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Country cooperation frameworks and related matters

First country cooperation framework for Yugoslavia (2002-2004)*

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* Document DP/CCF/YUG/1 of 20 May 1997 is hereby superseded.
Introduction

1. The process of preparing this first country cooperation framework (CCF) for Yugoslavia evolved as a twofold process to reflect the respective contexts and development priorities in Serbia/Montenegro and at the federal level and separately in Kosovo. UNDP began widespread consultations with the Government at the federal and constituent republican levels, with civil society, and the international donor community and sister United Nations organizations immediately after Yugoslavia was admitted as a Member state into the United Nations on 1 November 2000. UNDP also participated actively in the donor conferences in December 2000 and June 2001 and in the preparation of the Government reform and recovery programme, upon which this CCF is partly based. A common country assessment (CCA) and United Nations Development Assistance Framework (UNDAF) will be prepared in early 2002. In Kosovo, the CCF process is based on the UNDAF for 2002-2004 that was prepared in mid-2001 and the CCA of late 2000 – both of which were developed in consultations with the United Nations mission in Kosovo (UNMIK), the Interim Administration, civil society and the donor community. These overall consultations have enabled the identification of areas where UNDP can play a strategically supportive role in government efforts to reform and rebuild the institutional fabric, so that pressing social cohesion and human development challenges can be met after years of prolonged dislocation and regional instability.

2. Since the upheaval in 1999, considerable opportunities have emerged. In October 2000, new democratic governments in Yugoslavia and in Serbia embarked on political and economic liberalization, major legislative and policy reforms, and normalization of international relations. At the June 2002 Yugoslavia donor conference, the country secured over $1.28 billion in pledges to support reform, rehabilitation and development. Montenegro had earlier embarked on a path towards liberalization, but the constitutional character of its Government remains an item of continuing debate. The establishment of UNMIK in June 1999 in Kosovo and the emergence of a new administration after the November 2001 elections have further highlighted the need for strengthened institutions and capacity.

I. Development situation from a sustainable human development perspective

Regression and recovery of human development

3. With a human development index (HDI) of 0.893 in 1991, the former Socialist Federal Republic of Yugoslavia ranked 34 out of a total of 160 countries, according to the *Human Development Report 1991*. Few reliable current statistics are available today, but Yugoslavia has plummeted to the bottom of the development ladder in the region, facing massive debt, widespread poverty and unemployment, and serious deficiencies in every sector of the state administration and economy. The legacy left by a decade of conflict, international isolation, authoritarian rule and economic mismanagement is such that reform, recovery and development will take time to yield broad-based results felt by the population at large. In Kosovo, poor infrastructure, low educational levels and skills standards and often low levels of public and private investment in primary, secondary and tertiary sectors of the economy are all indicators of low productivity. Such problems are compounded by a relative vacuum in public administration.

Poverty, displacement and inequality

4. Over a quarter of the country’s population in Serbia and Montenegro live in poverty. About one million people were living below the poverty line in 2002, estimated at $18 a month, with another million very close to that level. Regional differences are also important; poverty rates are higher in some regions, especially in southern Serbia and northern Montenegro. In Kosovo, it appears likely that a relatively large proportion of the population had been living on less than $2 per day long before either the conflict or the ethnic divisions that occurred during the early 1980s. Issues of poverty and inequality are exacerbated in Serbia, Montenegro and Kosovo by the large number of refugees and internally displaced persons. Women, youth and minorities have been marginalized but nevertheless must play an important role in equitable development.
Economic transition and reconstruction

5. The gross domestic product (GDP) is currently less than half of its level in 1989. With decapitalized state and socially owned enterprises, loss-making and deeply mistrusted banks, and an over-committed, poorly functioning social safety net, Yugoslavia must now catch up with reforms that began a decade ago in most of the central and eastern European countries. This process will be made more difficult by large and mounting fiscal pressures, a crippling external debt, and post-conflict challenges that include rebuilding damaged infrastructure. The country’s infrastructure has suffered under-investment and significant conflict-related damage, particularly in the energy and transport sectors. The environment has also been severely degraded. In the short term, significant aid is required to rehabilitate and maintain vital installations and ensure the population’s basic needs. Beyond that, major energy sector reform is required. In late 2001, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) transferred the role of coordinating donor support in this sector to UNDP.

