

Project Title: Local-level Response for Employment Generation and Integrated Territorial Development (InTerDev)

Country: Kosovo **Region:** Southern Kosovo

Planned project Period from: 15 January 2014 **till:** 14 January 2017

Applicant **Local Project Partners**

Name: United Nations Development Programme (UNDP)	Municipalities of Dragash/Dragaš, Štrpce/Shtërpçë and Suharekë/Suva Reka. Municipal Employment Offices; Vocational Training Centres; private sector enterprises; Local Development Fund (LDF); Local Groups (formal or informal)
Legal Status, Year of Founding: International Organization, operating in Kosovo since 1999	Legal Status, Year of Founding: n/a
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Authorized to Sign (Position):	Deputy Resident Representative
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Financing (Euro)

Project Budget (total)	Requested Grant ADC	Contribution in Cash by the Applicant	Possible Contributions from Third Parties
100%	96.4%	3.6%	
1,660,000 EUR	1,600,000 EUR	60,000 EUR	
(including 400,000 EUR for additional grant calls-by LDF)	(incl. 400,000 EUR for additional grant calls by LDF)		

Short Description (max. 2000 characters)

There cannot be inclusive growth in Kosovo without local administrations, entrepreneurs, farmers, and communities deploying their energies and resources in a coordinated way, networking together to overcome specific development challenges in their territory. While development potentials exist (particularly in agri-business and related value chains), no strong service institutions are present at municipal/local level. People have great difficulties in accessing employment opportunities, economic circuits and regular markets, business services and credit.

The overall objective of the project is to provide a range of coherent and integrated services and support measures in three selected municipalities Suharekë/Suva Reka, Dragash/Dragaš and Štrpce/Shtërpçë. As the municipality of Suharekë/Suva Reka has been partner and beneficiary of ADC support through the ADC/CARE project "Integrated Regional Development in the Municipality of Suharekë/Suva Reka in the sector of agriculture" (IRDS) since 2009, and has established a Municipal Development Center (MDC) and a Local Development Fund (LDF), these innovative structures will be open, as a disseminator of knowledge, advisory services and good practices, to the municipalities of Dragash/Dragaš and Štrpce/Shtërpçë. Through this approach, the municipality of Suharekë/Suva Reka will provide knowledge and advice on effective municipal structures in order to efficiently facilitate employment generation and transition to formalization of workers and upgrading of (micro) enterprises, particularly household-based operations in specific value chains that have competitive and sustainable potential, as well as existing SMEs.

To create individual and institutional capacities in the municipalities of Dragash/Dragaš and Štrpce/Shtërpçë and further strengthen Suharekë/Suva Reka municipality's capacities to facilitate economic empowerment and job creation for individuals at risk of economic and social exclusion.

It is expected that, as a result of this intervention: i) the capacities of municipal staff and structures involved in the provision of services for economic development and integrated rural development are strengthened through the adaptation of the Suharekë/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner; ii) New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers (smallholders) iii) bottom-up approaches and local-level concertation for employment generation are operationalized at municipal level through Territorial Employment Pacts (TEPs).

The project will target (over 3 years) with direct support ca. to 400-450 direct and 1,400-1,700 indirect beneficiaries at risk of economic and social exclusion in the selected municipalities, in particular (smallholder) farmers and other small and micro production units that are largely underserved by the current provision of services in support to business and market access. There will be a focus on youth and women entrepreneurship and employment generation, with sensitivity to ethnic issues. The main beneficiaries of capacity development interventions and support measures will be municipal structures and other organizations with a sustainability perspective.

Necessary changes in the project document and intervention logic will be applied as result of a four month inception phase. They will be submitted to ADA for review and approval – along with the inception report – in the form of a revised project document incl. annexes.

1. Summary

Problem analysis

There cannot be inclusive growth in Kosovo without local administrations, entrepreneurs, farmers, and communities deploying their energies and resources in a coordinated way, networking together to overcome specific development challenges in their territory. While development potentials exists (particularly in agri-business and related value chains), no strong service institutions are present at municipal/local level. People have great difficulties in accessing employment opportunities, economic circuits and regular markets, business services, and credit.

Overall objective: To provide a range of coherent and integrated services and support measures to three selected municipalities: Suharekë/Suva Reka, Dragash/Dragaš and Štrpce/Shtërpçë. The innovative Municipal Development Center and the Local Development Fund operating in the municipality of Suharekë/Suva Reka is ready to provide knowledge and advice, as well as access to resources, to the other two selected municipalities, municipal structures, and local communities in view of facilitating employment generation and transition to formalization of workers (specific target to be set) and upgrading of (micro) enterprises (specific target to be set), particularly household-based operations in specific value chains that have competitive and sustainable potential, as well as existing SMEs.

Project purpose:

To create individual and institutional capacities in the municipalities of Dragash/Dragaš and Štrpce/Shtërpçë and further strengthen Suharekë/Suva Reka municipality's capacities to facilitate economic empowerment and job creation for individuals at risk of economic and social exclusion.

Expected results

It is expected that, as a result of this intervention: i) the capacities of municipal staff and structures involved in the provision of services for economic development and integrated rural development are advanced through the adaptation of the Suharekë/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner; ii) New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers. iii) bottom-up approaches and local-level concertation for employment generation will be operationalised at municipal level through Territorial Employment Pacts (TEPs).

Target group and beneficiaries

The project will target individuals at risk of economic and social exclusion in the selected municipalities, in particular farmers and other small and micro production units that are largely underserved by the current provision of services in support to business and market access. There will be a focus on youth and women entrepreneurship and employment generation, with sensitivity to ethnic issues. The main beneficiaries of capacity development interventions and support measures will be municipal structures and other organizations with a sustainability perspective.

2. Background / context

2.1. Relevant governmental and sectoral policies

There cannot be inclusive and sustainable growth in Kosovo without local administrations, entrepreneurs, farmers, and local communities deploying their energies and resources in a coordinated way. Instead of simply juxtaposing sectoral strategies coming from the central level, more efforts should be made to ensure that local stakeholders are networking together to overcome specific development challenges in their territory, that there is limited depreciation of the local human capital pool, and that growth patterns are more inclusive.

For people living in a certain territory, improvements in their quality of life are both cause and effect of an increase in territorial competitiveness and an enhancement in their access to and sustainable utilisation of local resources. By law, all municipalities in Kosovo are mandated to prepare and implement Municipal Development Plans (MDPs), which should identify the competitive advantages of the territory and steer local socio-economic development. The vast majority of municipalities have the municipal development plans prepared and approved, however these plans are not used to guide the actual planning, budgeting and implementation of municipal activities. Contextually, new national strategies are currently under preparation, such as the new Agricultural and Rural Development Programme (2014-2020), which can provide a supportive institutional framework for the implementation of the MDPs at the local level; and the Sectoral Strategy for Employment and Social Welfare (2014-2020), which will emphasise the importance of local-level employment generation through better linkages with rural and regional policies. According to the MAFRD law on advisory services for agriculture and rural development (nr. 04/L-074) the extension of advisory services for agriculture and rural development shall be organized central and local level, and shall be public and private. At the central level, experts engaged in MAFRD shall be responsible for policy development, strategic drafting, preparing annual work plans and coordinate and monitor the advisory service delivery at local level by local and international organizations. At local level, according to the law, each municipality should establish an information centre on the provision of advisory services for agricultural and rural development. Each municipality shall have counselors on agricultural and rural development to provide advisory services. Utilization of external experts is also allowed. All advisory provision counselors need to be certified. The services to farmers may be on hand support, group counseling etc. Financing shall be done from the Kosovo Budget as well as other resources (donors, IOs etc.).

Based on the strategy for extension of services, all municipal counselors shall be trained and certified for extension of services. By 2016 the number of farmers receiving advisory services shall be increased by around 30%.

With the Government of Kosovo in the process of developing a longer-term vision (probably over a 10 year period), many line ministries are currently (re)drafting their sectorial strategies and related action plans. Naturally, they will have an impact on municipal service delivery as well. While there is an overall agreement that the quality of service delivery needs to be improved and, in most sectors, the legal framework is ready, implementation at the municipal level lags behind, also due to lack of [implementation of the] secondary legislation. In line with the recommendations of the Feasibility

Study for a Stabilisation and Association Agreement between the European Union and Kosovo¹, during 2013 the Government of Kosovo was expected to intensify the work on the public administration reform by focusing more on fiscal decentralization. The Ministry of Local Government Administration (MLGA) has been working on a draft of the new Local Government Strategy and Action Plan (2013 – 2016). The document is expected to go for adoption early in 2014, after the results of the 2013 autumn local elections have been acquired. The strategy shall be the basis for strengthening the local self-government.

2.2. Characteristics of the project environment

Kosovo's Law on Local Self-Government (Law Nr. 2008/03-L-040) sets forth municipal competences, including for inter-municipal cooperation. In general, municipalities have weak capacities and resources to seriously plan and organize services. Main challenges include the involvement of the private sector in the provision of public services, budgetary constraints, absorption capacities, weak professional expertise at municipal level, as well as a lack of central level support in the decentralization of specific competencies in certain fields. Inclusive decision-making, as well as administrative and budgeting processes are often hampered by a lack of data management and planning capacities.

In 2013, in accordance with the Law on Spatial Planning, the Municipalities of Dragash/Dragaš and Štrpce/Shtërpçë both adopted comprehensive and ambitious Municipal Development Plans (MDPs). The Dragash/Dragaš MDP specifically identifies the promotion of „poverty alleviation and socio-economic development for Dragash/Dragaš and, in so doing, [promotion of] social inclusion and equal opportunities for disadvantaged groups“ as a key function.

One characteristic of the Southern part of Kosovo is that it has a more mixed ethnic structure than other areas of Kosovo, as the majority Albanian community lives side by side with Bosniaks, Gorani, Turks, Roma, Ashkali, Egyptians, and Serbs.

