

Country Programme Evaluation Serbia 2006 - 2008

Final Report

**This is a report on an independent evaluation.
It reflects the views of the evaluation team, which are
not necessarily identical with those of the
Austrian Development Agency and the
Austrian Ministry for European and International Affairs**

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ABBREVIATIONS

ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
AP	Autonomous Province (Vojvodina)
APF	Agricultural Export Promotion Fund
BBI	Building Business Incubators
BSC	Business Standardisation and Certification Scheme
CESS	Centre for Strategic Economic Studies
CG	Coordination Group
CIM	Centrum für internationale Migration und Entwicklung
CLC	Centre of Legal Competence
CP	Country Programme
DACH	Deutschland-Austria-Schweiz
DACU	Development and Aid Coordination Unit
DeGEval	Deutsche Evaluationsgesellschaft
EAR	European Reconstruction Agency
EC	European Commission
EES	European Employment Strategy
E&D	Economy and Development
EU	European Union
GDP	Gross Domestic Product
GG	Good Governance
GoS	Government of Serbia
GTZ	Gesellschaft für Technische Zusammenarbeit
H&A	Harmonisation & Alignment
HDI	Human Development Indicator
HR	Human Rights
IRDP	Integrated Regional Development Programme
IPA	Instrument for Pre-Accession
ISDACON	Inter-sectoral Development Assistance Coordination Network
IQS	Integrated Qualification Scheme
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MFA	Ministry for European and International Affairs (Austria)
MIER	Ministry of International Economic Relations (Serbia)
MoF	Ministry of Finance (Serbia)
MoLESP	Ministry of Labour, Employment and Social Policies
MoU	Memorandum of Understanding
NES	National Employment Service
NGO	Non-governmental Organization
ODA	Official Development Assistance
OECD/DAC	Organisation for Economic Co-Operation and Development / Development Cooperation Directorate
PIU	Programme Implementation Unit
PRSP	Poverty Reduction Strategy Paper

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RDA	Regional Development Agency
SEval	Schweizerische Evaluationsgesellschaft
SAP	Stabilization and Accession process
SDC	Swiss Development Cooperation
SWAp	Sector Wide Approach
SME	Small and Medium Enterprises
SWOT	Strengths, Weaknesses, Opportunities, Threats (management-Tool for Analysis)
ToR	Terms of Reference
TA	Technical Assistance
UNDP	United Nations Industrial Development Organization
VIP	Vojvodina Investment Promotion Agency
WB	World Bank

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In addition, KEK-CDC would like to thank all persons interviewed during the evaluation in Vienna and Serbia, including representatives from national and local government, and implementing agencies as well as donor agencies, for their openness and willingness to share information with us.

Finally, thanks to Mladen Momcilovic who participated as the independent local co-evaluator. The team leader benefited greatly from formal and informal sharing of information and findings, and from the general strength of team spirit that prevailed throughout the evaluation period.

EXECUTIVE SUMMARY

Background and Objectives

This is a report of an independent evaluation of the Austrian Country Programme Serbia 2006-2008. The evaluation was commissioned by the Evaluation Department of the Austrian Development Agency (ADA) with the purpose of drawing conclusions and recommendations for the programming of the future Austrian Cooperation with Serbia on the basis of the current engagement. Therefore the evaluation should

- analyse and valorise the actual Country Programme and its project portfolio
- identify strengths and weaknesses within this Country Programme and
- elaborate specific recommendations for the elaboration of the future Country Programme Serbia.

Methodology

The evaluation was conducted in four phases and started with an analysis of relevant documentation and telephone interviews for the Inception Report. The team leader of the evaluation suggested the assessment of altogether five projects complementary to the assessment at programme level. This focus and methods for the evaluation have been then discussed and approved at a round-table workshop in Vienna, followed by a desk-study and a field visit in Serbia in September 2008. The evaluators managed to visit the priority areas in the North, Central and South of Serbia and complemented the mission with national and international stakeholder interviews in Belgrade. On this basis the evaluators prepared the draft report which was discussed with the Ministry for European and International Affairs (MFA) and the Austrian Development Agency (ADA) in Vienna in October, 2008. The final report has been elaborated on the basis of the feedback given in this last workshop and written comments.

The evaluation team consisted of two international (a senior consultant and a junior consultant for conducting the desk study) and a Serbian co-evaluator.

Observations

Findings at programme level: The Country Programme Serbia 2006-2008 has been participatory elaborated in Serbia with relevant national and international stakeholders and corresponds widely to national policies and strategies. From beginning onwards a clear focus was put on supporting the European Reform Agenda with reference to the Stabilization- and Association Process (SAP). With its broad framework given by the MFA, the Country Programme Serbia evolves very much from the specific engagement in Serbia. Nevertheless, despite this clearness the Country Programme document suffers severely from its vagueness and generality: ADC engagement is not adequately positioned in the regional context or in the context of Austrian development aid. It is difficult to understand what ADC wants to achieve through its engagement in Serbia and how ADC wants to achieve its objectives. The log frame as part of the Country Programme document cannot be used for any clarifications in this matter. Neither can it serve as a tool for working on a programme basis: there is no causal link between inputs, processes, outputs and outcomes, there are no indicators, the target groups and the expected results are not even mentioned. On this basis monitoring and steering of ADC activities is not possible.

However, over the years ADC managed to build up a reputation which is quite outstanding: ADC's engagement is widely acknowledged and accepted. Although being a rather small donor, many national and international stakeholders have high expectations that ADC becomes more involved in the area of Regional Development and takes over the coordinative lead among the donor community. Although ADC has clearly some comparative advantages in this area, this

decision has to be thoroughly thought over, especially in regard to the coordination management with national and international stakeholders. Otherwise it will be difficult to achieve any impact.

The coordination within the donor community is rather informal and works reasonable at project level when synergies can be created. It is important to know that donors in Serbia do coordinate rather with the respective line ministry in Serbia than with the national Development and Aid Co-ordination Unit (DACU) at national level. Although DACU is regarded as technically competent the work of this unit is not directly linked to the national budget process. There is no direct benefit for Serbia to coordinate on this level with the donor community. Furthermore, it seems that the donor alignment to national policies is hardly the case in Serbia as alignment in this country means aligning towards the EU-reform agenda. For ensuring this kind of alignment, the European Agency for Reconstruction (EAR) was in the driving seat during the past years; the international donor community followed closely the respective demands and needs within the EU-reform process. It is actually feared by the donor community that the phasing out of EAR by the end of 2008 and the handing over of 400 open files to the EC Delegation in Serbia will create some confusion, if not failures, due to the limited capacities at the Delegation.

Findings at project level: the evaluation assessed the relevance, the effectiveness and efficiency, and the sustainability of the following projects:

- the *Integrated Regional Development Programme* (IRDP) in the Autonomous Province Vojvodina
- the *Municipal Improvement and Revival Programme* (MIR II) in the South of Serbia
- the *Austrian Technical Assistance to the Development of Reformed Land Legislation*
- the *Austrian Technical Assistance to strengthen the Capacities of the Serbian Coordination Unit*
- the *Severance to Jobs* (StJ) programme.

The Evaluators can state that all projects were highly relevant for the development of Serbia. The IRDP enters now into a new phase of consolidation. The focus of IRDP has to be re-assessed as only six out of 14 components are supported by the only donor (ADC). The fact that the programme introduces a fundamental change within the public administration has been not adequately considered yet. The programme actors have to leave the old, well-trodden paths of socialist habits in favour of modern management procedures. The big challenge for ADC in the future Country Programme is how to manage this change process.

The MIR II came to an end exactly when this Country Programme Evaluation has been conducted. This project was efficiently and effectively implemented by UNDP, producing all the expected results. Questions raise when it comes to sustainability aspects as the newly established Regional Development Agency (RDA) is not consolidated enough for the management under its own responsibility. This is where ADC comes into in future: With Austrian support the regional development should be further pushed ahead. Critically is the timing: with the phasing out of UNDP many of the former staff involved in MIR II have left. ADC has to connect with these people as they represent all the competencies and expertise for regional development in this area.

The Land Reform project was a joint engagement of ADC, the German Technical Cooperation and the Swiss Development Cooperation. Whereas the specific results (like draft laws, option papers, action plans) have been successfully produced according to the project documentation the whole project as such failed as the new legislation has not been adopted.

The Austrian support to the DACU aimed at the harmonization of the Serbian external development assistance database with the OECD/DAC classification. This project can perfectly serve as a efficient and effective effort to build up local capacity at national level.

The project Severance to Jobs is a comparatively young project engagement, having a commendably and promising innovative character in the area of active labour market measures. A

mid-term evaluation has been already conducted. Its results were confirmed also during this Country Programme evaluation: the project intends to assist 5'000 to 10'000 redundant workers in transferring them into other (permanent) contracts. As it appears the interest of the target group in getting employment in a private sector company is much lower than expected. Most of the project beneficiaries prefer self-employment (and enter into this). There are also critical aspects in the capacity building activities at the NES branches, the centres which are supposed to facilitate between redundant workers and potential employers. Adaptations in the project conception are unavoidable.

Lessons Learnt

The future Austrian Country Programme for Serbia should take the following lessons into consideration:

- The programme concept for Serbia is very much shaped by the EU reform process.
- The ADC focus on the priority area 'employment and employability' proved to be useful and corresponds with the national and European agenda. A policy dialogue is obviously led and ADC activities are visible and acknowledged by national and international stakeholders.
- After a few years of cooperation with Serbia ADC's presence is very much appreciated by national and international stakeholders as a small but very effective and flexible donor. ADC is particularly esteemed due to its good cooperation system and the high quality of its technical support.
- Increasing Poverty in Serbia is caused by the ongoing transition process in Serbia which produces winners and losers (eg unemployed). As ADC activities include the benefit also on micro level (e.g. the individual beneficiaries of StJ or IRDP) the relevance of ADC's activities in terms of poverty reduction is given.
- The priority area 'economy and development' has great potential for increased Austrian-Serbian cooperation, e.g. adding PPP-activities into the programme. This would mean that the existing Austrian technical support would be meaningful complemented.
- The persistence of the old mentality – deeply rooted in old socialistic habits – has been underestimated. It would be helpful to perceive the transition process of Serbia as a change process which requires accompanying measures (eg training of change agents, more dialogue components in the programmes, clear and strict project management, management by results, etc.)
- Serbia suffers from a sincere management deficit. The focus on capacity building should also be a cross-cutting issue while working with organisations, institutions and authorities. This is a pre-requisite for a functioning social market economy.
- The issue 'regional development' is a primary topic in Serbia. ADC is at the best starting-point for taking the lead and has also the confidence of the international donor community.
- Due to the strong EU focus donor coordination is also a political matter. It can be expected that the biggest coordination efforts have to take place where the EC Delegation intends to allocate most of its funding.

Recommendations

For the elaboration of the future Country Programme Serbia KEK-CDC recommends the following:

at the level Country Programme Serbia

1. The MFA and the ADA should clarify and define jointly with Serbian Partners the overall objective of ADC contribution to Serbia.
2. The MFA and ADA should jointly elaborate a log frame i.e., in a two-days planning workshop.
3. The ADA should maintain the focused approach in Serbia (support to the EU reform agenda) and the thematic issues but should clarify why the sector 'education' is part of the country programme.
4. The ADA should elaborate more specifically the concept of regional development and put it into context of Serbia. Examples of other countries should be used as reference as well.
5. ADC should also assess the links between the various projects in the North (IRDP), the South (post-Mir II) and nation-wide (StJ) and should create synergies (eg exchange of experiences and lessons learnt in the context of regional development, capacity building, etc.).

at the level projects:

the Integrated Rural Development Programme

6. ADA should assess and adopt the programme from former 14 components to six components. This includes the assessment (and re-formulation) of the programme objectives and the description of how the components contribute to the achievement of the programme objectives.
7. The PIU should establish a M&E system at programme level.
8. ADC and PIU should elaborate strategies how to strengthen the components inside the public administration that the goals of the respective component can be achieved. Training in change management should be compulsory for those Administration Officer directly involved in the programme.
9. ADC should elaborate programme strategies with the Coordination Group and CESS to support CESS in becoming a change agent. Specific training for CESS staff is needed as well as the declared political back-up by the Coordination Group.
10. The PIU should critically reflect its own role and should elaborate how to support the six components as a service provider.
11. ADC should consider examples of regional development on neighbouring countries and should integrate the lessons learnt in the IRDP.
12. ADC should elaborate options how to link with other donors (eg consider issues like introduction of GlobalGap Standards).

the continuation of the Municipal Improvement and Revival Programme

13. ADC should establish a M&E system which monitors not only the outputs but the outcomes as well.

14. ADC should ensure in its new engagement that the establishment of the RDA is first of all consolidated and has the full support of all municipalities. When this is ensured further steps can be taken.
15. For consolidation purposes ADC should assess whether the number of staffs in the RDA is appropriate and whether there is any opportunity to employ former local UNDP staff. The salary issue should then be looked at as a timely investment in the consolidation of the RDA.

the programme 'Severance to Jobs'

16. ADC and UNDP should revise the objective concerning the assistance of 5'000 to 10'000 redundant workers as it is unrealistic to be achieved.
17. ADC and UNDP should revise the programme concept in favour of assistance for redundant workers who choose self-employment. Additional project activities like consultancies, micro-credit line, etc. have to be considered and included. The budget line for arranging SWAPs (\$750'000) can be used. Micro-credits should be organised as a revolving fund to ensure that the programme can assist as many redundant workers as possible.
18. UNDP should elaborate programme strategies for a better inclusion of NES staff in the branches. The UNDP staff should have only an assisting and consultative character. The NES staff should be the main carrier of the work.

1 INTRODUCTION

1.1 Purpose and Objective of Evaluation

Within the International Cooperation, specific activities and projects are nowadays subsumed into programmes which are strategically oriented and focus more on structural impact contributing to transformation and development processes. A central concern of the international community is how to increase the efficiency and the aid effectiveness of Bilateral or Multilateral Cooperation and how to align donor policies with the national objectives of the recipient countries as expressed in the respective national policies and strategies.

The evaluation of Austria's Country Programme Serbia 2006-2008 reflects this kind of donor orientation. Since 2002, the Austrian Government has provided around 18€ Mio for bilateral and multilateral projects in Serbia. Within this period the focus of cooperation shifted from post-conflict Interventions in the beginning to a more development-oriented cooperation as it is expressed in the actual Country Programme Serbia.

This evaluation should obtain information about some central aspects of Austria's former programming practices and experiences in Serbia while analysing the cooperation with Serbia from 2006 to 2008. The insight gained in this process should finally feed into the future strategic orientation of Austria's up-coming Country Programme Serbia 2009-2011.

According to the Terms of Reference the evaluation should

- analyse and valorise the actual Country Programme Serbia and its project portfolio
- identify strengths and weaknesses and
- elaborate specific recommendations for the elaboration of the future Country Programme Serbia

1.2 Composition of Expert Group and Course of Evaluation

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During the evaluation, the consultants undertook the following steps:

Within the 1st phase a rough stock-taking was done to gain a first overview about ADCs intentions, directives, activities and financial resources. This has been complemented firstly by telephone interviews with key stakeholders of the programme. The consultants looked at the strategic orientation, the level and the mechanism of ADC cooperation in Serbia. Working assumptions were formulated accordingly and deepened in the Inception Phase of the evaluation.

A workshop held at Vienna Headquarters on 22nd of August 2008 finalized this Inception Phase while discussing the Inception Report with representatives of Austrian Development Agency (ADA) and the Ministry for European and International Affairs (MFA).

The 2nd phase included a thorough desk study to further elaborate the programming practice as documented by Austrian Development Cooperation (ADC). In parallel the field mission has been prepared in close contact with the ADC Cooperation Office in Belgrade.

The field study took place for ten days in September 2008, bringing the evaluators to Belgrade as well as into those regions which have been chosen by ADC and the evaluators. During the whole mission the evaluators were in constant dialogue with the new ADC Coordinator and de-briefed regularly about their findings.