Reform and recovery

6. Yugoslavia and its constituent republics are also facing major challenges of institutional reform. The legacy of the past decade of authoritarian rule left institutional culture and practices at odds with European and internationally accepted principles of good governance. The lack of transparency and rampant corruption need to be addressed through the development of common systems, procedures and practices that will ensure that government action is fully transparent and accountable. The range of affairs and competencies of local communities has drastically decreased in the 1990s, defaulting to the responsibilities of central government. Municipalities are left without adequate competencies to face the future challenges of decentralization. In Kosovo, a key challenge is addressing the vacuum in public administration by building the capacity of civil service and institutions. Problematic relations between the constituent republics also need to be addressed and should not halt the pace of urgently needed economic and social reforms. The positive impact of administrative and institutional reforms on human development should be one of the key objectives of reform.

II. Results and lessons of past cooperation

Impact of crisis

7. Fundamental changes in the socio-economic and political life of the former Yugoslavia took place at the end of the 1980s. Constitutional, economic, and political reforms seemed set to enable UNDP to shift its development focus towards upstream policy influence, within the framework of the fifth programming cycle, to support integration into Europe. The violent break-up of the former Yugoslavia, however, prevented it. In accordance with the provision in paragraph 2 of Governing Council decision 92/27 of 26 May 1992, remaining UNDP resources in the former Yugoslavia were used to support urgent humanitarian projects on a case-by-case basis. As the former Yugoslavia disintegrated, UNDP shifted the locus of its programme coordination in the former Yugoslavia from Belgrade to Vienna.

Crisis response

8. Following the largest wave of refugees from Croatia and Bosnia-Herzegovina into Yugoslavia and with the signing of the Dayton Peace Agreement, UNDP opened a small liaison office in Belgrade in April 1996. UNDP concentrated on four projects addressing refugee-related problems and providing humanitarian support servicing to the humanitarian and human rights activities of the Office of the United Nations High Commissioner for Refugees (UNHCR), Office of the United Nations High Commissioner for Human Rights UNHCHR and OCHA. At its third regular session 1997, the Executive Board decided to postpone consideration of the first CCF for Yugoslavia. UNDP took part in the United Nations advance team that returned to Kosovo under the acting Special Representative of the Secretary-General on 13 June 1999 with the end of armed conflict. UNDP soon established an office in Kosovo within the framework of the UNMIK mandate.

Post-crisis strategy

9. The country’s acceptance into the United Nations in November 2000 enabled a normalization of relations with regard to United Nations development
cooperation. In the weeks that followed, UNDP embarked on a review of its activities in Serbia and Montenegro and of the emerging needs for strategic change and reform in the country as seen from a human development perspective. The review identified several major areas for priority attention: democratic governance and administration of justice; economic and financial management; central public administration; local government; and social development. In Kosovo, UNDP set in place a programme in 1999 designed to provide relief with development through governance and local development, sustainable livelihoods and enterprise promotion, housing and infrastructure rehabilitation, and human development information management and policy support.

Key results

10. During the period of international isolation and the humanitarian crisis, UNDP assistance projects helped increase international aid efforts to find durable solutions for refugees and internally displaced persons (IDPs) at a time when traditional development work was more controversial. UNDP focussed on expanding the range of civil society partners, involving them in vulnerability monitoring, early warning activities and human development analysis. National human development reports (NHDRs) in 1996 and 1997 played an important role in advancing understanding of human development and reform needs, subsequently influencing policy in the new democratic governments in late 2000. UNDP also developed key partnerships with other United Nations organizations to promote the transition from humanitarian relief to longer-term recovery and development. Since 1999, in Kosovo, UNDP has been able to contribute to community renewal by re-establishing local and municipal services, supporting civil society initiatives, creating employment and reconstructing houses, schools and health centres.