Dragash/Dragaš is located in the south of Kosovo, bordering with Albania and Macedonia. Based on the latest Census (2011) data, Dragash/Dragaš has a population of **33,997** people², distributed in 35 villages and the Dragash town, strictly divided between the Albanian majority community (65%) and the Gorani-Bosniak minorities (35%). The adult residents have lower education attainment compared to Kosovo's average³. High unemployment rates and low labour force participation, especially among women, make Dragash/Dragaš one of the poorest municipalities in Kosovo and determine its development focus on employment of youth and women, including through entrepreneurship, while being attentive to ethnic and cultural differences. The Sharr Mountains, a Southern-Balkans range, runs through a part of Dragash/Dragaš territory. The Sharri National Park, a first protected area in Kosovo, is extending over parts of the territories of Dragash/Dragaš, Suharekë/Suva Reka, Prizren, Kaçanik/Kacanik and Shtërpçë/Štrpce. However it is spatially adjacent to three other large protected

¹ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on a Feasibility Study for a Stabilisation and Association Agreement between the European Union and Kosovo {SWD(2012) 339 final}. Brussels, 10.10.2012 COM(2012) 602 final

² KAS <http://esk.rks-gov.net/rekos2011/?cid=2,92>

³ Kosovo Mosaic 2012 (UNDP)

http://www.undp.org/content/dam/kosovo/docs/Mozaik/Kosovo_Mosaic_2012_Eng_735317.pdf

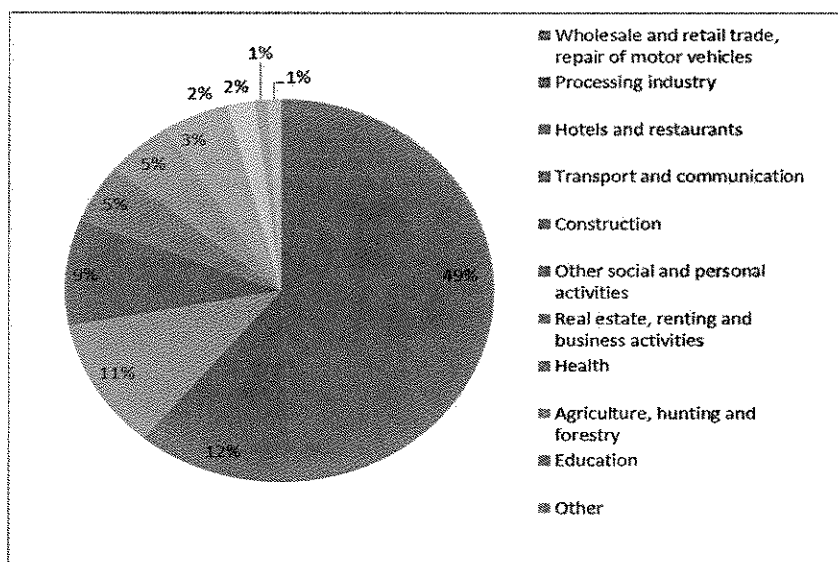
areas in the region: the Mavrovo National Park (73088ha; established 1949) and the planned Šar Planina National Park in FYR Macedonia, and the planned Korabi Protected Landscape in Albania. 55.5% of the Dragash/Dragaš's municipality's terrain is included within the protected Sharr/Šar National Park. Thus, Dragash/Dragaš's vocation for local development is to be linked to the sustainable use of existing natural resources. This can be the cornerstone for protecting natural resources while reducing the incidence of institutional, social and economic vulnerabilities, which affect the population at the same time.

The Sharri National Park covers also a significant portion of Štrpce/Shtërpçë territory (around 2,400 sq. km. in total). Štrpce/Shtërpçë has **6,949** inhabitants, with a majority of them belonging to the Serbian community. The municipality is at present run by an integrated coalition of Serbs with an Albanian minority. The current municipal administration was the first one to be run by Serbs. They won the last municipal elections and accepted Kosovo institutions and rule of law instead of continuing to hold local elections following Serbian procedures. This decision needs to be now supported by all actors with interventions to promote local economic development and employment, in view of facilitating reconciliation amongst communities and shifting the perception of Štrpce/Shtërpçë from being a Serbian enclave to functioning as a Serbian-majority Kosovo municipality. Štrpce/Shtërpçë municipality is also characterized with high unemployment rate (60%), which is above the overall unemployment rate in Kosovo (around 44%, according to the latest census⁴).

Some of the municipalities in Southern Kosovo, as for instance in the case of Suharekë/Suva Reka, have a relatively more dynamic economy than other parts - driven by about 12,000 enterprises, mostly engaged in the service sector (wholesale and trade), but with a substantial share of activity in agriculture and processing industries (see Figure 1). As it is the case throughout Kosovo, the large majority of private sector entities are micro- and small enterprises (see Table 1).

⁴ Based on the latest Labour Force Survey 2012, the overall unemployment rate in Kosovo has dropped to around 30%. However, looking at the insignificant changes of the employment rates, and increasingly lower labour force participation rates, the lower reported unemployment rate does not indicate a positive change in the overall operations of the labour market.

Figure 1. Distribution of businesses in the Economic Region South (about 12,000 enterprises in total)⁵



Source: Kosovo Agency of Statistics

Table 1: Number of registered MSMEs in Kosovo⁶

Type	Number of registered enterprises (2010)	%
Micro	102,070	98.40%
Small	1,406	1.40%
Medium	221	0.20%
Large	58	0.06%
Total	103,755	100%

Despite high levels of unemployment in the area, micro and small enterprises struggle to grow and expand also due to the limited human resource base available. The level of unemployment in the region is positively correlated with the educational attainment. About 60% of registered job-seekers are unqualified, having completed only primary education or less. Quite surprisingly, 35% of the unemployed job-seekers are people with high school education (general and vocational schools), which casts some doubts on the alignment of curricula with labour market requirements and may point also to the lack of self-entrepreneurship opportunities. The Ministry of Labour and Social Welfare's (MLSW) Vocational Training Centre (VTC) and the Vocational Education High Schools in the South offer training in traditional profiles, including machinery and metal processing, construction, traffic, trade and tourism, economics and law, electro-technical installations, etc.

⁵ For the purpose of the data presented, Economic Region South (ERS) includes 6 municipalities: Prizren, Dragash, Suhareka, Malisheva, Rahovec and the recently established small municipality of Mamusha. Data for Štrpce/Shtërpçë are not aggregated.

⁶ EU SME – SMEs support through the Ministry of Trade and Industry – Newsletter Issue 1/July 2011 - http://www.smesupport.biz/cms/images/stories/newsletters/issue1/0711_newsletter_en_issue1.pdf (last retrieved on 25 January 2013). Kosovo's SME Strategy uses "number of employees" as the main criterion for classification enterprise according to size. This differs from EU countries where, besides the number of employees, the amount of annual turnover is also taken into consideration.

The planned intervention builds on and links together the prior experiences of the Austrian Development Cooperation in the Municipality of Suharekë/Suva Reka, in the context of the ADC/CARE project “Integrated Regional Development in the Municipality of Suharekë/Suva Reka (IRDS) in the sector of agriculture”, and UNDP’s extensive programmatic work targeting vulnerable individuals at risk of economic and social exclusion. The approaches described below (such as for instance the Territorial Employment Pacts and the value chain analysis) belong to the range of tools the UNDP is implementing in Kosovo in the context of the achievement of MDG 1 (particularly target 1B “Achieve full and productive employment and decent work for all, including women and young people”). Moreover, the focus on enhancing livelihoods and income generating opportunities by emphasising the local economic development potential of biodiversity conservation and sustainable natural resources management, which UNDP has been advocating through its prior interventions in the target area, contribute directly to making progress towards MDG 7 “Ensure Environmental Sustainability”.

2.3. Consistency with the objectives of the Austrian Development Cooperation

This project will contribute to all three of the Austrian Development Cooperation’s goals: 1) reduction of global poverty; 2) safeguarding peace and human security; 3) preserving the environment. The focus on individuals at risk of economic and social exclusion in the selected communities/municipalities, in particular (smallholder) farmers and other small and micro production units that are largely underserved by the current provision of services in support to business and market access, will contribute directly to the ‘poverty reduction’ pillar of the ADC strategy in Kosovo. By focusing on increasing livelihood and income generation opportunities for people in the target communities, where competition over scarce resources can occasionally become a conflict-trigger, and by operating with inter-ethnic sensitivity throughout the project cycle (from design to implementation to monitoring for results), the project will also contribute to the ‘peace and security’ pillar of the ADC strategy in Kosovo.

Moreover, using and expanding UNDP’s prior work on local economic development strategies based on the biodiversity conservation and sustainable natural resources management in the areas around the Sharr National Park (which is a shared resource between the Dragash/Dragaš and Štrpce/Shtërpçë municipalities), the project will also make significant contributions under the ‘ecological sustainable and social inclusion development’ pillar of the ADC strategy.

With regard to ADC’s sectoral priorities in Kosovo, the proposed intervention adopts the same focus on rural areas as in the ‘Economy and Development’ sector identified by ADC, while also taking into account the cross-cutting issues: governance (including ethnic minorities); gender equality; and environment. The proposed intervention recognises the untapped potentials of rural areas and intends to work with the local governance structures to improve service delivery to citizens and businesses in the target communities/municipalities.

2.4. Target group, beneficiaries and local project partners

The project will target individuals at risk of economic and social exclusion in the selected municipalities (Dragash/Dragaš, Štrpce/Shtërpçë, and Suharekë/Suva Reka), in particular (smallholder) farmers and other small and micro production units that are largely underserved by the

current provision of services in support to business and market access. There will be a focus on youth and women, both in terms of employment, as well as provision of opportunities for self-employment and entrepreneurship. Differences in [cultural and/or traditional] perceptions over the need for and benefits of education for girls (in particular secondary and higher education), access to jobs for women, women's property rights, inclusion of young people (in particular young girls and women) in local participatory processes, are very significant among various ethnic groups, but also among urban and rural areas, and the project will need to take these into account. Beneficiaries will include associations of farmers, local businesses, agricultural associations, non-governmental organisations, local authorities, individual entrepreneurs, and prospective enterprises in the field of agriculture, food processing, and other value chains with established potential.

The municipal structures in the 3 municipalities are one group of primary project beneficiaries. The municipal team (and in particular the Municipal Development Centre) of Suharekë/Suva Reka is an important project partner in transferring knowledge and developing capacities for the other two municipalities in addition to advisory and on-job support services. Memoranda of Understanding will be signed with all participating municipalities at the beginning of the project to confirm their commitment and participation. The Municipal Development Centre in Suhareka/Suva Reka is willing to and will have a crucial role in providing the knowledge and sharing experience with the other municipalities, both through provision of technical assistance and inter-municipal cooperation initiatives. The departments of economic and rural development of the Municipality of Dragash/Dragaš and Štrpce/Shtërpçë, shall benefit from capacity development support in order to improve their service delivery at local level. Thirty-four⁷ municipal officers in Dragash/Dragaš and five municipal officers in Štrpce/Shtërpçë shall be direct beneficiaries of the **first project component**.