The final phase included the drafting and submitting of the report. A second workshop was held in Vienna to present the findings, conclusions and recommendations to ADA and MFA. The report was finalized and submitted to ADA based on their comments.

1.3 Methodology of Evaluation

The evaluation was conducted in phases. The Inception Phase at the beginning focused on the clarifying the mandate, the methods and the evaluation focus. On the basis of the programme documentation provided by ADA the evaluation team conducted a rough stock-taking of the activities from 2004-2008. This first assessment helped specifying the key-questions of the Terms of Reference (ToR) and led to the elaboration of the evaluation matrix. The latter is a simple chart which lists up each evaluation question and relates them to the relevant indicators, source of information and methods for data collection. The evaluation matrix has been included into the Inception Report. Before the field work started the Inception Report was discussed with the MFA and ADA in Vienna. This Inception Workshop was an important milestone during the course of the evaluation as the evaluation team and the commissioning agency worked out a common understanding of the mandate and the related tasks.

The following methods have been used for data collection and analysis of relevant information:

- Analysis of programme/project documentation and relevant secondary literature
- Interviews with key persons (semi-structured with guiding notes) in Vienna and Serbia
- Telephone Interviews
- Site visits
- Direct Observation
- SWOT – Analysis.

Although focusing at the programme level, the evaluators and ADC jointly agreed upon the assessment of selected projects to have a more specific and detailed assessment of operational issues and the responsiveness of ADC respectively, and of its activities towards changing framework conditions in Serbia. Although the projects differ in content and outcome level, the underlying project causality of each of them could help to reflect how results are achieved and how they correspond to the requirements of a coordinated and aligned donor policy.

The first assessment of the selected projects revealed that the project „Austrian technical Assistance to the development of reformed land legislation“(listed as E in the ToR) and the project „Austrian Technical Assistance to strengthen the capacities of the Serbian Aid Coordination Unit (DACU)” (listed up as G in the ToR) were only partially adequate for a thorough assessment. Whereas the project outputs from project E failed to be implemented (the envisaged bill for land reform has not been adopted by

the Serbian Government¹), the project G was a one-off support by Austrian Experts (ADA has send out two IT-Experts for adapting Serbian statistics to OECD/DAC standards). It has been decided on the Inception Workshop in Vienna that both projects remained included in the evaluation but that only certain aspects should be assessed. Additionally, it has been decided to take up another project, „Severance to jobs“. The assessment of this project should serve the intention to make validated statements about a project working on micro (individual worker receiving a severance payment), meso (companies, local/regional public employer) and macro (capacity building of national employment service, MoLESP) level, combining the two topics economy and employability.

The triangulation of the data was done on a comparative basis

- from project documentation to the information provided by project partner in interviews
- from interview to interview
- from interviews held with representatives of ADC to interviews with other stakeholders
- from secondary literature to the information given in interviews
- from observation to interviews.

Furthermore, during the field visit the team leader held close contact to the ADC representative in Belgrade and had several de-briefing sessions to verify the information given by project partner.

Central documents which were elaborated during the evaluation helped to guide the evaluation team and ADC through this exercise. Besides other outputs, the evaluation matrix and the mission diary are important to be mention. All documents are attached in Annexes as well as a detailed list of the interview partners.

Available Principles and Criteria for evaluation (OECD/DAC 1998, SEval 2002) were considered to the extent possible.

¹ Following elections in early 2008, the Ministry responsible for the project was dissolved leading to a discontinuation of contacts; new responsibilities have not been clarified yet.

2 PROGRAMME CONTEXT IN SERBIA

2.1 National Serbian Development Strategies

Serbia has experienced five different coalition governments since the fall of Milosevic in October 2000. The many changes in the political country leadership considerably slowed down the progress of elaborating and implementing national development policies. Especially the implementation of the Poverty Reduction Strategy Paper (PRSP), elaborated in 2003, did not make sufficient progress due to the political and governance instabilities. Until today, limited capacities in the public administration, lack of communication between the different ministries, the maintaining of old socialistic structures and habits makes it difficult for Serbia to embark upon a modern democratic future. In comparison to other countries within the region, Serbia is in pre-accession to the European Union but progress is rather slow due to the on-going proceedings in The Hague and Kosovo. However, presidential elections were held in February 2008 and pro-European President Boris Tadic (Democratic Party) was re-elected in a second round. Arguments within the governing coalition over how to respond to Kosovo's declaration of independence in February 2008 caused the government to collapse. Following the latest Parliamentary elections, the new Government, with a European future for Serbia on top of its agenda, was formed on July 6th, 2008. The new government gives hope for a more focused development agenda in future while prioritizing the EU reform agenda.

It is important to acknowledge that there are two multisectoral medium-term strategies which are not pursued with equal vigour by the Serbian government: the Serbian National Strategy for EU Accession and the Poverty Reduction Strategy Paper for 2004-10. The Serbian National Strategy for EU accession was adopted by the Government and by the Serbian Parliamentary Committee for European Integration in 2005. The Strategy provides a coordinated set of measures, policies and institutions whose implementation is necessary for EU accession, as well as a plan for further aligning domestic legislation with the *acquis communautaire*, which comprises the entire body of European laws, including treaties, regulations and directives. The Strategy is the key framework of internal reforms and adjustments conditioned by the EU accession process. The Government also adopted an Action Plan for the Implementation of Priorities of European Partnership in April 2006. Together with the Serbian National Strategy for EU accession, the Action Plan for the Implementation of Priorities of European Partnership currently forms the EU strategic framework, which would be extended by a *National Programme for the Adoption of the Acquis under the Stabilization and Accession process* (SAp).

The main policy recommendations and priorities of the PRSP with its strong focus on economic development and social inclusion are complementary to the development goals associated with future membership to the EU. The implementation of the PRSP within the given timeframe, however, is not fully aligned with the Stabilization and Association process (SAp) due to differing short- to medium-term priorities and sequencing. Efforts are being made to move towards a unified national development framework that consolidates and builds on the existing PRSP and the Stabilization and Association process. Some explicit links to the SAp were made in the PRSP, and the first PRSP Progress Report, finalized in October 2005, lays out the complementarities between the two approaches. Additionally, there are a number of sector and subsector strategies that are aligned with the PRSP, for example the National Employment Strat-

egy, the Social Welfare Reform Strategy and the Strategy for the Development of SMEs, among others. With the establishment of a National Council for Gender Equality in early 2006, a national strategy for gender is underway, in line with the PRSP.

The links between policy priorities and budget are weak. Therefore several donors regard the PRSP as not being policy relevant. The Development and Aid Coordination Unit DACU – a small unit within the Ministry of Finance (MoF) – is responsible for linking up the government and the donor community. DACU is working hard on improving the situation between the various actors to make the financial aid flow more effective. These efforts are supported by DfID. At the same time the European Agency for Reconstruction (EAR), the management unit for EU-funding, was providing support to the Budget Department of the MoF. The government intends to switch to a programmatic budget approach in order to establish stronger links between the policy planning and budgeting processes. These efforts have been supported by Norway. However, the governmental capacities are considered as extremely low, particular when it comes to financial management. According to donors' assessment it will take at least several years before the capacity building measures will show first results.

2.2 National Strategy for Serbia's Accession to the EU

Serbia is still moving in small strides along the reform path. While saying this, it has to be considered that the whole reform process in Serbia is still impeded by the heritage of the former Milosevic regime. This in part explains the low dynamics in reforming the country from its old socialist past; however this history does not make it easier for Serbia. Actually, in getting foreign investments Serbia competes vigorously with other ex-socialist countries which have already established much more favourable conditions for investment as compared to Serbia. The pressure on Serbia is high to line up with other EU-Accession candidates and to use foreign investment for its own sustained economical growth. The poor integration of Serbia into the region makes it even more difficult for the country to move closer to other countries of the region. .

The new Serbian National Strategy for EU accession includes the following aspects:

- a synthesis of operational directives for the Government, ministries and other public institutions involved in the EU integration process
- a basis for the development and implementation of the integration programmes by sectors and activities, and
- a basis for the coordination of sector priorities in the European integration process.

The reform process depends very much on Serbia's ability to successfully implement a denationalization strategy. But institutional pre-requisites for denationalization are still missing yet and, for example the establishment of regional institutions like a 'Regional Development Agency' which primarily link the national level with the local level. Due to the fact that these links are missing over the whole country, the actual Serbian denationalization strategy can be described at best as a 'de-concentration strategy'.

The national and local institutions and bodies are fully oriented towards the IPA funds (Instrument for Pre-Accession). During the evaluation mission, there was not even one single governmental or local unit which did not claim to strive for (future) alignment to IPA. There are high expectations that the funding will lead to the envisaged economic growth in the country. But there is exists at the same time a considerable risk as the EAR is phasing out and transferring all pending files to the EC Delegation. Obviously

the EC Delegation has to cope in future with limited capacities on one side and an enormous pressure to allocate the funds as quickly as possible.

2.3 National Employment Strategy

The objectives formulated in PRSP and the SAp have been reinforced in the National Employment Strategy (2005) and National Strategy of Economic Development (2006). Originally, the Serbian National Employment Strategy 2005-2010 (NES) has been inspired by the European Employment Strategy (EES) and was adjusted to the labour market conditions in Serbia. But whereas the EES is mostly labour supply oriented, the NES is both demand and supply oriented.

NES has been elaborated on the basis of a regional study which determined low, moderate and high risk regions in the area of employment on the basis of indicators like the socio-economic status, the speed of restructuring, the diversification of economic structure and the quality of the labour force.²

Although Serbia has achieved good rates of growth since 2000 and its transition to a competitive market economy is underway, the Gross Domestic Product (GDP) per capita is now among the lowest in Europe. The country suffers from a large labour surplus, and the restructuring of the economy is still in a phase where many jobs disappear at the same time as new jobs are created. In this situation, it is crucial to establish the best possible conditions for creating more new jobs in market conditions. According to an OECD review of labour market and social policies in Serbia (June 2008) the country must urgently improve the functioning of its labour market to catch up with more advanced economies. Despite many reforms, new business growth until now has been far too slow to compensate for job losses elsewhere. Recent reforms of labour law should be followed up by further efforts to improve the climate for business and productive work. Labour regulations must be flexible, but they should also be enforced more consistently. For all this to happen, it is essential that an effective social dialogue can take place and that it encompasses expanding and declining segments of the labour market.

A weakness in Serbia's recent labour market performance has been the 'anaemic' growth of employment in new small firms (something which is taken up by ADC in the 'severance to jobs'-engagement, chapter 4). OECD strongly advocates that authorities have to seek out how to facilitate business start-ups by streamlining administrative procedures. It should be priority for Serbian authorities to remove these barriers and make the public administration more supportive to small enterprises.

Serbia policy makers have acknowledged the importance of initiating a social dialogue while striving for economical reforms. For this purpose, tripartite Councils have been established at national and regional level in which existing labour market associations are represented. According to OECD the social dialogue remains insufficient if it does not encompass both growing and declining segments of the labour market. In order to achieve this, it appears important to consider possible ways of giving voice to groups that are not well represented in the tripartite councils, eg workers of small firms.

2.4 Situation in the Vojvodina and Southern Serbia

While the issue of the Kosovo independence still occupies Serbian foreign affairs Serbia continues to experience sharp socio-political cleavages resulting from a traditional

² South Serbia - particular where ADC continues its post MIR II engagement – is labelled as high risk region.

split between developed Belgrade area, province of Vojvodina, and the evolving South West Serbia, and underdeveloped Southern and Eastern Serbia.

The regional economic disparities within Serbia are the greatest in Europe and constantly increasing. The Southern Serbian has one of the lowest Human Development Indicator (HDI) in Europe. The part bordering with Bulgaria and the central/southeastern parts of the country are facing enormous economic and social difficulties. The poverty in rural areas have been twice as high (14,9%) as that of urban areas (7,1%) over the past years. The widening of these regional disparities in Serbia is reported to be one of the alarming current trends in the Serbian PRSP reports for the past few years. Since the beginning of transformation those disparities also derive from the process of socialist industrialization and urbanization, sometimes characterized by irrational regional arrangement of business activities, command economy allocation of production and the prevalence of sectoral criteria as opposed to regional criteria. The absence of an adequate and responsive institutional framework for a more balanced regional development and the lack of a strategy for regional development and institutions also contributed to this alarming situation. Currently, many observers of Serbia's development see Southern Serbia not as an underdeveloped region but as a region facing economic collapse.

The Province of Vojvodina is situated in the north of Serbia and borders the EU. With its status of an Autonomous Province, this region enjoys an increasingly high degree of legislative and political autonomy. In spite of being traditionally one of the best developed regions in Serbia, Vojvodina faces challenges. Therefore the new government of the Vojvodina (headed by the reform oriented Democratic Party and first time united Vojvodina Hungarian minority leaders) strongly pursues the promotion of regional development. It is most likely that the upcoming years will bring more political stability which would strongly facilitate the international cooperation in this area.

The overarching problem in both the North and the South of Serbia is the centralization of Serbia. Problems persist although the Government of Serbia has launched an administrative reform programme, including both the decentralization of responsibilities and financial resources to the municipal level and the development of a regional policy. Parliament also adopted the new law on Local Government back in February 2002, and a ministry focused at the issues of local self-government was established in 2002, and in 2008 the one focused at the regional development. However, implementation of the law and relevant strategies and action plans are hampered by a generally weak public administration and changing political and realities pertaining to governance.

Although decentralization has not been explicitly made a pre-accession criteria nor the requirement under the Stabilization and Association process Serbia is committed to it. Regional and local planning and project implementation capacity will be definitely be required for using European Union Structural Funds and IPA funds. Therefore the local administration focuses on capacity building benchmarks. This includes particular new competences in planning, applying financial and governance instruments and management methods.

3 AUSTRIAN DEVELOPMENT COOPERATION WITH SERBIA 2004-2008

3.1 General Overview

The Austrian Development Cooperation (ADC) with Serbia takes place within a historically evolved regional framework: due to centuries of tight economical and cultural links to the Western Balkans the cooperation with Serbia is an essential part of Austria's foreign policy. Next to Albania, Bosnia & Herzegovina, Macedonia and Montenegro Serbia is a priority country for the Austrian Development Cooperation in the region. The prime goal as stated by the Austrian Foreign Ministry is to contribute towards the transformation of the Western Balkans into a zone of stability. Therefore, the focus is on supporting South-Eastern European countries in their efforts towards integration in the European Union.

The Austrian support started in 1999 with post-war interventions which gradually developed over the years into a broad range of activities like water and sanitation, education, social issues, economical development and so on. Economic links between Serbia and Austria have always determined the relation between these two countries. Beside Germany and Italy Austria became one of the most important trading partners of Serbia in the past few years. In 2008, Austria was even the largest foreign investor of the country.

In 2002, ADC established a Technical Cooperation Office in Belgrade hosted within the Austrian Embassy. With the establishment of ADA a Coordination Office has been established outside of the Austrian Embassy. The Coordination Office is solely responsible for the operational management of ADC activities in Serbia. The Austrian Foreign Ministry remains responsible for the strategic orientation of the Austrian development policy in Serbia and ensures political back-up of the Coordination Office through the Austrian Embassy.

3.2 The Country Programme Serbia 2006-2008

3.2.1 Focus and Objectives

The Country Programme Serbia 2006-2008 is the first Austrian Country Programme for Serbia. At first glance the document is clearly structured, broadly describing the cooperation framework from the country context (general challenges and potentials). The country programme refers explicitly to Serbian development policies and strategies: the Poverty Reduction Strategy Paper, the National Strategy of the Republic of Serbia for Serbia's Accession to the EU, and the National Employment Strategy 2005-2010. Other relevant Serbian policies are listed in bullet points. These style elements are meant not only to keep the text readable but also to cut out the analysis for the programme focus and overall objective as stated in the document:

"ADCs overarching programme objective in Serbia is to increase employment and to promote European standards and values." (Country Programme, page 12)

Looking at the Country Programme again some shortfalls are revealed and indicate towards an insufficient planning process:

- The document does not refer to how Serbia is integrated into the regional context nor does it mention that Serbia is a priority country for the ADC. But these features determine to a considerable extent the ADC cooperation strategy.

