design.

Evaluation Questions: To which extent stakeholders were involved in the planning and design phases of the PRO Programme? Is the project design coherent with reality (political, social, economic, etc) in the area of operation?

General Observations: The evaluation mission thinks that the programme design largely considered former and ongoing initiatives. The analysis of challenges faced by South West Serbia municipalities was carried out. Key problems in these municipalities come from insufficient financial resources, inadequately trained and educated municipal staff (including surplus of employees), lack of technical equipment of municipal administration services, and ineffective organization structures of municipal administration. The situation is worsened by the influx of refugees, demographic changing structure, unemployment and economic decline, which have resulted in heavy deterioration of the quality of services provided to the citizens during the 1990's (due to the transition process to market economy, wars, sanctions...). Some problems are also coming from an inadequate legislation framework. The link between the problems identified and the actions of the project are clearly defined.

Origin of project proposal: The "Municipal Development in South West Serbia – PRO programme was prepared taking in account lessons learned from the UNDP-MIR programme (South Serbia). In the first stage of the programme preparations it appeared crucial to develop a Municipal Support project in a very sensitive region in South-West Serbia. The PRO programme is combining, as well as consolidating also the objectives of other former programmes: the "Local Sustainable Development programme for South-Western Serbia and Northern Montenegro" implemented by UNDP in 2003-2004, (the UNDP/SNV programme), the MSP II (SDC) programme implemented in central Serbia.

The UNDP implementation Unit in Novi Pazar is responsible for the implementation of the programme. In total there are presently 28 staff members in the Novi Pazar office and 8 focal points in municipalities. The PRO programme is headed by a Project Steering Committee, with the representatives of UNDP country office in Belgrade, EAR, SDC, SKGO, Ministries and Programme Management team.

The involvement of two donors ensures a comprehensive and complementary coverage of various priorities ranging from social-economic support and reinforcement of the capacity of municipalities via infrastructure projects, to development of multiple partnerships between civil society and municipalities. Furthermore, the conception of the programme is also oriented to inter-municipal relations and regional development as well as to the integration into the EU.

Organisations that PRO has worked with, as was described in project documentation include "the USAID project implementers Mercy Corp and SCoPES, MSP II funded by the Swiss Development Cooperation (SDC); the Social Investments in the Municipality of Novi Pazar implemented by the LUX Development (funded by the Government of Luxembourg); the Strengthening of Social Services for children and vulnerable families funded and implemented by UNICEF; the MEGA Programme, USAID-funded. There have also been links with the UNDP Institutional Development

and Public Administration Reform cluster, which is working in the local government sector and in particular the project working with the Standing Conference of Towns and Municipalities (SCTM)".

2.2 Coherence and realism of the programme design

Beneficiary municipalities were involved in designing PRO I project through individual and group meetings with UNDP HQ officers. Municipal representatives were satisfied how their suggestions were included in PRO I projects. Municipalities were not directly involved in programming of 2nd phase of the PRO. In PRO II their needs were identified by PRO staff, reports and findings in the field. In general, stakeholders perceive PRO programme design as coherent with reality in the area of operations. Stakeholders at various level expressed concerns on designing project objectives regarding regional development agencies and inter-municipal cooperation.

The project was expected to deliver the following results:

Result 1: Organizational and institutional structure for management of local sustainable development strategies (including design, implementation, monitoring and evaluation) established;

Result 2: Local sustainable development strategies prepared in close cooperation between local stakeholders (municipal governments, civil society and business community) and adopted by the respective municipal assemblies;

Result 3: Increased capabilities of local governments to deliver better quality services;

Result 4: Selected infrastructure projects are designed in accordance with municipal socio-economic priorities and implemented through transparent mechanism for implementation of strategic plans;

Result 5: Support the creation of an enabling environment for local governments to discuss and address common development challenges through inter-municipal and area based partnerships, in particular to attract private investments.

The activities related to the results of PRO programme clearly show the expectation of developing links and partnerships between various levels : local/central, public/private, public authorities/civil society.

2.3 Relevance

Relevance assesses the problems to be solved and the project objectives against their physical and policy environment.

Evaluation Question: To which extent the problems aimed to be solved and the project objectives were against their physical and policy environment?

General Observations: All stakeholders emphasized a great need for development and external support in the area of operations. The evaluation mission noticed that Relevance of the designed project action is highlighted as highly positive among all stakeholders. Stakeholders at the national level emphasized the relevance of the project action with laws, respective government strategies and policy documents. Among beneficiaries, project objectives and majority of project results are perceived as highly relevant when addressing their needs. Project Result 4: 'Infrastructure projects' is emphasized as the most relevant part of the PRO Programme. The only remarks regarding the relevance were related with regional development and inter-municipal cooperation components.

The project results are in accordance with national and local priorities and needs. The Strategy for Public Administration was approved by the government in November 2004. The functional decentralization was effectively initiated by the adoption of the new Constitution in October 2006.

The Government of Serbia drafted in 2005 the Strategy for Local Sustainable Development and adopted in 2006 the *Strategy for Balanced Regional Development of the Republic of Serbia between 2007 and 2012*.

The main principles of national strategy on local government are based on the following principles while implementing reforms in view of achieving the stated objectives: a) principle of decentralization, b) principle of de-politization, principle of professionalization, d) principle of rationalization, e) principle of modernization¹. The PRO programme is in accordance with those principles. However, even if those principles were adopted, the Public Administration in Serbia is generally characterised as having weak institutional capacity and a low level of professional skills.

Through decentralisation, Serbia wishes to contribute to the rooting of a stable democratic State, the rule of law, accountability, transparency, effectiveness and efficiency of a public administration oriented towards the needs of the citizens. Two models have initially been considered: that of de-concentration and that of delegation / devolution. The de-concentration model implies the creation of local branches of central administration. However, it is considered that it does not sufficiently encourage the development of a true local self-government culture. On the other hand, the delegation model, and ultimately the devolution model, entrusts local authorities with tasks currently under the state administration responsibilities and prerogatives. This second model represents the highest degree of decentralisation. It seems that Serbia has opted for a "combined" model: a model by which significant competences from the State administration are transferred to local self-government while some other competences are delegated.

Concerning the current state of citizens' participation², it should be stressed that all the reforms undertaken towards decentralisation aim not only at making local authorities more effective, efficient and responsible, but also at fostering a true culture of local governance as it is even indicated in the Serbian Constitution (art. 137)³. The participation of local stakeholders in the policy making process entails an active participation of the citizens, particularly important in a period of transition. It contributes to the development of more efficient, responsible and transparent local-self government.

Serbia is implementing its EU integration strategy through the Stabilisation and Association Process (SAP) aimed at political and economic transformation of the country. The EU has confirmed EU-perspective of the Republic of Serbia. On 8th November 2006 the European Commission approved the Strategy Paper for « Progress Report on Serbia ». This Report also focuses on the importance of local governments. The Commission is monitoring Serbia's progress in the context of the Enhanced Permanent Dialogue (EPD). Serbia has achieved significant progress in a number of short-term and also some of medium-term priorities, as a result of the implementation of Action Plan for the European Partnership. In May 2008, the signature of SAA was conditional. Serbia expects to become rapidly a Candidate country.

¹ Vesna Ilić Prelić, Constitutional and Legal Framework for Territorial Organization and Power Distribution in the Republic of Serbia, 2006, Institute for Contemporary Studies.

² Direct participation of citizens in local public life, SCTM, (Ed.Zorica Vukelić), 2006, "Legal framework for citizen participation: Constitution of the Republic of Serbia, Law on Local Self-Government, Law on Referendum and Popular Initiative, Law on Free Access to Information of Public Importance, Statutes on towns and municipalities" (p.5)

³ "In the interest of more efficient and rational exercise of citizens' rights and duties and satisfying their needs of vital importance for life and work, the Law may stipulate delegation of performing particular affairs falling within the competence of the Republic of Serbia to the autonomous province and local self-government unit." (art.137 of the Serbian Constitution)

2.3.1 Specific external factors affecting the project

The success of the programme is conditioned by some external factors over which it has no control, such as: Political factors, Legal factors, Economical factors, the municipal context in South-West Serbia.

The political context of Serbia in 2007 and 2008 affected the implementations of activities. Since the parliamentary elections in January 2007 and the formation of a new government in May 2007, the political situation remains unstable and the results of the presidential elections (in 2008) may not contribute enough to stabilise it. During the years 2007-08, after the elections in Serbia, the government was not yet established. During 2008, after the proclamation of 'Kosovo's independence', the government was dissolved and a new electoral period came up. The new government was formed only in July 2008, during the process of this evaluation. Local elections held during 2008 affected the ruling of the central and local governments, and created an unstable and non functioning political situation. This whole context greatly affected the implementation of the PRO programme, with major delays in the implementation of some sub-projects.

The legal factors affected also the implementation of some activities. After the self proclaimed independence of Kosovo, the Prime Minister decided new elections, and according to the constitution of Serbia in such case the current government is not allowed to adopt and implement any new laws. At the moment there are no existing laws regarding regional development, which can affect the development of RDA. However, the statistical office in Serbia prepared NUTS classification of the territory of Serbia (NUTS2, NUTS3). NUTS classification is an important issue for the European future of Serbia and preparation for the absorption of structural funds. Serbia made large steps forward in transposition and harmonization of EU legislation, but its implementation is not successfully carried out.

The economic factors affected the PRO programme too. At first, the exchange rate between the US Dollar, Euro, CHF and Euro created a problematic situation because of the high depreciation of the US Dollar. Second, due to restrictive monetary policies and overall macroeconomic stabilization program, the government of Serbia needs to restrict its budget. In this context, central government must control public expenditures and the amounts that can be made available by the State in order to finance local government are in fact relatively limited. Thirdly, municipalities of South West Serbia are facing a deteriorated economic environment. They are facing demographic challenges. In the beneficiary municipalities the demographic structure has considerably changed over the last years, with the younger population leaving the area for bigger cities or neighbouring countries. The demographic situation strongly influences the local economic development. Another challenge is the higher rural population (61% in South-West Serbia).

The municipal context in South-West Serbia is characterized by: an inadequate and centralised administrative framework, a lack of efficient municipal management, poor public services and inadequate property legislation. Currently, municipalities show the same symptoms of unpreparedness in same fields: Human resources (qualifications, skills, working methods...); Lack of a results-based management culture; Organisational structure (lack of specialised entities, i.e. departments for international cooperation...); Unawareness of the scope of some of their future missions (decentralisation process); Incapacity to promptly implement EU and international norms and standards. In this context, municipalities have to be supported in reorganising their human resources and strengthening their planning capacities (particularly concerning urban development linked with the promotion of economic growth and productivity).