The **second project component** focuses on microenterprises (particularly household-based operations), small and medium enterprises, but also individuals that would like to start a business in specific value chains that have competitive and sustainable potential. The project will use the ground work for identification of value chains with good potential in the Economic Region South, done by the Dragash and by the Aid for Trade projects⁸, implemented by UNDP and funded by the Government of Finland. Some 10 value chains were identified and assessed, and for 3 value chains support work has started already. The entrepreneurs that work already in these value chains are the immediate target group for the second project component. They will receive additional support, in form of business development support services, to be provided by the MDC (or, where necessary, by externally-contracted providers). Based on the number of farmers and entrepreneurs already identified through the value chain analysis, the project estimates a minimum number of **200**⁹ entrepreneurs as direct beneficiaries (plus 1,000 indirect beneficiaries) of business development services, organized around the value chains. Under the local economic development efforts in the framework of current¹⁰ UNDP interventions in Dragash/Dragas, the direct beneficiaries from Gora and Opoja regions participated in study visits, focus group meetings and trainings. During the project period 36 beekeepers have been involved in the process of drafting the strategic guidelines for bees

⁷ Municipal staff from the department of economic development (17) and rural development (17)

⁸ <http://www.ilsleda.org/activities/national-level-activities.php?id=29>

⁹ The number is based on the number of beneficiaries under the value chain analysis of previous UNDP projects.

¹⁰

[http://www.ks.undp.org/content/kosovo/en/home/operations/projects/environment and energy/sustainable-land-use-management-and-conservation-of-biodiversity.html](http://www.ks.undp.org/content/kosovo/en/home/operations/projects/environment%20and%20energy/sustainable-land-use-management-and-conservation-of-biodiversity.html)

value chain and 27 of them attended a training program provided by ILS LEDA. In the process of herbs value chain 34 herb collectors were involved and 23 of them participated in a training program provided by ILS LEDA. In the process of drafting strategic guidelines for forest value chains 30 collectors were involved while 25 of them have been trained. During the project period 80 breeders participated in the focus group meetings related to milk and meat value chain strategic guidelines. 9 local actors were involved in the work for textile value chain.

They will also be eligible to apply for grants from the Local Development Fund, either individually or as associations organized around value chains. In the second year of the project, if necessary, the project will conduct work to identify and assess new value chains that could be included in the scope of the project.

The Local Development Fund (LDF) will thus expand beyond Suharekë/Suva Reka to two other municipalities. While the LDF will apply its existing mechanisms of grant-giving, the project will assist LDF to further strengthen its management and monitoring capacity. It is estimated that LDF could deliver an average of 30 grants (maximum foreseen currently at €15,000 per grant, which shall be adapted if need be according to the nature of the respective grant round) during the project period, targeting a minimum of 30 beneficiaries and **150** indirect beneficiaries. The project shall make efforts to include individuals at risk of economic and social exclusion as beneficiaries. In this respect, it will be necessary for the LDF to operate some minor adjustments to their modus operandi in view of accommodating a slightly different target group (see 4.1., component II). This will be done during the first 4 months of the project work (the inception phase).

The implementation of the **third component of this project** is structured around the model of local partnership and concertation which is at the basis of Territorial Employment Pacts (TEPs)¹¹. TEPs are results of “negotiated planning”, where different actors at the local and national level assume complementary and inter-connected roles and responsibilities in view of local economic development and employment objectives. The formulation of the Territorial Employment Pacts will be done in a participatory manner. Existing groups (formal or informal), such as the Municipal Working Group in Dragash/Dragaš, or the local action group in Štrpce/Shtërpçë, will be used. Where considered necessary, additional new members will be brought on board, to ensure representation of all important stakeholders.

Based on the size of similar interventions in the municipalities of Fushë Kosovë/Kosovo Polje and Obiliq/Obilić it is estimated that this component will have **210** direct beneficiaries (individuals at risk of economic and social exclusion, in particular (smallholder) farmers and other small and micro production units that are largely underserved by the current provision of services in support to business and market access), and another 500 indirect beneficiaries. UNDP has prior experience in targeting specifically young people and ethnic minorities through the profiling system developed for the Territorial Employment Pacts in the Municipalities of Fushë Kosovë/Kosovo Polje and Obiliq/Ć.

The project approach is based on the partnerships between the municipality of Suharekë/Suva Reka and the municipalities of Dragash/Dragaš and Štrpce/Shtërpçë. The latter two will partner and learn from the model and experience of the Municipality of Suharekë/Suva Reka, where the ADC/CARE project “Integrated Regional Development in the Municipality of Suharekë/Suva Reka (IRDS) in the

¹¹ TEPs constitute a model of territorial concertation which has been adopted in many European countries. They were introduced experimentally in 1996 and then re-proposed in a new form for the period 2000-2006.

sector of agriculture” led to the establishment of a Municipal Development Centre (MDC). The MDC is a model of service delivery for business and private sector development based on the internal reorganization of the local administration (pillared approach). UNDP will also build on the existing solid partnership with the Municipality of Dragash/Dragaš which was forged in the context of the UNDP’s project “Conservation of Biodiversity and Sustainable Land Use Management”.

Two municipal coordinators will be located in the municipalities of Dragash/Dragaš and Štrpce/Shtërpçë, and will work closely together with the Project Manager. The two coordinators¹² will be recruited from the respective municipalities and will be hosted within the municipalities. They will ensure day-to-day coordination of the various project components, among the municipalities, and with the project stakeholders on the ground.

Existing working groups in municipalities will be partners in the development of the Territorial Employment Pacts and in the monitoring of implementation of project activities. In the majority of Kosovo municipalities the established Local Action Groups (LAG) or Municipal Working Groups (MWG) (depending on the structure introduced at municipality) tend to be weak structures, as in the past they have had limited opportunities to be used to design and channel concrete interventions in support of rural development. In Dragash/Dragaš, the UNDP project has established a strong partnership with municipal authorities for the participatory identification of development priorities while designing and implementing the MDP. The Dragash/Dragaš Municipal Working Group (MWG), an active interlocutor, functioned as a participatory, consultative forum established under the leadership of the local authorities to support a weak LAG. The MWG accompanied and supported the process of the MDP development and implementation. Members are the representatives of the municipal government (by sector), representatives of the business sector and representatives of civil society, including minority groups.

The municipality of Štrpce/Shtërpçë has a Business Service Centre. During the inception phase, the project will engage with the Business Service Centre and with the existing local action group, in order to define the possible cooperation arrangements.

The engagement of the MWG in Dragash/Dragaš and of the BSC and the LAG in Štrpce/Shtërpçë is important as part of the TEP process and as part of the value chain development. The benefit of the cooperation with these (formal or informal) structures is in that it strengthens their role as a platform to facilitate a better communication between different stakeholders relevant to local development and this project in particular. The MWG (Dragash/ Dragaš) or LAG (Štrpce/Shtërpçë)¹³ are an important contributor to the TEP and have a lead role in the monitoring of the TEP implementation. They will serve as a mechanism for a more constructive and effective engagement by the minority representatives through the civil society organisations represented in the MWG,or

¹² It is proposed that the municipal coordinators are hired as UN Volunteers, with a minimum of several years of practical experience

¹³ The MWG is active in Dragash Municipality (UNDPs experience through previous Dragash project) while LAG is active in Strpce (checked with Strpce municipality on their activity). Both groups have a very similar structure and character and play the same role in the process, it’s is basically a matter of different denominations in each respective municipality. MWG in Dragash and LAG in Strpce consist of representatives of relevant municipal department, the private sector reps and civil society. They will be engaged throughout the project, namely:

- Initially they will be a consultative group during the inception phase
- They will have a role during the design of TEP

They will be closely involved in the monitoring of the project implementation, especially activities foreseen under TEP.

LAG that will enable them to directly engage in the decision making in regard to local development in their communities. In addition, village groups were consulted for their views on the planning needs in early 2011 [ref: Dragash/Dragaš Municipal Guidelines (for International Cooperation) (2011-2013)]. The first five village working groups (established in 2010-2012) included Bellobrad/Belobrod, Blaç/Bljaç, Brod/Brod, Brrut/Brut and Restelica/Restelicë. Additional five working groups were established in 2012 in villages Bresane, Kuk, Shajne, Rapce and Zlipotok. In Štrpce/Shtërpçë, the Local Action Group was partially revived through a GIZ project during the development of the local Tourism Strategy. UNDP is also present through a Capacity Development Facility (CDF) advisor, attached to the Municipality.

Prior experience with the project on Active Labour Market Programmes for Youth (2005 – 2013), and the recent experience with TEPs in Kosovo (in the municipalities of Fushe Kosovo/Polje and Obiliq/ć) point out to the positive role that Municipal Employment Offices and Vocational Training Centres can play, in view of the focus on skills development and local employment generation.

The partnership and support delivered to local small and micro enterprises will be enhanced through the Local Development Fund (LDF) which was established in Suharekë/Suva Reka by the IRDS project to facilitate access to finance to farms and rural businesses. Under the proposed intervention (and as part of the sustainability/soft exit strategy of ADA) resources will be made available to the LDF to issue additional grant calls.

2.5. Problem analysis and analysis of local potentials

In the macro-region South, the Dragash/Dragaš and Štrpce/Shtërpçë municipalities, both hosts to part of the Sharr Mountains and homonymous National Park, present very many similarities, both in terms of challenges and potentials. Their resource potential is concentrated around natural resources and biodiversity, which fall squarely at the centre of any sustainable development opportunities. However, major interventions would be required to promote rural development and a much needed improvement in the quality of services delivered to citizens and businesses. Services are not provided at adequate standards and do not yet fully cover territory and population needs.

Both municipalities see the co-existence of two or more Kosovan communities (Albanian, Gorani, Bosniak in Dragash/Dragaš; Serbian, Albanian in Štrpce/Shtërpçë); while the dynamics of co-existence are different, they remain challenging in both cases. Although coexistence between the Albanian/Gorani-Bosniak communities and Serbian/Albanian communities is in place in the (respective) municipality elective organs and relevant mechanisms guarantee a fair representation of minorities, human settlements are often de facto still separated along ethnic lines. Economic activities and local economic development represent good entry-points to bridge social and cultural divisions that are still widespread also due to language differences and the presence of some Serbia-sponsored “parallel structures”, especially related to social services (particularly in health and education). Local governments need of course to be reinforced in terms of capacities to deal with local development in a multicultural approach.

Despite some elements of economic potential, these municipalities face similar challenges, especially with regard to the high level of unemployment, growing demographic pressure on the labour market, persistence of low-competitiveness farm production, growing income disparities between urban and rural areas, limited services for business development, as well as scattered local initiatives with lower than expected overall development impact. According to the latest data from the Labour Force

Survey (LFS 2012, KAS 2013), Kosovo's labour market is generally characterised by very low participation rates, particularly of women and youth, combined with high levels of discouragement. The administrative data of the Ministry of Labour and Social Welfare confirm the fact that a few people go to register as unemployed job-seekers in these municipalities, as they believe that no jobs can be found. This is further complicated by widespread gender discrimination related to traditional views and perceptions, which often limits labour mobility of women (particularly young women), including in terms of access to training and learning opportunities. Moreover, this is paired with a high likelihood of people being engaged in vulnerable employment, as unpaid family workers in rural enterprises, mostly relegated in the meanders of informality.