- It is difficult to understand the causal relationship between the general situation in Serbia, the definition of the overarching programme objective, the specific programme goal ('fostering employment and improving employability') and finally the cross-cutting issue ('European Standards and Values'). Due to a universal drafting this derivation appears somehow arbitrary.
- The description of what ADC means while referring to *European Standards and Values* remains somehow vague. Standards are related to determined procedures and quality levels, values reflect commonly agreed quality standard (like human rights, democracy, protection of minorities, etc) and are therefore often mainstreamed. It would be helpful to have a clearer distinction between 'standards' and 'values'. Which 'European standards' should be established at what level? What European values should be mainstreamed in Serbian and how? And how does ADC monitor and assess whether these values have been adopted by the Serbian stakeholders and are pursued by them? A lot of questions arise about the feasibility of mainstreaming European standards and values as a cross-cutting issue.
- The primary target group and the expected results of ADC' intervention are not mentioned, likewise some indicators are missing. This makes it difficult to monitor the progress of the Country Programme and to measure the likely outcome. It is not clear on what level ADC is working (macro-meso-micro).
- The general vagueness of the Country Programme gets most obvious in the attached log frame which has been elaborated in 2007, one year after the planning processes came to an end. Besides reframing the timely elaboration of this planning tool, the information given in the log frame is more or less unusable: there is no causal link established between inputs, processes, outputs, outcomes and objectives, the definition of underlying assumptions is obviously not assessed according to their relevance and probable risks, indicators are neither quantified nor qualified.

All these aspects lead to the conclusion that the actual Country Programme Serbia was more a compulsory exercise than a (planning) tool for the elaboration and monitoring of ADC engagement at programme level. It can be also concluded that an active steering at programme level was therefore not in place.

Nevertheless, the shaping of ADC's engagement in Serbia was performed with clear strategic considerations:

- Although not reflected in the Country Programme, this document has been elaborated in a participatory process which even included a workshop in Serbia and thorough discussions with national and international stakeholders in Serbia.
- Internally, the draft document has been distributed and technical staff of ADA has commented on it. Feedback either lead to adaptations in the text or not when not founded.
- From the beginning onwards the country focus was clearly put on supporting towards the European reform agenda with reference to Stabilization- and Association Processes (SAp) and the change in status from 'potential candidate' to 'perspective of EU-accession'. This focus corresponds to the focus of national policies and other international donor agencies.
- The MFA aimed at a broad programmatic framework which should provide sufficient room for gradually elaborating the specific ADC engagement.

- Practical considerations about 'what to do' and 'how to do it' were in the beginning a matter of priority for the MFA and ADA. Several attempts for a wider institutional support on technical issues within ADA failed (cp 4.1. IRDP as an example of a missed opportunity to bring together internally different expertise for the profiling of ADCs engagement in the area of Rural Development). The technical support from other departments or units for elaborating the log frame causality or the design of regional development activities was according to the direct involved ADC staff members apparently very limited. Therefore, the specific (project) engagement has been mainly elaborated on the ground by the ADA coordination office in close dialogue with other donors, the national authorities and with the technical support of consulting companies and/or technical experts.
- The practical framing of ADC engagement was therefore very much oriented towards implementation and a swift operationalization.

3.2.2 The Programming: Selection of Sectors

When the programming for the actual Country Programme started, a whole range of various activities and initiatives were already in place³. But as already mentioned the original reform motor was not the PRSP-process but the envisaged EU-accession. Hence, the selection of sectors was very much along this focus, bringing the economical perspective more and more into the centre of the programme.

The focus on economic issues is clearly linked and coherent with

- the national development policies and strategies (cp economic reform process incl. structural and judiciary reforms, privatization policies, etc)
- the European policies and strategies (cp Stabilization- and Association Process)
- the Austrian development policies and strategies (cp Federal law §2.3 EZA-G; BMeiA principles of 'Die Österreichische Ostzusammenarbeit', ADA §8.3)
- and the OECD/DAC guidelines on 'Accelerating Pro-Poor Growth through Support for Private Sector Development'.

Whereas the sector focus on economic issues appears very comprehensible in the country Programme, the clarity disappears talking about the second selected sector in the country Programme which is 'education'. From the documentation it remains unclear why ADC has selected the sector 'education' and why ADC is prioritizing the specific area of 'Higher Education' as an important route for achieving the programme objective. A corresponded analysis (even in brief extracts) is missing. If ADC treats this engagement as a sector involvement, a separate analysis is required. In the actual Country Programme 'Higher Education' appears rather as subsumed under 'employability'. If ADC assesses educational activities in its Country Programme as being equally important as activities in the economical sector, then a more systematic approach is needed. However, ADC should not assume that all educational activities automatically serve the economy of a country as employment oriented education is not necessarily in the focus of all educational institutions. Furthermore, Serbia has its own national policies and strategies for improving the national educational services. These

³ In 2004, a Programming Workshop took place in Serbia in which representatives of the MFA, the Embassy, and ADA participated. In advance to this, stakeholders of various agencies and institutions were contacted to establish a first overview who is doing what in Serbia and what the needs are.

conditions of the context have to be considered and ADC has to describe how to take them into consideration.

3.2.3 Project – Portfolio

As highlighted in chapter 3.2.1. the project portfolio was created on the basis of very pragmatic considerations and not on the basis of a programme concept.⁴

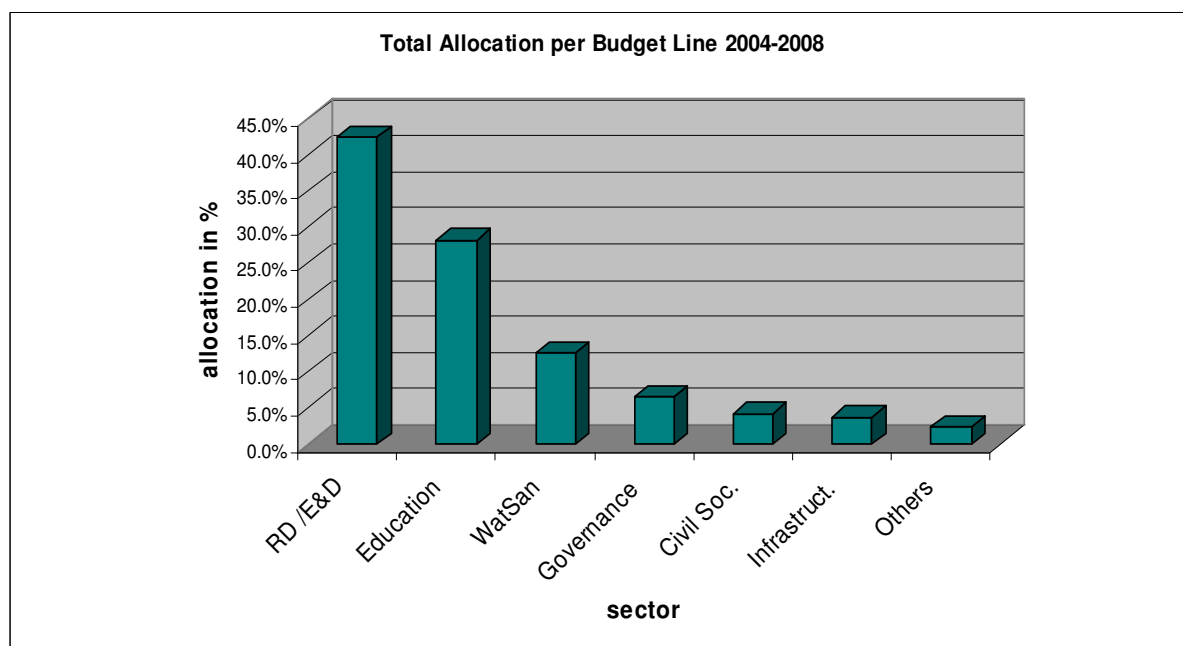
Reflections like the creation of synergies with other donors or the use of multi-bi approaches were important for ADC to enhance the outreach. Furthermore, the activities should also reflect the comparative advantage of ADC as a small donor: flexibility, partner-focused and dialog-oriented are the main characteristics which - in the view of national partners and the donor community - apparently compensate for the comparatively small annual budget. With the take up of existing niches in the portfolio (like IRDP, Severance to Jobs but also the planned continuation of MIR II) ADC can contribute and maintain an independent profile in Serbia. The link between all projects is clearly the focus on contributing to the capacity development of local structures.

The focus on economical issues is not entirely selflessly: For years Austria has had strong economic relations with Serbia. Therefore, the Austrian development engagement should not only contribute to the development in Serbia, but should likewise be attractive for Austrian companies to build new bonds or strengthen existing links into the region.

The examination of the country budget lines (as well as the regional South East Europe budget line) gives only a very limited overview about the actual ADC involvement in Serbia and its significance. However, it clearly shows a priority for economic initiatives:

Table 1: Allocation of Funds per Budget Line

⁴ In this evaluation report the term 'project' is used to describe specific ADC Engagement. The evaluation differs between the assessment of the Country Programme Serbia and the specific engagement in the context of this programme (the projects). The projects are in fact also programmes at a lower level (IRDP in the AP Vojvodina, MIR II in the South of Serbia, StJ implemented nation-wide).



According to the actual payments from 2004-2008 under the Serbia budget line, the bilateral cooperation mainly took place in the following sectors⁵:

- Regional Development (RD) / Economy and Development (E&D)
- Education
- Water Supply and Sanitation (WatSan)
- Governance
- Civil Society.

In this period the total disbursements were €11.8 million, whereas the contract volume was with €24.3 million actually much higher. 42.5% of the funding was channelled through activities in the sector Regional Development and Economy and Development (RD / E&D) and include programmes like IRDP, MIR I/ MIR II, and Severance to Jobs. The educational sector received about a third of all disbursements, with a strong focus on higher education. Under the sector water supply and sanitation 12.6% was spent, and the sectors governance and civil society were each about 5%.

3.2.4 Harmonisation and Alignment

The Country Programme refers critically to H&A practices in Serbia: It states that the core principles as agreed in the Paris Declaration on Aid Effectiveness have only limited effects in Serbia because of the strong orientation towards the EU reform agenda and related preparation for structural funds (like IPA). This statement is based on a critical observation of the H&A practices by ADC. Although the H&A practises in Serbia might be not ideal the evaluation team observed good starting-points for realizing good H&A practices. During the evaluation mission the team encountered a number of examples of donors' harmonizing efforts for aligning to the EU accession process. In Serbia, donor alignment means the alignment to the EU reform agenda – which is basically presented not by the Serbian Government at the forefront but by the European

⁵ In this compilation only actual disbursements have been considered. The Regional budget line South-Eastern Europe allocations to Serbia have not been considered.

Agency for Reconstruction (EAR) respectively from 2009 onwards by the Delegation of the European Commission in Belgrade.

The EAR was managing the cumulative portfolio of some €1.3 billion worth of European Union funds. The international donor community assessed the governmental capacities for absorbing EU funds as relatively low. Therefore the EC had (and still has) such a strong role to play in Serbia. Obviously the EAR has fulfilled this function so that donor agencies were willing to align and cooperate particular at local level resp. programme level. With the phasing out of EAR and the handing over of the CARDS programme to the EC Delegation, donor agencies are unanimously sceptical that the Delegation is actually in a position to continue the work of the EAR. There are first hints more or less that donor agencies are preparing themselves for a kind of 'self-organisation' by allocating informal roles to each other according to the institutional competences.

In this context, several donors clearly attribute a 'Regional Development' profile to ADC due to its engagement in the North and the South of Serbia. Within the donor community it is expected that ADC takes over the lead in this area. Or as the parting Director of EAR frankly said: "The new ADC representative has exactly six months after his arrival to develop into a R.D. expert."⁶ This function involves both being the coordinative focal point in R.D. within the donor community as well as elaborating technical aspects (eg the conceptual link between R.D. and economic issues). Although this undisputed acknowledgment by other donors should be appreciated, it is also very clear that this complex issue holds some risks related to the highly political issues surrounding the so-called de-nationalization policies. ADC should bear in mind that also other European countries (particular countries in transition) had to cope with these issues as well and are able to provide good (or bad) examples. Furthermore, the EC strategy in 2009 will most probably have a large impact on the regionalization as it took over all the files from EAR and is under pressure to spend the funds. Under these conditions it will not be an easy task to ensure complementarity and coherence.

It can be stated that H&A activities in Serbia do work better at the programme level and the regional level than at the national level. Although all donors highlight the competence of the national Development and Aid Coordination Unit (DACU), nearly all of the donors coordinate directly with the relevant line ministries⁷ Some of them stated directly during the interviews that the activities of DACU are not policy relevant due to the missing link between DACU planning activities and the national budget process of the Serbian Government.

As Serbia has 27 different ministries altogether (with comparatively very different level of capacities) it needs to have a central coordination platform at the national level. But the donor acceptance seems to be limited as the following example for the poor synchronisation between the national processes and the international responses demonstrates. During the evaluation mission DACU organized a donor conference to present the identified needs of Serbia for international support in the upcoming three years (cp 'Needs of the Republic of Serbia for International Assistance in the Period 2008-2010' published in September 2008). The point in time was poorly chosen as the donor agencies have already finalized their country programme planning for at least the next

⁶ This remark was also a hint to the possible outlook of Serbia being offered the possible EU candidate status in 2009.

⁷ At the moment, donors assess the actual situation as being favourable for having effective bilateral talks with ministries. This was obviously not the case under the former government.

two or three years. Some donors even admit that they do not consider the national needs assessments at all as the EU reform agenda is the leading policy.

3.2.5 Coordination

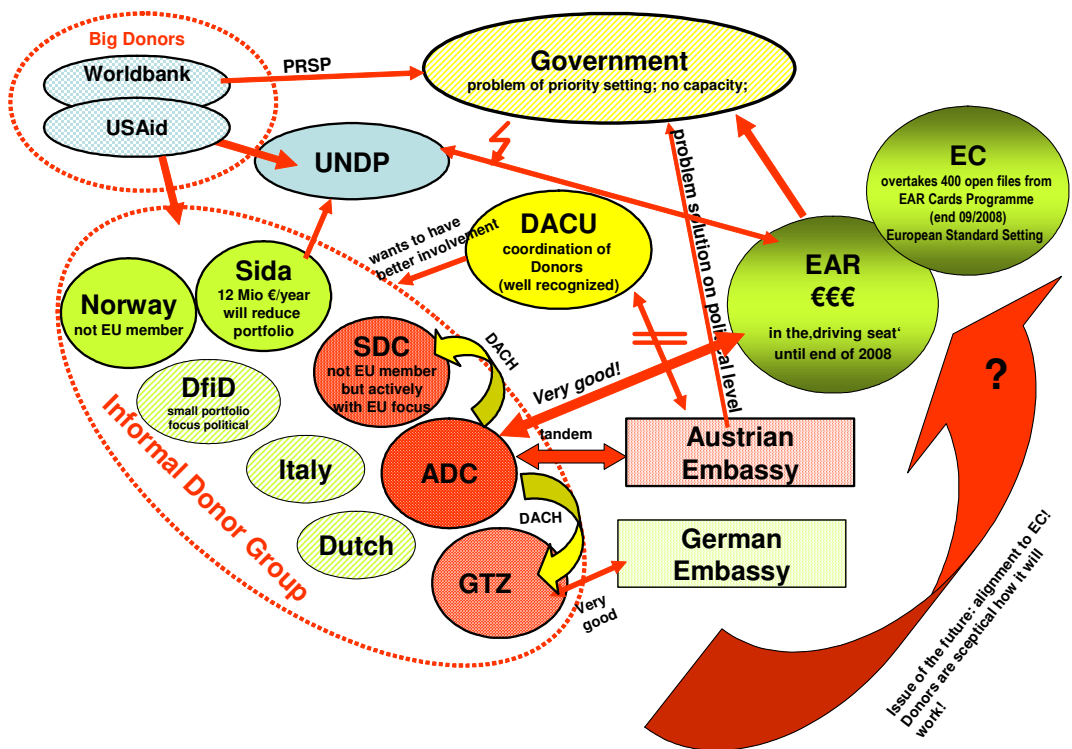
Coordinated action between donor agencies depends on more than just pooling of information. A joint agenda, a division of tasks and adequate individual performance have to follow suit. This kind of coordination does not take place in Serbia. Nevertheless, there are some examples of good practices at the project level.