2.3.2 Relevance of programme results

Result 1: *Organizational and institutional structure for management of local sustainable development strategies*

The result 1 is mostly based on establishing of Municipal Implementation Units (MIU) within municipal administrations. One of the main roles of MIU was implementation of projects funded by PRO. Establishment of MIU was relevant to the Municipalities, yet in some of them similar institutional structures already existed in a form of LED office or as Units for Municipal development. PRO

Methodology of establishing MIU was relevant with municipal policy requirements and PRO objectives. In some municipalities (Sjenica, Tutin, Priboj, partly Nova Varos), chosen institutional solutions and selected people for MIU did not create structures which favours future sustainability. In cases of two new PRO municipalities (Ivanjica, partly Raska), establishing of MIU is highly relevant.

Establishing of LAGs and their institutionalization is an innovative governance approach was not (or only partly) familiar among PRO beneficiaries. There were initial doubts on relevance of that component within municipalities but after the strategic planning process, it was widely acknowledged as relevant to create LAGs and partnerships with other development actors in the field; Methodology of establishing LAG is taken from the World Bank approach in strategic planning.

Result 2: *Local sustainable development strategies prepared in close cooperation between local stakeholders (municipal governments, civil society and business community) and adopted by the respective municipal assemblies.*

Strategic planning was a great need of all of PRO municipalities. One of the valuable outputs of the PRO Programme is to reinforce the link between the projects and the Strategic Plans, using an appropriate methodology. In four municipalities (Prijepolje, Nova Varos, Priboj and Sjenica) preparation of Strategic Plans was initiated by previous UNDP project. In these municipalities PRO took a role of finalizing strategic plans and development of related documents such as action plans, socio-economic analysis and functional analysis.

Strategic planning result was particularly relevant to Novi Pazar and Tutin municipalities, which did not have strategic plans before PRO intervention. Same is true with two municipalities (Raska and Ivanjica) that joined PRO Programme in the second phase.

Result 3: *Increased capabilities of local governments to deliver better quality services.*

The quality of the services rendered by CACs to the population is a key element of the programme. This aspect is highly relevant, as the local population is in constant need for service delivery from municipalities. With PRO programme, two CACs were established (Nova Varos and Sjenica). CACs in other PRO municipalities were already established by other donors' initiatives.

According to the report on citizens' satisfaction with CAC services provided by independent agency hired by PRO programme, citizens are greatly satisfied with CACs and improved municipal services. However, all municipalities emphasised need for proper institutional settlement of CAC within municipal administration, creating horizontal links of CAC with other municipal departments and capacity building of CAC workers.

Result 4: *Selected infrastructure projects are designed in accordance with municipal socio-economic priorities and implemented through transparent mechanism for implementation of strategic plans.*

All municipal authorities highlighted this project result as the most relevant with their needs. Relevance of methodology and criteria in selection of projects in some municipalities remain unclear. There was no a unique and common methodology developed for identification, selection and prioritization of infrastructure project. However, all implemented projects were prioritised and approved by respective Municipal Assemblies.

Result 5: *Support the creation of an enabling environment for local governments to discuss and address common development challenges through inter-municipal and area based partnerships, in particular to attract private investments.*

Components of this result only tackled the issue of regional development and inter-municipal cooperation. Within PRO 1, an emphasis was on assessments and developing documents on best practices/lessons learnt, which was a relevant approach at that time.

Regional development is a very sensitive issue, since there are no administrative regions in Serbia and there is no Law on regional development. However, regional development is recognized as a need among all stakeholders in the project. Inter-municipal cooperation and regional development are not priorities for municipalities. Regional development is rather perceived as a part of global and national processes than as a real need for their municipalities.

National stakeholders raised some concerns in regard with relevance of regional development agencies to upcoming national laws and government initiatives for regional development. Regional development cooperation is a sensitive issue since Sjenica is reserved about joining Uzice RDA. However, regional development issues can be very attractive for fundraising external, which represents an interest to municipalities.

Citizen Involvement Fund

Although CIF is not part of original PRO design, it is relevant (in a broad sense) with Programme objectives. CIF is very much relevant with the needs of Civil Society Organizations (CSO) in targeted municipalities. The majority of municipalities did not admit the need for civil society development nor the relevance of this component. CIF methodology to connect CSO and local self-government (and its services) was relevant, yet should be improved in future CIF calls. The choice of including municipal representatives in projects selection was justified, however higher-level officials participation could have much better impact. CIF should also be connected with Strategic Planning, its implementation and monitoring/evaluation.

3. PROGRAMME PERFORMANCE

3.1 Introduction

This section analyse efficiency and effectiveness of the PRO Programme and it sub-projects, as well as its economic and financial assessment.

PRO programme is targeting politically and socio-economically very sensitive area of Serbia proper. In that regard, external factors such as short duration of PRO I phase and delays caused by political factors were taken into special consideration while evaluating programme performance.

In general, PRO team has implemented vast majority of all planned activities. Only some minor activities remain postponed or unfinished. Implementation of the programme activities was transparent, efficient and with a good quality. Chosen model of intervention was good and appropriate with the needs in the field.

Since PRO programme is still under implementation, moving from phase 1 to phase 2, in depth evaluation of programme performance should be done at the end of the programme.

3.2 Efficiency

Efficiency relates to the relation between the activities and the results of the Programme in the logical framework terminology. It will provide an assessment of the extent to which the project inputs have contributed to the realization of the results.

Evaluation Questions: To which extent the programme implementation has achieved efficiency in programme implementation?

General Observations: All indicators show a high level of achieved programme efficiency, stressed by all project stakeholders (municipalities, ministries, UNDP HQ and donors). PRO team very quickly became functionally operational and established organizational structures relevant with situation in the field. Programme efficiency was affected by external (political instability in area of operations and regular elections) and internal factors (short time for project implementation; complicated tendering and procurement procedures; weak capacity of municipal administration to follow plans of interventions).

3.2.1 Intervention Methods

High level of Programme efficiency has been achieved through physical presence in the area of operations with a PRO officer in each of beneficiary municipalities. All other project staff (including a Project Manager) was periodically present in the field, usually on demand basis.

Implementation of the PRO activities (especially infrastructure projects) has been in line with existing national Laws and regulations. PRO team was very much disciplined in terms of requesting licences and procedure. Municipalities differently perceived this model of intervention, from highly positive to slightly negative. PRO team was assisting municipalities (Prijeopolje and Tutin) to obtain necessary licences from relevant national institutions.

PRO team was very transparent in financial terms. Since the very beginning municipalities were informed about available funds in each case, which were calculated by using specific formula. Beneficiaries clearly and openly expressed their satisfaction with financial transparency of the project.

3.2.2 Project Organization and Management

PRO Team has been established in a very short period of time. Previous UNDP structures were used as a starting point. The organizational and management structure of the PRO team was presented to stakeholders with the organization chart and by direct contacts. PRO 1 team was composed of 16 persons, six of which located in beneficiary municipalities. One project coordinator is also in the field (Prijepolje).

Organizational structure has been significantly changed for better implementation of PRO II. Staff increased from initial 16 to current 28 members.

Initiatives for implementing a new SDC project on migration will slightly affect the organization structure, which should not drastically influence efficiency of PRO Programme.

Human Resources: PRO Team is characterized by a good quality staff, highly motivated and capable to successfully and efficiently handle the project implementation under very difficult circumstances. Beside the good quality of the human resources, there is still a need for capacity building of PRO staff. Trainings organized for beneficiaries are relevant to staff members too. Other internal and external trainings should be organized as well.

During the PRO implementation there has been numerous changes in staff. Although it did not seriously affect efficiency, in order to secure institutional knowledge there is a clear need to develop procedures for staff changes or new vacancies. These procedures should include introduction of the Programme, roles and responsibilities and (if possible) a short training in relevant field.

Management structures: There is a clear management hierarchy (vertical model) where overall management is concentrated on PRO Programme Manager. Programme Manager demonstrated good management and organizational skills with strong requirements for result-oriented action. Programme Manager was also very successful in managing finances from two different sources and in creating good relation with donors and stakeholders at local and national levels.

Although project has staff and offices spread all over the area of operations, management lines are established to be efficient and functional. With transformation from PRO 1 to PRO 2, advanced team members have been promoted with higher managerial responsibilities. Although there is a trend for constant growing of staff members and increase of new operations, PRO management structures are settled in a way to efficiently handle all assignments.

The survey in the field had showed better efficiency of project implementation in municipalities where coordinators were more physically present.

Financial management: Although having significant financial challenges (demanding UNDP procurement and tender procedures, exchange rate losses, multi-donor finances, etc), PRO financial management capacity is evaluated as very good. Capacity of PRO Operation Team, especially financial and procurement officers is on a high level.

The PRO budget has been increased from original 3 million to current 11 million Euros. Despite the good financial management, due to exchange rates PRO lost about \$40,000USD.

Newly introduced UNDP procurement rules in which only UNDP staff (in this case only PM) is authorized to sign payments might negatively influence PRO operational and financial capacity.

PRO team was efficient in arranging logistic operations.

3.2.3 Monitoring and evaluation

Monitoring of PRO implementation is in line with management responsibilities. Overall monitoring and internal evaluation is a responsibility of the Project Manager. Monitoring has been done through reports, site visits and staff meetings. Although a new system of reporting has been developed at the beginning of 2008, PRO staff still has difficulties in optimal use of report templates. Many important issues are still communicated verbally. So far there are no developed procedures for institutionalizing knowledge and experience (lessons learnt and best practices) from programme implementation. In cooperation with an external consultant PRO recently developed an impact-monitoring system that soon will be in function.

External monitoring and evaluation: External monitoring of PRO Programme results has been done through Steering Committee meetings. Steering Committee meetings were organized on rotational and quarterly basis, usually in the area of operations. Stakeholders evaluate Steering Committee meetings as well prepared events where they have the opportunity to monitor implementation results and to give recommendations. A social event, organised in a form of joint a dinner before the Steering Committees, have been stressed by stakeholders as extremely useful for talking about PRO and other issues in an informal way. External monitoring and evaluation were also done by independent consultants, whose reports were useful in increasing efficiency of the project.

3.3 Effectiveness

Effectiveness relates to the relation between the results of the programme and the programme purpose referred to in the “logical framework” terminology. It gives an assessment of the extent to which the programme results have contributed towards the achievement of the programme purpose. The evaluation focuses on measuring implementation of results per settled verifiable indicators.

Evaluation Question: To which extent programme results have contributed towards the achievement of the project purpose?

General Observations: Project results significantly contributed to achievement of project objectives. Project actions led to positive changes within targeted municipalities. The majority of project activities have been implemented. Mid-term evaluation did not focus on in-depth analysis of project purpose achievement. This might be the subject of a final PRO evaluation.