Table 3: Registered unemployed with Public Employment Services

Municipality	Passive Jobseekers		Passive	Active Jobseekers		Active	Total unemployed ¹⁴ registered with PES
	M	F	Total	M	F	Total	
Dragash	1274	853	2127	1245	1200	2445	4572
Shtërpce	1015	1237	2252	394	384	778	3030
Suharekë	3456	3195	6651	1199	1223	2422	9073
Grand Total	5745	5285	11030	2838	2807	5645	16675

Source: MLSW administrative data (Employment Management Information System)

Clearly, technical, human and financial capacities of local governments are not sufficient to initiate alone and support local development under the framework of local and inclusive sustainable development. Management capacities to tackle biodiversity and environmental issues have been reinforced through the UNDP project (in Dragash/Dragaš), but are not yet sufficient to sustain elements of green growth. The post-conflict re-establishment of local businesses is still essential, especially in the remote villages, but requires incentives for investment, capacity development, and sustained technical and financial support. No strong service institutions are present, within or outside the Municipality. MWG needs further strengthening and the experience shows that if they are adequately represented and projects involves them at every step of the process they can play a crucial role, take leadership and ownership of the process and potentially can evolve in to a sustainable mechanism to drive local economic agenda.

Earlier assessments conducted by UNDP, particularly in the Municipality of Dragash/Dragaš, have indicated that development potentials exists and it is given by the production of honey, forest fruits, herbs, milk and meat, textile, as well as in the tourism, and culture systems. On the other hand, people, especially the most disadvantaged ones, have great difficulties in accessing economic circuits and regular markets, business services and credit. There is also a need to foster understanding of market niches and of natural and human resources as assets, in order to halt the on-going emigration process. Municipalities are not taking sufficient advantage of cross-border cooperation opportunities, despite the enormous potential, based on trade and triangular management of the Sharr Mountains protected area, whose territory includes Albania, FYR of Macedonia and Kosovo. Thus, local governments' capacities need to be enhanced to understand and take forward prioritization of actions under the existing municipal development plans that are in line and driven by the specific needs and demands in their territory, particularly in a multicultural context.

The macro-region is also seen as offering some entry-points to develop more sustainable and competitive industries with export potentials. To this end, the Regional Development Strategy for the South and for the East, as well as the respective MDPs have identified agriculture, food processing and tourism as priority sectors, particularly in the rural areas of the region.

¹⁴ According to Law Nr. 04/L-083 on registration and evidence of the unemployed and jobseekers in Kosovo, each unemployed registered with public employment services has to prove (seek services from employment offices every three months) he/she is actively looking for job hence considered active jobseeker. The number of passive jobseekers registered with Public Employment Services (also consistent with the latest Labour Force Survey Results) is significantly high. This group of unemployed persons are 'discouraged jobseekers': unemployed persons not actively looking for job due to several reasons, such as belief there are no jobs available, belief the skills-set they have are not required by the labour market, chances to get a job depend on the political party you belong to etc.

The challenges and opportunities outlined above justify the development of (formal or informal) association of producers, organized around value chains, as well as of a network of entities providing business development services, strategically positioned to guarantee delivery of multiple services, in a comprehensive manner, to farmers and entrepreneurs in value chains that have potential and could support the valorisation of territorial resources. The Municipal Development Plan for Dragash/Dragaš, the strategic guidelines for development of value chains for Dragash/Dragaš, as well as the SME strategy developed in Štrpce/Shtërpcë, provide a relatively good map of the existing territorial resources. In terms of priority areas of intervention to enable service provision in the target municipalities, they will fall within the following categories: a) Territorial animation¹⁵; b) Business support; c) Project development and financing; d) Services for employment.

The MDC in Suharekë/Suva Reka, along with the MWG in Dragash/Dragaš and the LAG in Štrpce/Shtërpcë can facilitate the implementation of these specific interventions. The strategy relies on the integration of the Municipality of Suharekë/Suva Reka as a corner stone of the project implementation in relation to capacity and knowledge transfer, while the LDF remains a key partner in the provision of grants to beneficiaries. LDF is an independent foundation established through the IRDS project in 2011 operating in Municipality of Suharekë/Suva Reka. Since its establishment, with the support of Austrian Development Corporation (ADC), LDF has financed activities in the region South aiming at developing rural and agriculture sectors. Calls for proposals inviting local agriculture businesses are open two to three times a year. The level of funding depends on the call: for regional calls for applications the grants are higher compared to the local calls for applications¹⁶. The applications are evaluated by an independent committee, comprising of local and international experts that review and recommend best grant applications for approval by ADC. The applicants are obliged to financially contribute a minimum of 20% of the total project cost.

2.6. Harmonization and Alignment (H&A)

Despite Dragash/Dragaš being one of the poorest municipalities in Kosovo, the number of donors and development partners present in its territory is still small. In Dragash/Dragaš, ART Kosovo and the Finnish-funded Dragash/Dragaš project have established a joint support mechanism to municipal authorities for the participatory identification of development priorities in developing and implementing the MDP. There is an ongoing GIZ project on rural economic development, the Luxemburg Government support to farmers in the rural areas and agricultural financial services provided by Italian Cooperation that InterDev will take in to account during. Other UN agencies, namely UNFPA and UNICEF, have committed to prioritize interventions in Dragash/Dragaš, using the existing methodological and operational framework. The MDP is well set to serve as a foundation for improving donor coordination in Dragash/Dragaš.

In Štrpce/Shtërpcë, several development partners are present and working in support of the municipality on capacity development for municipal officials, tourism and agriculture being the prioritized economic sectors by the Norwegian Government, the GIZ project on rural economic development and sustainable inclusive growth by the Finish Government. Some of them (EU, USAID)

¹⁵ In EU technical cooperation projects, Territorial Animation is an instrument of mobilisation and capacitation of people and entities from a territory for collective, organised and sustained action.

¹⁶ Grants' size for regional calls is between 30,000 – 70,000 Euro, while for local calls is between 7,000 – 35,000 Euro (source: LDF)

have been working on two different master plans for local development (one more business oriented, the other more environment oriented). The project however will rely on the MDP as the guiding tool in delivering project support.

Contextually the UNDP project „Active Labour Market Programme“ will continue to implement active measures throughout Kosovo until the end of 2016 and represents an important complement to the implementation of the TEP service lines. This project will work on strengthening capacities of public employment service counsellors to provide integrated employment services as well as performance evaluation and profiling mechanisms that aims at enhancing the quality of service provision for the most vulnerable communities, a complementary effort at the local level.

The project takes stock of the ongoing interventions implemented in the selected municipalities with the support from different donors, focusing on inclusive and sustainable growth.

In Suharekë/Suva Reka Municipality, Sweden has provided a conditional loan to MFI ‘Kreditimi Rural I Kosoves’ in order to provide financial services to individuals in rural areas of Kosovo with a priority to the agriculture sector, on a sustainable basis, leading to build a viable Microfinance Institution that would influence development of rural areas in general, with strong implication of organized local communities. The intervention is ending on December 2013.

The project shall also acknowledge the work of the EU funded project ‘Return and Reintegration’ implemented by IOM in Shtërpçë/Štrpce and Suharekë/Suva reka municipalities, especially when it comes to the project efforts to promote the socio-economic integration of returnees. The project end date is December 2013.

By the end of the year, the project ‘Rural Economic Development in Kosovo’ implemented by GIZ is coming to an end by December 2013. The project aimed at supporting the partners in the pilot rural regions to establish support structures and develop institutional skills in conformity with the EU rural economic development requirements. The project also supported implementation of rapid response projects and provided support to farmers. The current UNDPs project in Dragash has closely cooperated with the GIZ project to align and coordinate provision of support to farmers in this area.

The project shall work closely with the project ‘Skills for Rural Employment’ implemented in Dragash, Shtërpçë, Kamenica and Novo Brdo municipalities, aiming at reducing poverty in rural areas of Kosovo through increased employment and income opportunities. The project is implemented during 2013 to 2015, and is financed by HELVETAS Swiss Intercooperation. Currently, and in coordination with the Dragash project, SRE is organizing trainings on several sectors such as beekeeping, non-wood items, berries, IT etc.). The project shall ensure communication and coordination will be continued.

Finally, in Shtërpçë/Štrpce municipality, the project shall coordinate with the planned project financed by the Finish Government ‘Towards a Sustainable and Inclusive Growth for all Newly-established Municipalities in Kosovo’. The project is expected to start in February 2014 to promote strong, effective, accountable and transparent self-government for Kosovo Serbs, triggering sustainable and inclusive growth as a means to improve inter-ethnic relations (TSIGaN).

2.7. Data basis and documentation

UNDP, through a range of projects, has been actively engaged and supported the collection of data, production of analysis/research, as well as tools and mechanisms for knowledge accumulation and knowledge sharing.

The “Conservation of biodiversity and sustainable land use management in Dragash/Dragaš” project has produced a number of important maps, datasets, plans, that will be very relevant for the work of the current project. These are¹⁷:

- The Municipal Development Plan, supported by sector strategies like the Energy Efficiency Strategy, the Strategic Environment Assessment, the local Environment Action Plan, the tourism development strategy, strategies for settlements, road and infrastructure, forestry, agriculture, biodiversity and nature protection, cultural heritage
- The Sustainable Development Atlas for Dragash/Dragaš and for the Sharr National Park
- The Sharr National Park Management Plan prepared, mapping resources, forestry, biodiversity and potential for tourism.
- With the support of ILS LEDA, has identified the potential and constrains of several value chains in the territorial system of interest, has developed strategic guidelines for the value chains and integrated projects for the development of these value chains and supports association of producers.
- The project will use the “Eco-profit” approach for SMEs applied for reduction of costs vis-a-vis reduction of raw material, improvement of technical processes and reduction of use of energy and waste production.
- The project will use the findings from the ‘Trade Baseline Assessment for the Economic Region South’. The assessed sectors are: Agricultural products (Grapes, Watermelons, Tomatoes and Peppers), Food processing: Dairy products (Milk production and Milk processing); Baking and flour products and Meat processing; 3. Construction materials: (doors and windows); Other construction materials (Tiles and bricks; Paint and colors); 4. Wood processing: Furniture 5. Artisanal Crafts (Filigree and Textile handicrafts); 6. Tourism (Cultural tourism).
- The ongoing “Support for Low Emission Development in SEE” project financed by the ADC in Kosovo largely focuses on promotion of sustainable energy policies and programmes and enhancement of public awareness concerning energy efficiency in municipalities. UNDP Kosovo is planning to cooperate with community based organizations and Woman NGO’s to implement energy efficiency projects. The Interdev project will take in to account all relevant development under that initiative and align its actions accordingly where adequate.
- The project will also use the data of the Kosovo MOSAIC 2012¹⁸ as a baseline for its work. The Kosovo Mosaic is a series of UNDP reports measuring citizens’ perceptions of problems and challenges in their municipalities as well as their satisfaction with local authorities and with

¹⁷ Reports may be found here:

http://www.ks.undp.org/content/kosovo/en/home/operations/projects/environment_and_energy/sustainable-land-use-management-and-conservation-of-biodiversity.html

¹⁸ http://www.ks.undp.org/content/kosovo/en/home/library/democratic_governance/Kosovo_Mosaic/

public services, sharing their opinions on essential aspects of their lives. The survey reports on the satisfaction with services such as the work of the local authorities, water supply, electricity, emergency services, healthcare, education, road infrastructure, security, environmental protection, and cultural activities.