Lessons learned

11. In essence, prior to 2000 UNDP lacked a clear strategy to deal with the situation in Yugoslavia. The main lesson to be learnt as a result is that the UNDP response to such crisis situations calls for early engagement, novel and proactive interventions, links between relief and development and capacities to overcome crisis from the local level upward in partnership with a broad range of actors, including humanitarian organizations and civil society. Despite some missed opportunities to promote programmes during the previous crisis period, UNDP quickly recovered in October 2000 by building on a widening base of national and donor support and applying its new policy for crisis prevention and recovery. In Kosovo, interventions have been developed on a project-by-project approach as a result of the uncertainty over donor resources. As a result, there have been few linkages between projects at the local level and therefore no exploitation of synergies resulting in excessive costs and sub-optimal impact. These lessons point to the need to build on UNDP programmes and strengths of its experience in Kosovo since 1999 while undertaking a more integrated, upstream approach that responds to real challenges.

III. Objectives, programmes areas and expected results

Programme strategy

12. The primary objective of the programme in Yugoslavia (including Serbia, Montenegro and Kosovo) is to consolidate democracy and social equity through reform and recovery with a special focus on governance and policy advocacy. The strategy has been informed by the reform agenda of the Government, consultations held within the context of the Stability Pact and with the World Bank, the European Commission, European Agency for Reconstruction, multi/bilateral donors, non-governmental organization (NGOs) and civil society representatives. The programme focuses on three clusters: (a) democratic governance; (b) crisis prevention and recovery; and (c) energy and environment. Cutting across these clusters are four primary themes: (i) human rights and gender equity; (ii) policy reform and consensus-building; (iii) constituency empowerment; and (iv) e-governance using information technology.

13. UNDP will rely on high-quality analysis through NHDRs to inform policy and assist the Government in building consensus around reform policies currently being drafted and implemented. The NHDR will serve as a policy and analytical tool and contribute to the national debate on how best to incorporate human development objectives into the reform policies. The NHDR will also provide an overview of the status of
reforms. In Kosovo, the report will be developed and produced by local development experts and social scientists of Kosovo, with the intention of providing a powerful policy and analytical tool, comparing data from the region and municipalities and pointing to achievements and disparities. As peace in Kosovo is critical to the sub-region’s prospects for stability and development, UNDP is addressing the development priorities that correspond to common concerns of the United Nations Interim Administration. These include providing support to the newly elected and deployed Kosovo provisional administration and eliminating or mitigating key underlying structural economic and social causes of friction or conflict.

A. Democratic governance

14. Yugoslavia stands at a crossroads in terms of its future composition and governance. Circumstances are now increasingly conducive for the people of the country to decide democratically how they will be governed. UNDP will support reform of governance institutions at central and local levels and promote broader public participation and effective community empowerment in the processes of active government. To render government and public services more accessible, transparent and accountable also requires new capacities for information, communication and oversight. Equitable access to information and opportunities will be promoted through expanded use of information and communication technologies (ICT) for development. The objectives targeted by this approach include: (a) apparition of powers – public transparency and accountability, i.e. systems of parliamentary, executive and judicial oversight; (b) public administration reform and institutional capacity building for essential services; (c) decentralization and institutional development at local and central levels; (d) economic reform; and (e) equitable access to justice. UNDP will seek to achieve these objectives through the following programme strategies and components.

15. Strengthening institutions in the executive branch. UNDP, the Government, and the Fund for an Open Society/Yugoslavia established a capacity building fund (CBF) in 2001 for Yugoslavia and Serbia that will be expanded into a broad capacity building programme to assist in the restructuring and capacity building of federal and Serbian republican institutions. The CBF approach entails deploying national non-government and diaspora expertise into a strategic framework for institutional reform by promoting task forces to develop consensus on key reform issues. The CBF is already assisting the several federal and Serbian ministries, the Serbian Civil Service Council and the Institute of Public Administration. Complementary activities are being conducted by Norway, the European Agency for Reconstruction and the United Nations Children’s Fund (UNICEF).