Generally, the coordination mechanisms in Serbia are formally linked to the commonly known platforms and meetings like donor conferences, donor meetings, and similar venues. The sector-oriented donor coordination as common in other (mainly development) countries is less prevalent in Serbia as the international support towards Serbia mainly follows along the EU-agenda and is linked up to a lesser extent with sector classifications. Nevertheless, more important to know is that effective donor coordination happens rather informally, sometimes even on an ad-hoc basis. This applies particular to an informal network of small or like-minded donors, which includes The Netherlands, Sweden, Norway, U.K., Switzerland, Germany, Austria, and Italy.

More or less all donor representatives are well informed about each others portfolio and activities. It is remarkable that the 'strong nucleus' within the informal donor network also includes two non-EU member states (Norway and Switzerland). Even joint projects are launched, synergies are created and focus is steered towards the joint overall objective: the EU-agenda.

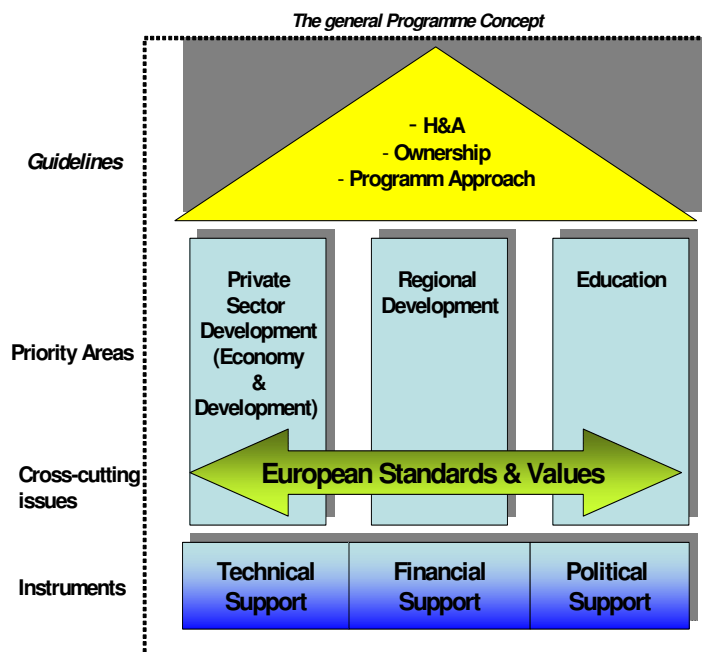
The informal donor group can be regarded primarily as an information exchange group as members do not form a homogenous group of donors which have joint planning and implementing procedures. Nevertheless, the meetings also offer the opportunity to intensify the coordination alongside specific projects or programmes or even to cooperate with each other. The programmes like IRDP or MIR are good examples for the coordinative collaboration between various donor agencies. Another good example for a more intensified cooperation can be found within the joining of the German Technical Cooperation GTZ, the Swiss Development Cooperation SDC and ADC towards a so-called DACH-group (projects like the land reform project (cp chapter 4.3) or the Djindjic scholarship programme, a programme which has been successfully elaborated by gtz in which ADC complemented the project at a later stage). On the other side, this informal donor network is permeable enough to allow big donors as well (e.g. US Aid) to join meetings when appropriate.

The following chart demonstrates the actual coordination mechanisms as they appear today in Serbia today. It is an illustrative graph which also highlights some areas of tension ADC should consider in its future Country Programme:



3.2.6 Working on Programme Basis: Overall Assessment of the Country Programme Serbia 2006-2008

The Country Programme (CP) Serbia 2006-2008 reflects primarily what ADC is actually doing in the country without explicitly stating what ADC wants to achieve in Serbia. Although the programme conception reflects the political agenda of Austria as determined by the MFA and the 3-year-programme of ADA and is aligned to national priorities and strategies, it is more descriptive than analytic and therefore provides limited guidance for the operationalization of ADC activities. Basically the conception describes only the following aspects:



The links in the programme conception are not clear and are better understood when assessing the specific engagement of ADC in Serbia: ADC is clearly focused along the EC reform agenda with the priority on supporting the economical and regional development. Furthermore, the programme concept does not provide any information for the monitoring and steering of the programme; but in reality the ADC engagement has been strategically built up, closely monitored and steered by the Coordination Office. The acknowledgment of ADC as an equal partner and the high acceptance of ADC activities by the international donor community and the national partners clearly indicate that all in all the Country Programme in Serbia was made a success. ADC's engagement has the reputation of being needs-oriented, demand-driven, flexible, and focused.

It can be concluded that the Country Programme Serbia needs first of all to have quality saving measures which can be achieved through a jointly elaborated strategy (definition of objectives!) and a log frame as well as the establishment of a Monitoring and Evaluation system at the programme level which covers mainly the levels output, outcome and intended impact. Furthermore, when elaborating a Country Programme ADC would benefit a lot from the in-house competencies and expertise. For example,

technical issues can be discussed on various levels. The elaboration of a log frame can be improved while combining the know-how of the country experts (here the desk officer and representatives of the Coordination Office) with the expertise of those who work more on conceptual level (here the person in charge of quality management in ADA).

4 SYNTHESIS OF SELECTED PROGRAMMES

4.1 The integrated Regional Development Programme IRDP

The Integrated Regional Development Plan (IRDP) of the Autonomous Province (AP) Vojvodina is a comprehensive economic and employment promotion programme initiated by GTZ/CIM at the request of the provincial government in 2003. The main objective of IRDP is to strengthen and support the socio-economic development process of AP Vojvodina by implementing specific measures, which are combined in a multi-sectoral action plan. IRDP is regarded as an individual regional development initiative within the Republic of Serbia. Originally 14 components were planned to be implemented. In 2008, only six components were pursued – all supported by ADC and the AP Vojvodina.

This support – labelled by ADC as a *strategic partnership* – includes *technical assistance* and *financial support* for the following measures⁸:

- *Business Standardisation and Certification Scheme (BSC)*: ADA supports the certification (e.g. ISO, HACCP) of the Serbian private sector in cooperation with the Province Secretariat for Economic Matters and Austrian Certification Agencies.
- *Agricultural Export Promotion Fund (APF)*: ADA supports the certification (e.g. ISO, HACCP, Global GAP) of the Serbian agricultural sector in cooperation with the Province Secretariat for Agriculture and Austrian certification agencies.
- *Integrated Qualification Scheme (IQS)*: This measure aims at strengthening the capacities of the Province Secretariat for Labour, Employment and Social Issues to plan and implement active labour market measures
- *Building Business Incubators (BBI)*: BBI aims at supporting company start-up's mainly by training and consulting (business plans, business promotion, etc.)
- *Vojvodina Investment Promotion Agency (VIP)* This fund aims at attracting "greenfield investments" i.e. to increase FDI. It therefore organizes business meetings, trade fairs, business delegations, supports promotion measures and links up business partners for Serbian start-ups
- *Centre for Economic Strategic Studies (CESS)*: Improvement of the management and the qualification of the centre and its linking up with European research institutions (like WIIW and HIS)

The overall strategic orientation of the IRDP – besides its contribution towards regional development – is to build up regional capacities for planning and implementation of eligible development projects in the contexts of IPA-funding⁹.

The 3-year programme started in June/July 2007. ADC contribution is €5 Million.

⁸ Note that the first three measures (BCS, APF and IQS) are implemented inside the governmental administration of AP Vojvodina whereas the last three measures (BBI, VIP and CESS) are implemented outside of it.

⁹ The main objective of the Instrument for Pre-Accession Assistance (IPA) is to help Serbia face the challenges of European Integration, to implement the reforms needed to fulfil EU requirements, progress in the Stabilisation and Association Process and to lay the foundation for fulfilling the Copenhagen criteria for EU membership.

Relevance *Are the objectives of IRDP consistent with regional needs and partner policies?*

The elaboration of IRDP is based on several needs assessments and context analyses¹⁰. Therefore it can be stated that IRDP is closely linked to the actual economical and social situation in the region; the interventions can be traced back to the identified needs. Interviews with relevant stakeholders inside and outside the public administration have provided important information for a demand-driven design of the programme.

Although the overall objective of the IRDP is not sufficiently formulated in the programme documentation¹¹, it can be stated that the IRDP responds to the support of the regional public structures in Vojvodina in order to qualify for the pre-accession programme of the EU. If successfully implemented, monitored and documented the IRDP may serve as an example of good practice for the decentralisation process in Serbia in the future.

Specifically, IRDP pursues the following goals¹²:

- Strengthen the management capacities of beneficiaries
- IRDP transformation into a possible Pre-Accession Programme.
- Consolidated institutional framework of the beneficiaries institutions
- Establish stable partnerships with relevant Austrian institutions
- Strengthen relations with the Austrian businesses sector.

The Governmental authorities in Vojvodina had already accepted and approved the IRDP already in 2004 and nowadays contribute roughly 2/3 of the actual IRDP programme budget. Therefore the ownership is regarded as remarkably high. It is based on the (political) will of strengthening the Autonomous Province of Vojvodina particularly in regard to its economical and political development. Nowadays programme stakeholders expect a more stable political basis for the up-coming four years which would give more continuity to the programme implementation.

Effectiveness *To what extent are the objectives of the IRDP likely to be achieved?*

IRDP operational activities started in late 2007. Since then some encouraging results at the intervention level (of the six components) have been reported.¹³ As expected, the components which are outside of the public administration structure do evolve better and produce visible faster than those interventions that are located inside the public structure. Limitations in the absorptions capacities of public structures, staffing problems, the resistance of long-standing 'old' bureaucratic habits and procedures and the relatively instable political basis of the past might be reasons for this imbalance. Nevertheless, these facts are obvious and demand immediate attention of the Programme Implementation Unit (PIU) to come up with adapted programme strategies.

¹⁰ In a SWOT analysis GTZ regional experts thoroughly analysed the Vojvodina context in 2003 and conducted a needs assessment. Later in 2006 the data were up-dated by CESS. The ÖAR Regionalberatung has been finally mandated by ADA to conduct a needs assessment and context analysis in July-October 2006 to establish the basis for programme implementation.

¹¹ The programme documentation describes sufficiently the single objectives within the six intervention areas but the 'higher' overall programme objective remains somehow vague. A log frame could be helpful to clarify the focus and approach of this complex programme and secondly, to establish a M&E system on programme level.

¹² Cp project document p. 20

¹³ For details cp interim reports by the PIU and the 'Agentur für Europäische Integration und Wirtschaftlichen Entwicklung'.

In comparison with other components the *Vojvodina Investment Promotion* (VIP) Agency and the *Building Business Incubators* (BBI) achieved the most impressive results (e.g. BBI succeeded in 25 new company start-ups, the VIP established not only a well structured and used information-platform but managed as well to have a significant coverage in 45 municipalities). Why are these components more successful than others? The programme partners of these components especially refer to the following lessons learnt as the factors of success:

- Simplify the working procedures as much as possible as it is a 'new world with new rules' for those who participate in these components or who should be attracted by these components.
- Elaborate a clear action plan within a determined timeframe; this runs like a threat through the component and gives security.
- Lead close dialogue with PIU and ADC to define the quality level; the definition of the quality level is like an objective to be achieved.
- Establish a M&E system and document the results for learning purposes.

The less successful components revealed that a common and shared understanding of the programme as such was missing but also and particularly the understanding of the specific role, task and responsibility within the programme was not entirely clear to the involved programme actor. Obviously this leads to a slow down of the processes and renders it difficult to enhance the change process. The lack of understanding can be seen for example with the Centre for Economic Strategic Studies (CESS) which has been set up outside of the public administration in order to develop an independent driving force for strategic re-orientation to serve and to support the regional economic development. As it appears, CESS sees itself as an extended work-bench of the Regional Government and less as a facilitator within a change process. The strong focus on scientific work prevents CESS from neither having some impact at the policy level (it is not anymore integrated in the public structures) nor at the economic level (eg potential investors) as the academic approach is not giving attractive food for thought to stakeholders of the 'free market'. The purpose of IRDP is not the support of scientific entities outside of university. The technical support of this component should be adapted according to the purpose of IRDP to give either CESS a real chance to develop according to IRDP purpose or to seek for alternative options.

No verified statement can be made at the outcome level due to the missing M&E system at the programme level and the short period of the programme implementation. However, on the basis of the interviews with IRDP stakeholders the evaluators attempt herewith a first interpretation of the results likely to be achieved on the programme level:

The strengthening of the management capacities within public governance structures means basically a fundamental change of perspective from formerly socialist technocratic procedures towards new modern public management systems. This needs time, political willingness and active support of the governing bodies and relevant stakeholders. A good leverage to mobilize these actors might be the Coordination Group of the programme. The potential has not yet been exhausted yet and, if being neglected in future as well, it could severely harm the achievements of the programme objective. The increased involvement of those who have such a strong influence on the course of the IRDP is a pre-requisite for the successful continuation.

The transformation of IRDP into a possible pre-accession programme might be possible as some of the components are already paving the way for improved standardisation and harmonisation. Nevertheless, it is important to re-formulate the IRDP accord-

ing to reality: It is a programme with six components and not 14. The contribution of the AP Vojvodina should be clarified on this basis.

The partnership with Austrian institutions in the respective areas is of considerable practical value for the Serbian partners. Furthermore, a strengthening of relations to Austrian business partners is also envisaged. Neither from the programme documentation nor from the interviews held in Serbia it is clear which kind of cooperation systems are pursued: for the moment it appears that 'only' the lowest possible level of cooperation system between Austrian and Serbian actors have been established (which mainly involves the exchange of knowledge and expertise including study tours to Austria). Are there any intentions of establishing strategic alliances between the actors or even focus on co-production systems in certain areas? What are the incentives then for the Austrian partners? The achievement of the corresponding programme objectives might also be in question as the cooperation works only as long as ADC funds and facilitates these working contacts.

Efficiency

Is the programme implemented in the most efficient way? Are outputs produced on time?

The project started with a considerable delay of nearly a year. The reasons were two-fold: on the one hand the programme plan as elaborated by GTZ/CIM in 2003 did not correspond to ADC's requirements and needed to be re-elaborated including the updating of the data material. On the other hand it took more than a year from principal programme approval within ADC to the formal approval of IRDP as a project (Dec 2005 to Jan 2007). Unclear division of tasks between involved stakeholders (of various ADA departments) plus the missing of a guideline how to elaborate cross-departmental a programme like IRDP contributed mainly to the delay. Somehow it can be marked as a missed opportunity within ADA to bring together internally different competencies and expertise for the profiling of the ADC in the area of Regional Development and Economical Development. Several attempts to bring qualified staff together internally failed and led finally to the outsourcing of the programme's elaboration¹⁴. The efficiency of the programme depends very much on the management model of IRDP which still has some short-comings. Basically, the programme is steered on two levels:

- at the level of the Coordination Group¹⁵
- and at the level of the Project Implementation Unit (PIU) which is established outside the public administration and holds close contact to ADC on a regular basis.

The coordination group has met de facto twice since its establishment (October 2007 and March 2008). This is definitely not enough to build up a functioning steering committee. What is needed now is to strengthen the coordinative structures in order to enhance the efficiency inside the programme. It has been suggested by representatives of the Coordination Group (CG) to increase the commitment while focusing more on the liability of its members: for example weekly (or bi-weekly) meetings should be organized to set-up a week-to-week agenda with specific actions related to the respective area of responsibility. To strengthen the management within the components, par-

¹⁴ ÖAR Regionalberatung was mandated to conduct a thorough analysis of the IRDP (July-October 2006). Afterwards ÖAR was also mandated to write a project document for the "Strategic Partnership in support of the IRDP" which was completed on December 14, 2006, including a thorough needs assessment. This document is basically the programme documentation of IRDP.