- UNDP has also supported the development of the Employment Management Information system, a tool used by the Public Employment Services to facilitate the availability of accurate data on unemployed and jobseekers, as well as training and employment providers. The tool shall be utilised in the implementation of activities under component 2 and 3 of this project (profiling, job-matching, development of individual action plans for vulnerable groups etc.).

Intervention logic

(See annex no. 1)

3.1. Overall Objective

The overall objective of the project is:

To provide a range of coherent and integrated services and support measures to the municipalities Dragash/Dragaš and Štrpce/Shtërpçë, through direct involvement of the Municipality of Suhareke/Suva Reka's MDC as the disseminator of good practices and lessons from the interventions delivered there under the current ADA support.

The innovative service provision pillar through the Municipal Development Center and the Local Development Fund operating in the municipality of Suharekë/Suva Reka will be ready to provide knowledge and advice, as well as access to resources, to the other two selected municipalities, municipal structures, and local communities in view of facilitating employment generation and transition to formalization of workers (specific target to be set) and upgrading of (micro) enterprises (specific target to be set), particularly household-based operations in specific value chains that have competitive and sustainable potential, as well as existing SMEs.

In the medium term, this will contribute to the implementation of the Municipal Development Plans of the target Municipalities, thereby advancing the role of national and local governance structures in poverty reduction and socio-economic development, social inclusion and provision of equal opportunities for disadvantaged groups.

3.2. Project Purpose

The project purpose is:

To create individual and institutional capacities in the municipalities of Dragash/Dragaš and Štrpce/Shtërpçë and further strengthen Suharekë/Suva Reka municipality's capacities to facilitate economic empowerment and job creation for individuals at risk of economic and social exclusion.

Inter-municipal cooperation and exchange with Suharekë/Suva Reka's MDC as a model will be followed, whereby sustainable adjustments are introduced in the operating modalities of local governance structures.

3.3. Expected Results

It is expected that, as a result of this intervention:

Expected Result 1: The capacities of municipal staff involved in the provision of services for economic development and integrated rural development are advanced through the adaptation of the Suharekë/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner

Expected Result 2: New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers

Expected Result 3: Bottom-up approaches and local-level concertation for employment generation are operationalized at municipal level through Territorial Employment Pacts (TEPs)

3.4. Activities

All project activities shall be implemented with explicit consideration of gender equality issues and specific measures targeting women only will be included as necessary. The right balance of all ethnic communities benefiting from the project shall be ensured by the project team and monitored continuously. The first four months of the project will be used as an inception phase, during which the intervention logic will be adapted in terms of detail regarding the activity and quantitative indicator level. During this period, the project shall explore scenarios that will most effectively contribute to the expected results and the overall objective of the project; hence, it will propose detailed activities in that regard through the inception report. The inception phase will be conducted through consultancy service with support of the project staff and UNDP programme staff. They will communicate the project purpose and the expected outcome to all stakeholders relevant to the project in each municipality. The outcome of the inception period will reflect the need and demand of the groups and individuals foreseen to be targeted by the project and therefore will ensure a well-targeted and demand driven support. The design of the Territorial Employment Pact (TEP) will be also conducted in this period in both Municipalities – one in each and will be attached to the inception report.

Expected result 1: The capacities of municipal staff and structures involved in the provision of services for economic development and integrated rural development are advanced through the adaptation of the Suharekë/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner

1.1 Assess (with the support of an external local consultant and of the Suharekë/Suva Reka MDC unit) the current capacity of municipal staff to provide economic and rural development services by: mainstreaming gender perspective, equal opportunities, and inclusive service provision as well as

accountability aspects. In addition to staff capacity assessment, the project will address the gaps in institutional capacities as well in order to learn about the factors that determine the level of staff motivation and potential absence of interest to deliver on their responsibilities. The internal politics that have impact on the relationship between the decision makers and in the decision making in general will be assessed, as well as if there are provisions for incentives or sanctions that contribute to a more quality service provision. This exercise can serve as platform to identify the key actors in the municipality that can influence the institutional change to bring a positive outcome in the areas that the project is targeting and set up the institutional arrangement to ensure sustainability. The MDC from Suharekë/Suva Reka will play a crucial role in this process by sharing the challenges they faced, measures they applied and knowledge they gained in the similar transition period. The assessment should be completed after three month of project start date and the report should be submitted by the consultant in 2 weeks after the field work. The Suharekë/Suva Reka MDC staff will be closely participating in the process to advice the colleagues in both municipalities about the role they should take to adopt and support the rural and local economic development activities. 1 consultant @ 60 days will be hired to carry out the capacity assessment in both municipalities alongside and 30 work days will be allocated to the staff of Suharekë/Suva Reka MDC who will input in this exercise. Staff of relevant departments in each municipality will be targeted.

1.2 Jointly with MDC and respective departments (departments of local economic and rural/agricultural development) in Dragash/Dragaš and Štrpce/Shtërpçë municipalities, prepare a capacity development plan with the support of the local consultant. 1 consultant @ 60 days will be hired to develop the action plan and 30 work days will be allocated to the staff of SR MDC who will input in this activity, and will ensure preparation of the action with close involvement of the relevant Municipal officials.

1.3 Train local officials from the relevant municipal departments and support the improvement of the organizational structures for more efficient inclusive service provision, participatory decision making, and provision of equal opportunities to women and men as well as marginalized groups in an accountable manner and by taking into account social and environmental criteria. Training shall be provided through technical assistance of locally engaged experts as well as on-job training by MDC unit. All relevant department staff will benefit from the training.

Consultancy Services will be contracted to deliver on the job training activities as per the Capacity Needs Assessment report. Individual consultants/ consultancy firm to be hired for 40 days of input in both municipalities. In the third year, the project foresees visits in the region (the venue to be determined by the inception phase) to learn lessons from similar successful activities.

1.4 Establish cooperation between the municipalities through inter-municipal cooperation initiatives. In the second and the third year, the project will facilitate and support 3 joint project initiatives with the aim to promote inter-municipal cooperation.

Expected result 2: New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers.

2.1 The Local Development Fund operates to provide grant funding to business initiatives in a gender sensitive manner. The project shall cover for the costs of the existing LDF team, namely salaries, utilities and transport. The project shall use the current arrangement with the Municipality of

Suharekë/Suva Reka when it comes to use of office space. Provision of access to grants through the Local Development Fund aims at employment creation and improved livelihoods of families as well as sustainable natural resource management in the target municipalities. During implementation of the project, 3 equal instalments will be delivered to LDF. Grant applications received through open calls shall be thoroughly assessed for their viability by the evaluation committee comprised of three local independent experts. The experts shall be engaged through a competitive process to ensure they will obtain the right knowledge and expertise. The shortlisted grant applications shall be submitted for final approval to ADC and UNDP. The project team, along with the trained municipal staff, the MDC and the LDF staff shall ensure strict monitoring of the successful grantees. The grantees, as necessary, will benefit also from business support advisory services provided under activity 2.2. In parallel, support will be provided to LDF to further strengthen their management and monitoring skills. The project team will provide this input and the beneficiaries will be the LDF staff.

2.2 In value chains that are identified already, provide targeted services to current or potential producers/service providers including technical advice, workforce trainings, and networking opportunities to support value chain development. This will be done through engaging local employment offices, vocational training centres, relevant trained municipal officers and MDC, existing business support services in place as well as utilizing external consultancy services and on-job training on specific activities. In addition, Business to Business (B2B) events (internal and regional) will be organised for the beneficiaries to adopt good practices and learn lessons from each other.

2.3 In the second year of the project, if deemed necessary, the project will engage to identify and assess new value chains that could be included in the scope of the project¹⁹. The project shall build on and continue to implement the value chain analysis conducted by two other UNDP projects (Dragash and Aid for Trade projects) in the region South. The project year one will determine the types of value chains to be assessed.

Expected result 3: Bottom-up approaches and local-level concertation for employment generation are operationalized at municipal level through Territorial Employment Pacts (TEPs)

3.1 Develop Territorial Employment Pacts utilizing participatory approach in the targeted municipalities. One consultant with relevant expertise to develop one TEP in each municipality will be hired for a total of 40 days. The consultant will meet all relevant stakeholders from the public sector, private sector, civil society organisation, business centres and equivalent, to design intervention under the TEP that meet the characteristics of the context. Two TEPs will be developed in a participatory manner and will be shared with the stakeholders. The design will be unique to each municipality, but will most likely focused around interventions described from 3.2 to 3.6.

3.2 Deliver training and employment opportunities for unemployed, focusing on vulnerable groups, through various active employment programmes in a gender equitable manner. Through a call for application and selection by the LAG and MWG, training and skills development for identified individuals will be delivered on profiles relevant to the context through professional schools/VTCs as

¹⁹ We are currently implementing a value chain analyses under the AfT project. We will be able to provide more detail upon completion of this exercise.

well as in partnership with private sector. At least 80 unemployed persons²⁰ are trained, receive the skills required in the labour market and enhance their employment prospects

3.3 Formalize employment through upgrading rural micro enterprises: 35 rural households (farmers) have access to entrepreneurship advisory support, equipment and livestock. They will be identified through a call for application. The selection will be made by the MWG and LAG with participation of project staff, based on the criteria designed by the TEP. The advisory support service shall be tailored to the individual needs of the farmers and shall be provided accordingly by the VTCs, municipal trained officers as well through engaging external providers.

3.4 Establish mechanism to promote social entrepreneurship to foster sustainable employment targeting low skilled and unskilled women and men. 4 NGOs will be identified or established to promote the concept of social entrepreneurship and foster sustainable employment for the most marginalised individuals. The NGO's will be identified through the design of the TEP through consultancy services. The business plans will be developed for each NGO that will be reviewed and approved by the respective NGO board upon their establishment. As other interventions under the TEPs, this intervention will be carefully designed in a participatory manner through consultations with the Municipality LAG and MWG, the private sector and public sector institutions who are considered to be the clients and recipient of services potentially. The process will take in to account the process applied in Fushë Kosovë/Kosovo Polje and Obiliq/c. The NGOs will benefit a start-up grant each and their mission will be creation of employment for the marginalised individuals through services provided to the public and private sectors (maintenance, cleaning, delivery services etc.) in the respective municipalities and as per the outcome of the context assessment by the TEP design phase.