16. Public service reform. UNDP will help the Government to develop a vision for public service reform, promote professionalization of the civil service and create and implement a public administration reform strategy to revitalize public institutions. This will be achieved by applying new public management principles, broad-based public consultations with civil society and the development of public-private partnerships for economic outsourcing of service delivery.

17. A specific UNDP project for Kosovo will seek to achieve the democratic governance objectives through the backbone of the UNDP assistance effort – civil service reform. This programme is designed to develop the capacities and capabilities of the newly established government institutions for democratic, transparent and accountable governance. UNDP will promote strategy development and will provide core skills to government managers and direct technical assistance to sector-specific activities. As a complementary effort, the local governance programme of UNDP will expand both geographically – to include all municipalities in Kosovo – and thematically. It will also include components related to municipal environment management; linking ethnic minority and majority communities through programmes that jointly benefit both; and training authorities in techniques to create an enabling environment for private sector development.

18. Integrity, accountability, and oversight. In the fight against corruption throughout Yugoslavia and to promote transparency and accountability, UNDP will support the development of a culture of probity and integrity in public resource management and the development and strengthening of oversight and audit institutions. The role of parliament will be also strengthened through training and improved working
methods. UNDP will support the establishment of a supreme audit institution, linked to the upgrading of internal controls and fiscal management within the public service. These efforts will be linked in partnerships to the efforts of the European Commission, the Council of Europe, international financial institutions, Transparency International and other NGOs.

19. Economic reform. In an effort to improve economic governance, UNDP will contribute to policy dialogue and strategic transition initiatives. The approach will be developed through partnership with national and international financial institutions, such as the World Bank and the European Bank for Reconstruction and Development. In Kosovo, UNDP will support the development of the private sector through the provision of advisory services in fiscal policies and regulation. It will also support increased opportunities for income generation among vulnerable groups through a number of inter-related activities implemented in close collaboration with the local governance sub-programme, largely through micro-finance and business development services.

20. Judicial reform. UNDP – in collaboration with other international organizations (Organisation for Security and Co-operation in Europe (OSCE), Council of Europe) prospective donors, NGOs (Fund for an Open Society) and professional associations – is developing a judicial reform programme in Serbia. This programme will: (a) promote judicial independence in the separation of powers and enable accelerated reform of laws; (b) help in the restructuring of the judicial system, ensuring the protection of human and fundamental rights and liberties; (c) create a centre for democratic-governance training for judges, prosecutors, lawyers and judicial personnel; (d) improve court administration and upgrade the service conditions of judges and prosecutors; (e) expand equitable access to justice; and (f) promote penal reform. Effective judicial reform will also impact on foreign investment by restoring the credibility of the rule of law.

21. Decentralization. In Serbia and Montenegro, UNDP will promote consensus on decentralization, including strategies to strengthen institutional, fiscal, legal and political capacities. UNDP will assist in strengthening a democratic local governance that is inclusive, participatory, transparent and accountable through public-private partnerships for basic social services and utilities. To help the six main cities in Serbia to cope with the burden of social welfare cases and address the need for local development, the United Nations Office for Project Services (UNOPS) will execute an Italian-funded UNDP programme of decentralized cooperation. A key objective of this programme is to support essential public services, job opportunities and social integration. The programme will support vulnerable groups, including refugees and IDPs, and will support capacity-building for local institutions.

22. Strengthening civil society and NGOs. UNDP will continue to foster cooperation between the Government and civil society in Serbia and Montenegro. The role of NGOs in development advocacy, research and service delivery will be supported through a Dutch-funded programme for NGO capacity-building. As a cross-cutting programme, it will support the implementation of strategies and policies of NGOs in Yugoslavia and provide financial and technical assistance to NGOs in social welfare, gender issues, environment protection and poverty reduction.

