

EXECUTIVE SUMMARY

A decade of regional warfare during the 1990s, intervention by the North Atlantic Treaty Organization (NATO) and the authoritarian policies of the Milošević regime left Serbia socially, politically and economically devastated. Virtually all international cooperation ceased and Serbia became isolated from the international community. With the overthrow of the Milošević regime in 2000, the process of democratic reform began, bringing with it a certain degree of success in terms of economic growth and stability. However, the transition brought with it a number of costs, such as increased unemployment and widening inequality.

The year 2006 is likely to be pivotal. In May, Montenegro voted for independence and withdrawal from the state union with Serbia. This independence was confirmed by the Montenegrin parliament in June. The status of Kosovo – one of the world's few UN protectorates – will most likely be determined this year. And while Serbia has met the political criteria to begin the process of European Union accession, its long-term strategic goal of full membership is not a foregone conclusion. The most pressing issue in that regard for Serbia today remains improved cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY).

In response to the post-conflict and increasing development needs of Serbia, UNDP actively pursued avenues of support in late 2000. Since that time, the UNDP country programme has grown from a virtual zero-base to a large and substantive portfolio cutting across crisis prevention, poverty reduction, institutional development, judicial reform and related areas. UNDP secured the confidence of Government and donors in supporting the design and implementation of several large programmes and established itself, in a relatively short period of

time, as a credible and valued development partner. The experiences of the past five years or so have generated valuable lessons.

This Assessment of Development Results (ADR) for Serbia¹ sets out to evaluate that experience. It was carried out from mid-2005 to early 2006 and covers a five-year period beginning in 2001. The UNDP programme had been through one complete Country Cooperation Framework cycle (2002–2004) and was refining its new programme (2005–2009) within the broader context of the United Nations Development Assistance Framework (UNDAF). Furthermore, a new resident representative had just come on board, all of which provided a strong rationale to evaluate the results achieved over the last programming cycle, and an opportune time to draw lessons for future programming.

PURPOSE AND APPROACH OF THIS ASSESSMENT

The assessment is based on an evaluation of current and past programmes and extensive stakeholder consultations. It provides an analysis of the extent to which UNDP has positioned itself effectively to identify and respond to national development needs. It also offers an overall assessment of the development results achieved in cooperation with the Government and other development partners. In particular, the assessment identifies how UNDP has supported the goal of accession to the European Union, and analyses achievements in the areas of post-conflict transition and governance. The issues of complementarity, sustainability and coordination are also addressed.

The strong base of evidence from programme evaluations commissioned by the UNDP Country Of-

1. Assessments of both the Serbia and Montenegro programmes were carried out concurrently, reflecting their programmatic relationship under the auspices of a Country Office located in Belgrade and a Liaison Office in Montenegro. With Montenegro's independence, the assessment has been divided into two documents – an ADR for Serbia and an ADR for Montenegro.

office provided a foundation upon which the ADR could build. Limitations were identified, notably the comparability of such evidence and the weaknesses in results matrices and monitoring data. Nevertheless, the ADR team is confident that its observations are broadly representative of the effectiveness of UNDP's support and that its recommendations can serve as useful input to UNDP's future strategic planning.

THE NATIONAL CONTEXT

Serbia was one of six republics of the Socialist Federal Republic of Yugoslavia (SFRY), founded in 1945. The wave of democracy that began in the late 1980s across central and Eastern Europe inspired independence movements among the republics of Yugoslavia – against the wishes of Serbia and its increasingly authoritarian leader, Slobodan Milošević. Slovenia and Macedonia left the federation in 1991, which led to a brief armed conflict in Slovenia. But full-scale wars broke out in response to Croatia's and Bosnia-Herzegovina's secession from the SFRY. In 1998, nine years after Serbia revoked the autonomy of the Kosovo province, conflict between Yugoslav security forces and the Kosovo Liberation Army erupted. Failed peace negotiations led to a NATO intervention in Serbia in March 1999.¹ The only remnant of Yugoslavia after a decade of conflict was a two-republic entity consisting of Serbia and Montenegro. The two republics formed a looser State Union of Serbia and Montenegro in February 2003.

The political and economic reforms in Serbia following the democratic change and Milosevic's ouster from power in 2000 are driven by the republic's long-term development objective of joining the European Union. The accession process provides a framework for reforms and is an opportunity for Serbia to enter political, economic and security structures that can guarantee stability and prosperity for its citizens. However, the process is complicated by the necessity of stabilizing the republic after the conflicts of the 1990s, and putting into place a market economy and sound systems of governance.