3.5 Provision of incentives for work integration of low skilled and unskilled long term unemployed women. Measures used for employment integration are on job training and wage subsidy programmes implemented jointly with employment offices, vocational training centres and enterprises. Through these measures, at least 66 women in both municipalities receive support for work integration. They will be selected through a call for application and with close involvement of the locally based public employment service.

3.6 Creation of green jobs for people at risk of exclusion targeting poorest. Health and safety training will be delivered to 35 individuals in both municipalities. Provision of tools, transport and equipment will also be for 35 individuals who will be selected through a call for application under the certain criteria.

Implementation

4.1. Methodology

The approach to project implementation combines several methodological approaches. Overall, the project applies a strong participatory approach in engaging with the communities and beneficiaries. The project is going to use the consultation groups in Dragash/Dragaš that have already been

²⁰ The external evaluations of projects implementing active employment measures prove that about 40% of beneficiaries find a job after completion of training

established under previous interventions, as well as the priorities that these groups have defined. In Shtërpçë/Štrpce the project plans to use to the extent possible existing groups for consultations and cooperation around project activities. Capacity development is part of all project components. Specific capacity development measures should be foreseen as small projects (agricultural production, food processing, wood processing, artisanal crafts, tourism) are likely to have possibly positive or negative social and environmental impacts.

The three expected results correspond to the three main components of the proposed intervention.

Under **Component I**, an assessment of the current capacity of municipal staff will be conducted during the first 4 months of the project, with the active participation and contribution of the Suharekë/Suva Reka municipal officials. The process will be supported and facilitated by the municipal coordinators and the project team under the guidance of the locally engaged expert.

Following the assessment, separate capacity development plans will be developed for the municipality of Dragash/Dragaš and for the municipality of Štrpce/Shtërpçë. The Municipal Development Centre of the municipality of Suharekë/Suva Reka will have a lead role in the roll-out of the capacity development activities over the next 18 to 24 months of the project implementation period. In the process of implementation of the capacity development plans, specific inter-municipal cooperation initiatives can be designed and funded by the project.

This approach will foster inter-municipal cooperation and mutual learning. The approach to capacity assessment, development of capacity plans, and the tools and methodologies applied in its delivery, enabling municipalities to fulfil their responsibilities and functions and provide good quality services, will be elaborated in detail in the annual project work plans.

Component II focuses on microenterprises (particularly household-based operations including (smallholder) farmers), small and medium enterprises, but also individuals that would like to start a business in specific value chains that have competitive and sustainable potential. The project will use the ground work for identification of value chains with good potential in the Economic Region South, done by the Dragash and by the Aid for Trade projects, implemented by UNDP and funded by the Government of Finland. Some 10 value chains were identified and assessed, and for 3 value chains support work has started already. The entrepreneurs that work already in these value chains are the immediate target audience for the second project component. They will receive additional support, in form of business development support services, to be provided by the MDC (or, where necessary, by externally-contracted providers). The entrepreneurs who will benefit from business development services, organized around the value chains, will be eligible to apply for grants from the Local Development Fund, either individually or as associations organized around value chains. In the second year of the project, if necessary, the project will conduct work to identify and assess new value chains that could be included in the scope of the project.

The Local Development Fund (LDF) will thus expand beyond Suharekë/Suva Reka to two other municipalities. While the LDF will apply its existing mechanisms of grant-giving, the project will assist LDF to further strengthen its management and monitoring capacity. The LDF will operate a grant fund of 400,000 euro, and could deliver an average of 30 grants during the project period. There shall be two calls for proposals per year. Different from current/previous evaluation arrangements with the IRDS, the project shall nationalize the members of the evaluation committee by utilizing local experts from universities, institutions and private sector representatives. This committee shall

recommend the best proposals for final approval by ADC. The costs of LDF staff and operations, as well as the evaluation costs are covered by the project as detailed in the project budget. The project shall make efforts to include individuals at risk of economic and social exclusion as beneficiaries. In this respect, in the first three months of the project work it will be important that the LDF prepare adjustments to the modus operandi in view of (expansion of the target group to include individuals at risk of economic and social exclusion, (particularly young women and men) minorities and other marginalised groups).

It should be assessed if organic agriculture could be promoted in the municipalities²¹. Under **Component III**, the general functions and activities of a TEP can be summarised as follows:

- Support and advisory services to national and local institutions in view of promoting concertation for job creation and transition to formalization;
- Local economic development; upgrading of small and micro enterprises linked to formalization.

TEPs²² do not create anything new (except jobs!) or complex. TEPs strengthen the local co-ordination of ongoing activities, programmes, private sector investments, and interventions that have a human and economic development orientation. It applies an “employment lens” to the on-going initiatives in order to bring into focus employment generation and transition to formalization.

With the support of an external consultant, each municipality will prepare a 12-15 month TEP. The assessment will be carried out in close cooperation with MWG and LAG and all relevant stakeholders from the private sector, public sector, civil society and community leaders will make their inputs to the design of the pact. The idea is to conduct the exercise in a most participatory manner which will ensure ownership of the local stakeholders and commitment towards the process. On completion of the TEP design, all key stakeholders that have provided inputs to the design, will be signing up for their contribution and responsibility to the implementation of the interventions. TEPs will comprise a certain number of actions which traditionally combine six service lines that enable job creation in key value chains (with a focus on agro-business) and the transition to formalization of workers and enterprises. Service lines typically include 1) entrepreneurship and business advisory services, with a particular focus on women; 2) training incentives/skills training grants; 3) access to credit opportunities; 4) active labour market measures; 5) organization/association building (to enhance voice and representation). Not all service lines may be immediately appropriate or generally suitable to the specificities of the municipal context and territorial competitiveness. The service lines are initially managed jointly by the project and the relevant municipal offices and responsibility is progressively transferred to the municipality and to be managed by them.

TEPs respond to a real and diffused local need, by iterating its activities between two groups, the micro/small enterprises and the economy of proximity, where the needs for employment and formalization are particularly prominent. This is particularly true in the agricultural sector, but also in

²¹ Cooperation with other ADC activities in this field will be sought in order to take advantage of previously gained knowledge and to support synergies. ADC will liaise with its relevant implementing partners in the SEE region.

²² The TEP approach is similar with other models of local socio-economic development, however, it targets slightly different groups of people - the poorest and the most vulnerable are part of the scheme that is carefully designed to match their capacities and needs through close involvement of the public employment service and the whole local governance system. Another important aspect is that it is a locally-led initiative, instead of externally and centrally-led one.

agro-processing, handicraft, and small trade. Traditionally, instruments for local economic development and promotion of local enterprises only deal with activities that are market-oriented. They tend to overlook economic activities that normally happen in a context of survival economy but are extremely important for the community. The TEP model, rather innovatively, draws attention to this dimension. If policy makers would impose a market-oriented approach to all the economic activities of very marginalized areas, this would often come at high financial and social (and environmental) costs. In Kosovo, the Municipalities of Fushë Kosovo/Polje and Obiliq/ć have already prepared TEPs. The Municipality of FKP allocated about 300,000 Euro of own resources for the implementation of the 2013 TEP.

TEP service lines are normally combined so that rural activities can move from survival farming to business farming, often still keeping the family dimension, but stimulating associations of producers and „cluster development“. For instance, a typical TEP intervention can foresee some skill training for quality improvement/increase in production, combined with access to finance for expanding minimal infrastructure (a mix of grant and loan facilities), and stimuli to enter into associations of common interest for the promotion of branding, certification, packaging services, etc. The TEP design phase will assess if there is potential for promotion of organic agriculture. As the TEP will be designed alongside the inception phase, its findings can feed in to all relevant components of the project.

The TEP approach is similar with other models of local socio-economic development, however, it targets slightly different groups of people - the poorest and the most vulnerable are part of the scheme that is carefully designed to match their capacities and needs through close involvement of the public employment service, the civil society, business community and the whole local governance system. Another important aspect is that it is a locally-led initiative, instead of externally and centrally-led one.

4.2. Time schedule

(See annex no. 2)

4.3. Necessary means and costs

(See annexes no. 3 and 3a)

The total project budget is 1,660,000 EUR, of which 400,000 will be directed to the LDF for grants. On the remaining budget, UNDP will bring a 3.6% cash contribution from own resources and an additional financial contribution to cover staff costs for programmatic support. The project will also benefit from possible third party contributions by the partner municipalities up to another 60,000 EUR which will be used to increase a number of calls outside the project budget. The technical support, monitoring and quality assurance is provided by UNDP as in kind contribution. This input comprises of programme staff@2, inputting 15% of their work time each, 2 vehicles for project field activities and 1 consultant in the Dragash/Dragas municipality in the capacity of technical advisor.

In particular, the proposed project will receive direct inputs from UNDP projects „Conservation of Biodiversity and Sustainable Land Use Management in Dragaš/h“ and „Aid for Trade“. Inputs financed through these third-party resources will advance both the initial knowledge base development and the direct provision of support measures to the associations of farmers, local

businesses, agricultural associations, non-governmental organisations, local authorities, entrepreneurs, and prospective enterprises in the field of agriculture, food processing, and other value chains with established potential. In particular, between December 2013 and August 2014, the Dragash/Dragaš project will transfer some of the knowledge and responsibilities for local economic development interventions initiated by the project to a “Dragash unit” (15,000 Euro). This capacity development will continue in 2014 through the Aid for Trade project (25,000 Euro). The Aid for Trade project also conducts a baseline assessment to identify challenges faced by SMEs operating in selected business sectors in having better access to market and information necessary for increasing their domestic and export competitiveness. These baseline assessments are expected to provide in-depth analyses of the selected business sectors by assessing their current situation (nature and scope of operations) and defining the factors influencing their competitiveness in a comprehensive and clear manner. In addition, they should provide/recommend specific and realistic interventions that could be carried out by local authorities, development agencies and/or firms operating in the sectors that strengthen SME competitiveness by addressing the identified barriers. The sectors to be assessed are: 1. Agricultural produce: grapes, watermelons, tomatoes and peppers; 2. Food processing: dairy products (milk production and milk processing); baking and flour products and meat processing; 3. Construction materials: PVC (doors and windows); other construction materials (tiles and bricks; paint and colours); 4. Wood processing: furniture 5. Artisanal crafts (filigree and textile handicrafts); 6. Tourism. The total value of the activity is EUR 20,571.