The overall objective of the PRO programme is “to strengthen local governments in facilitating socio-economic development and contribute to attainment of good local governance in the region”.

The programme was designed so as to ensure two independent objectives: a) Improve municipal capacity to plan and implement selected priority projects based on sustainable development plans and EU funding requirements; b) Creation of inter-municipal and area based development partnerships for socio-economic growth and to better exploit future EU funding support in South West Serbia”.

Indicator 1: *Organizational and operational management for implementation of local development priorities established and functional*

Project team and MIU were established and trained. MIUs have provided a great support to PRO team in following local development priorities. Functionality of MIUs, as well as quality of selected MIU staff varies between municipalities. With PRO 2, it is planned to transfer MIU into PDO, which, in some municipalities, it is not functionally possible. Transformation of MIU should be done in line with institutional solutions proposed by functional analysis.

Methodology of creation of LAGs and identification of their members varied between municipalities. There were no clear procedures developed in this regard. In all LAGs business sector is under-represented. Trainings in strategic planning and their methodology are in line with the World Bank approach in strategic planning of Local Economic Development.

Activities regarding establishing and operationalization of Municipal Development Committees (MDC) were dropped. This did not cause problems in achieving this result and project purpose.

Indicator 2: *Local Sustainable Development Strategies prepared for municipalities in South West Serbia*

Strategic Planning: As said before, for the purpose of Strategic planning, PRO team decided to use the World Bank 5-steps approach in LED Strategic planning. Original methodology has been adjusted with municipal needs and available assets.

All municipalities have had some experience in strategic planning, facilitated and supported by various donors (UNICEF, USAID, REC, Ministry of Labour and Social Welfare, etc).

Strategic planning in four municipalities (Prijepolje, Priboj, Nova Varos and Sjenica) has been done with previous UNDP Project. Within PRO activities, strategic planning has been completed in municipalities Novi Pazar and Tutin. Within PRO 2 Raska and Invanjica are currently under process of strategic planning.

Experience in strategic planning has not been institutionally recorded neither used when starting a process in new municipalities. Strategic planning was done in support of an external facilitator (consultant) and senior PRO staff.

As a part of strategic planning, a study tour to Slovenia was organized for LAG members from each municipality. Tours were organized jointly, where LAG members from at least 2 municipalities travelled together. Study tour was useful in terms of getting experiences and identifying possible strategic directions for municipalities. Participants in study visits (LAG members) emphasized added values: team-building among LAG members and benchmarking/sharing experience between LAG teams and municipalities that travelled together.

LAG members were active in strategic planning of all municipalities. The most massive participatory process has been conducted in Novi Pazar Municipality.

Action plans for implementation of strategic plans are not developed yet. In some municipalities there is a need for revision of the strategy. Having in mind municipal structures have been changed after recent elections, at this moment there is a great need for revision of strategies and action plans.

Socio-economic analysis: As a part of strategic planning, socio-economic analyses are produced for each municipality. Although it should methodologically come before the strategic plan, the analysis was delivered after in four cases (Prijepolje, Priboj, Nova Varos and Sjenica), where it will be used for revising the strategy and designing the action plans. Socio-economic analysis is

often used as a directory of valuable statistical information necessary for project preparation for NIP and other external donors.

Indicator 3: *Improvement of administrative service delivery for at least 10% (based on surveys at the beginning and at the end of the Project).*

Within PRO Programme two CACs were established and fully furnished (Nova Varos and Sjenica). Those two CACs became an integral part of municipal administration yet their institutional status could be improved. New solutions might be found during the process of restructuring of municipal administrations.

CAC in Nova Varos became one of the best in the region. Citizens' satisfaction survey has shown a great impact of CAC, delivering better municipal services to citizens. Not all municipal services were transferred to CAC (i.e. urban planning and municipal inspections).

PRO organised basic training activities for CAC workers in Nova Varos and Sjenica and developed specialised software for their services. Training activities included training on software and practical work with citizens.

CAC Capacity building activities (including study visits to other CACs in Serbia) were cancelled due to local elections.

Indicator 4: *Infrastructure priorities identified according to established criteria and implemented.*

Within PRO I 22 infrastructure projects were implemented: Novi Pazar - 8, Tutin - 2, Sjenica - 5, Nova Varos - 2, Prijepolje - 3 and Priboj -2. Before mentioned two CACs are not included in this list. The majority (above 90%) of PRO I infrastructure projects have been completed so far. There are some minor delays in finalizing a school in Sjenica. All legal procedures were respected. In all projects municipalities contributed with at least 10% to the funding, although in some cases municipal contribution exceed 40% (Raska).

Identification of infrastructure projects varied among municipalities. In municipalities which had strategic plans, projects were selected from the plans. In other municipalities infrastructure project were identified either by LAG or by Mayor and his close associates. The best case is in Novi Pazar which had organised an internal call for project proposals for relevant institutions.

PRO team have not developed clear procedures for selection and prioritization of projects. Due to a limited time for project implementation, prioritization of projects in majority of municipalities has been done rather according to available technical documentation than on real cost-benefit analysis and assessed local needs.

In case of Novi Pazar municipality, prioritization of projects was done in participatory way, using USAID/Mercy Corps methodology developed for prioritization of their projects.

It should be emphasised that relevant municipal assemblies have approved list of prioritized projects.

Indicator 5: *Inter-municipal development plan for possible sectorial cooperation prepared and acknowledged by all municipalities in the region of South West Serbia.*

In cooperation with external consultants PRO carried out a sectorial assessment on inter-municipal cooperation. This assessment was done together with socio-economic analysis. Although planned, under PRO it has not been done a literature review and best practice

identification of international experience in inter-municipal cooperation. However, this activity was covered with study visits where all participants got introduced with Slovenian experience in inter-municipal cooperation and regional development.

Although activities related with regional development are not a focus of Mid-Term evaluation, since regional development is one of the main issues of PRO 2, it is necessary to provide initial findings on this issue as well.

The RDA issue is very sensitive in municipalities Sjenica, Tutin and Novi Pazar. These three municipalities prefer to form a (sub)region and/or to create the Agency located in Novi Pazar. In this regard, transformation of SEDA agency into RDA is highly welcomed by these municipalities.

Other municipalities in general have shown a moderate interest in inter-municipal and regional development issues and RDAs. In particular, municipalities are quite interested in implementation of selected inter-municipal projects. Only Sjenica municipality is not satisfied with pull of selected projects.

The Ministry of Economy and Regional Development has also raised their concerns in regard to RDA issues, especially their institutional settlement within current and upcoming legislation.

In area of operations, PRO is supporting establishment of two regional development agencies, in Uzice and Kraljevo. RDA in Uzice is set up by transformation of existing Regional Center for SME while in Kraljevo establishment of RDA starts from zero ground.

PRO is providing operational grants to RDA in Uzice, based on a Business Plan. In that regard, PRO is involved in capacity building of human resources and institutional development. PRO is also covering salaries to RDA employees.

RDA is emphasizing great cooperation with PRO staff, especially with the Deputy Manager in charge of regional development and PRO Financial Department.

A special tailor-made capacity building programme has been designed and currently it is under implementation. In that regard a institutional building consultant has been hired and placed in Uzice.

RDA in Uzice currently focuses on Communication Strategy under which regional stakeholder analysis was carried out. PRO focal points from Sjenica and Nova Varos have helped RDA in making a communication strategy survey in those municipalities.

The role of RDA in inter-municipal infrastructure projects is not clear to RDA staff.

Since RDA in Uzice has been recently awarded by European Delegation with an institutional grant, in terms of achieving synergy of assets and best possible results, PRO might introduce changes in current system of financing.

Establishing of RDA in Kraljevo is in its last phase and official opening is planned for September 2008.

Functional analysis: Functional analysis has been carried out in all PRO 1 municipalities. The idea was to map municipal institutions, resources and management lines and to propose solutions that will increase efficiency of municipal administration. Functional analysis were drafted by two external consultants (one international and one national), which used workshops and participatory approach techniques in working with municipal officials. The majority of municipalities expected functional analysis as a document which will help them restructuring municipal administration, which was not the case with presented document.

It is not determined when and how functional analysis was presented to municipal authorities. While PRO team claims it was presented, municipal authorities said they never saw the final version of the document.

Functional analysis did not provide a clear answer regarding functioning of the municipal administration. Some of municipalities did not approve the final document and requires a new one that will deal on these issues.

Citizen Involvement Fund: The Citizen Involvement Fund (CIF) initiative was launched after the PRO Programme has started. Therefore, CIF is not explicitly mentioned in the logframe, yet it was identified as a need and then approved by Steering Committee for funding. CIF is funded from the financial left-over from a CAC that supposed to be built in Novi Pazar.

CIF proposal was developed in November 2007 by an external consultant. The call was published in January 2008. CIF funding was up to \$6,000USD per project (global amount of the CIF was \$100.000USD).

There were two selection rounds, one at the local level with inclusion of municipal staff and one at regional level. At the local level, selection panel had 3 members: representatives of municipality, CSO (which is not involved in a call) and PRO member (focal point). At the regional level selection committee has up to 7 members. Projects have been selected based on determined criteria. Locally prioritized projects mostly were approved by regional panel, except in one case when the regional committee selected a project not chosen by local committee.

There were 83 projects received, 19 of them selected for funding. Composition of selected projects per municipality is: Novi Pazar - 4, Raska - 3, Nova Varos - 3, Priboj - 2, Prijepolje - 2, Ivanjica - 2, Sjenica -2, Tutin - 1.

Some of the selected projects might have conflict of interest since granted CSO were connected with focal points, MIU or LAG members.

3.3 Economic and Financial Analysis⁴

Analysis of the project budget (allocation versus spending) has shown that PRO team has used available financial resources in an efficient and effective way. All implemented activities were cost-effective and made according to budget lines. The highest financial constraints were exchange rate losses and UNDP procurement procedures. Exchange rate losses have impact on municipal financial contribution and on CSOs granted by CIF. Impact on granted CSOs was higher since, as small organizations, they could cover losses even more painfully than municipalities.

The ratio between expenditures and achieved results is very good. Although all implemented infrastructure projects are not based on cost/benefit analysis, their impact is visible, and cost-effectiveness is high since they covered needs of large beneficiary groups. In many cases municipalities initiated implementation and financing of project sub-activities related with PRO Programme, which could not be covered from PRO budget.