¹⁵ Members of the Coordination Group are the president of the Executive Council, a representative of the Office for European Integration, representatives of the Provincial Secretariats and ADC (with veto right)

ticularly inside those components which are part of the public structure, more synergies and cooperation mechanisms are needed. It is not solely a technical matter only; here the programme has to deal with the change process directly. The actual design of the IRDP has not considered or included accompanying measures/activities which support the implementation of the new management methods; it focuses more or less exclusively on the technical aspects of the programme implementation. This could be training in change management or new public management methods, or simply the specific training of change agents. No matter which kind of measures will be considered: A strong focus has to be on the elaboration of a mutual and shared understanding of the programme.

On level PIU the role and function within the inception phase was very much linked to the set-up of working structures and approaches within the single components. Now the programme is entering a new phase (implementation phase) which requires a different role and function of the PIU. Actual needs are found on the strategic level, the quality control, the management system and financial procedures. The coordinators have to possess strong management skills along with excellent communication skills. The latter is particularly important as the programme is directly linked to the political level which – in the past – was quite instable and the future involvement depends very much on the persons involved. A follow-up of a continuous dialogue with influential programme stakeholders is important for ensuring adequate support to the programme. Furthermore, the PIU has to have the acceptance and full support by all programme stakeholders. This is not ensured for the moment as some of the project partners argue to a large extent with the permanent PIU representative. This can be a matter of concern on the medium-term basis.

Due to its strong involvement in the inception phase ADC is perceived as a very active partner in the project who supports, steers and communicates to other project stakeholders. In the implementation phase ADC has to define its role in the programme and to which extent it wishes to be involved in the implementation phase.

Sustainability

What are the major factors which (will) influence the achievement or non-achievement of sustainability of the programme?

Firstly, the programme concept almost ideally combines the link between the political level while having the ownership of the Executive Council (macro), the institutional level with support to Associations like Chamber of Commerce (meso) and the 'individual' level of involving agencies or companies as direct user of the programme achievements (micro). This conceptual link most probably promises the best prospect of sustainability as long as there are visible results on micro-level as it appears at the moment.

Secondly, team building measures are important to enhance sustainability aspects. The reason lies less in the better absorption of technical matters than in finding leverage for changing old habits and ways of thinking. There is also the fact that the change for something 'new' is only scarcely conceivable for many programme stakeholders (especially inside the public administration). The study tours are one option in terms of eye-openers. However, the change process is only effective when it impacts the individual level.

Thirdly, it has to be taken into consideration that the regional development in the AP Vojvodina does not take place in a vacuum. Developments on the national level have to be considered, even though the dynamics are not the same and synchronisation of activities is hardly possible. In terms of sustainability this means that the support of in-

stitutions and association at the meso level might counter-balance contradictory lines of development.

Once more the non-functioning of the Coordination Group needs to be highlighted: It can be envisaged that the Coordination Group performs the central management and steering role within the programme. This is not the case yet. Therefore the PIU in combination with the short-term and long-term experts and Austrian partner institutions has a much stronger role than originally intended. For reasons for sustainability this should be questioned on a medium-term basis: After a time the PIU should evolve more and more into a service centre to serve and support the programme stakeholders as soon as the programme is steered more and more by the CG.

The IRDP attractively combines measures for economical development with regional development and fits into the actual Country Programme Serbia. The selection of the six out of 14 programme components has been done on the basis of the given directives of the ADA Country Programme ('employment and employability' and cross-cutting issue 'European Standards and Values').¹⁶

All in all the IRDP had a successful programme start although some conceptual weaknesses are visible. Experiences of labour market initiatives which took place in other countries of transformation could have served as lessons learnt for these regional development components. In addition the large delays could have been avoided by taking examples of other countries as a conceptual focus in IRDP.

Furthermore, ADC did not succeed in attracting other donors towards IRDP. The response is rather limited although the engagement of ADC is undisputed and appreciated by all and undisputed. ADC has to elaborate other options on how to link the programme to other donors' activities as well. Issue oriented approaches might be an alternative, e.g. the identification of donors actively working on the same issue like GlobalGap Standards in the agricultural sector. This requires a more strategic role of ADC.

Components that are not as successful as others should be assessed on the basis of the visibility of the measures. As already emphasised: while promoting modern management methods in the activities of IRDP, the programme introduces something new to an 'old' system. In short, visible steps (or outputs) can have some impact on the motivation and the interests of the people involved. These steps could be eg elements of a concept for personal development which goes beyond the study tours for senior administration officers funded by ADC.

The weak programme governance has to be improved immediately. Probably the most efficient and effective way of doing this is a combination of continuous dialogue with the stakeholders while at the same time strengthening the checks and balances on this level.

4.2 The Municipal Improvement and Revival Programme (MIR I & II)

The programme MIR II is a UNDP programme in southern Serbia focusing on regional development in two districts – Pcinja and Jablanica. 13 municipalities benefited from the support and established the Regional Development Agency (RDA), a local governmental organisation with the aim to plan, finance and implement development pro-

¹⁶ cp Grundsatzgenehmigung project 8106-00/2007, Strategic Partnership in Support of the Integrated Regional Development Plan of Vojvodina', p.2

jects in the region of southern Serbia and to strengthen the region's capacities. Like in IRDP the strategic orientation of MIR II is to build up regional capacities for planning and implementation of eligible development projects in the context of IPA.

The programme was funded as a donor-basket. MIR II was implemented by the UNDP from October 2005 to September 2007 with a no-cost extension of ten months until September 2008. ADC's contribution was 1.500'000 €.

Among the donor community it was decided that there would be no MIR III following the actual programme which came to an end by the time this evaluation started. ADC decided to continue the support directly at level Regional Development Agency.¹⁷

Relevance

Are the objectives of MIR II consistent with regional needs and partner policies?

On one side MIR II is highly relevant in the context of decentralisation and poverty alleviation on the other side. Concerning the latter, the Southern of Serbia is generally acknowledged to be the poorest region of the entire country. MIR II is focusing on 13 municipalities in two districts (Pcinj and Jablanica), including the most underdeveloped Serbian municipalities¹⁸ located in the far South East corner of Serbia, nearby the border with Macedonia and Bulgaria.

The activities in MIR II are highly relevant as the establishment of regional structures are needed to make decentralisation strategies work. For the moment there are no institutional bodies or authorities established at regional level. This makes it rather difficult as the national authorities have to deal (theoretically) with a multitude of very different municipalities – an undertaking which is virtually not possible. Therefore the actual decentralisation strategies in Serbia (as they are pursued within the concept of denationalisation) are simply de-concentration activities while trying to transfer institutional power from national level to the local level. The Regional Development Agency established in MIR II is supposed to close this institutional gap at regional level in the South of Serbia. Furthermore, MIR II identified parallel to the regional level existing gaps on municipality level (eg lack of capacities) and addressed the needs in the programme design. Capacity building measurements are important key activities for contributing to the social and economical development in the region.

Compared with its 'predecessor'-programme – the MIR I – MIR II represents a fundamental change: While the first programme set priority to injecting large amounts of funds into the local economy and creating a significant number of jobs. MIR II focused more on the institutional level (meso) supporting the municipalities directly trying to start a process of institutionalizing capacities for improved administration and governance on local level. With this new focus MIR II should contribute to specific capacity development measures to the regional development instead of the former large infrastructure activities.

Effectiveness

To what extent were the objectives achieved? What were the major factors for the achievement of the objectives?

According to the regular final programme evaluation of MIR II which took place at the same time as this Country Programme Evaluation the programme MIR II has fully

¹⁷ When this evaluation took place just the decision has been taken. It was planned to mandate a external consultant to elaborate a specific programme concept and the implementation schedule by the end of 2008.

¹⁸ The poorest Serbian Municipalities are Trgoviste, Bosilgrad, Surdulica, Crna Trava and Vlasotince

achieved its objectives and results determined in its log frame.¹⁹ The 13 municipalities underwent their own participatory processes involving not only local government but also businessmen and representative of civil society. 11 municipalities elaborated their own plans and strategies, two municipalities revised their strategies and identified a list of development priorities. The mayors of all municipalities were closely involved in the programme implementation and were finally converted into driving forces of MIR II. Structures have been established and new staff has been recruited. With this additional capacity some municipalities succeeded in the designing, planning and implementation of their own projects (such as new market spaces, schools and kindergarten space, sewage and sanitation systems and similar).

A major result of MIR II was the establishment of the Regional Development Agency (RDA). The purpose of the RDA is primarily to facilitate between the municipalities and the national level in the area of development initiatives. This becomes particular relevant with the envisaged access to IPA-funding.

The RDA was established in 2006 and was fully operational by March 2007. It only consists of four team members: Director, Project Manager, Director's personal assistant/Project Manager and Finance person. The RDA has also been supported with one international staff till the end of 2008. In spite of the serious leadership deficiencies the RDA produced a number of important documents: Business plan for 2007, business plan 2008-2011 and the revision of the regional socio-economic development strategy 2008-2011. Although understaffed, the Agency has so far implemented the following projects: a strategy of regional tourism development; a regional spatial plan; a feasibility study for water supply of Bujanovac and Preševo; a feasibility study for waste management in the Pcinja district; and finally a mapping of potential locations for business zones and parks in Southern Serbia.

Due to its large coverage and many programme activities in various municipalities it can be stated that MIR II is rather output- than outcome-oriented. A very good established M&E system verifies many results on output level. Certain vagueness comes up when the outcome level is in focus. For example one may ask whether the linking up of 13 municipalities has led also to an improved cooperation among the stakeholders on the basis of a different way of thinking (e.g. while making common public goods available for all municipalities). Three of the municipalities are socially and economically underperforming – is the bond between all municipalities strong enough to safeguard the three 'weak' municipalities under the umbrella of all?

Efficiency

Was the programme implemented in the most efficient way? Were outputs produced on time?

MIR II had been extended by 13 months without any additional costs to allow the programme to have sufficient time to finalise implementation of municipal and regional projects and to allow sufficient time for the development of the Regional Centre. The programme which will be completed by the 31st of December 2008, definitely needed this period for implementing all the activities in an appropriate rhythm. However, the question remains whether this programme component including the establishment of the RDA had an appropriate time frame for its consolidation (cp sustainability aspects).

¹⁹ The final evaluation report of MIR II has not been released during the finalisation of this Country Programme Evaluation Serbia 2006-2008. The information given here is based on thorough discussions between both evaluation teams during the field visit in September 2008.

Some voices within the donor community criticised the large UNDP infrastructure and presence in the South which from their point of view was inappropriate with the programme purpose (strengthening local capacities). But with regard to the mere size and wide coverage of the programme it is hardly imaginable how UNDP could have done differently as implementing agency. UNDP's role was to ensure the cohesion between the municipalities and additional programme stakeholders. Another important role of UNDP was to keep the balance between the various stakeholders and to make sure that 'weaker' municipalities are not pushed aside by 'stronger' municipalities (the omnipresent focus of future IPA-funding leads to fade-out of other possibilities and encourages an attitude of 'first comes, first serves'-mentality). The question arises rather what would have happened (or what will happen in the future) if this UNDP-buffer is not there anymore.

Furthermore, the UNDP-concept of having a kind of 'double implementation structure' proved to be efficient as the local counterparts were accompanied directly and according to their needs. UNDP-staff and the staff at municipality level worked as a tandem.

Sustainability

What are the major factors which (will) influence the achievement or non-achievement of sustainability of the programme?

At MIR II the timing is a decisive factor to ensure a maximum of sustainability. In May 2007 it was decided among the programme stakeholders (donors) that there would be no MIR III due to different donor priorities. Since then the phasing out had been prepared by UNDP but without really elaborating a sound exit strategy to demonstrate ways on how to link outputs and successes of the programme with up-coming activities of the future. This question covers pragmatic aspects like salary issues from leaving UNDP staff and their possible integration in local administration as well as conceptual issues like how to close the gap of the missing UNDP facilitators. It is unclear whether the established network (the 13 municipalities) is strong enough to function as one interest group or whether the most influential and strongest municipalities (respectively persons in charge) assert themselves against the group when it comes to additional funding or similar.

ADC which intends to continue their engagement in this region while supporting directly the RDA has to be aware that this agency needs more support in terms of additional capacities and – if former UNDP staff is hired – also in terms of financial means. Although these subsidies contradict medium term sustainability aspects it might be more important on short term basis to ensure the institutional functioning of RDA without UNDP facilitators on local level. The low salaries are the reason why the facilitators do not join the RDA. For continuation it is absolutely important to ensure the existing knowledge and its appropriate integration on local level. ADC cannot sufficiently compensate for enough having (only) one expert in the South. Furthermore, the RDA has to continue working immediately without any break to signal continuity, with special emphasis on maintaining good networking practice between the various stakeholders.

It has to be also highlighted that there is not appropriate support on national level towards the regional development in the South (or other parts of the country). This is one important tasks of the future for the ADC Coordination Office to ensure the outcome on micro level.

4.3 **The Austrian Technical Assistance to the Development of Reformed Land Legislation**

The development of reformed land legislation was a joint project by ADC, GTZ and SDC implemented between May and December 2006. This project specifically aimed at supporting the beneficiary institutions in strengthening the legal aspects of land reform in the Republic of Serbia by privatization of urban land, facilitating regulations on urban planning and construction and developing a concept for restitution. All these activities should have contributed to an improved legal security of transactions and ownership rights and increasing transparency of the real estate market, thereby bringing the Serbian legal system closer to European Union legislation and international standards. The project outputs (draft laws, option papers, implementation action plans) have been successfully elaborated, but did not yield new legislation as the relevant Ministry has been dissolved. Until today, neither the Government nor another Ministry is bringing the draft legislation a step forward to becoming law.

The programme was implemented from 15.05.2006 to 15.12.2006. ADC contribution was 758'000 €.

Relevance *Are the objectives of the project consistent with regional needs and partner policies?*

Adaptations at the level of the legal system are important for the overall transition process of the Serbian society. Legal aspects significantly influence the economical and socio-political development in Serbia from former socialist governance towards a modern democratic society seeking accession to the EU. Since the beginning of the transition, the Serbian government has been confronted with huge problems in the area of right of ownership, privatisation, restitution as well as land registration. This resulted in a rampant growth of illegal buildings which were used by Serbian entrepreneurs or International Investors due to the lack of other options. The project has been designed in order to find judiciary solutions on how to overcome this situation and to create an investment-friendly climate. Furthermore, annual reports by the EU Commission and the OECD (cp investment reform index) have stated urgent need for action in this area. Therefore, the relevance of the project is absolutely given.

Effectiveness *To what extent were the objectives achieved? What were the major factors for the achievement of the objectives?*

As the final report stated, all results as outlined in the project documents have been produced. At project completion a draft law on denationalisation of urban construction land, a draft construction law, a draft spatial and urban planning law and a model for improved working procedures were available for further processing in parliamentary debate. The quality of the given results was appreciated by experts and other donors.

Major factors which contributed to the high quality of the work were the high profile experts involved, the excellent programme management, the participatory working approach in workshops and seminars and the consensus finding processes on critical topics. The ownership by the Serbian counterparts was high during the implementation process of the programme. The Serbian programme stakeholder did not only 'participate' within the programme but developed into 'process owner' of the diagnostic legal work. According to the donors involved in the programme, the relation between donors had been strengthened in such a way that a good basis for further collaboration was established.

Nevertheless, the programme failed to reach its main objective: until today the Serbian government has not taken up any measures to tackle land reform issues on the basis of the judiciary instruments elaborated by the programme. Despite the broad national and international support for the programme, the results were not taken up by the Government as intended. There has been much speculation about the possible reasons for this unfortunate change. The fact that the Ministry of International Economic Relations – the main national partner of the programme – has been dissolved led de jure to a cancelling of the MoU between Austria, Germany, Switzerland and Serbia and de facto to a restriction of ADC's scope for action.