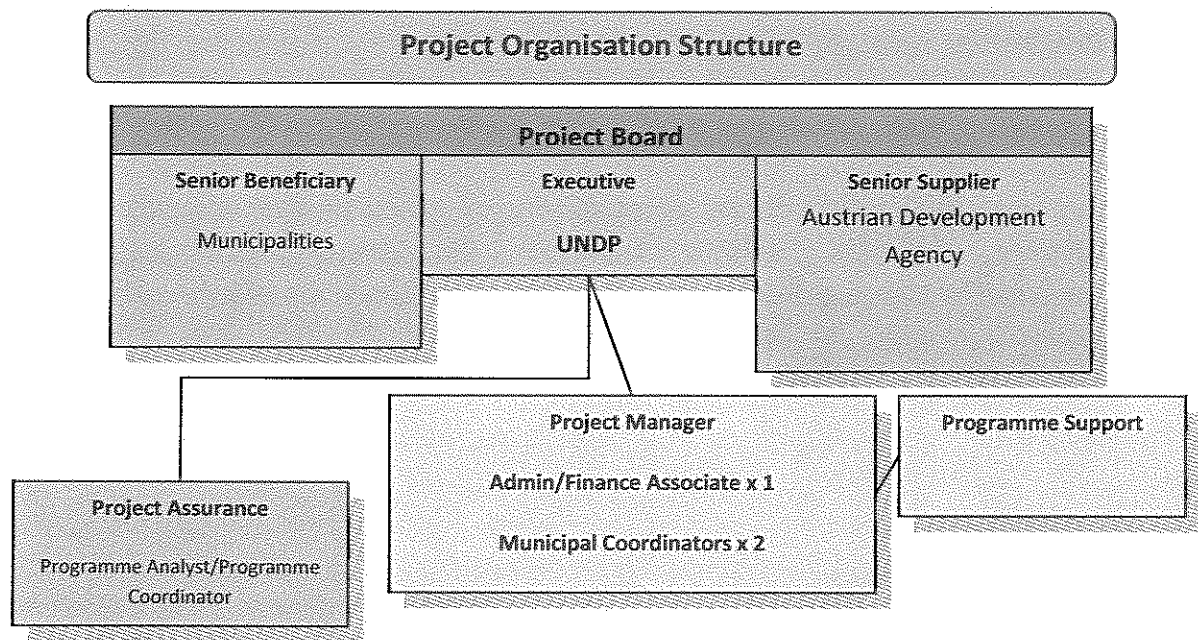
It should also be noted that during the design and implementation of other TEPs in Kosovo (Fushë Kosove/Kosovo Polje and Obiliq/ć) UNDP has seen municipalities very keen on contributing own resources to the realization of these measures. Fushë Kosove/Kosovo Polje and Obiliq/ć contributed around 300,000 USD for instance. It is anticipated that the same may happen also during this intervention.

4.4. Organizational structure and processes

The project will be executed directly by UNDP applying UNDP’s rules and procedures for project management and a results-based management approach. UNDP uses IPSAS standards for management of finances and follows internationally-recognized procurement standards. Specific project activities may be implemented by municipalities or by non-governmental organizations; in such cases designated funds will be channelled to the recipients using signed legal agreements among recipients and UNDP.

The main decision making body for the project will be the **Project Board**, which will consist of representatives of the main relevant stakeholders as well as provide strategic guidance and oversight of project activities.

The day-to-day management will be the responsibility of the Project Team, supported by the UNDP Inclusive Growth Programme staff.



The Project Board is the group responsible for making consensus-based decisions for the project when guidance is required, including approval of project revisions. The project board meets twice per year. The PB's key roles will be as follows:

- (a) Executive role representing the project ownership to chair the group. The role will be performed by the UNDP Resident Representative or his designate. Senior Supplier role to provide guidance regarding the technical feasibility of the project. This role will be conducted by the Representative of the Coordination Office for Technical Cooperation of the Austrian Embassy
- (b) Senior Beneficiary role to ensure the realization of project benefits from the perspective of project beneficiaries. It will be held by the municipalities.
- (c) The Project Assurance role will support the Project Steering Committee by carrying out objective and independent project oversight and monitoring functions. During the running of the project, this role will ensure that the appropriate project management milestones are managed and completed, and will be performed by UNDP Programme Analyst.

The PB approves project work plans and authorises any deviation from agreed work plans beyond stage tolerances. It is the authority that signs off the completion of each stage as well as authorises the start of the next stage of project implementation. It ensures that required resources are committed, and arbitrates on any conflicts within the Project or negotiates a solution to any problems between the Project and external bodies.

The PB is ultimately responsible for assurance that the Project remains on course to deliver the desired outcome of the required quality to meet the Project's objectives defined in the Project.

4.5. Accompanying measures

Project activities foresee also a series of accompanying measures, including:

- 1) UNDP will conclude formal agreements for cooperation with the municipalities, covering also elements of exchange/learning from the existing MDC and highlighting that activities supported by the project will be congruent with or contribute to the achievement of the objectives of the respective Municipal Development Plans.
- 2) Throughout the project - regular communication on project progress and project results, following the ADC Visibility Guidelines (<http://www.entwicklung.at/en/project-management/general-contractual-terms-and-funding-logos/guidelines-for-the-visibility-of-the-adc/>), in order to highlight and raise awareness of public funds allocated for development cooperation.

Assumptions

5.1. External factors

The development of the policy processes in the coming years (during the project period), in the context of the negotiation by the Government of Kosovo of a Stabilization and Association Agreement with the EU, and the implementation of the recommendations deriving from the dialogue with the EU, is expected to re-confirm the project benefits for the municipalities; however, various requests coming to the municipalities from the central level institutions may draw away some of the municipal resources and attention and slow down the project implementation. Another [positive] external factor to be taken into account is the possible development of the cross-border cooperation around the Sharr mountain protected area between Kosovo, Albania and FYRoM. Other important external factors may be large private sector entities interests' in development of touristic (or other) projects in the Sharr mountains range, that may not be fully aligned with the local municipal development priorities.

One of the recommendations from the mid-term evaluation of the IRDS project encourages the geographical expansion of the model, through a replication and/or twinning with other municipalities²³. While the municipalities of Dragash/Dragaš and Shtërpçë/Štrpce are relevant areas for the replication of the IRDS/Suharekë model and respect the principle of territorial continuity with the Municipality of Suharekë/Suva Reka, the results of the intervention may differ in light of other local variables that will come into play, such as: a different (less advanced) starting point in rural/agriculture economic development; a different (possibly less cooperative) beneficiary local administration; the existence of other concurrent or prior projects with similar objectives but different approach, etc.

Assumptions at project purpose level: To create individual and institutional capacities in the municipalities of Dragash/Dragaš and Štrpce/Shtërpçë and further strengthen Suharekë/Suva Reka municipality's capacities to facilitate economic empowerment and job creation for individuals at risk of economic and social exclusion:

- Relevant staff from the municipalities are willing to enhance their service delivery skills through training and technical assistance.

²³ Integrated Regional Development in the Municipality of Suharekë/ Suva Reka in the sector of agriculture, Mid-Term Evaluation, Final Report. (March 2012); page 17.

- Relevant staff from municipal departments is working together, despite their potential political differences.
- Municipal mayors understand the importance of and prioritize provision of services to the people at risk of economic and social exclusion.
- People are aware of and seek services provided by the municipalities

5.2. Assessment of risks and the need for modifications

Risks	Potential adverse impact	Risk level	Risk management strategy/mitigation
Political risks (for all components)			
Following the local elections conducted in November 2013, the project may face the risks of a change in the local political landscape leading towards implementations difficulties.		UNDP estimates that due to the long-standing cooperation in Suharekë/Suva Reka and Dragash/Dragaš not only at the level of senior local officials, but with a broader group of local officials, the risk is not very high .	In Shterpcë/Strpce the project will have to invest greater effort and pay more attention to building networks at various levels. UNDP has already obtained verbal commitment by the current administration. UNDP will follow up with formal agreement on cooperation upon finalisation of the election process.
Organisational/management risks (for all components)			
The project may face the risk of staff turnover in municipalities, and loss of capacity that has been created.		Medium	The strategy to address this risk is investment in a number of individuals, so that a network is created that can ensure continuity.
Economic/financial risks (for all components)			
There is a risk that the municipal initiatives supported by the project may not secure sufficient funding from local municipal budgets in order to be self-			With this risk in mind, the project team will pay specific attention towards solutions for economic sustainability from day 1 of the project operations.

sustainable at the end of the project.			This may necessitate some adjustments or specific provisions in the way the initiatives are designed and pursued, but it is justified in the long-term.
Social Risks (for all components)			
<p>Traditional cultural values of the communities targeted by the project (particularly related to the social role of young girls and women, their freedoms and opportunities towards fulfilling their potential) may constrain women of various age groups to effectively participate in and benefit from the project. The participation of minorities is not considered to present a risk, rather an opportunity to ensure stronger inclusion through this process. From the UNDP experience in Dragash/Dragas the minority communities such as Gorani and Bosniaks were not constrained to participate both in the role of support to the project but also as the beneficiary.</p>			<p>In order to mitigate this risk, the project team will tailor the project activities specifically to this target group, or will design dedicated activities for them. For example, if women are not culturally accepted in some communities as part of a consultative group, then a separate group will be brought together, with women only, in order to hear their voices and include them.</p>
<p>ER 1: The capacities of municipal staff involved in the provision of services for economic development and integrated rural development are advanced through adaptation of the Suhareke/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner.</p>			
<p>Staff turnover may be possible due to outcome of local election</p> <p>Newly formed municipal administration may need longer time to establish (if changed) thus may cause delays in project implementation.</p>	<p>New potential staff may require additional skills than the project foresees.</p>	<p>Medium</p>	<p>The possibility for changes in staff in the relevant departments is high if change in the political leadership. There is likelihood that the staff remains in the current/relevant departments in another role. The project will identify them and utilise as a resource to help others</p>

			grasp on the capacity development effort. The project will take measures to intensify the activity delivery to compensate the potential delay.
ER 2: New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers			
The Municipal authorities may attempt to interfere with the selection process on LDF grants.		Medium	The LAG and the MDC will be informed from the first day about the process to be applied in this respect and the importance of transparency.
ER 3: Bottom-up approaches and local-level concertation for employment generation are operationalised at municipal level through Territorial Employment Pacts (TEPs)			
The LAG and MWG will not commit fully in the design of the TEPs due to initial after election period.	The sense of ownership over the process and level of commitment will be at a lower scale than desired	Medium	The project team will ensure the first step of the project is the meetings with MWG and LAG to agree jointly the next steps in the process. The meeting with the two mechanisms will be frequent in the first 4 months in order to ensure their full participation in the process.

Monitoring and Evaluation

6.1. Monitoring, information system, indicators

(See annex no. 4)

The project will be monitored by assessing progress against the qualitative and quantitative indicators outlined in the Results Framework. The indicators will be further refined during the initial stage of the project.