As pointed out in project documentation, "from a financial viewpoint, the EAR component was a complete success with all funds expended by end of 2007. This is considered by the PRO team

⁴ Mid-term evaluation did not have a mandate for deep and thoughtful economic and financial analysis. However, an initial analysis has been done and findings are herewith presented.

as a major success not only in terms of the individual project outputs but also in terms of donor coordination. All sub projects have been completed in a short period and more than €2.2m of EAR funds were expended in 11 months, next to €1m of Swiss funds". A detailed analysis on economic and financial issues should be done by a certified auditor.

The PRO 1 programme was mainly focused on the financing of the infrastructure projects of small and medium scale. Because of the small size of the projects and the socio-economic context of beneficiary municipalities, the measure of the socio-economic impact of these projects cannot be found in the statistics. The enterprises carrying out the projects are located in the region of South West Serbia and employed local workforce, which increased the impact on society.

4. IMPACT, SUSTAINABILITY AND MULTIPLICATION

4.1 Introduction

It is very early to make in-depth analysis of PRO Programme impact on beneficiary municipalities. However, some of the PRO achievements clearly have a notable impact on municipalities and local communities.

Sustainability of the implemented activities varies between municipalities and between components.

Although some of PRO activities and the model of intervention could be multiplied to other areas in Serbia, implementation procedures are not systematically documented.

4.2 Impact

Evaluation Question: To which extent programme results have contributed to implementation of overall objective?

General Observations: Since there are other players in the area of operations, it is very difficult to distinguish PRO impact with the one created by other parties' interventions (including impact from previous UNDP projects). Besides, PRO is still ongoing programme with activities overlapping between two phases, therefore it is very difficult to measure impact of PRO at this moment. Impact on capacity building component is vague and differs between municipalities. However, some impact can be clearly noticed, i.e improved delivery of municipal services through established CACs. Moreover, impact on implemented infrastructure projects might be also evaluated as good since the implemented projects targeted large number of beneficiaries.

Impact of result 1: *Organizational and institutional structure for management of local sustainable development strategies.*

MIU : In most of municipalities MIUs were rather established and perceived as institutional support to PRO team to implement infrastructure projects than as an institutional structure that will increase municipal absorption capacity in fundraising and implementation of donor supported projects. In this regard could be said that current MIUs are not institutionally well connected with other municipal administration structures. This limited impact the capacity building activities have had on municipal administration. The greatest utilisation of MIU staff has been achieved in Projepolje municipality, yet it could not be measured only at PRO side since these officers were trained by many parties.

Human capacity of other MIUs is vague. MIU staff are not adequately selected in majority of PRO municipalities. Impact on their training is not visible yet since most of them were not involved in writing project proposals to external donor agencies. Some of the MIU members were involved in NIP programming, yet their contribution in some cases remain unclear.

LAG: Impact on establishing LAG varies between municipalities. In general, LAG created a good impact in innovative management of local governance. However, a participatory approach in planning and governance is still premature, even in municipalities that first started with strategic planning. Training LAGs in strategic planning has had good impact in areas with (somewhat)

developed civil society sector. It creates multiple spill-over effects in fundraising and project development. Lowest impact of LAG was found within an under-represented business sector.

As an impact could be mentioned that municipalities has started to recognize needs for more training in various fields: municipal finances, procurement, local tax, urban planning, legal acts, etc. Public hearings on strategic planning allowed for a large and appreciated transparency, and municipalities are now willing to apply them to other issues, i.e. budget planning.

Impact of result 2: *Local sustainable development strategies prepared in close cooperation between local stakeholders (municipal governments, civil society and business community) and adopted by the respective municipal assemblies.*

Strategic plans: Although Prijepolje Strategic plan was not developed under PRO I activities, it is relevant to mention that it had a great impact in terms of municipal planning and fundraising. After adopting the Strategy, Prijepolje has been fundraising about 4 million euro per year (in 2006, 2007 and 2008). Their experience should be spread to other municipalities either by PRO officers or (even better) by inviting Prijepolje officials to Strategic planning meetings held in other municipalities.

It is still too early to measure the impact of strategic plans in other municipalities. In theory strategic plans increased absorption capacity of municipalities since it is a requirement from all donor agencies to line projects with strategic plan. However, concrete utilisation of strategic plans is still not visible since PRO municipalities have very weak capacity in PCM and fundraising. In some municipalities strategic plans have not been utilised at all (Priboj and Sjenica).

Lack of municipal action plans for implementation of strategy has also affected overall impact of this component.

Although there is a good experience with strategic planning, municipalities claim they would never have used participatory approach in planning on their own.

Impact of result 3: *Increased capabilities of local governments to deliver better quality services.*

CAC: CACs have created multiple long-term impacts: they have considerably reduced the time to obtain documents and have increased municipal capacity to be an effective service for its citizens. The CAC satisfaction ratio is remarkably high in all municipalities. CAC in Nova Varos greatly improved the capacity of municipal services, which is also the case, to a lesser extent though, in Sjenica. CACs in other municipalities were established by initiatives of other donors, mostly USAID/Mercy Corps. Among other CACs, one in Priboj is emphasised as very successful.

PRO team efficiency in implementation of activities has not reflected to municipal administrations. In that regard, it cannot be said that after implementation of PRO I municipal administrations became more efficient and transparent. Level of transparency and efficiency that was required by PRO team has not been transferred in other activities run by municipal administrations.

Impact of result 4: *Selected infrastructure projects are designed in accordance with municipal socio-economic priorities and implemented through transparent mechanism for implementation of strategic plans.*

Infrastructure projects have created a great impact to communities of beneficiary municipalities, yet a detailed survey on this issue would be recommended. Implemented projects were covering numerous needs in all sectors (education, health, infrastructure, economic development, etc) and were characterised by targeting large population groups. Most of implemented projects generated

additional extra-ordinary sub-projects that municipalities decided to finance on their own. The ratio between invested money and level of impact is very satisfying.

Implementation of infrastructure projects has had a vague impact on strategic planning and building capacity of municipal administration. There was no created a clear synergy between those two processes. Some of municipalities perceived strategic planning as a tool to come to infrastructure projects, which lowered impact of strategic plans after infrastructure project has been implemented.

At this stage it was not possible to evaluate how much infrastructure projects increased accountability of local authorities. However, having local elections as indicators, it might be said that in majority of cases local politicians lost elections, even in settlements where PRO projects were implemented.

Impact of result 5: *Support the creation of an enabling environment for local governments to discuss and address common development challenges through inter-municipal and area based partnerships, in particular to attract private investments.*

The municipalities distinctly regard, on the one hand, the inter-municipal projects, which attract great interest in all places, and, on the other hand, the regional projects that seem to exceed their immediate scope. Regional development projects could have better impact if NIP would be more involved in co-financing. Inter-municipal cooperation: PRO activities related to this result created on the ground a very positive opportunity to talk about issues of regional development and RDAs, but the impact of RDAs is too early to measure.

Impact of Citizen Involvement Fund: Based on available resources, impact of CIF projects might be measured as high. Granted CIF project were characterised with large numbers of beneficiaries, which significantly increased visibility of PRO Programme among citizens. CIF has received a warm welcome among CSOs. Due to a small scale of available funds, real impact on CSO development cannot be measured at this point. A detailed survey on this issue would be recommended.

Municipalities found the CIF projects' impact too low and felt quite excluded from the process. Impact of connecting municipalities with CSOs is also marked as not sufficient.

Prijepolje might be used as a case study how CSOs have had great impact on community development.

4.3 Sustainability and multiplication

This chapter assesses the sustainability/multiplication of the Programme.

Evaluation Questions: to which extent achieved results are sustainable without further external development assistance (at the financial, institutional and policy level)? To which extent the implementation team created a model/practice for replication of PRO Programme?

General Observations: As with the impact, sustainability of achieved results also varies between municipalities and components. While there is a great possibility CAC to remain sustainable in future, sustainability of capacity building activities is uncertain. Sustainability of implemented infrastructure projects is claimed by securing financial assets within municipal budget, yet there are no developed maintenance plans in this regard. Multiplication of the project action is possible yet not institutionalised in forms of clear policies and procedures which are transferrable to other areas.

Municipal Implementation Units

As said above, operational capacity and institutional solution of MIUs remain vague in most of the municipalities, therefore sustainability of MIUs as such seems not to be feasible. This is the case in Priboj, Nova Varos, Sjenica and Tutin. In Novi Pazar and Prijepolje local authorities already transformed MIU into LED/PDO. MIUs in Ivanjica and Raska are not yet operational since some of MIU staff still wait to get working stations/computers.

Sustainability of the MIU directly depends of their rapid transformation to Project Development Offices or similar unit (i.e. LED office), which should be horizontally connected with all municipal departments and vertically managed by a municipal executive office or a Mayor.

Beside institutional solution, sustainability of MIU directly depends of human resources and their capacity to deal with PCM issues. In many municipalities, staff currently assigned to MIU is not strategically chosen and soon will be replaced or moved to do other municipal assignments. Therefore, there is a question of sustainability of training activities invested in MIU staff and how they will be institutionally involved in future municipal PCM and strategic planning activities.

Strategic and action plans

Sustainability of Strategic planning has been secured by a municipal assembly decision that approved them as an official municipal document. Strategic plans might be affected by ongoing changes in municipal governments. Since there is a need to revise current strategic plans in all PRO 1 municipalities, sustainability might be achieved by involving new municipal government structures in that process and in the process of developing action plans for implementation of strategy.

At this moment municipalities are not confident enough to use strategic planning methodology without external support. However, this might change in the near future since the majority of municipalities are (or were) involved in similar participatory planning processes on various municipal issues (Strategy on social protection, LEAP, LPA for Children, etc).

It is not clear whether PRO team designed a model for multiplication of strategic planning process. The process of strategic planning in new PRO 2 municipalities (Ivanjica and Raska) is not clearly developed on experiences from finished planning processes in PRO I municipalities.

Local Action Groups

Sustainability of LAG as institution directly depends on willingness of local authorities to share governance of development issues with business and NGO sectors. So far, only in Prijepolje has showed some indications that LAGs might be sustainable, yet it might change with incoming new municipal government. LAG partnerships in other municipalities are either too young or influentially weak to sustain without strong municipal support.

Citizen Assistance Centres

Sustainability of good quality services that CAC should provide depends on several factors:

- Future institutional setting within municipal administration;
- Efficiency of municipal departments;
- Quality of human resources employed in CAC;
- Good use of ICT not only within CAC but also with other municipal departments, etc.

Municipalities are very interested in developing CAC in the best possible ways to serve the needs of the citizens. In that regard, upcoming CAC capacity building activities are stressed as highest priorities by PRO.

Infrastructures projects

As indicated before, sustainability of infrastructure projects depends on financial and technical ability of the municipalities to ensure their maintenance. Maintenance of implemented projects will be financed from municipal budgets. However, there are no maintenance action plans developed by end-users of projects.