The Project was directly initiated by the Serbian government (Ministry of International Economic Relations, MIER) with a support request to Austria's Embassy. As such a sensitive and important issue goes beyond bilateral assistance programmes ADC was seeking further donor support. It was agreed with the German GTZ and the Swiss SDC to form a joint project in which ADC had the lead. Additionally, close cooperation had been agreed with the World Bank which was preparing a new credit line for Private Sector Development at the time. ADC was looking for synergies with the World Bank which might have been able to bring in other ministries as well. ADC regarded this as an important step in terms of risk mitigation. Therefore the programme can serve as an example of good practices for a harmonized working approach between various donors.

Efficiency

Was the programme implemented in the most efficient way? Were outputs produced on time?

ADC as the lead agency mandated the Austrian Centre of Legal Competence (CLC) as implementing agency. According to the programme documentation CLC has made use of the available resources in an efficient way and within an extremely short time frame of seven months.

The documentation available to the evaluation team was well structured and complete, including documents referring to the planning, the implementation and reporting. Based on this documentation it was possible to gain a programme overview. The documents are clearly structured which made it easy to find quickly the relevant information.

Sustainability

What were the major factors which influence the achievement or non-achievement of sustainability of the programme?

The discrepancy between a well-managed programme which produced all intended results with the active participation of the local partners on one side and the failing of the programme outcome as the government is not ready to take over the results of the programme on the other side is somehow incomprehensible. Presumably, there are political reasons behind this. However, this did not happen out of the blue and ADC was aware of the risk that early elections could hamper the launching of legislative initiatives. The Government at the time considered itself as a body that is limited to administrative tasks and that does not enter into new legislative initiatives.

To avoid such a situation in future the following lessons learnt should be considered:

- the check and balances mechanism in the PCM has to be stronger than usual;
- the embassies of all agencies have to be actively involved on regular basis and play an important role;

- there are already regional experiences in the area of legalisation and land reform which should be considered, particularly in terms of possible shortcomings.²⁰

For future involvement ADC has to carefully assess whether the actual Government actually wants to take over certain outputs from the programme and whether this makes sense in regard to European alignment.

4.4 The Austrian Technical Assistance to strengthen the Capacities of the Serbian Coordination Unit

This project aimed at the harmonization of the Serbian external development assistance database (the so called ISDACON Information System) with the OECD/DAC classification. Based on a request of the Ministry of International Economic Affairs (MIER) in 2007, ADC decided a consultancy mission with ADA statistic staff to assess and elaborate recommendations for harmonizing the Serbian system. This support was a one-off support involving a mission of a few days of the Austrian experts to Belgrade.

The site visit took place from 1 to 20 June 2007. In preparation of the visit, information was exchanged on the architecture of the Serbian information system and the sector classification of OECD/DAC.

Relevance *Are the objectives of the project consistent with regional needs and partner policies?*

The ISDACON information system of the Serbian Government should provide the donor community with timely information on its priorities, existing and possible donor funds, as well as on priority projects available for donor funding, governmental sector strategies, action plans, and so on. Furthermore, this data base constitutes the information source for all Serbian initiatives in the context of the implementation of the P.D. principles, e.g. the annual donor harmonization agenda. The limited compatibility with the OECD/DAC classifications lowered the efficiency and effectiveness of the Serbian government's efforts for donor alignment. Therefore, this project is highly relevant.

Effectiveness *To what extent were the objectives achieved? What were the major factors for the achievement of the objectives?*

ADC supported the Serbian Government in bringing the donor-database – a key-instrument in H&A policies and strategies – up to date in line with the latest international requirements. According to the DACU this one-off support created the basis for an improved information exchange between the Government of Serbia and the international donor community. The objectives as outlined in the Terms of Reference (May 2007) were fully achieved. The factors of success were the good joint preparation of the site visit and the timely and flexible mobilization of a highly professional ADA team.

Efficiency *Was the project implemented in the most efficient way? Were outputs produced on time?*

The project can be assessed as being most efficiently implemented and maximum output has been achieved with a minimum of resources. After the two-day site visit the

²⁰ A good example is the Central European Land Knowledge Centre in Hungary that has been established within the property rights and land market development project for EU candidates and Balkan countries by the World Bank.

ADA team prepared a list with clear recommendations and suggestions what and how to adopt the current Information System in line with the DAC classifications.

Sustainability

What were the major factors which influence the achievement or non-achievement of sustainability of the programme?

The Serbian counterpart DACU has immediately adopted all recommendations made by the ADA experts. The recommendations were elaborated in such a way that no further follow up from donor side was necessary. All steps for harmonizing ISDACON with DAC classifications were dealt with by the DACU IT Unit itself. Therefore no external costs for contracting IT consultants needed to be spent. Also the equipment that was already installed could be fully utilized.

ADC's contribution in this project can serve as an example of good practice as to how a recipient country can be supported in an efficient and effective manner. This project helped to shape ADC's profile as a reliable strategic partner of Serbia.

4.5 Programme „Severance to Jobs”

The programme Severance to Jobs (StJ) is specifically designed to support and complement governmental efforts in combating growing unemployment due to the increasing privatization measures of former state-owned concerns and firms. In particular, StJ aims at strengthening the capacities of the national employment services (NES) to enable them to implement active labour market measures. The nation-wide implemented programme focuses on redundant workers which are willing to invest their severance payment in acquiring a new job either in a private sector company or in self-employment.

The programme is supported by the Serbian Government with \$2 Million. The two-year programme started in January 2007 and comes to an end in December 2008. ADC contribution is 1.982'700 €.

Relevance

Are the objectives of the programme consistent with regional needs and partner policies?

Since the beginning of the transition process in Serbia, unemployment has been considered as one of the most severe problems. Among the huge number of unemployed is a large proportion of workers and employees of former state-owned companies. Like other transition countries, Serbia inherited a state employment service that was essentially oriented towards passive labour market instruments, such as registration of the unemployed, payment of unemployment benefits, and matching services based on NES counselors' reaction to employers' queries for new workers. In the course of the privatization Serbia had to be prepared for an increasing number of redundant workers but at the same time the Governments' financial possibilities had been limited. The Government acknowledged that there is a high demand for elaborating active labour market measures to re-integrate the redundant workers as fast as possible into the labour market. Furthermore, the government realized in its own assessments that the redundant workers spend most of their severance payments mainly for consumption purposes. This can be easily understood as a ticking social time bomb. Thirdly, Serbia spends 90% of its budget in passive labour market instruments like unemployment benefits and early retirement programmes. These measures are designed to support income. Governmental experiences with active Labour market measures like training,

counseling, and subsidized employment which are designed to support unemployed workers in finding new employment are fairly unknown. Therefore outside support is urgently needed. For all these reasons the Ministry of Labour, Employment and Social Policies (MoLESP) requested technical support and stated its willingness to contribute financially to problem-solving measures.

Hence, the programme design has been elaborated in close coordination and agreement with the government which is a major programme stakeholder. StJ is fully aligned with governmental strategies and policies, particularly the PRSP and the National Employment Strategy. The programme addresses two priority areas as defined by the PRSP, the promotion of growth and the prevention of poverty among the most disadvantaged groups. Additionally, StJ is fully in line with the recommendations made in the 2005 governmental review of the implementation of MDGs in Serbia.²¹

Effectiveness

To what extent are the objectives likely to be achieved? Will this project most likely contribute to a coherent and consistent Austrian country programme and will it contribute to an appropriate visibility and a better profiling of ADC in Serbia?

The programme has as an overall objective of increasing the employability of redundant workers. Specifically, StJ aims at the re-employment of redundant workers through the provision of incentives for a productive use of their severance payments and secondly, at the improvement of the capacities of the governmental employment services NES in the areas of planning, implementation and monitoring of nation-wide active labour market programmes. The intended results are 5000 – 10.000 re-employed workers and 10 (out of 25) NES branches which fully administer and manage the processes for placing redundant workers into private companies by their own.

Despite the late programme start all interventions and activities were conducted as originally planned and are well on track. However, there are some interim results already which might question the achievement of the programme objectives:

- a) According to NES management 1,500 workers have been transferred until today. When having this number projected to the two-year-programme-period, the planned results of assisting 5,000 to 10,000 workers will most probably not be achieved.
- b) The interest in getting employment in a private sector company is lower than expected among both the redundant workers and the potential employers. This was an important finding of a mid-term review²² and has been confirmed in this evaluation. The successfully contracted redundant workers and the employers stated that they either knew each other from before or found each other by personal recommendation. The NES involvement was needed for formalizing the working relation. The programme was introduced by NES after being contacted by the redundant workers. The on-going public relation work had obviously only little influence on this. The main incentive for the redundant worker was the risk of slipping off to black market activities; the legalization aspects in StJ are according to the interview partners more important than the actual buy-in into work. The main incentive for the employer was the experience of the worker. According to the interview partners the StJ might be a possibility to find qualified employees but the pro-

²¹ cp <http://www.prsp.sr.gov.yu/engleski/mcr/index.jsp>

²² Mid-term Evaluation Severance to Job Project, Final Report, Galjina Ognjanov/ Landis MacKellar, July 2008

gramme is not strong enough that an entrepreneurial strategy focus could derive. In this sense it is 'just' a timely window of opportunity.

- c) The interview partners who have chosen the component of self-employment stated that the chances to be employed in Belgrade are nearly non-existing. The self-employment was somehow the only option they had. Outside of Belgrade the options for working are not much better, but the interview partners stated also certain scepticism about investing their severance package in a situation whose evolution is hard to gauge. The option of self-employment gave them the feeling that they are more in control of their money and their future.
- d) The NES management made critical remarks about the low responsiveness of the NES branches. Generally, the management expected that the branches conducted more activities to attract more potential employers and redundant workers for the programme. It was stated that the majority of the staff in NES branches did not fully adapted to the new requirements and are still mentally captive by old behavioural patterns.

Although the UNDP has increased the capacities in NES branches with additional (new) staff and further internal trainings, the outcome remains relatively low. Reasons might be conceptual: The role of NES in the programme is that of a facilitator or broker of information. A successful matchmaking function requires two parties which take advantage of the facilitator. De facto neither the redundant workers nor the potential employers are accustomed to negotiate deals that are mutually advantageous. A formalized procedure (as StJ applies) might be not the right approach for coping with these 'psychological' aspects.

Because of these findings, UNDP and ADC should consider an adjustment of the objective.

Efficiency

Is the programme implemented in the most efficient way? Are interim results/outputs produced on time?

The implementing agency UNDP has 11 staff members working in the programme. UNDP administers and manages the ADC contribution in accordance with the regulations, rules and directives of UNDP. Before the programme started, the UNDP conducted baselines studies and provided the programme stakeholders with an inception report. Since the implementation started UNDP presents progress reports on a quarterly basis which provide a good overview about the course of StJ. All in all the programme management is well structured and efficient.

Nearly half of the budget is spend on indirect project costs like human resources of UNDP, travel expenses, assessment costs and equipment. Taking into consideration that the interim results of the programme is far below what was expected, the evaluators assess the programme as quite costly. Furthermore, the mid-term evaluation of the programme highlights that the programme does not produce the results as expected. Most probably the budget line for arranging SWAPs – the expected main output of the programme – will not be spend. Which means in practical terms that €750'000 (or more than a third of the budget) remains unspent.

The mid term review highlighted that there is a 'crowding out' in the NES branches due to the newly hired staff. Obviously programme staff performed general office duties and permanent NES staff worked less as a result of the newly hired staff. The evalua-

tors concluded in their report: “Between this and the relatively small number of workers placed so far, the financing of new NES staff cannot be ranked very high on efficiency.” (page 19)

Sustainability

What are the major factors which (will) influence the achievement or non-achievement of sustainability of the programme?

The programme benefited very much from the strong governmental interest and involvement. During the course of this evaluation the persons in charge have been replaced with new governmental persons. It is unclear whether this change will have any impact on the programme. However, the networking has to continue between the former and the actual persons involved.

The fact that redundant workers rather choose self-employment than re-employment should be reason enough for revising the programme concept. According to the interview partners the severance payment is not sufficient for starting up of a new company (which are in most cases one-man operations). More investment is needed in most cases to overcome the critical company size and to obtain profit. The investment would be more or less in the order of a micro-credit – but according to the interview partners no bank institute is ready to give the loans. The owner of the start ups are regarded in most cases as not credit-worthy. Here the programme would have a chance to develop solutions – micro credit schemes are not something new in the International Cooperation; the demand clearly exists.

The capacity building measures within the NES branches are regarded as being needed and important. However, to achieve sustainable results the efforts with permanent NES staff has to be increased. But the question arises whether the branches are the appropriate starting point for reforms: to bring in a change the NES as a whole entity has to be in focus. Whether this meets the ideas of the Government has to be found out.

With this programme ADC supports the Government in treading new paths while applying active labour market measures as an innovative approach in Serbia. Again, the three levels of support – the macro, meso and micro – are considered in the programme conception. Although the programme does not fully meet the expectations concerning the numbers of workers being re-employed, StJ corresponds to a large extent to ADC’s Country Programme Conception. The programme is much more successful in improving the *employability* than the actual number of facilitated working contracts. This is one of the core objectives in the actual Country Programme.

5 SWOT Analysis

The following chart presents an overview about important programming aspects of the ADC Country Programme Serbia.

General SWOT Analysis of the Country Programme Serbia 2006-2008

<p>Strengths</p> <ul style="list-style-type: none"> • very good reputation of ADC among national and international stakeholder groups due to the committed engagement of the ADC Coordination Office • dynamic and flexible programme approach focusing on niches in Serbia • ADC is a small, but influential donor who has the rare opportunity to push for innovative activities • needs – orientation • very good and respectful relation to national stakeholders in Belgrade as well as at local level 	<p>Potentials</p> <ul style="list-style-type: none"> • confidence of other donors increases the prospect of success if ADC takes over the lead role in Regional Development • establish formalized and well- documented coordination structure in ADC area of responsibility (R.D.) • better definition of tasks/roles/division of responsibilities needed to improve internal programme steering mechanisms (eg CoOf, PIUs, external Experts, etc.) • strengthening of expertise in R.D. might contribute to a better profiling of ADC working in transition countries with strong EC presence/interests • better inclusion of actor's perspectives (eg consensus building) paves the long way to improved local ownership
<p>Weaknesses</p> <ul style="list-style-type: none"> • rather informal and highly personal structured working relations to other donors; this makes it rather difficult to connect with serbian counterparts • (operational) ADC needs to have a strong political back up by the Austrian Embassy • the communication within a ministry or from ministry to ministry is weak respectively not common in Serbia; same applies to local level (eg provincial level) • unclearness in internal steering mechanisms: CoOf, PIUs, external experts, etc. → Are roles and tasks clear to everybody? There is no oversight. • often the national/local counterparts have no clear understanding of ,their' role in the programme/project; it is a ,new world' 	<p>Obstacles</p> <ul style="list-style-type: none"> • political changes involve change of stakeholders at national/ local level → how to make sure that ADC does not have to start from zero again after changes? • wide gap between private/personal interests and public interests/goods → how to set incentives for administration/public services to increase awareness for public and common goods? • Serbia is still centralized and the support for decentralization is rather minimal → where is the leverage for better decentralization? • bureaucratic procedures and habits still exists → how to overcome ,socialist kafkaians'? Changes in the cultural mind set simply need time

6 CONCLUSIONS AND LESSONS

6.1 General Conclusions

The overall conclusion of this evaluation is that the programme concept has been rather successful when it comes to the project-based technical assistance for Serbia. Weaknesses are in the context of the programme elaboration as the different projects are more or less stand-alone activities added up within a programme concept. The conceptual and operational link to the programme concept is not adequately reflected in the Country Programme document. However, all projects reflect the ADC priority areas because ADC engagement in Serbia was strategically build up by the Coordination Office. This contributed to a clear profile of ADC acknowledged by national and international stakeholders. The projects are coherent to the programme conception and national priorities. The major factor of success is the linkage between macro-, meso- and micro-level with clear emphasis on capacity building measures on meso-level.

But the ADC has failed to translate the programme conception into a Country Programme document including a basic analysis, a clear definition of the programme objectives, indicators etc. Therefore, the monitoring and steering of the Austrian Country Programme Serbia is hardly possible. Statements at outcome or impact level cannot be made.