The necessary economic reforms have high social costs and are taking place in a fragile political, social and economic environment. The war, international sanctions in 1992 and 1998, the loss of former Yugoslavian and other markets, and missed attempts at reform by the authoritarian regime had an adverse impact on incomes, education, health and overall quality of life. The substantial human capital that Serbia once had continues to be depleted. Many people, especially the young and the educated, are leaving or planning to leave Serbia to work and live abroad. The challenge for human development in Serbia today is twofold: to reverse the decline and to stimulate conditions to make Serbia an attractive and hospitable country for all of its citizens.

Even if the political challenges that Serbia is facing – the problems of cooperation with the ICTY, Kosovo, and the recent break-up of the State Union – are satisfactorily resolved, Serbia will not move toward EU accession without a major and sustained investment in development.

UNDP RESPONSE

The environment in which UNDP re-established its presence in Serbia was one of volatility, characterized by shifting needs and priorities. In 2000, two events proved to be UNDP's launching pad for its eventual substantial country programme and presence: a mission from UNDP Headquarters sent to gauge the overall situation in the Federal Republic of Yugoslavia and to identify potential areas for possible UNDP assistance; and UNDP's participation in an inter-agency mission to southern Serbia, an area that, at the time, was experiencing conflict between Albanian rebels and Serb forces, fuelled by ethnic tensions in Kosovo.

The main result of the needs assessment mission was the report, 'Governance for Human Development'. The report provided the framework for five priority targets of UNDP assistance: democratic governance, administration of justice, economic and financial management, public administration and social development. In terms of programming, the report recommended the establishment of

1. The NATO air bombing campaign lasted for 78 days. After the withdrawal of Serb forces from Kosovo, the province was placed under the jurisdiction of the United Nations and its Interim Administration Mission in Kosovo (UNMIK).

a joint donor-Government Capacity Building Fund that could assist in filling priority gaps in Government while also introducing key elements for public administration reform. The mission to southern Serbia recommended immediate investment in local governance, reintegration of marginalized communities and promotion of economic recovery that would jointly address the root causes of conflict alongside post-conflict stabilization activities. This led to the formulation of a large multidonor programme in southern Serbia, executed by UNDP, and UNDP's entry into development at the local level. In time, South Serbia turned out to be one of UNDP's 'flagship' programmes.

UNDP was well positioned for constructive engagement in Serbia. It had a long history in Yugoslavia, including a presence on the ground during the fall of the Milošević regime, and was generally perceived as neutral. The UNDP Country Office in Yugoslavia opened in Belgrade in January 2001. With an established physical presence, donors, interested in stabilizing the country and eager to assist the new democratic Government, poured in resources.

Due to its reputation and presence (albeit small) on the ground, UNDP was approached by both Government and donors to help design and implement programmes. UNDP was able to place the projects it helped develop at a high level in new government ministries, obtaining direct access to the ministers and the Office of the Prime Minister. The UNDP office grew and the programmes with which it was associated expanded.¹ With its prior history and contacts, UNDP was able to strengthen the Country Office by attracting high-quality professional staff and national experts with prior experience in the public and non-governmental sectors.

The initial UNDP programme strategy was embodied in the Country Cooperation Framework of 2002-2004 that identified three priority areas for programming:

- **Democratic governance**, which focused on supporting reforms of governance institutions at central and local levels and promoting public

participation and community empowerment. It also envisaged a Capacity Building Fund for priority capacity-building and public administration reform, along with reform of the judiciary. Strengthening civil society's role for public advocacy was recognized and UNDP would later support participation of NGOs in the preparation of the World Bank-led Poverty Reduction Strategy Paper (PRSP).

- **Crisis prevention and recovery** concentrated mainly on post-conflict conditions in southern Serbia. This covered UNDP support for the implementation of large multidonor programmes for rapid recovery (the Rapid Employment Programme), including support to long-term development of the region through investments in infrastructure and capacity-building of local actors. An interregional initiative to promote stabilization and cooperation on security was later launched and hosted by the UNDP Country Office.
- **Energy and environment** supported the revitalization of these sectors by advancing the Federal Republic of Yugoslavia's participation in the Global Environment Facility (GEF), and capacity-building for the reform of the energy sector.