The case of CAC in Sjenica (problems with ventilations) has shown possible constraints in transferred responsibility in maintenance from PRO to Municipality and sustainability of implemented projects.

Some municipalities emphasized as a need to train final beneficiaries how to make budgets and maintenance plans. PRO might organize such trainings as part of the project implementation.

Inter-municipal cooperation and RDA

Sustainability of inter-municipal cooperation and regional development are highly dependent of external factions (both national and local). Sustainability also depends of achieving concrete and visible results. In that regard inter-municipal quick-win infrastructure projects are highly welcomed.

Sustainability of RDAs is directly related with their ability to create a sense of ownership among relevant municipalities and to provide services that are beyond municipal capacity. Institutional grants provided by PRO and European Delegation are an excellent chance for RDA to develop its own capacity to remain financially and operationally sustainable after granting period.

The sustainability of inter-municipal projects and RDA's can be secured and improved by accessing funds at the central level (NIP, regional development fund 70m€).

Citizen Involvement Fund (CIF)

Sustainability of implemented NGO projects granted by CIF has remained unclear for mid-term evaluation.

However, sustainability of CIF as a program directly depends from willingness of Steering Committee to continue supporting cooperation between Civil Society Organisations (CSOs) and municipalities. There is an incoming proposal for CIF II call that supposes to be advertised in September 2008.

It is not clear how much impact CIF created in CSO development in PRO municipalities. The CIF call was small and certainly not sufficient to create a sustainability of granted CSO. Besides, sustainability of CSOs does not depend only on available funding opportunities but also on other means of support (capacity building, available office premises, etc).

Sustainability of CIF supposed to be found in creating synergy with other national and regional programs on CSO development and in municipal efforts to create a better local society. In that regard municipalities should be included in co-financing CIF. Municipality might contribute to CSO development with other means such as providing office space for incubation of CSOs.

4.4 Exit Strategy

The « Exit Strategy » paper drafted by an external consultant in collaboration with PRO team stressed out the importance of sustainability of project results. The exit strategy focuses on achieving sustainability of a strategic planning process and creating a framework for institutional sustainability of MIU, CAC and RDAs.

Based on recent development in the area of operations and on findings and recommendations from Mid-term evaluation this document is should be slightly modified and institutionalised by developing an action plan for its implementation. Special emphasis should be paid on mechanisms on lessons learnt and knowledge transfers to RDAs and municipalities.

Exit indicators provided in Annex 1 of the Exit Strategy should be rephrased to be SMART.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Keeping in mind the difficult political and socio-economic circumstances in municipalities of South-West Serbia, it might be concluded that implementation of PRO 1 programme was quite successful. PRO team has succeeded in designating appropriate intervention model that established physical presence in each of beneficiary municipalities. It was a model that created and developed a good relationship with municipal representatives in all municipalities. Relationship with all other stakeholders, including donors' representatives has also been developed in a very good way.

Intervention model has been mostly result-oriented, focused on deliveries. PRO team succeeded in implementing vast majority of planned activities, leaving unfinished a few minor issues which do not significantly affect the programme. Along with strategic planning documents and socio-economic analysis, PRO team succeeded in establishing 2 Citizens Assistance Centres and implementing 22 infrastructure projects. Achievement of all these results has occurred in a short period of time and in a transparent way. PRO team has also been successful in identifying needs for development of civil society organisations and initiating Citizens Involvement Fund, which created good results for available financial resources.

At this stage it is very difficult to measure PRO programme impact on beneficiary municipalities. The greatest impact is expected from infrastructure projects, which were selected in such a way as to address the needs of a large number of local beneficiaries. It is very difficult to determine the index of impact on capacity building in beneficiary municipalities. PRO contributed to development of capacity of municipalities up to a certain level, yet it is not sufficient for all beneficiary municipalities to be competitive in the donor support market.

PRO was mostly focused on capacity building of current MIU staff. However, there is indication from the field that many municipalities (Sjenica, Tutin, to some extent Novi Pazar, Raska, Priboj and Nova Varos) do not sufficiently use MIU staff for developing project proposals. In other words, municipalities and PRO did not create adequate institutional solutions to best utilise provided capacity building activities. Therefore, it might be concluded that while PRO contributed to the overall capacity building of beneficiary municipalities to the certain extent, it is not yet sufficient. It should be noted that the impact the programme had on capacity building of municipal administration in terms of project cycle management, fundraising and increasing their absorption capacity of external support programmes varies widely from one municipality to another (eg. higher in Prijepolje and less in Tutin). Absorption capacity is greater in those municipalities already having benefited from other donor programs.

It is very difficult to distinguish PRO impact from impact created by other donor interventions in the area. Other interventions include previous UNDP projects, USAID projects (MEGA, SCOPES, etc), Lux-development, FAO, UNICEF, etc). In some cases (especially in the case of Prijepolje, but also Ivanjica, Priboj and other municipalities) the same staff is involved in the capacity building activities of all these parties, therefore it is difficult to distinguish PRO impact from impact created by others.

Establishing Citizens Assistance Centres in two municipalities also had the impact of improved delivery of municipal services.

Besides, it should be mentioned the PRO focused more on components related to infrastructure development rather than on capacity building activities.

In most of the cases, Municipal Implementation Units are not institutionally well-settled within municipal administrations. As described above, in some municipalities (Sjenica, Tutin, Priboj, partly Nova Varos), the choice of institutional solutions and personnel for MIU did not favour future sustainability. Unfortunately, lessons learnt from these situations were not applied in establishing the MIU in two new PRO municipalities (Ivanjica, Raska).

In most municipalities MIUs were established and perceived as institutional support to PRO team in implementing infrastructure projects, rather than as an institutional structure aimed at increasing municipal absorption capacity in fundraising and implementation of donor supported projects. In this regard could be said that current MIUs are not institutionally well-connected with other municipal administrative structures. This limits the impact the capacity building activities have had on municipal administration. The optimal utilisation of MIU staff has been achieved in Projepolje municipality, yet it could not be credited only to PRO involvement since these officers were trained by many parties.

MIUs were seen as municipal units for implementation of PRO programme activities rather than as municipal units for project management. Human resources assigned to MIUs in most cases are not well selected. This affected the impact of PCM training modules that PRO had provided exclusively to MIU staff.

Although PRO was not involved in activities related with strategic planning in Prijepolje municipality, it should be mentioned its strong impact on local community. Impact of strategic planning in other municipalities is unclear since in the majority of them strategic plans have yet to be implemented. There is therefore a need for revision of all strategic plans and for design of action plans for their implementation.

With implementation of PRO 1, capacity of municipal administration (and its units) has not increased to a sufficiently sustainable level to be successful in fundraising, in attracting international/national support or in implementation of externally funded projects.

Finally, it should be concluded that implementation of the first phase of PRO Programme was highly successful in terms of infrastructure projects and establishing CACs, yet not fully satisfactory in terms of capacity building of municipal administrations. Therefore, in the second phase PRO should redesign its model of intervention to focus more on impact and capacity building than on deliveries of results.

5.2 Recommendations

During the PRO 1 phase infrastructure projects were given strategic priority. This made it possible to create a relationship of trust with the municipalities and to meet the needs already identified by these municipalities. The infrastructure projects which were carried out in the PRO 1 phase were thus mostly "quick-win" projects. However, the capacity building which should have accompanied these projects was insufficient. While this capacity building dimension plays a greater part in the PRO 2 phase, it remains that it should have been given more emphasis in the PRO 1 phase, and that it should be even further reinforced in the PRO 2 phase.

In the PRO2 phase it is of utmost importance to reinforce the relationship between the municipalities and civil sector organisations (i.e. Associations, NGO) and to de-politicize these relationships and improve mutual confidence. For example, a plan should be put in place to have municipal officials and NGO representatives participate together in the same training sessions.

It is also recommended that the relationships between Municipalities and the private sector be strengthened and further developed, since the local economic development represents a crucial issue for the targeted municipalities.

Similarly, it is highly recommendable to reinforce the relationships between the Municipalities and RDAs in order to prepare the upcoming steps for local and regional development in the context of EU integration.

These three partnerships should be grouped in one coordinated strategic approach which should in turn be the essence of PRO in its subsequent phases.

5.2.1 General Recommendations:

The recommendations are ranked by importance with 3 levels of priority (from 1 highest to 3 lowest) and included normative: “must do”, “should do”, “shouldn’t do”, “must no longer do”

Priority 1	Normative rating: must do
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1. In the current model of implementation, PRO municipalities are not as a general rule expected to achieve a sufficient level of absorption capacity of external funds after the programme ends. Therefore, it is recommended that PRO Team focus more on capacity building of municipal administration. In that regard, it is recommended that a comprehensive capacity building plan, as well as an action plan for implementation, be designed for each target municipality. These plans should be designed in partnership with municipal authorities and according to identified needs of each municipality. The plan should address creation of optimal institutional solution for each municipal administration and appropriate use of human resources. Ideally, the plan should cover capacity building of all identified needs, where PRO would focus only on issues that are in line with its programme objectives (PCM, Strategic planning and CAC). Those capacity building activities that cannot be covered by PRO should be implemented in synergy with the Government, SKGO and other donor agencies. PRO team might help municipalities to identify perspective donors and partners in this regard, particularly those which have the least experience in this area. Municipality should financially contribute to implementation of Capacity Building activities.

Priority 2	Normative rating: should do
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2. Municipalities should be progressively more involved in implementation of PRO activities. It is recommended that these ‘learning-by-doing’ exercises be introduced as a policy in intervention models. In-house consulting and coaching should also be included in methods of capacity building. One recommendation would be to create a new type of partnership for implementation of project activities, where a municipality would be a partner rather than a beneficiary. For instance, municipalities might have a representative in procurement selection panels (even an observation role would be good), but also in designing terms of references, questionnaires, surveys. Senior municipal staff should also be involved in capacity building activities in transferring know-how and best practices.

Priority 3	Normative rating: should do
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3. It is recommended to make a benchmark analysis between PRO and similar programs funded by EAR and SDC (MIR 2 and MSP- Kraljevo). This analysis might provide valuable results in terms of lessons learnt and best practices in intervention models.

4. Based on field experience and together with Municipalities, RDAs and SKGO, PRO should promote policy changes and policy development at the national level. In this regard it is recommended that a knowledge management system be designed and fully implemented. Institutional knowledge should also be recorded and handed over to RDAs, municipalities and national stakeholders (SKGO and relevant ministries). Usage of the current UNDP KMS among PRO staff is insufficient and problematic due to the delay in implementation of updates in procedures. Although there is considerable informal knowledge among PRO staff, institutional

knowledge is not recorded in a form that permits upcoming activities to be based on lessons learnt from the past. For example, workshops should be organised in which municipalities having already participated in PRO1 phase projects could communicate their experience to municipalities entering into new PRO1 phase projects.