23. Expected results. The expected results of the democratic governance programme are to: (a) strengthen the capacity of Serbian and federal institutions based on the number receiving technical assistance and national expertise; (b) contribute to the improvement of local and municipal governance structures, decision-making process and planning tools; (c) increase economic opportunities in affected communities by the number of micro-finance and business development services provided; (d) upgrade living standards for the vulnerable population in the six main cities in Serbia; (e) enhance the number of initiatives undertaken by national NGOs; (f) improve access to the judiciary by training personnel and upgrading court services; (g) increase in foreign investment as a result of the credibility of rule of law; (h) strengthen local governance by decreasing inter-ethnic tension through joint initiatives and dialogue.

B. Crisis prevention and recovery

24. After a decade of conflict and instability, the promotion and safeguard of human rights, peace and
stability are fundamental to human security in the country and in the region. UNDP activities in this area will centre on the promotion of human security, peace and stability in areas of recent or latent crisis within the country. UNDP will support efforts in Serbia, Montenegro and Kosovo to consolidate peace, prevent conflict and increase livelihoods in vulnerable communities, including multi-ethnic and minority areas. Yugoslavia has entered post-crisis transition with a heavy humanitarian caseload and increasing poverty and unemployment. Social safety nets no longer provide adequate support for vulnerable groups, and reforms are unlikely to produce early gains. The risks of further social and political fragmentation are significant and must be addressed if stability is to be ensured. In this context, monitoring of vulnerability trends is key to effective early warning and preventive response. The role of UNDP is to provide assistance through advocacy and capacity building and tools to the Government and other stakeholders in the country to promote social cohesion and human development.

25. Vulnerability monitoring and early warning for prevention. UNDP will continue to support the establishment of an early warning system (EWS) for monitoring vulnerability and analyzing risk and for building up the preventive capabilities of the Government and society at large. The early warning reports will serve as an operational and policy tool for international organizations and other stakeholders in the country and will feed into the sub-regional EWS reports for monitoring/analysis and subsequent inter-country policy and decision-making. In Serbia and Montenegro, the EWS will also build on the humanitarian risk assessments conducted by OCHA and situation analyses carried out by other United Nations organizations. The EWS in Kosovo will build on the capacity of local leadership to foresee potential crises and to design crisis prevention policies by examining four risk areas: (a) socio-economic stability; (b) political and institutional instability; (c) ethnic tension; and (d) personal security.

26. Integration and reintegration. Serbia and Montenegro are home to the largest number of refugees in the region. After five to ten years of living in difficult conditions, 62 per cent of the refugees in Yugoslavia have opted for local integration, whereas 5 per cent have decided to repatriate to their previous place of origin. In 2001, UNHCR and OCHA provided support to the establishment of a secretariat to the new Serbian Inter-Ministerial Task Force on Refugee Solutions, which is drafting a national strategy on refugees and IDPs. The role of UNDP will be to assist relevant government counterparts in developing transparent polices on local integration, facilitate cooperation with key international and national actors, such as the United Nations Centre for Human Settlements (UNCHS), and at the regional level contribute to resolving key issues, such as citizenship, legal and property status and unresolved housing-sector problems. In Kosovo, UNDP is working to increase confidence through a human security approach aimed at “disarming society” through a small arms and development approach. In partnerships with local government and civil society, UNDP is working to empower civil society to take direct action on small arms, open a dialogue on human security and peace consolidation, support community policing, and build national/regional mechanisms to reduce and control small arms to raise stability and confidence in the community and region.

27. Inter-group equity, social inclusion and advancement of women. The older generation in Yugoslavia bears the brunt of downsizing previously state-supported industries and institutions. In Serbia and Montenegro, UNDP will support pension reform and anti-poverty activities to promote inter-generational equity and combat poverty. In Kosovo, UNDP continues to implement a youth post-conflict participation project to identify and address problems concerning youth from an operational and policy framework. Throughout Yugoslavia, women have borne the brunt of economic disruption and conflict. UNDP will work with other United Nations organizations, including UNIFEM and the International Organization for Migration (IOM) to ensure that the acute vulnerability of women to abuse, trafficking and deprivation, are addressed through mutually supportive programmes. In Yugoslavia, UNDP has taken an initiative in supporting the Federal Committee for Advancement of Women, which will develop a national gender-mainstreaming strategy and thus promote equitable and sustainable human development at all levels. In Kosovo, UNDP is undertaking a similar approach to reduce gender gaps and build institutional machinery for policy and strategy formulation.
28. **Addressing HIV/AIDS.** To ensure a coordinated and intensive response to the HIV/AIDS pandemic in Serbia and Montenegro, UNDP has joined UNICEF and the World Health Organization (WHO) in sponsoring the UNAIDS strategy for Yugoslavia. Through this joint UNAIDS sponsorship, UNDP will support the establishment of a national multi-sectoral, inter-ministerial body for AIDS prevention and coordination, the National AIDS Committee (NAC), with the involvement of NGOs, the private sector and other relevant institutions. The United Nations Joint Programme on HIV/AIDS (UNAIDS) will provide NAC with support to strengthen its capacities as a national centre for issues related to HIV/AIDS prevention, treatment and support to people living with HIV/AIDS and to expand its outreach within the country.