These strategies were adapted over subsequent years through the development of annual strategy notes explaining UNDP's adjustment to what were, at times, dramatic changes in the external and political environment. Attention to democratic governance had given way to increased focus on capacity-building and sporadic attempts at public administration reform. But little had been accomplished in the area of energy or environment. The mission and vision of the Country Office were still seen to be valid, but with increased emphasis on supporting EU integration. Adjustments to the programme strategy for 2003 included support to the development of the PRSP, the strengthening of non-governmental organizations, HIV prevention, and municipal improvement.

The current programming strategies, embodied in the Country Programme Document and Action Plan of 2005-2009, comprise public administra-

1. Over the period 2001-2005, with core funding of \$3.3 million for 2001-2004, UNDP was able to mobilize resources to a cumulative level of \$56 million by 2004, doubling the initial resource mobilization target.

tion reform, the rule of law and access to justice, and sustainable development. These represent a significant shift from the Country Cooperation Framework. As with the initial choices, these areas of assistance continue to be highly relevant, reflecting the priorities of Government and funding partners. However, the appearance of a narrower focus belies the breadth of projects and programmes that, in the view of the evaluation team, potentially strains UNDP's ability to perform optimally in areas of accumulated experience and expertise. UNDP has been willing to experiment and take risks. It has made some mistakes, but in the aggregate over the past five years, in the view of the evaluation team, it has chosen well given the country context.

DEVELOPMENT RESULTS

Over the period 2001–2005, the strategies supported by UNDP in Serbia have, with some exceptions, yielded significant development results. These include strengthened capacities of central government ministries and agencies, including the justice system, and resolution of conflict, stabilization and community development in southern Serbia. In other areas, notably urban regeneration and poverty reduction, results have been less evident. While UNDP has not played a strong advocacy role during this period, it has proved to be an extremely important and valued implementing partner. Measurable benchmarks of success have not been defined in programme documentation; however, the following are some of the key areas in which UNDP is assessed to have supported the achievement of results:

Crisis prevention: The case of South Serbia. As part of a UN inter-agency mission in 2001, UNDP responded to a crisis resulting from ethnic conflict in southern Serbia. Over the next four years, the crisis abated and the public dialogue shifted to the economic issues of jobs, poverty and the underdevelopment of the region. To overcome poor governance, considered to be one of the root causes of conflict, UNDP used innovative approaches to draw local government and non-governmental actors into decision-making. UNDP was an effective catalyst for change at the local level: it used participation and practised transparency to build local capacity, to introduce

new thinking, to bring knowledge of democratic processes and to implement local mechanisms for delivery of development assistance. The case of South Serbia demonstrates that stability and peace can be nurtured by responding quickly, developing and implementing sound programmes, effectively mobilizing resources and building local partnerships. Furthermore, as the case demonstrates, UNDP can play a significant role in bringing change and innovation to local institutions.

Poverty reduction. Poverty is and will be, at least in the near future, a challenge for Serbia. Drawing from the experience of the non-implementation of the PRSP, and looking at development from a rights-based perspective, UNDP correctly assessed that targeting the needs of the most disadvantaged among the poor in Serbia will fall to donors. UNDP also recognized that the PRSP may have limited duration and relevance in the context of Serbia, and that increasing importance will be given to the EU social inclusion agenda. That said, the three programmes evaluated in this report that UNDP implemented with donor support under the auspices of civil society development and economic empowerment of the poor and vulnerable had, at best, limited impact. A notable exception is the Social Innovation Fund, in which UNDP was able to facilitate national ownership. The work with the Civil Society Advisory Committee, which UNDP helped to establish, enabled completion of the PRSP. However, further work by civil society on PRSP implementation and monitoring was stalled. Beautiful Serbia, a project designed to improve the urban environment and create temporary jobs by targeting the most vulnerable among the unemployed, provided an example of where UNDP involvement was more of an obstacle than an asset.