5. Since PRO programme's projected ending date is December 2009, there is an urgent need to update the Exit Strategy. Exit Strategy should be re-designed in cooperation with donors and all stakeholders (municipalities, ministries and SKGO). The Exit strategy should propose an intervention model to PRO team to focus on long-range impact and outputs rather than on short-term deliveries and outcomes. Impact monitoring systems, developed as a part of the Exit Strategy should be updated and fully implemented.

6. Given that the implementation of PRO2 has been impeded by political processes at local levels (i.e. elections) the recommendation of a six-month time extension seems advisable. However, the Exit Strategy must take into account this extension, including in the decision to reduce or to maintain project output goals. The Exit Strategy should also, in effect, take into consideration the complexity factor of regional sub-projects which also justifies the extension of some such projects.

	Normative rating: must no longer do
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7. Every effort should be made to put an end to the lack of communication and experience sharing between municipalities. This fact has resulted in the loss of valuable knowledge and information as well as a loss of efficiency benefiting from prior experience allows successive project to be implemented more rapidly and efficiently.

5.2.2 Specific Recommendations

Project preparation and design

Priority 1	Normative rating: must do
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8. Before programming future PRO phases, it is advisable to organize individual (per stakeholder) and joint (all stakeholders together) planning workshops. This exercise is to help beneficiaries (Municipalities and RDAs) to:

- Create a stronger sense of ownership of the project and stronger partnership among beneficiaries as well as with PRO;
- Develop internal institutional capacity of beneficiaries in regard to programming and implementation of development projects;
- Create better conditions for programme-oriented budgeting within municipalities.

9. Municipalities/RDAs should be treated as partners rather than as one-side beneficiary institutions. It is important that with time, Municipalities and RDAs become fully autonomous with regard to project development and implementation. Component PRO 2 already anticipates allocating more resources to the capacity building activities rather than to infrastructure as was the case in PRO 1. It is our recommendation that particular emphasis be put on fully enabling the Municipalities and RDAs staff for project development and management. All concerned staff should be fully versed in identifying and selecting future project opportunities so as to become project bearers. Furthermore, special attention should be paid to the relationship between Municipalities and the RDAs. The present evaluation noted that Municipalities disposed of little if any information regarding RDAs, their mission and functioning. The future implementation of the project should pay attention to the partnerships between Municipalities and RDAs.

Priority 2	Normative rating: should do
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10. PRO should constantly monitor and assess local needs of respective municipalities and try to reshape the project (if possible) in a way which best serves municipal needs in a given project concept. Needs that cannot be addressed by PRO activities should be transferred to a third party (national government and/or other donors). Ideally, RDAs should coordinate/facilitate further action on identified needs. The evaluation carried out noted that a number of activities and objectives were added to the project during its implementation. A number of these initiatives were ambitious, but did not seem to be thoroughly developed before being integrated into the project, such as CIF or the development of industrial zones. As such these initiatives can hardly be implemented by PRO acting as the leading actor, but seem to necessitate government and other donors' support. In that regard, the future role of RDAs should be to provide information from their respective perspectives.

Municipal Implementation Units

Priority 1	Normative rating: must do
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11. According to PRO Exit strategy, MIUs are recommended to be transformed into Project Development Offices (PDO). Since a model of municipal administration varies from municipality to municipality, PRO should assess structures of each municipality and propose a model that best suits the municipal needs. This might be done through an upcoming new version of functional analysis.

Priority 2	Normative rating: should do
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12. The PDOs should be horizontally connected with all municipal departments and vertically managed by Municipal Executive Board (or directly by Mayor)

13. In designing PDOs' structures, PRO should consult existing best practices and success models in Serbia. Successful solutions from other countries in transition might be used as well.

14. Current MIU staff should be better utilised in future institutional installation of MIU/PDO. MIUs should be better staffed and their responsibilities should be more clearly defined. Their administrative position within each municipality should also be more clearly outlined. Ideally, an equal level of quality should be reached amongst all MIUs. Activities which would foster exchange of experiences and best practices amongst MIUs should be envisaged.

	Normative rating : shouldn't do
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15. The evaluation noted unevenly staffed MIUs, mainly in terms of quality of staff (ie. lack of knowledge of project management, lack of needs assessment capacities, basic lack of knowledge of EU policies, lack of computer skills, lack of foreign language knowledge, etc.) Even though training activities were carried out and PRO 2 foresees other activities, special attention should be paid to the sustainability of these training activities. Fully competent staff is a precondition since the ultimate objective is to transform MIUs into PDOs.

Functional analysis

Priority 1	Normative rating: must do
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16. Functional analysis should propose a model for restructuring existing municipal administration structures. All municipalities emphasized this as a major need. This is also in line with the new Law on Local Self-government and other initiatives for decentralization and municipal

administration reform. Functional analysis should be done in partnership with municipalities and with a high level of involvement of municipal leaders.

LAG – shared governance

Priority 1	Normative rating: must do
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17. Trust-building measures in strengthening LAG partnerships are highly advisable. In that regard, socio-economic forum/LAG should focus first on implementation of small and concrete project actions and later on long-term strategic projects

Priority 2	Normative rating: should do
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18. PRO should continue working with municipalities on promoting and strengthening public-private partnership. In that sense LAG should be transformed into a socio-economic forum which will gather together representatives of all relevant sectors.

19. Socio-economic forum/LAG should continue strategy implementation monitoring and should propose measures for its revision.

20. An action work plan of each Socio-economic forum/LAG should be developed;

21. LAG/Socio-economic forum should have institutional channels of communication with citizens, the business sector, CSOs and other stakeholders. Communication with citizens may go through CACs, but also through media, periodic surveys, public meetings and direct interviews.

Strategic Planning

Priority 2	Normative rating: should do
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22. Socio-economic analysis should be used in revision of strategic plans. They should also serve as a basis in the designing of action plans for strategy implementation. To this end, each municipality should provide the leadership at its level all through the process and PRO should provide them with technical assistance.

23. PRO should more specifically assist Municipalities to develop mechanisms for the strategies' implementation, as well as their monitoring and evaluation. Institutional structures such as MIU/PDO, LAG and RDA should be key contributors in that regard.

24. PRO team should collect and record experiences and methodologies developed in strategic planning and use them when revising existing strategies. Best practices and lessons learnt should also be recorded. If possible, it would be useful to make a publication on this experience and to deliver it to RDAs, municipalities and SKGO for further use.

Infrastructure projects

Priority 2	Normative rating: should do
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25. PRO should develop a training module on maintenance of the implemented infrastructure projects (where applicable). Designing maintenance plans and budgets should be integral part of that module.

26. RDAs should have a clearer role in implementation of future inter-municipal and regional infrastructure projects. One of the RDA roles might be to serve as a facilitator and intermediary between municipalities and national government in obtaining necessary licenses.

27. PRO should support municipalities to develop policies for identification, selection, prioritization and approval of infrastructure projects. This can be useful for RDAs in the future, since it is expected that in time they become key actors for regional and local development. As such RDAs will have the responsibility for also coordinating infrastructural projects, they should be fully capacitated to deal with the specificities of these types of projects. As a matter of fact, PRO has already paid attention on this matter to the capacities of municipalities, but it should also expand it to RDAs.

Citizens Assistance Centers

Priority 1	Normative rating: must do
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28. Based on assessment of CAC functionalities, citizens' satisfaction surveys and other relevant analyses, PRO should provide support to municipalities in redesigning their internal structures (organigram) in an optimal manner. One of the possible solutions would be a municipal unit horizontally connected with all municipal departments. The whole process should be led by Heads of municipal administration.

Priority 2	Normative rating: should do
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29. Status of CAC should be approved by the Municipal assembly and should be defined in the Municipality's Statutes.

30. CAC should be organized to be an open channel for communication with citizens (two-sided cooperation with citizens). It is recommended to PRO to propose innovative solutions to CACs in this regard. One of these solutions could be to provide the citizens with a means to provide their input and give feedback on their perception of municipal services. Practically, this could take the form of satisfaction surveys to be answered by citizens / users of municipal services. This feedback will help quantify the effectiveness of the CACs and municipal services.

31. It is recommendable to make a benchmarking analysis of PRO CACs with those ones from other parts of Serbia (especially those established by MIR 2). MIR project started years before PRO project. It was also MIR project's ambition to promote CACs. Clearly, conclusions can be drawn and lessons learned from these previous and very similar activities.

32. It seems to the evaluators that the optimal way of ensuring citizens satisfaction with regards to their municipal administrative services, would be to ensure that each municipality disposes of one CAC which would be comprised of various municipal services' agents trained to use the software already existing in certain municipalities (i.e. in Vojvodina).

Inter-municipal cooperation and RDA

Priority 1	Normative rating: must do
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33. Since there is no Law on Regional Development or on NUTS classification at this point, PRO staff must work closely with relevant Ministry to design solutions for RDAs that are in line with current government policies and identified municipal needs. This recommendation should not be understood as "support of Governmental intentions for de-concentration of national institutions" but rather as a synchronisation of Donors' and Government initiatives in the field of regional development. Without clear involvement of the relevant Ministry, future sustainability of RDAs might come under question. Governmental change and political uncertainty over prolonged periods of time were clearly risks to be taken into account at the beginning of the project. The

quality of the relationship with the governmental institutions dealing with RDA should be carefully developed. As a key actor, the Ministry of Economy Regional Development should not have the impression of being rushed into a direction which is not part of its priorities or policies. The evaluators recommend that PRO pay more attention to the specificities of the Ministry's situation (administrative time, overall regional policy development). More regular contacts could be established between PRO coordination team and the Ministry staff.

34. Inter-municipal cooperation and regional development is a new field of activities for the municipalities. Therefore, at this first stage, it is recommended to focus rather on "quick wins" (solving concrete mutual municipal problems, such as waste storage sites for example) rather than on complicated or long-term projects which would take long periods of time to produce their expected results. Long-term initiatives should be part of future regional and national strategic document relevant to beneficiary municipalities.

Priority 2	Normative rating: should do
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35. Measures should be designed for increasing the sense of ownership for RDA among municipalities. In this sense RDAs should be associated to the realisation of PRO II activities as much as possible (as a part of learning-by-doing exercise). Beside PRO, RDAs are advised to provide technical assistance and support to municipalities in various fields relevant with their needs.

36. In establishing RDAs, PRO should ensure adequate representation of the relevant private and NGO sectors. Beside formal representation in the form of participating in-steering committees (Board of Directors), there should be a broader partnership for regional governance in which all interested and relevant partners would be included.