Lessons of ADC

- The programme concept for Serbia is very much shaped by the EU reform process.
- The ADC focus on the priority area 'employment and employability' proved to be useful and corresponds with the national and European agenda. A policy dialogue is obviously led and ADC activities are visible and acknowledged by national and international stakeholders.
- After a few years of cooperation with Serbia ADC's presence is very much appreciated by national and international stakeholders as a small but very effective and flexible donor. ADC is particularly esteemed due to its good cooperation system and the high quality of its technical support.
- Increasing Poverty in Serbia is caused by the ongoing transition process in Serbia which produces winners and losers (e.g. unemployed). As ADC activities include the benefit also on micro level (e.g. the individual beneficiaries of StJ or IRDP) the relevance of ADC's activities in terms of poverty reduction is given.
- The priority area 'economy and development' has great potential for increased Austrian-Serbian cooperation, e.g. adding PPP-activities into the programme. This would mean that the existing Austrian technical support would be meaningful complemented.
- The persistence of the old mentality – deeply rooted in old socialistic habits – has been underestimated. It would be helpful to perceive the transition process of Serbia as a change process which requires accompanying measures (e.g. training of change agents, more dialogue components in the programmes, clear and strict project management, management by results, etc.)
- Serbia suffers from a sincere management deficit. The focus on capacity building should also be a cross-cutting issue while working with organisations, institutions and authorities. This is a pre-requisite for a functioning social market economy.

- The issue 'regional development' is a primary topic in Serbia. ADC is at the best starting-point for taking the lead and has also the confidence of the international donor community.
- Due to the strong EU focus donor coordination is also a political matter. It can be expected that the biggest coordination efforts have to take place where the EC Delegation intends to allocate most of its funding.

6.2 **Specific Conclusions in regard to the Country Programme Serbia 2009 - 2011**

Overall objective, priority areas, cross-cutting issue and strategic guidelines are the important elements to set up a Country Programme. Likewise a monitoring and evaluation system for the programme – at output level, outcome level and impact level – has to be established.

The **overall objective** should aim at what Austria wants to achieve with its engagement, e.g. Austria contributes to the consolidation of a democratic state system and to the establishment of an open and social market economy in Serbia. The overall objective is subject to a discussion process between the MFA and ADA.

The **priority areas** are more or less defined along the reality of ADC in Serbia: private sector promotion, employment creation, regional development, etc.

The implementation of **cross-cutting issues** shall increase the effectiveness of development oriented interventions. Usually, cross-cutting issues have to be conceptually linked to each intervention. The mainstreaming of cross-cutting issues is an obligatory part of sustainable development strategies; when defined as a strategic task which enables development experts to monitor and measure the outcome of the intervention. Ideally a country programme defines the mainstreaming of a cross-cutting issue as a quality standard. The actual country programme Serbia defines 'European Standards and Values' as a cross-cutting issue. The way how ADC intends to implement and consider this cross-cutting issue depends very much from the particular socio-economic context. Therefore a description and short analysis of the specific framework conditions is necessary and should be included. Likewise capacity building aspects should be also included in the next Country Programme.

MFA and ADA have to determine the specific **strategic guidelines** which will be applied in the Country Programme, e.g. concentration at meso level with complementing action at macro and micro level, subsidiary action, ownership, visibility, alliances and co-funding strategies, regional focus, conditionality, impact orientation and so on.

The programme monitoring and evaluation system should mainly consider the following levels, exemplary for the implementation of the EU reform agenda:

Areas	Dimension	Tools	Sources / Responsibilities
Context	Socio-economic and political changes	Joint assessments	ADC & like-minded donors
Impact (Goals & Objectives)	Plan aligned to EU reform agenda and particular selected areas; Progress on these reform areas (related to ADC areas of co-operation)	Localised & harmonised planning Annual EU agenda of implementation of reform process, Gov./EC monitoring reports, evaluations	EU/Government ADC takes over info into its own monitoring system
Outcome Country Level	Planned & reached milestones of National Development Strategies (change path - reform process)	Annual planning & monitoring on milestones of national development programmes	Government: ADC takes over info into its own monitoring tables
Output Level ADC Contribution	Planned & achieved results of ADC-programme	Planning & Monitoring tables for outcomes and outputs	ADC
Management Performance	Performance of ADC programme management	Planning & Monitoring tables	ADC

The implementation and steering of the Country Programme must involve a description of the programme management (the Coordination Office and the major strategic pillar), the cooperation system, the cooperation instruments, the resources allocated to the described period, as well as the controlling mechanisms.

7 RECOMMENDATIONS

Based on the findings and conclusions the following recommendations are made:

at the level Country Programme Serbia

- 1 The MFA and the ADA should clarify and define jointly with Serbian Partners the overall objective of ADC contribution to Serbia.
- 2 The MFA and ADA should jointly elaborate a log frame i.e., in a two-days planning workshop.
- 3 The ADA should maintain the focused approach in Serbia (support to the EU reform agenda) and the thematic issues but should clarify why the sector 'education' is part of the country programme.
- 4 The ADA should elaborate more specifically the concept of regional development and put it into context of Serbia. Examples of other countries should be used as reference as well.
- 5 ADC should also assess the links between the various projects in the North (IRDPA), the South (post-Mir II) and nation-wide (StJ) and should create synergies (e.g. exchange of experiences and lessons learnt in the context of regional development, capacity building, etc.).

at the level projects:

the Integrated Rural Development Programme

- 6 ADA should assess and adopt the programme from former 14 components to six components. This includes the assessment (and re-formulation) of the programme objectives and the description of how the components contribute to the achievement of the programme objectives.
- 7 The PIU should establish a M&E system at programme level.
- 8 ADC and PIU should elaborate strategies how to strengthen the components inside the public administration that the goals of the respective component can be achieved. Training in change management should be compulsory for those Administration Officer directly involved in the programme.
- 9 ADC should elaborate programme strategies with the Coordination Group and CESS to support CESS in becoming a change agent. Specific training for CESS staff is needed as well as the declared political back-up by the Coordination Group.
- 10 The PIU should critically reflect its own role and should elaborate how to support the six components as a service provider.
- 11 ADC should consider examples of regional development on neighbouring countries and should integrate the lessons learnt in the IRDP.
- 12 ADC should elaborate options how to link with other donors (e.g. consider issues like introduction of GlobalGap Standards).

the continuation of the Municipal Improvement and Revival Programme

- 13 ADC should establish an M&E system which monitors not only the outputs but the outcomes as well.
- 14 ADC should ensure in its new engagement that the establishment of the RDA is first of all consolidated and has the full support of all municipalities. When this is ensured further steps can be taken.
- 15 For consolidation purposes ADC should assess whether the number of staffs in the RDA is appropriate and whether there is any opportunity to employ former local UNDP staff. The salary issue should then be looked at as a timely investment in the consolidation of the RDA.

the programme 'Severance to Jobs'

- 16 ADC and UNDP should revise the objective concerning the assistance of 5'000 to 10'000 redundant workers as it is unrealistic to be achieved.
- 17 ADC and UNDP should revise the programme concept in favour of assistance for redundant workers who choose self-employment. Additional project activities like consultancies, micro-credit line, etc. have to be considered and included. The budget line for arranging SWAPs (\$750'000) can be used. Micro-credits should be organised as a revolving fund to ensure that the programme can assist as many redundant workers as possible.
- 18 UNDP should elaborate programme strategies for a better inclusion of NES staff in the branches. The UNDP staff should have only an assisting and consultative character. The NES staff should be the main carrier of the work.

Annex 1: Terms of Reference (May 2008)

**Austrian Development Agency
Country Programme Evaluation Serbia**

Terms of Reference

20 May 08 (final)

1. Background information on the planned evaluation

Since 2002, Austrian Development Cooperation has provided around 18 Mio EUR for cooperation programmes with Serbia. Since 2006, this cooperation is based on the „Country Programme Serbia 2006-2008“²³. It defines the priority areas of cooperation²⁴ as „Fostering Employment and Improving Employability“ and „European Standards and Values“. Based on this Country Programme, ADC has created a project portfolio, which currently comprises 11 projects/programmes with a total volume of around EUR 13 Mio (see Annex A – „Arbeitsprogramm für das Jahr 2008“). The current Country Programme will expire at the end of 2008.

2. Purpose of the evaluation

The present evaluation aims to support developing the next “Country Programme Serbia”, which will be elaborated during the second half of 2008. The evaluation should analyze and valorise both the Country Programme Serbia 2006-2008 and its project portfolio. As a final result, strengths and weaknesses should be identified and recommendations for the future Country Programme Serbia should be formulated.

With regards to the Country Programme, the following issues should be analysed in detail:

<p>A. Choice of sectors in the Country Programme</p>	<p>Is ADC active in the appropriate sectors? (“Are we doing the right thing”?)</p> <p>Is the choice of sectors in line with national development plans?</p> <p>Is the choice of sectors coherent with the sector-oriented work of other donors (no duplication of efforts, i.e. coherent planning)?</p> <p>Does ADC have comparative advantages that affect the choice of sectors? Are they properly defined, communicated and perceived? Do local authorities and partners, and/or other donors perceive comparative advantages of ADC in certain areas?</p> <p>Were the appropriate sectors selected in order to achieve maximum impact in terms of poverty reduction?</p> <p>Have cross-cutting issues (e.g. gender, environment) been taken into account as European Standards and values in the choice and</p>
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²³ [http://www.ada.gv.at/fileadmin/user_upload/ADA/media/2-](http://www.ada.gv.at/fileadmin/user_upload/ADA/media/2-Aussenpolitik_Zentrale/EZA_englisch/2496_serbia_country_programme_2006_2008_web.pdf)

[Aussenpolitik_Zentrale/EZA_englisch/2496_serbia_country_programme_2006_2008_web.pdf](http://www.ada.gv.at/fileadmin/user_upload/ADA/media/2-Aussenpolitik_Zentrale/EZA_englisch/2496_serbia_country_programme_2006_2008_web.pdf)

²⁴ The Country Programme differentiates between a „Programme Goal“ (Fostering Employment and Improving Employability“) and a „Cross-Cutting Issue“ (European Standards and Values) – see pp. 12 and 13 of the Country Programme. This subtle differentiation is not followed in these Terms of Reference – both areas of intervention are termed as „sectors“ in the present document.

<p>B. Substantive guidance and priorities of the Country Programme on activities within the respective sectors</p>	<p>programming of sectors?</p> <p>Are the substantive guidance and the priorities for the respective sectors, as laid down in the Country Programme, in line with Serbian national priorities and needs of beneficiaries? ("Are we doing things right?")</p> <p>Is the guidance provided for the individual sectors in line with Serbian national development plans /findings of relevant donor coordinations. and the needs of beneficiaries?</p> <p>To what extent is the guidance provided harmonized/coordinated with relevant Serbian Ministries /other donors within the respective sector?</p> <p>To what extent is the guidance in line with "best practices" established in the relevant sector?</p> <p>Does the guidance take into account cross-cutting issues? To what extent can this guidance be operationalised?</p> <p>To what extent is the guidance results-oriented? Is there scope for improving the level of results-orientation? Does the guidance contain SMART (specific, measurable, action-oriented, relevant, and time-bound) indicators? Are these indicators realistic in the light of funds being provided?</p>
<p>C. Substantive guidance of the Country Programme as to the "aid modalities" and the "level of intervention" to be used</p>	<p>Does the Country Programme give explicit or implicit guidance on which "aid modalities" and which "level of intervention" ADC is to use in Serbia? Is this guidance in line with best practice of other donors in Serbia?</p> <p>How are aid modalities and level of intervention dealt with in the bilateral Dialogue by the ADA office with Serbian authorities? Is there a gap between the policy level and actual implementation? Have conditions changed between 2006 and 2008? Did this lead to a need for ADC to adopt new positions/practices on aid modalities and level of intervention?</p> <p>What are the positions, practices and "lessons learnt" of Serbian authorities and other donors in Serbia regarding programme aid modalities and level of intervention?</p> <p>How can the ADC programme and practice be assessed in this light? Is there scope for improvement or is it in line with best practice in Serbia?</p>

With regard to the Programme and Project Portfolio, four sample programmes/projects²⁵ should be analyzed. Planning process, quality of project documents, relevance in the light of the Country Programme and the needs of the beneficiaries in Serbia, effectiveness of the Project Cycle Management and (to the extent feasible) the results achieved so far should be documented.

Also, strengths and weaknesses for each of the programmes/projects should be identified, taking into account the following questions:

<p>D.</p> <p>Austrian contribution to the Integrated Regional Development Programme of the Regional Government of Vojvodina</p>	<p>What value does ADC add in supporting the Vojvodina Regional Government in implementing its Regional Development Programme?</p> <p>What is the nature of ADC's relationship with the Regional Government and other donors involved in the programme?</p> <p>How is ADC's role and contribution perceived by the Regional Government (different levels – political level, working level)</p> <p>How is ADC's role perceived by other involved donors and other partners in the programme?</p>
<p>E.</p> <p>Austrian technical assistance to the development of reformed land legislation</p>	<p>How were the risks involved in providing technical assistance to the Serbian government in a highly political area of legal reform (risk of lacking political will to actually pass the legislation on which consultancy services were provided) assessed when the programme was developed?</p> <p>How was this risk monitored and managed during project implementation?</p> <p>What impact did the provided technical assistance have?</p> <p>Which "lessons learnt" can be drawn from this project?</p>
<p>F.</p> <p>Austrian contributions to improve development in Southern Serbia ("MIR II")</p>	<p>What is ADC's role among the different funding agencies/partners involved in the programme in Southern Serbia (besides EAR, Sweden, Norway)? Which value does ADC add?</p> <p>Are there specific advantages/disadvantages of working with International Organisations as implementing partners?</p>
<p>G.</p> <p>Austrian Technical Assistance to strengthen the capacities of the Serbian Aid Coordination Unit</p>	<p>Can this intervention serve as an example for an effective capacity building effort?</p>

²⁵ Documentation on these programmes/projects is annexed to this document. The selection has been done by the Evaluation Unit in ADA after studying the documentation on all projects. The selection criteria was to choose those interventions, whose more detailed analysis can be expected to allow lessons to be learnt that have broader significance for Austrian Development Cooperation.

3. Methods/Steps involved in conducting the evaluation

The evaluation team will build up its work on the pertinent standards of OECD DAC Eval-Net²⁶ and other relevant standards, such as e.g. those of the German Evaluation Association (GEval). The evaluators need to document their work through usage of transparent criteria.

The evaluation consists of two phases.

The first phase comprises:

- a. Studying the documents provided by ADA (Country Programme Serbia, documents on the individual programmes and projects – i.e. project documents, reports, statistical information provided by ADA).
- b. Interviews (possibly by phone) with key stakeholders in ADA HQ, the Austrian Ministry for International and European Affairs (MFA) and the Austrian Coordination Office in Belgrade to clarify open questions and to request additional information if necessary.
- c. Submission of a draft inception report (max. 15 pages) that must contain at least the following points: concise presentation of the methods to be applied during the second phase of the evaluation, presentation of preliminary findings/assumptions on the main evaluation questions, detailed planning of the field mission to Serbia (informants to be met, key information to be obtained during the interviews, indicators for verification/falsification of the preliminary findings/assumptions, detailed information on local consultants that will participate in the field mission). The draft inception report must be provided to ADA at least one full week in advance of its presentation (see section d).
- d. Presentation of the draft inception report during a one-day workshop in Vienna organized by the ADA Evaluation unit to key stakeholders of ADA and the MFA.
- e. Incorporation of changes into the draft inception report based on the discussions at the workshop. Submission of the revised draft inception report to ADA within one week, written approval of the draft inception report by the ADA Evaluation Unit.