Institutional development. The concept of a Capacity Building Fund (CBF) evolved in the immediate aftermath of the democratic overthrow of the former regime. Its aim was to strengthen the Government's human resources, begin the process of reforming the public administration and attract the Serbian diaspora back to their homeland to support the process. The CBF produced mixed results. On the one hand, it assisted key ministries in acquiring a critical mass of capacity to initiate priority policy, legislative and other reforms. UNDP

and other donors, through the fairly quick response mechanisms of the CBF, demonstrated tangible commitment to Government by filling priority capacity-development gaps. On the other hand, the CBF was not initially successful in assisting the Government in developing or implementing broader public administration reforms. The main reason for the lack of initial success was the absence of political leadership, coordination and an effective national institutional focal point. With the recent change of Government, a strategy for public administration reform has been developed and the levels of cooperation among donors in supporting its implementation are reported to have improved.

Justice reform. Under the Milošević regime, the rule of law suffered terrible setbacks. The new democratic Government that came into power in 2000 had the strong intention of reforming the judicial system. However, the state of emergency declared after the assassination of the prime minister in March 2003 adversely affected ongoing reforms. It is against this backdrop that UNDP entered the field, developing tools for education, training, research and knowledge-sharing that are necessary for modernizing and advancing the legal profession. The biggest impact has been made in the establishment of a Judicial Training Centre, a new institution set up to deliver high-quality, cutting-edge, demand-driven training to judges, prosecutors and legal staff. Since its establishment, the centre has organized over 280 workshops, seminars and conferences, drawing more than 8,000 participants, including every judge in Serbia.

UNDP PERFORMANCE

The prime role of UNDP has been that of implementing partner to Government through the direct execution of projects. In this capacity, UNDP delivered a wide range of services, from policy advocacy and dialogue to procurement, recruitment and contracting support. A considerable amount of assistance was delivered in the form of 'soft services', such as coaching, mentoring, networking and team-building – assistance that was found to be especially valued by the ministries. UNDP's performance can be assessed across the following criteria:

Effectiveness and efficiency. After five years, a Country Office has been built in Belgrade that, along with the sub-office in Vranje, is able to support both existing programmes and potentially expanded future operations. The national development priorities supported during this period have included stabilization and transition in southern Serbia, poverty reduction and EU accession. UNDP has been very active in the former area, but somewhat marginal in the latter two. Some of the UNDP-supported programmes in Serbia have been closely aligned to EU accession (for example, through the capacity-building of key ministries), and others have tackled, on a limited basis, issues of poverty (for example, the Rapid Employment Programme and support to the PRSP process). Generally, most UNDP activity has concentrated on capacity-building and institutional development, as reflected in the various project and programme documents. Based on independent evaluations, most of the project and programme objectives have been achieved or are on track. The efficiency of UNDP-supported programmes is much more difficult to measure since little exists in the way of market comparisons. The delivery rates and management services fees charged by UNDP for project implementation are seen by the funding donors to be generally acceptable.

Complementarity. For the most part, UNDP programmes complemented those of others – especially the multidonor South Serbia initiative and those in which cost-sharing agreements were struck. In the case of the CBF – a presumed partnership – there was lack of clarity as to the main purpose of the Fund as well as individual partner's agendas and expectations. During the early stages of the Country Cooperation Framework, there was some competition between the European Agency for Reconstruction (EAR) and UNDP in support of public administration reform. If there is one weakness in the UNDP country programme, it is the UNDP tendency to be overly visible, to wave the flag, and to claim too much credit for programme or project success.

Sustainability. It is too early in the programme cycle to predict with any certainty that the UNDP-supported programmes will be sustainable. However, the early indications are that many of the components will be institutionalized within Government and other national organizations, depending on the absorptive capacity of Government, the availability of adequate programme financing, and the willingness and capacity of civil society and private sector organizations to take up some responsibility in programme implementation and service delivery. Through the CBF, UNDP and other donors had targeted priority capacity-building, and the case of the Ministry of International Economic Relations, the Ministry of Social Affairs, and the Ministry of Finance serve as examples of sustainable institutional development. However, in some other projects, too much attention may have been given to the setting up of 'programme implementation or management units' (for example, the Social Innovation Fund) that focus more on time-bound implementation of projects, rather than on sustainable institutional development.

UN system coordination. Coordination among UN Country Team members appears to have suffered from fragmented leadership over the past five years. UN agencies have not worked effectively together in supporting Serbia towards its goal of EU accession, but largely developed and operated alone. With a new resident coordinator, the signs for better UN system coordination are positive. The UNDAF has been viewed broadly as a positive platform upon which the UN Country Team can begin to improve their alignment. A broad range of joint activities were identified in the formulation stage in 2004, and the annual review has identified limited progress. However, the establishment of new areas for cooperation is tempered by the strength of the relationship of individual agencies with government counterpart ministries, the noted weakness of Government-donor coordination and the narrowness of inter-donor cooperation.