37. PRO should deal carefully with sensitivity of SEDA issue. A concrete institutional arrangement for SEDA should be designed within RDA Kraljevo.

Priority 3	Normative rating: should do
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38. RDA Uzice has received a 3-year institutional grant from the European Delegation. In order to focus more on issues that are not covered with the Delegation grant, PRO should revise the scale of its support to that RDA so as to make best use of all available funds. At this stage it can not be recommended to which practical end these freed funds could be reallocated, the key concern would be to avoid the overlapping of activities and/or results.

Citizens Involvement Fund

Priority 1	Normative rating: must do
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39. Among public and private (business) sector CSOs should be promoted as partners to local governance. Therefore, future CIF calls must continue to be closely related with strengthening partnership between CSO and local government. During their interviews with the municipalities' staff, the evaluators noticed a trend, that municipalities' officials often consider the CSOs as highly politicized. This perception renders municipalities resilient to assist activities of that sector. This state of affairs requires trust building activities such as for example joint project management trainings.

40. Municipalities should be much more involved in the process of CSO Development. They (municipalities) should be promoted among CSOs as a supporting and developing factor rather than a controlling one. PRO should influence municipalities to open a budget line for CSO funding and help them to develop transparent grant scheme procedures. Municipalities should become promoters and assistants of the civil society organisations. A budget could be envisaged for support to CSOs activities which are complementary to the objectives and/or missions of the

municipalities. These expenditures should be allocated and managed in a transparent manner, but should not be a means for the municipalities to control or influence CSOs. The sustainability of their further cooperation should be based on the reaching of the CSOs results, and their efficiency. PRO could assist Municipalities in developing guidelines for CSO cooperation.

41. CIF project might be more focused on issues relevant with municipal socio-economic priorities. Other issues also might be more open for funding (transparency, anti-corruption, human and minority rights, people with disabilities) yet in later (advance) phases of CIF calls.

42. Partnerships between NGO and private sector associations should be reinforced and covered with CIF calls.

43. PRO should seek for synergy with other available programs on CSO development at regional, national and supra-national level.

Priority 2	Normative rating: should do
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44. It might be needed to undertake a feasibility study on the development of the Citizen Involvement Fund. This project should be developed not only as a small grants support projects to local CSOs but also as a project for the participation of civil society in the process of local and regional development. The PRO programme should do more to improve linkage (dialogue) between civil society and municipalities by concrete common activities such as: institutionalised participation of civil-society to municipal budget preparation, joint training sessions for municipal staff and individuals from civil-society, etc.

45. In light of regional development issues, PRO should introduce regional CSO cooperation. RDAs should coordinate activities in this regard. RDA should also be included in CIF selection committees.

	Normative rating: must no longer do
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46. PRO team should be vigilante in not allowing improper relationships presenting a conflict of interest to develop in the context of CIF funding allocation.

Project Management

Priority 1	Normative rating: must do
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47. There is a heavy concentration of responsibilities (especially financial responsibility) on the project manager. It is recommended to design a management model which will delegate more programme responsibilities to lower management structures (deputies, project coordinators, etc).

48. Management structures should be re-designed in such a way that PRO staff play more of a facilitation role to municipalities rather than being direct implementers of activities. PRO staff should be trained as facilitators.

Priority 2	Normative rating: should do
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49. Communication and sharing of information between focal points and PRO HQ office are of good quality yet could be substantially improved. In that regard, rotational staff meetings might be introduced with the purpose of creating synergy between better PRO representation in the field, direct sharing experience and PRO staff meeting.

50. It is recommended for PRO Internal Reporting to be improved so as to focus more on open issues of a high importance. The reports also should focus on identifying best practices and lessons learnt.

51. There is a need for a capacity building module of PRO staff on various issues relevant to project operations. Trainings are especially needed for new staff.

52. It is recommended for PRO to design clear procedures for cases when staff decides to leave the projects. Project data should be saved regardless of what staff leave the project.

53. It is recommended for PRO to have a clear communication strategy with stakeholders in the field and develop procedures for presentation of the project results.

54. It is recommended for PRO management to introduce measures for institutional knowledge management. Best practices and lessons learnt should be identified and used in further implementation of the project.

55. Although PRO staff functions well as a team, specific team-building measures are recommended.

56. Improve the coordination with other donors in order to envisage co-funding arrangements during phase II and prepare the exit strategy.

	Normative rating: shouldn't do
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57. It is recommended for PRO coordinators, based in Novi Pazar, to be better represented in municipalities. Their presence in municipalities should not be only demand and problem oriented but also networking and trust development focused. Better presence of Project Manager in municipalities is also recommended.

Exit Strategy

Priority 1	Normative rating: must do
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58. There is a need to further develop and detail the Exit Strategy. The exit strategy should clearly indicate the successive steps leading to the completion of the project. It is the evaluators' opinion that, due to the political context in the country during the implementation of the project and the delays it generated, the project should be prolonged for a period of at least six months. The exit strategy should take into account the oncoming EU projects for regional and local development and focus on transferring the projects' outputs on other actors in this field.

59. Need to involve all key stakeholders (central, local regional) in the preparation of the Exit Strategy

6. ANNEXES

6.1 Terms of Reference



I. Position Information

1.	Job Code Title:	International Evaluation Expert(s) (1 national and 1 international)
	Type of contact:	SSA
	Supervisor:	PRO Project Manager
	Duration	18 working days in May/June2008
	Anticipated deadline	June 2008 subject to final agreement

2. 3. II. Organizational Context 4.

The PRO project Implementing Partner UNDP is seeking one or perhaps two persons to carry out a mid-term output-to-purpose type evaluation of the PRO programme (Program razvoja opstina u jugozapadnoj Srbiji/Municipal Development in South West Serbia).

Support for, and funding of the programme comes from the European Union through the European Agency for Reconstruction (EAR) and the Government of Switzerland through the Swiss Agency for Development and Cooperation (SDC). Donor representatives will be involved in the selection process and will be available to brief consultants on initial requirements.

The overall objective of the programme is to strengthen local government in facilitating socio-economic development and to contribute to the attainment of good local governance in the region. In addition, the programme seeks to build on the European Integration process and the implementation of the PRSP in addition to relevant national sectors and regional strategies.

The first phase began in May 2006, and continues to early 2008. The second phase running concurrently with Phase 1 began in May 2007 and will continue to the end of 2009. In its first phase, the programme provided support to six municipalities: Novi Pazar, Sjenica, Tutin, Nova Varos, Prijepolje and Priboj. Two municipalities, Raska and Ivanjica, were added for the second phase. The two phases overlap; they run concurrently between September 2007 and end of June 2008.

The specific purpose of the project is to develop capacities of local stakeholders and local governments so that municipalities in South West Serbia, individually and jointly, plan and take strategic action to achieve the sustainable economic and social development of the region and to fulfil their obligations to citizens.

The first phase of the programme was expected to deliver the following results:

- Preparing the organizational and institutional structures for municipality management of local sustainable development strategies
- Local sustainable development strategies prepared and approved by Assemblies
- Increased capabilities of local governments to deliver better quality services
- Selected infrastructure projects designed in accordance with municipal socio-economic priorities and implemented through transparent mechanism for implementation of strategic plans;

The expected results for the second phase are designed to build on the achievements of the first

phase and are as follows:

- Municipal capacities to fulfil assigned functions to deliver services to citizens in municipalities in South West Serbia increased
- Capacities and capabilities for the implementation of municipal sustainable development strategies strengthened and a system for monitoring of progress established
- Infrastructure projects based on identified socio-economic priorities for municipalities in South West Serbia selected and implemented
- Support intermunicipal cooperation through establishing RDAs and facilitate establishment of sustainable regional development partnerships

5. III. Functions / Key Results Expected

Objectives of the Evaluation

The PRO programme is completing its first phase, and entering a further two-year phase to the end of 2009. There are three main objectives of the evaluation. First, it will assess the progress being made towards the intended impact of the project to date, including the impact and achievements of the first phase. Second, it will draw out the lessons learned by all stakeholders to provide guidance and recommendations for effective implementation of the second phase. Third, in the light of the experience so far, it will assess the design and plans for the second phase, and identify any modifications that could realistically improve the likelihood of greater programme impact.

The main stakeholders of the evaluation are:

- Municipalities of Novi Pazar, Nova Varos, Sjenica, Prijepolje, Priboj and Tutin, plus Raska and Ivanjica
- The wider municipalities in the Zlatibor, Raski and Moravicki Districts which are forming RDAs
- Donor Representatives: European Agency for Reconstruction (EAR), Swiss Development Cooperation Agency (SDC)
- Local CSOs
- UNDP (implementing agency)

The role of the Evaluation Expert(s) will be to design and carry out the entire process of evaluation, ensuring that the Donor Representatives and the PRO team benefit fully from the learning and experience of the evaluation process. The Evaluation Expert(s) will be responsible for smooth and effective functioning of the process and for completing the Final Mid Term Evaluation Report in accordance with guidelines and format outlined in the Annex. In particular, the Evaluation Expert(s) is/are expected to:

- Prepare an inception report detailing proposed evaluation methodology, based on a review of documentation, and briefings with key PRO team members, donor representatives and other stakeholders.
- Use the following methods:
 - Document review
 - Interviews/group discussions with key personnel in a selection of municipalities
 - Interviews/group discussions with key PRO project personnel
 - Interviews with donors
 - Other methods as appropriate,
- Carry out the evaluation, with the support of PRO team members
- Make a presentation of, and discuss, interim findings and recommendations with PRO team members and others;

- Formulate practical and helpful recommendations for the second phase;
- Prepare a final report in English, to a maximum of 30 pages, excluding annexes.

IV. Scope of the Evaluation, Methodology and Plan of Work

The evaluation team will review, analyze and provide conclusions/recommendations on the following:

- The extent to which the project design and the activities implemented to date are contributing to the stated objectives;
- The likely effectiveness of the project approach in achieving stated objectives;
- Assessment of external factors affecting the project, and the extent to which the project has been able to adapt and/or mitigate the effects of such factors;
- The approach to project management, including the role of stakeholders in the steering committee and coordination with other municipal development projects in the same municipalities.

Given the time constraints and large amount of work as well as geographical area that need to be covered the evaluation will be based upon review of documentation and discussion with staff and other key stakeholders, complemented with field visits to a selected number of projects sites. It is proposed that the work plan should be as follows:

- Initial meeting with Donor representatives and PRO staff to agree the process
- Review of project documentation and monitoring records as well as the inception and quarterly reports. All programme documentation will be made available.
- Interviews with key staff of the Implementing Partner including the Project Manager, Deputy Project Managers, Coordinators and Operations Manager
- Review of the records on the strategic planning process and the sub projects selected
- Meetings with members of some of the Councils for the Protection of Local Self Government
- Review of the training material and meetings with participants from some of the learning programmes
- Meetings with other key stakeholders including several of the municipal mayors, certain key municipal staff, the Heads of District
- Meetings with the staff of the RDAs that are in the process of formation
- Presentation of draft report and recommendations for 2nd phase in a workshop with key stakeholders.
- After feedback received; preparation of the Final Report

6.