29. **Southern Serbia recovery.** Southern Serbia has presented a challenge to the sub-region’s social and economic stability. Following a UNDP-led comprehensive inter-agency assessment in early 2001, UNDP is leading a coordinated United Nations system and international donor effort to support recovery in southern Serbia, mainly through the promotion of inclusive rights-based governance reforms tied to economic and social recovery initiatives. In this regard, UNDP is facilitating area coordination and hosting an inter-agency support office (IASO) joined by UNICEF, UNHCR and OCHA to facilitate the development of a coherent inter-agency programme of assistance, which also includes the European Union Monitoring Mission, the Food and Agriculture Organization of the United Nations (FAO), IOM, OSCE, the Sub-committee on Drug Control (SDC), UNHCHR, USAID, the World Food Programme (WFP) and WHO. A similar programme is planned for the region of Sandjak, which faces similar social and economic concerns.

30. The Southern Serbia Municipality Improvement and Recovery Programme (SSMIRP) is an integrated area-based recovery and development programme framework. Funded partly by the Swedish International Development Cooperation Agency (SIDA) and UNDP, it is also the first project to be supported by the World Bank in Yugoslavia. The programme focuses on the areas of economic recovery, strengthening of the capacity of municipal authorities, and confidence building in the region. It is based on promoting local ownership through municipal steering groups. In conjunction with SSMIRP, the Rapid Employment Programme funded by the European Agency for Reconstruction will, in parallel, provide a vital boost of confidence in the peace and recovery process. It will help bridge the gap to longer-term recovery by providing temporary employment through public, labour-intensive infrastructure rehabilitation.

31. **Expected results.** The expected results of the crisis prevention and recovery programme are: (a) increased stability as local authorities design crisis-prevention policies based on risk areas; (b) enhanced security and confidence as the number of small arms are reduced; (c) a greater by number of community initiatives undertaken by youth councils; (d) increased number of partnerships on activities to reduce abuse against women; (e) development of a national gender-mainstreaming strategy; (f) establishment of a inter-ministerial body for AIDS prevention and coordination; and (g) reduction of security incidents in southern Serbia through an increase in (i) inter-agency, multi-sectoral projects, (ii) the number of municipal steering groups involved in decision making and implementation and (iii) the number of jobs created.

C. **Energy and environment**

32. During the past decade, and especially in recent years, the industrial and energy infrastructure of Yugoslavia has suffered from scarce investment and major conflict damage. Environmental management was seriously neglected. UNDP will help the Government to strengthen environmental management capacity and focus on the following activities, in partnership with the United Nations Environment Programme (UNEP), UNOPS, OSCE and other international and national organizations.

33. **Eco-development Initiative (EDI) in Montenegro.** In Montenegro, which since 1991 has aspired to be an “ecological state”, UNDP will support the implementation of the Eco-development Initiative (EDI) by linking government ministries, municipal authorities and civil society. The aim is to ensure coherency, transparency, accountability and progress in the areas of environmental protection and poverty eradication; the integration of environmental and energy-sustainability objectives into macroeconomic and sector policies and in environment-related public
campaigns; and NGO participation in environment policy formulation.