Donor and government coordination. General coordination among donors has also been weak, with donors themselves admitting to continued unilateral behaviour. The coordinating ministry, the Ministry of International Economic Relations, has also acknowledged that coordination occurs on a case-by-case basis, with the role being

devolved more to the republic level ministries. However, the lack of a single agency lead for coordination has shifted more recently, with the World Bank agreeing to establish 'heads of agency' meetings for about six donors every two months or so. While such a mechanism may address broader coordination issues, the main challenge for UNDP, the Government and other donors is at the level of key development sectors, such as public administration reform/institutional development and decentralization.

RECOMMENDATIONS FOR THE FUTURE

UNDP has established itself as a capable and reliable implementing agency for the Government, the EAR and for other European donors that are bilaterally funding Serbia's preparation for the accession process. The donors – driven by their own agendas – along with the Government, perceive UNDP to be more of an implementing agency, rather than a partner in the policy domain. UNDP perceives itself not so much as an implementing agency, but as a full development partner that is able to engage in and influence the policy agenda, and that is able to advocate the core values of the United Nations.

Within the context of UN reform, the UNDP office in Belgrade will need to clarify and then communicate its vision, mission and role. That role should be aligned with national development priorities, on the one hand, and remain consistent with an amended or new UNDAF for Serbia, on the other hand. Furthermore, UNDP should concentrate on what it has been doing best: implementation. At the same time, UNDP should also link its downstream, operational and implementation experience to selected areas of coordinated upstream policy advocacy, in such areas as human security, poverty reduction and decentralization.

Several of the following recommendations are specific to the Serbia programme; others are UNDP-wide.

RECOMMENDATIONS SPECIFIC TO SERBIA

- **Align strategically with Serbia's priority for EU accession.** Development policy in Serbia is dominated now and for the foreseeable future by needs associated with EU accession. The domi-

nant players in this process will continue to be EU entities – the European Agency for Reconstruction, its successor, and EU bilateral donors. 2006 is expected to be the last year of EAR programming, and consequently the June 2004 Memorandum of Understanding between the EC and UNDP should be used as the basis for working out concrete collaborative arrangements. The Government may well look to UNDP to assist in the mobilization of resources to meet a range of development programme implementation needs, particularly in those areas where UNDP is well positioned and is currently providing support. Having worked in the EU accession countries, UNDP has substantial institutional experience supporting national governments and civil society in the process of European integration. It could be of great benefit for Serbia if UNDP facilitated information exchanges and knowledge-sharing with other Eastern and Central European countries.

- **Use local development and rule of law reforms as the flagship programmes.** Some of the most pressing development needs in Serbia are at the subnational or local level where income disparities persist or are growing, where poverty is most prevalent and where the capacities of Government, civil society and the private sector are weakest. Further, it is at certain local levels where the risk of stability or crisis still exists. UNDP has a proven track record in supporting multidisciplinary development programmes at the local level (South Serbia and the new EAR-funded programme in Sandžac). While many other donors, including the European Commission, are expected to continue to provide substantial levels of funding and support at the central levels of the Serbian Government, it would appear that major gaps in capacity-development, economic and human development and public administration reform will persist at the local level – gaps that UNDP could fill.

In the area of judicial reform, UNDP has found an entry point through a successful Judicial Training Centre project. As the rule of law continues to be a urgent problem for Serbia, UNDP is well positioned to make a difference on a few well-chosen issues – improving the professionalism and competency of the judiciary, legal aid, support to transitional justice through research

and facilitation of information exchanges – which UNDP is currently pursuing by developing new projects.