The second phase starts only upon written approval of the Inception Report has been provided. Its main component is the

- f. Two-week field mission to Serbia. The field mission will be conducted in line with the planning presented in the approved Inception Report (unless changes are approved by ADA). At the end of the field mission, the Evaluation Team must ensure that key informants are informed on key findings and have an opportunity to comment them (eg. through a briefing organized at the end of the field mission).
- g. Submission of a draft final report to ADA Evaluation Unit at least two full weeks before the agreed date of presentation of the draft final report.
- h. Presentation of the draft final report in Vienna organized by the ADA Evaluation unit to key stakeholders of ADA, the MFA and other stakeholders (e.g. representatives of implementing partners).

²⁶ See in particularly <http://www.oecd.org/dataoecd/30/62/36596604.pdf>.

i. Incorporation of changes into the draft final report based on written comments and on the discussions at the workshop. Submission of the revised draft final report to ADA Evaluation Unit, acceptance of the final report by ADA Evaluation Unit.

4. Time plan:

The evaluation should start during June 2008 with the field mission taking place as soon as possible (taking into account possible limitations created by the “holiday season” in Serbia).

The draft final report should be available at the latest by September 2008.

5. Deliverables:

The evaluation team is expected to provide the following deliverables:

- Inception Report
- Final Report
- Financial Reporting

The Final Report must contain an executive summary and a list of recommendations made by the experts. It should not comprise more than 30 pages (not including annexes).

6. Payment modalities:

A first installment will be paid upon acceptance of the Inception Report by ADA. The remaining cost will be settled upon acceptance of the Final Report by ADA:

7. Logistical arrangements

The evaluation team is responsible for its own logistical arrangements. The Coordination Office in Belgrade can provide information and recommendations (e.g. hotels, car rental firms, interpretation), the selection and arrangement of any other necessary services is up to the evaluation team, however.

8. Management of the evaluation

Within ADA, the ADA Evaluation Unit is responsible to manage the contract with the evaluation team. The Inception Report and the Final Report are approved by the ADA Evaluation Unit.

All organisational units within ADA and the Development Cooperation the Division of MFA that are concerned with Serbia will provide the necessary documentation and information to the evaluation team. The ADA Evaluation Unit will aid this process as necessary. The concerned units are:

- ADA Country Desk Serbia („Länderdesk“) – Johannes Binder
- ADA Coordination Office Belgrade – Hans-Jörg Hummer
- MFA – Development Cooperation Department – Country Desk Serbia – Stefan Weidinger

9. Recruitment of the evaluation team

The Evaluation Team is recruited by means of a two-stage process: first, a request for expressions of interest will be issued. On that basis, a short-list will be drawn up, whose members will be invited to submit detailed offers.

ADA reserves the right to cancel or to modify this assignment in any way it considers appropriate and necessary.

10. Composition and qualifications of the evaluation team

The evaluation should be conducted by a team of an international and a national expert:

The international expert should meet the following selection criteria:

- Extended experience in development cooperation (min. 10 years)
- Experience in conducting Country Programme Evaluations (at least two evaluations conducted, of which at least one as team leader)
- Deep familiarity with the political, economical and social conditions in Serbia, particularly issues pertaining to development cooperation
- If possible: knowledge of Serbian an advantage.

The national expert should complement the qualifications of the international expert in a manner that enables them to complete the assignment as a team.

Annex 2:

Interviewpartner

Vienna		Type of Interview	
Name	Function	per Telephone	Face to Face
Hans-Jörg Hummer	Former Head of ADC Coordination Office Belgrade	✓	✓
Klaus Kapper	Head of ADC Coordination Office Belgrade		✓
Michael Schieder	Former Desk Serbia & Montenegro, ADA	✓	✓
Johannes Binder	Desk Serbia, ADA	✓	✓
Riegler Hedwig	Statistics, ADA		✓
Elisabeth Schmidt	Economy & Development, ADA	✓	✓
Waltraud Rabitsch	Poverty Reduction, Rural Development, Decentralisation, ADA		✓
Michael Weiner	Former Head of Evaluation Unit, ADA	✓	✓
Karin Kohlweg	Head of Evaluation Unit, ADA		✓
Stefan Weidinger	Section 7, Ministry of European and International Affairs	✓	✓
Hannes Hauser	Section 7, Ministry of European and International Affairs		✓

Serbia

Representatives of Donor Countries		Type of Interview	
Name	Function	per Telephone	Face to Face
Ulrike Hartmann	Deputy Head of Mission, Austrian Embassy Belgrade		✓
Heike Pörksen	First Secretary, Embassy of the Federal Republic of Germany Belgrade		✓
Olivier Bovet	Deputy Country Director, SDC		✓

Evaluation Country Programme Serbia 2006-2008

	Swiss Agency for Development and Cooperation		
Arminio Rosic	National Programme Officer, SDC Swiss Agency for Development and Cooperation		✓
Björn Mossberg	Counsellor (SIDA) Embassy of Sweden,		✓
Vassilis Petrides	Programme Manager, European Agency for Reconstruction		✓

Serbian National Partners		Type of Interview	
Name	Function	per Telephone	Face to Face
Gordana Lazarevic	Assistant Minister, DACU. Ministry of Finance		✓
Milena Lazarevic	Assistant/Legal Advisor, Ministry of Finance		✓
Zarko Sunderic	PRSP Team, Republic of Serbia		✓

Project Partner		Type of Interview	
Name	Function	per Telephone	Face to Face
Christian Guggenberger	Project Coordinator IRDP AEI Agency for European Integration and Economic Development		✓
Branko Kurilic	National Project Coordinator AEI - Project Implementation Unit		✓
Branislav Bugarski	FDI Advisor Vojvodina Investment Promotion Fund	✓	
Istvan Pasztor	Vice Premier of Executive Council AP Vojvodina		✓
Marija Vujakovic	Advisor, BSC Component AP Vojvodina, Provincial Sekretariat for Economy		✓
Milos Seslija	Autonomous Province of Serbia - Provincial Sekretariat of Agriculture, Water Economy and Forestry		✓
Vesna Kamenarovic	AP Vojvodina, Provincial Sekretariat for Labor, Employment and Gender Equality		✓
Igor Bajic	Structural and Development Programmes, AP Vojvodina		✓

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Dijana Benka-Rosic	Director Project Paying Agency , AP Vojvodina		✓
Emilja Stefanovic	GTZ/WBF Novi Sad		✓
Maja Sokic	CESS Centre for Strategic Eco- nomic Studies		✓
Valentina Ivanic	Director, CESS Centre for Strate- gic Economic Studies		✓
Ivan Knezevic	CESS Centre for Strategic Eco- nomic Studies		✓
Wolfgang Limbert	Consultant, GTZ		✓
Alexander Gru- nauer	Municipal Economic Development in the Danube Region, GTZ		✓
Christoph Muele- der	General Manager, Caritas Austria	✓	
Danilo Vukovic	Team Leader UNDP Serbia, Bel- grade		✓
Pavle Golicin	Programme Advisor UNDP Serbia, Belgrade		✓
Ljijana Dzuver	Programme Manager UNDP Ser- bia, Belgrade		✓
Tamara Samardzic	former Director National Employ- ment Service, Belgrade		✓
Radmilla Bu- kumiric-Katic	Assistent Minister for Employment		✓
Tom Thorogood	MIR Team Leader, UNDP United Nations Development Programme		✓

Mission Diary

Week 30	Briefing / Preperation
	Preparation: contracting, travel arrangements Review docs for first analyse, Preparation Interviews
24.07.08	Telephone interviews: <ul style="list-style-type: none"> • Michael Weiner, ADA Stabsstelle Evaluation • Schieder, ADA Moldavia (ex desk officer Serbia) • Johannes Binder, Vienna Desk Serbia • Hans Jörg Hummer, Coof Beo
25.07.08	<ul style="list-style-type: none"> • Drafting Inception Report according interview notes • Set up mission diary • Briefing FKE before departure to SL
Week 31	Preparation
	<ul style="list-style-type: none"> • List of Interview partners to be elaborated by Hummer (for Serbia) and Weiner (for Vienna) • Review by KEK and confirmation
30.07.	<ul style="list-style-type: none"> ▪ Proposal for Interview partners send to CCo for approval/confirmation
1.08.08	<ul style="list-style-type: none"> ▪ Interview Weidinger, MFA ca 16h00 ▪ Add to IR and send to FKe for distribution
Week 33	
	<ul style="list-style-type: none"> ▪ Interview Weidinger, MFA ca 16h00
Week 39	Field Mission – Serbia
21.09.08	<i>Arrival</i>
	Pick up and Kick-off Meeting with HoM Teambuilding / Briefing
22.09.08	<p>09:30 – 10:30 Ms. Ulrike Hartmann, First Secretary, Austrian Foreign Ministry, Embassy in Belgrade</p> <p>11:00 – 12:00 Ms. Heike Pörksen, First Secretary of the German Embassy in Belgrade</p> <p>12:30 – 14:30 Mr. Olivier Bovet, Deputy Director and Mr. Arminio Rosic, Programm Officer, SDC – Swiss Development Cooperation</p> <p>15:00 – 16:00 Mr. Björn Mossberg, Head of SIDA – Swedish Int. Development Agency Address: Ledi Pedzet 2, Belgrade</p> <p>16:30 – 17:30 Mr. Zarko Sunderic, Head of PRSP Team of Serbia</p>
23.09.08	<p>10:00 – 12:00 Mr. Alexander Grunauer, Teamleader of Municipal Economic Development Danube Region GTZ</p> <p>12:30 – 13:30 Mr. Vassilis Petrides, EAR</p> <p>15:00 – 17:00 Mrs Gordana Lazarevic, DACU</p> <p>19:00 Mr. Wolfgang Limbert, GTZ</p>
24.09.08	<i>Transfer to Vojvodina</i>

	<p>9:00 – 12:00 Mr. Christian Guggenberger, Mr. Branko Kurilic AEI – Project Implementation Unit</p> <p>12:00 - 12:30 <i>Transfer from AEI - Project Implementation Unit to Office for European Affairs</i></p> <p>12:30 - 13:30 Mr. Igor Bajic, IRDP Coordination Group</p> <p>13:30 - 14:30 Lunch break</p> <p>14:30 - 15:30 Ms. Valentina Ivanic, Director, CESS Director</p> <p>15:30 - 16:30 Mr. Branislav Bugarski, Director, VIP measure manager, and BBI acting measure manager</p> <p>16:30 - 17:00 by telephone Mr. Bojan Ljusic, Director (beneficiary of BBI component)</p>
25.09.08	<p>09:00 - 10:00 Ms. Marija Vujakovic, Advisor, BSC measure manager Provincial Sekretariat for Economy AP Vojvodina</p> <p>10:00 - 11:00 Mr. Milos Seslija, Independent Expert Associate, APF measure manager Provincial Secretariate of Agriculture, Water Economy and Forestry</p> <p>11:00 - 12:00 Ms. Vesna Kamenarovic, Advisor on Employment Issues, IQS measure Provincial Sekretariat for Labor, Employment and Gender Equality</p> <p>12:00 - 13:00 Lunch break</p> <p>13:00 - 14:00 Mr. Istvan Pasztor, Vice-president of EC of AP, Provincial Sekretar for Economy, member of IRDP Coordination Group Provincial Sekretariat for Economy</p> <p>14:00 - 15:00 Ms. Dijana Benka Rosic, Director IRDP Project Paying Agency AP Vojvodina, IRDP Project Paying Agency</p> <p>15:00 - 16:00 Ms. Emilija Pavlovic, Agricultural advisor GTZ Novi Sad (partner with APF component)</p> <p>16:00 - 16:30 by telephone Mr. Christoph Mueleder, General Manager (partner with IQS component) Caritas Oberösterreich Auslandshilfe, Kapuzinerstr. 84, A-4020 Linz</p> <p>Feedback meeting with Project Coordinators, Christian Guggenberger and Branko Kurilic</p>
26.09.08	<p><i>07:30 Departure to Belgrad</i></p> <p>09:00 – 10:30 Mr. Danilo Vukovic, Mr. Pavle Golicin, Ms. Ljiljana Dzuver, UNDP implementation team</p> <p>10:30 Pick up in front of the UNDP, Milica Mihailovic 063 8017203</p> <p>11:00 – 12:00 Visit to one Project beneficiary</p> <p>12:30 – 14:30 working lunch Ms. Tamara Samardzic, Director National Employment Service (StJ) Radmilla Bukumiric-Katic, Assistant Minister for Employment (StJ)</p> <p>15:00 – 17:00 Visit to the Beneficiaries in Belgrade (self-employment)</p> <p>1. Tepih servis „Spektar – V“, Mr. Vladislav Ilić Address: Dobanovačka 8/2</p>

	<p>2. TR i Fotokopirnica, Mr. Igor Batarelo Address: Takovska 18/12</p> <p>3. Laundry washing and ironing service, Ms. Sanja Čop-Marković Address: Trnska 12</p>
27.09.08	<p>08:00 Departure to Departure from Hotel Le Petit Piaf to Kragujevac (a car and a driver of the UNDP IT)</p> <p>09:00 – 13:00 <i>Visit to the beneficiaries in Kragujevac</i></p> <p>1. "Agrar coop" d.o.o. Kragujevac, Kanicova b.b. Director Mr. Rade Đorđević, one employee Mr. Milorad Lukic</p> <p>2. "Reli", Kragujevac, Kraljevački bataljon b.b. - owner: Mr. Živadin Jovanović and Mr. Josip Štrkalj, 3 employees</p> <p>3. Mr. Milovanović Mihailo, self-employment, in Knić, Balosave.</p> <p>Mrs. Marija Cimeša, advisor from NES will accompany the team</p> <p>16:00 Debriefing Mr. Klaus Kapper, Head of ADA office in Belgrade</p>
28.09.08	<p>12:00 Meeting with MIR Evaluation Team at Hotel</p> <p>14:00 <i>Departure to Vranje</i></p> <p>19:00 Dinner with Tom Thorogood</p>
Week 40	
29.09.08	<p>08:15 <i>Departure from Vranje to Presevo</i></p> <p>09:00 Meeting with a group of staff from Presevo who have been participants with the learning programme implemented under component three</p> <p>10:00 Meeting with Ragmi Mustafa mayor of Presevo during MIR2 programme and now Head of Municipal Assembly</p> <p>10:30 Depart Presevo and on way out of town pass by old and new market site (MIR2 project)</p> <p>11:30 Meeting in Vranje PIU with municipal counterpart and members of the team who were involved in the development of the municipal strategy in Vranje. (component two)</p> <p>12:30 Lunch</p> <p>13:00 <i>Depart for Surdulica</i></p> <p>13:45 Visit Citizen Assistance Centre (component four)</p> <p>14:30 Visit Ag project in Surdulica School</p> <p>15:00 <i>Return to Vranje</i></p> <p>15:45 Meeting with group of staff in Vranje Office</p> <p>16:30 End of Beneficiary Meetings</p> <p>19:30 De-briefing Dinner Tom Thorogood, MIR II & MIR Senior Management Team Method Dolinsek (Coach MIR)</p>
30.09.08	<p>09:00 <i>Depart Vranje for Leskovac</i></p> <p>10:00 Meet with staff of Regional Development Agency</p>

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	<p>11:00 Meet with representatives from the Urbanism Department in Leskovac who have been involved with the work on building permits and digitalizing municipal plans (component four)</p> <p>12:00 <i>Depart for Bojnik</i></p> <p>12:30 Arrive in Bojnik meet with group of staff who have been participants in the learning programme as in Presevo</p> <p>13:30 Briefly visit CAC in Bojnik</p> <p>13:45 Meeting with former mayor of Bojnik who was mayor during implementation of MIR2</p> <p>14:30 <i>Debriefing meeting with MIR2 programme manager</i></p> <p>17:00 <i>Departure to Belgrad</i></p> <p>20:00 <i>Debriefing Kapper</i></p>
1.10.08	<p>Debriefing / Wrap up Team only</p> <p>12:30 Departure to airport</p> <p>17:00 BDe-brief to Weiner</p>
Week 43/44	Report
	Drafting
31.10.08	Submitting Draft Report to ADA
Week 47 ff	Finalisation
27.11.08	<p>Presentation Draft Report</p> <p>Finalisation with Quality Control</p>