34. **Energy efficiency.** The following activities are envisaged: (a) installation of environment-monitoring systems in Serbia; (b) setting-up consensus-building mechanisms to enable representatives of the Government, civil society and industry to reach optimal solutions; (c) fund-raising for and rehabilitation of energy generation and heating-systems infrastructure; and (d) promotion of sector reform through policy advisory services and capacity building.

35. **Global commons and trans-boundary dimensions of the environment.** UNDP will draw on global support networks such as the Environmentally Sustainable Development Group (SEED), PPP (Public Private Partnerships for Urban Environment), GEF (Global Environment Facility), and Capacity 21, and will dovetail its national work in this field with the regional UNDP cooperation framework. UNDP will especially assist the Yugoslav governments, which joined GEF in September 2001, to implement GEF-funded projects. Fast-tracking the adaptation of best practice, UNDP will promote the development of and adherence to environmental regulations and strengthened capacity to implement them.

36. **Expected results.** The expected results of the energy and environment programme are that: (a) global environmental concerns and commitments are integrated into national development planning and policy; (b) the information base and available data on environmental issues are enhanced; (c) government financial resources for environmental management activities are increased; (d) a framework for sustainable development issues is developed and disseminated for analysis and debate; (e) legal and regulatory frameworks for environmental planning and management are established, including the legal basis for rejecting unsustainable methods and overexploitation of environmental resources; (f) the number of skilled and trained local authorities employed for programme design and implementation in this sector increase; (g) sustainable energy strategies, including energy saving programmes, are developed.

**IV. Management arrangements**

37. To ensure consistency with the main thrust of the CCF, management arrangements will be based on globally acknowledged good governance principles.

**Execution and implementation**

38. To ensure the application of such principles, advisory/steering committees will be established to provide for more inclusive and negotiated consultative processes between project recipients and project beneficiaries and with the respective policy-making authorities. Timely and efficient execution backup will be provided by the country office in Belgrade and its liaison branches in Podgorica and Vranje. In the short term, direct execution will be the first-choice modality and the use of national expertise before turning to international consultancy markets. Support for policy and programme development (SPPD) and science and technology committee (STC) services will be secured from United Nations organizations. An early selective shift towards national execution will be promoted in those situations where institutional competencies have been consolidated on managerial and executive levels with proper systems of accountability and performance management. In Kosovo, capacities to use the national execution modality will be limited in light of the forthcoming transition to self-government. Although direct execution will be the preferred modality at the start of the programme, a strategy will be developed to move to national execution within the life of the programme.

**Monitoring, review and reporting**

39. UNDP will assume a pro-active partnership role beyond traditional forms of monitoring and evaluation – distance monitoring will be replaced by monitoring and review through association and risk sharing. Such an approach is consistent with the UNDP shift from the traditional role of a development donor to development agent and stakeholder. It will also respond to the increasing interest of multi-bi donors to partner with UNDP in Yugoslavia. In addition to mandatory use of UNDP results-based management tools and individual donor reporting requirements, every effort will be made to publicize the outcome/impact of project/programme activities by
using ICT techniques and other media and publications.

Resource mobilization

40. In light of the complexity of CCF undertakings, which require wide and in-depth interventions at various levels of demand, effective fund-raising will be essential for CCF feasibility. Established UNDP working relationships with government bodies responsible for international technical and economic cooperation will therefore be strengthened to enable the continued presence of UNDP at the core of external aid demand and supply in both the domestic meetings and international donor meetings. Although the adverse economic situation in the country is still preventing Yugoslavia from participating in more significant financial resources, national cost-sharing arrangements will be encouraged whenever possible and on a case-by-case basis to promote the country’s transition from its current recipient-assistance status to a partnership-cooperation development modality. Kosovo finds itself in a situation of rapidly declining resources. To facilitate resource mobilization within this environment, UNDP will develop a partnership development and resource mobilization strategy.
Annex


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*Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: AOS = administrative and operational services; EAR = European Agency for Reconstruction; ERD = Emergency Response Division GEF = Global Environment Facility; SIDA = Swedish International Development Cooperation Agency; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.