- **Support anti-corruption at all levels of programming.** Any and all development efforts could be seriously undermined – or even fail – if corruption, deterioration in the rule of law and organized crime are not tackled in a concerted and coordinated manner. The UNDP in Serbia has a role to play, and this can range from supporting UN conventions on anti-corruption to factoring anti-corruption considerations into programme design, performance measures and targeted capacity development. Experience in some countries that have joined the EU have shown some backsliding on the anti-corruption front, and it cannot be assumed that accession to the EU alone will solve the problem. The Council of Europe and European Commission bodies can and should take a lead role in this area, while UNDP can play an important supporting role.
- **Strengthen strategic management and maintain programme focus.** The UNDP programme in Serbia is in its early stages. Individual programmes supporting areas such as local development, the rule of law and judicial reform require a long time to generate results, outcomes or impacts. The UNDP country programme over the period evaluated may be seen as the first phase of a longer-term partnership to assist Serbia in meeting human and economic development goals. Without any concrete baselines or measures of performance, other proxy or qualitative indicators may be needed to measure and assess performance of the overall country programme. The organization and structure of the office need to be streamlined, and, in this regard, the recent planning and organizational workshops carried out on the new management structures are encouraging.
- **Think early about an exit strategy.** The former Yugoslavia was a founding member of the United Nations and an initial contributor. Serbia today is a middle-income country that could soon graduate to net contributor country status and be accepted as a candidate for EU membership. The argument has been made that UNDP established a position in Serbia and expanded its

programmes because it had a legitimate role to play as a UN agency (for example, in crisis prevention in southern Serbia). Serious thinking about UNDP exiting from the country should coincide with Serbia's strategy for EU accession and economic development. One mechanism to ensure that such strategic thinking occurs is to place a 'sunset clause' for the UNDP presence in Serbia in the UNDAF and Country Programme Document, to be reviewed annually in the Country Programme Action Plan. The current programme cycle ends in 2009, and this may be a good juncture to review and decide on continued UNDP presence or exit from the country.

UNDP-WIDE RECOMMENDATIONS

- **Achieve greater national balance in programming.** UNDP has made significant progress in supporting policy and capacity development in Government and civil society, while at the same time building bridges between the two. However, while it is not a major issue at the present time, there is the risk that future UNDP programming and implementation could tilt more towards NGOs to offset corruption or capacity weaknesses in Government. This could produce national imbalances where the role of Government (in policy, in some areas of service delivery, and in programme management) could be undermined. UNDP might strive in the future to attain a greater development balance in consultation and participation by involving Government, the broader civil society and the private sector through such initiatives as the 'global compact'.
- **Use partnerships as a means to better coordination and capacity development.** At the sectoral level, the challenge for UNDP is to be able to strike a balance between meeting national priorities that might often take the form of reactive 'quick fixes', and advocacy for a long-term approach to improve governance. The notion of partnership or sector-wide approaches to programming and the channelling of development assistance can be introduced as a means to address some of these programming and coordination problems. UNDP is in a good position to provide coordination leadership in the subsectors of public administration reform/ institutional development, decentralization and judicial reform. At the programme execution level, UNDP should endeavour to use structured and collaborative partnership modalities for the execution and implementation of projects and programmes, and move away from the NEX/DEX dichotomy. UNDP may well find alternative methods for project and programme implementation through sub-contract and/or subsidiary partnership arrangements, thus reducing the size of its directly contracted project personnel while at the same time spreading the benefits of implementation and corresponding capacity-building to the non-governmental and private sectors.
- **Develop standard measures for country program performance.** For the Belgrade office and other Country Offices in the region, UNDP should develop a standard approach to country programme performance measurement. The UNDP 'Executive Snapshot' may be a good foundation for this. Measures dealing with such aspects as resource mobilization, office costs and efficiency, and so on would be most useful not only in quantifying some aspects of country programme performance, but also in drawing comparisons and sharing experiences across the region and with other development partners. Results measures should also be considered and included, where feasible. To generate these, more attention will need to be paid to strategic planning and performance monitoring at the individual Country Office level. Such measures, however, should be kept simple, drawing from readily available sources of information.
- **Develop a UNDP policy on net contributor countries.** The countries in Eastern Europe are a special case for UNDP from a number of perspectives. A major differentiating factor in development and development assistance is the reality and potential of EU membership. Further, there is considerable likelihood that Serbia could achieve 'net contributor country' status within a reasonably short period of time. It can be tempting to rationalize an ongoing role

for UNDP in such situations. However, UNDP operations in Serbia and other countries of the region are expensive relative to other regions of the world, where scarce UNDP resources and talent may be better deployed. It is recommended that UNDP develop a formal policy on its role in EU and EU-candidate countries in

Eastern Europe that have or are expected to graduate to net contributor status. Such a policy would guide the development of country programmes and the nature of the UNDP relationship to the host governments, the EU and other participating donors.