7. V. Evaluation Expert

The evaluation will be carried out by two independent consultants preferably one international and one national expert. Neither consultant should have participated substantively during project/ programme preparation and/or implementation and should have no conflict of interest with any proposed follow-up phases.

If two consultants are used, one will be appointed to act as team leader. He/she will be responsible for finalizing the evaluation report in English in accordance with UNDP guidelines. He/she should be a professional with outstanding analytical and evaluation skills, experience in conducting evaluation missions, excellent drafting skills in English.

8. UNDP Novi Pazar (PRO programme office) will organize all in-country meetings, and will provide logistical support for translation/interpretation, office space and equipment.

9. VI. Recruitment Qualifications

Education:	University degree (preferably Masters or higher) in social science, public administration, economics, finance or other relevant subject
Experience:	<ul style="list-style-type: none"> • Experienced evaluators with knowledge of organizational processes and management techniques; • Knowledge of public administration, institutional development concepts, reform at the local government level and experience in transitional countries in the region • Knowledge of current public administration, political, economic and social issues in the western Balkans region; • Experience with Regional Development Agencies in the EU context • Experience with local and regional economic development and the role of local authorities in LED • Citizen participation in decision making at the local level • Excellent report writing skills with one team member a native Serbian speaker;
Language Requirements:	<ul style="list-style-type: none"> • Excellent written and spoken English required. • Knowledge of Serbian language strongly preferred.

Annex: Proposed Report Layout

0. Preamble (max 500-600 words)

The preamble should describe:

- i) the principal features of the project/programme as at the time of the mid term review (incl. objectives, components, location commitments/disbursements, important dates, timetable).
- ii) the objectives and plan of work of the review itself (names of the evaluators, dates and principal methods used).

1. Summary (approx. 1500 words)

The summary should be self-contained and cover the contents of chapters 2-9

2. Project Preparation and Design

This chapter assesses the planning and design phases of the programme (origin of project proposals, involvement of beneficiaries and interest groups etc.) and the coherence and realism of the programme design.

3. Relevance of the Programme

This chapter assesses the problems to be solved and the project objectives against their physical and policy environment.

4. Efficiency

This chapter relates to what is known as the relationship between the activities and the results of the programme in the logical framework terminology. (this will require an assessment of the following factors that affect efficiency: means and costs; organisation, management and monitoring; intervention methods; monitoring and evaluation by project supervisor)

5. Effectiveness

This chapter relates to the relationship between the results of the project and the project purpose referred to in the "logical framework" terminology. It gives an assessment of the extent to which the project results have contributed towards the achievement of the project purpose.

6. Impact

This chapter assesses the contribution of the project in a broader context (relationship between the project purpose and the overall objectives).

7. Economic and Financial Analysis

Where relevant and possible the consultants should present their findings from the economic and financial analysis in terms of a (social) cost/benefit analysis. The consultants should at least present an analysis of the cost-effectiveness of the supported projects.

8. Sustainability/Replicability

This chapter assesses the sustainability/replicability of the programme. The evaluators should present and analysis for all supported projects under the programme in terms of their sustainability prospects.

9. Conclusions and Recommendations

Under this heading the evaluators should draw on the conclusions, summarise the overall outcome and formulate recommendations for the remaining period of the contract of the 2nd phase of the sector support programme.

List of interviewed people

Mr Allen Richard, PRO Consultant, Novi Pazar
Mr Basic Edin, PRO team, Novi Pazar
Mrs Bazdar Milka, LAG representative Nova Varos
Mrs Bogdanovic Dragana, MIU Ivanjica, Ivanjica
Mr Buric Radomir, UNDP, Belgrade
Mrs Bugujevci Hajrija, MIU Prijepolje
Mrs Cirovic Mirjana, MIU Nova Varos
Mrs Cirovic Aleksandra, LAG representative Nova Varos
Mr Cukic Dusan, Deputy Manager, PRO programme, Kraljevo
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Mr Defilicaio Lucas, International consultant, RDA Uzice
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Mr Dilparic Branislav, Mayor of Nova Varos, Nova Varos
Mr Djogovic Darko, PRO Focal Point, Priboj
Mr Fijuljanin Muhedin, MIU Sjenica
Mr Filipovic Petar, LAG representative Sjenica
Mr Filipovic Radisa, LAG representative Nova Varos
Mr Glavonjic Milovan, Deputy Mayor of Nova Varos
Ms Gusinac Vasvija, Municipality of Novi Pazar, Novi Pazar
Mrs Hajdarevic Hanka, Head of administration, Municipality of Prijepolje
Mr Hajradinovic Faruk, IT administrator, Municipality of Sjenica
Mr Hamzic Ifet, LAG representative, Prijepolje
Mr Hamidovic Bahtir, PRO Focal Point, Tutin
Mr Hasanovic Nermin, PRO Focal Point Novi Pazar
Mrs Janjusevic Slavica, LAG representative Priboj
Mr Jeremic Dejan, NGO 'EduktPlan', Priboj
Mrs Jokic Mira, LAG representative Prijepolje
Mrs Jonus Emina, PRO operations team, Novi Pazar
Mrs Jovanovic Milica, EAR Representative
Mrs Jovanovic Vera, PRO Focal Point, Ivanjica
Mr Kacapor Samir, PRO operations team, Novi Pazar
Mr Knezevic Mladen, MIU Sjenica
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Mr Kolasinac Zivko, PRO Focal Point, Nova Varos
Mrs Lazarevic Gordana, Assistant Minister, Ministry of Finance, Belgrade
Mr Mahmutovic Senad, MIU Sjenica
Mrs Marinkovic Marija, Ministry of Finance, Belgrade
Mr Mekic Edis, PRO Programme Assistant, Novi Pazar
Mrs Metovic Refika, CAC coordinator, Sjenica
Mr Milicevic Milenko, Mayor of Priboj, Priboj
Mr Milovanovic Radomir, MSP Programme Manager, Kraljevo
Mrs Mitric Biljana, Financial manager, RDA Uzice

Mrs Mladenovic Zoran, MIU Nova Varos
Mrs Nedovic Snezana, MIU Nova Varos
Mr Novovic Tomislav, UNDP, Belgrad
Mr Ostracanin Nenad, MIU Raska
Mrs Pavlovic Danica, PRO Focal Point, Raska
Mrs Perisis Ana, Ministry of Economy and Regional Development, Belgrade
Mr Petrides Vasilis, Program Manager, EAR, Belgrade
Mr Planic Safet, LAG representative, Prijepolje
Mr Poretti Mattia, SDC Belgrade
Ms Porovic Semra, UNDP Focal Point, Prijepolje
Mr Radojevic Milos, Marketing manager, RDA Uzice
Mrs Radovic Biljana, Office Manager, RDA Uzice
Mr Radivojevic Aleksandra, PRO Coordinator, Novi Pazar
Mr Rakonjac Dragisa, MIU Prijepolje
Mrs Ramadani Enesa, PRO Focal Point, Sjenica
Mr Rangelov Venelin, PRO Operations Manager, Novi Pazar
Mr Robin Slyk, PRO Consultant, Novi Pazar
Mr Savic Miodrag, PRO Engineer, Novi Pazar
Ms Slovic Svetlana, Director of Prijepolje Tourist Organisation, Prijepolje
Mr Stancic Dobrivoje, PRO Deputy Manager, Novi Pazar
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Mr Turkovic Nedzad, Mayor of Prijepolje, Prijepolje
Mr Tyndall Graeme, PRO Programme Manager, Novi Pazar
Mr Vasiljevic Boban, LAG representative Nova Varos
Mrs Veljovic Djenita, MIU Prijepolje
Mr Vujacic Marko, Communication coordinator
Mr White John, Spokesman
Mrs Zivanovic Zivana, MIU Raska
Mr Zornic Esad, Mayor of Sjenica, Sjenica

6.3 Documentation used for review

General Literature

2006, Government Decision to Support the Regional Spatial Plan, Official Gazette, Belgrade

2007, Instrument for Pre-accession Assistance (IPA)-Multi-Annual Indicative Planning Document for the Republic of Serbia-2007-2009, Government of Serbia, Belgrade

National Strategies, Plans and documents

Law on local self-government, December 2007

Draft Law on Regional Development;

The Strategy for Public Administration Reform, Government of Serbia, November 2004

National Strategy for Poverty Reduction, Serbia, 2005-2007

National Strategy for Economic Development of Serbia, Government of Serbia, 2006-2012

Strategy for sustainable development, Government of Serbia, 2007

2006-2012- Action Plan 2006-2007, Government of Serbia, Belgrade

Strategy for Regional Development of the Republic of Serbia, Government of Serbia, 2007-2012

2007, Strategy for Balanced Regional Development in Serbia

2008, Documents on NUTS regions in Serbia

Municipal Strategic Plans

Strategic plan of the municipality of Prijepolje

Strategic plan of the municipality of Sjenica

Strategic plan of the municipality of Novi Pazar

Strategic plan of the municipality of Tutun

Strategic plan of the municipality of Nova Varos

Strategic plan of the municipality of Priboj

Municipal socio-economic analysis

Socio-economic analysis of the municipality of Raska

Socio-economic analysis of the municipality of Novi Pazar

Socio-economic analysis of the municipality of Tutin

Socio-economic analysis of the municipality of Prijepolje

Socio-economic analysis of the municipality of Priboj

Socio-economic analysis of the municipality of Ivanjica

Socio-economic analysis of the municipality of Sjenica

Socio-economic analysis of the municipality of Nova Varos

Documentation on RDA

RDA Uzice Business plan

PRO programme documentation

2007, (August), PRO (Second Phase), Communication Strategy

2007, PRO Communication Action Plan

2007, PRO phase 1, Quarterly reports

2007-2008, Minutes from the Steering Committee

2007-2008, PRO phase 1, Quarterly Reports

2007-2008, PRO phase 2, Quarterly Reports

2008, PRO Training, Preliminary needs assessments

2008, (31 March), PRO Final Report to the European Agency for Reconstruction

Pre-feasibility Study on the establishment of Regional Development Agencies in South West Serbia;
Proposal for the establishment of the Regional Development Agency for Raska and Moravica Region;
Exit Strategy (draft version);
CIF Programme documents;
Functional Analysis per for PRO municipality;