Within the annual cycle

- An Issue Log shall be activated in Atlas (the project management software used by UNDP) and regularly updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted, a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation. Changes to the project intervention logic are subject to approval by ADA.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events; the project's Monitoring Plan (Annex 4) shall be updated in regular intervals.
- Periodic Monitoring through site visits: UNDP Programme staff in charge with quality assurance will conduct visits to project sites based on the agreed schedule in the project's Annual Work Plan to assess first hand project progress. This input will take in to consideration advantages and challenges experienced through their implementation period and capture lessons to use for the remaining of project period. Other members of the Project Board may also join these visits. A Field Visit Report will be prepared by UNDP and will be circulated no less than one month after the visit to the project team and Project Board members.

Inception report:

The implementation phase will commence with a project inception period of 4 months. An inception report will be submitted until 31st May 2014. This phase is going to explore scenarios that will most effectively contribute to the expected results and the overall objective of the project. Hence, it will propose detailed activities in that regard through the inception report.

In case changes to the intervention logic would be proposed as a result of the inception phase, they will be submitted to ADA for review and approval – along with the inception report – in the form of a revised project document incl. annexes.

Annual reports:

- A mid-year and an annual technical and financial project report will be submitted to ADA - via the Austrian Coordination Office for Technical Cooperation in Pristina - within two

months after the end of the respective reporting period, i.e. i.e. by August 31st and February 28th at the latest using ADA reporting format. The reports will include narrative and financial reports²⁴ and describe the progress of the Project and the use of the grant including a numerical breakdown. These two reports will be prepared by the Project Manager and verified and submitted by UNDP and also shared with the Project Board.

- **Scheduled Audits.** Annual audits of the project will be conducted in accordance with UNDP policies and procedures and submitted to ADA. They will comprise both ADC's as well as own and third party contributions to the project.

Annual Project Review:

Based on the above annual technical report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Final Report:

- **At the latest** within four months after completion of the Project, the final report and the detailed final financial statements including the final audit report will be submitted to the Austrian Development Agency (ADA).

UNDP Programme staff together with the project team shall continuously assess the implementation of the project activities to ensure they are in line with the work plans agreed and at the quality standard required.

The final report at project completion will evaluate the project, commenting on whether objectives and expected results have been met or not, outputs produced as planned, and provide other findings, lessons or recommendations to assess its success and make a recommendation on whether the initiative should be repeated incorporating the lessons learned.

The final report together with final financial report and final audit report will be submitted by the Project Manager to Senior supplier, beneficiaries and UNDP.

6.2. Evaluations

A mid-term external evaluation will be conducted to assess the progress of the project towards the expected results and recommend possible adjustments for the remaining period of project implementation. A final review will be commissioned at the end of the project, too. The evaluation will be prepared in line with UNDP's policies and procedures. The Terms of Reference for the mid-term evaluation and for the final review will be submitted to ADA for approval prior to commencement of the two evaluation exercises.

²⁴ As the financial year is closed by end March, final financial report can be made available only by April of the following financial year.

7. Sustainability issues²⁵

(Max. 2 pages)

7.1. Political support

The municipalities have all confirmed their commitment to the project and their support – this will be confirmed through Memoranda of Understanding that are going to be signed before the project start with all participating municipalities, ADC and UNDP. The project interventions are designed based on the needs of and demand by the municipality at municipal level in line with the objectives set in the municipal development plans and economic/rural development strategies. The range of services at local level that the project is targeting is in the list of competencies delegated to municipalities by law. The Ministry of Local Government Administration, the Ministry of Industry and Trade, the Ministry of Agriculture, Forestry and Rural Development, the Ministry of Labour and Social Welfare are currently UNDP partners in various development interventions.

7.2. Appropriate technology

The project will use technological solutions that have already been applied at local level through other on-going UNDP projects. Thus, we are confident that local partners can use these technological solutions and maintain them.

7.3. Environmental impact/ environmental protection

(See annex no. 5)

The UNDP's Inclusive Growth Programme builds on an integrated approach that revolves around:

1. Productive inclusion and employment;
2. Territorial Development and systemic competitiveness;
3. Social promotion and protection against vulnerabilities.

Environmental sustainability is a cross-cutting theme underlying all interventions. Capacity development responses are integrated throughout programming and rooted into:

1. Local context;
2. Local capabilities and knowledge base;
3. Mobilization of social capital.

Since 2012, UNDP applies a project-level environmental and social screening procedure. The two main objectives of environmental and social screening are to:

1. Enhance the environmental and social sustainability of a proposed project (environmental and social benefits of a project); and
2. Identify and manage environmental and social risks that could be associated with a proposed project. According to the internal review, the project falls under **Category I**²⁶.

²⁵ See guideline on „Quality Assurance for Interventions of the Austrian Development Cooperation“

7.4. Socio-cultural aspects

The project will take into account that the Kosovo society is still functioning in separate communities along ethnic lines. In Dragash/Dragaš, the Gorani and the Albanian settlements are separate and distinct from each other, and rely very much on members of their own ethnic communities (in village and family matters) in order to solve their issues or pursue various initiatives/business activities. In Shterpcë/Strpce, parallel structures for the Serb community should be phased out in the near future (as part of the implementation of the Belgrade-Pristina Agreement of 19 April 2013) – until now, they have effectively constituted a multi-layered management structure, functioning in silos. Gradually, as the municipalities enhance their capacities for effective service provision to their citizens, regardless of their ethnic belonging, and in an equal manner, and as citizens feel that opportunities are improving and are open to everyone, all ethnic communities should be relying more and more on the local administration/municipal structures in their daily life, that this will lead towards better rule of law and self-governance.

In particular in relation to participatory processes and in relation to job creation and promotion of entrepreneurship, the project has to be mindful of the socio-cultural differences and factor them in the planning and delivery of work.

7.5. Gender equality

The project will implement all activities in a gender sensitive manner at the local level. Women's involvement will be sought and supported - in decision making as municipal staff, in value chain work as private sector representatives (where possible), in community participation as representatives of NGOs and as beneficiaries of job creating activities. The project shall ensure that the project activities target equal participation of women and men beneficiaries. Where necessary, special actions will be developed to reach out to women, who are not easy to reach due to ethnic or cultural barriers.

(For more details please see annex no. 6)

7.6. Development of institutional and management capacities

The project envisages conducting a capacity assessment and subsequent capacity development measures in order to strengthen and enable the local institutions to continue provision of services in the post-project period. The TEP modality enforces ownership and responsibility of local partners, commitment of municipality officials, private sector and civil society to work together in identifying the needs of the communities and work together to translate strategies in actions aiming at improving the lives of people.

²⁶ **Category I.** No further action is needed, either because no significant environmental and social impacts and risks were identified, or because sufficient environmental and social review has already been conducted and environmental and social management recommendations have been incorporated into the project.

7.7. Economic viability

The sustainability projections envisage that the TEPs as well as the LDF can be maintained and further funded by allocations from municipal budgets. The existing financial contributions from municipalities towards TEPs are proof in this respect. The associations of producers that are being supported by the Dragash/Dragaš project would be able to generate some fees from their members, but it is unlikely that the funds that they can leverage in this way will be sufficient to cover all their needs. Thus, the associations formed around value chains will need to factor the economic viability dimension in their business/development plans.

Annexes:

Annex No. 1) Logframe Matrix

Annex No. 2) Time schedule

Annex No. 3a) Summary project budget (project budget relevant for accounting)

Annex No. 3b) Detailed project budget

Annex No. 4) Monitoring Plan

Annex No. 5) Environmental impact questionnaire

Annex No. 6) Gender questionnaire

Annex No. 7) List of abbreviations

Annex No. 8) List of references

Annex No. 7) List of abbreviations

ADA	Austrian Development Agency
IRDS	ADC/CARE project “Integrated Regional Development in the Municipality of Suharekë/Suva Reka in the sector of agriculture”
LAG	Local Action Group
LDF	Local Development Fund
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MDC	Municipal Development Centre
MDP	Municipal Development Plan
MLGA	Ministry of Local Government Administration
MLSW	Ministry of Labour and Social Welfare
MTI	Ministry of Trade and Industry
MWG	Municipal Working Group
SME	Small and medium enterprises
TEP	Territorial Employment Pact
UNDP	United Nations Development Programme
VTC	Vocational Training Centre

Annex No. 8) List of references

<http://www.ks.undp.org>

<http://www.entwicklung.at/en/project-management/general-contractual-terms-and-funding-logos/guidelines-for-the-visibility-of-the-adc/>

<http://esk.rks-gov.net/rekos2011/?cid=2,92>

<http://www.undp.org/content/dam/kosovo/docs/Mozaik/Kosovo Mosaic 2012 Eng 735317.pdf>

http://www.smesupport.biz/cms/images/stories/newsletters/issue1/0711_newsletter_en_issue1.pdf

http://www.ks.undp.org/content/kosovo/en/home/operations/projects/environment_and_energy/sustainable-land-use-management-and-conservation-of-biodiversity.html

http://www.ks.undp.org/content/kosovo/en/home/library/democratic_governance/Kosovo_Mosaic/

http://www.ks.undp.org/content/kosovo/en/home/operations/projects/environment_and_energy/sustainable-land-use-management-and-conservation-of-biodiversity.html

<http://www.ilsleda.org/activities/national-level-activities.php?id=29>

Annex 1) Project Logical Framework

Intervention logic	Indicators ¹	Sources of Verification	Assumptions/ Risks
<p>Overall Objective: To provide a range of coherent and integrated services and support measures to selected municipalities Dragash/Dragaš and Štrpce/Shtërpçë, through direct involvement of the Municipality of Suhareke/Suva Reka's MDC as the disseminator of good practices and lessons from the interventions delivered there under the current ADA support</p>	<p>Indicator 1: % of decrease in unemployment rate in the targeted municipalities Baseline: Unemployment rate in Dragash/Dragas stands at 45%, while in Shterpce/Strpce 60% (KAS Census, 2011) Target: 3% decrease in unemployment rate by 2015</p> <p>Indicator 2: The quality of municipal services improved Baseline: 31.7% in Shterpce/Strpce and 27.6 in Dragash/Dragas are satisfied with local government Target: Satisfaction of the public increased by 3% in 2015</p> <p>Indicator 3: The standard of living improved for the targeted population in both municipalities Baseline: standard of living is perceived as the biggest problem</p>	<p>Labour Force Survey</p> <p>Kosovo Mosaic 2015</p>	<p>Political risks: Following the local elections conducted in November 2013, the project may face the risks of a change in the local political landscape leading towards implementations difficulties. UNDP estimates that due to the long-standing cooperation in Suharekë/Suva Reka and Dragash/Dragaš not only at the level of senior local officials, but with a broader group of local officials, the risk is not very high. In Shterpçë/Strpce the project will have to invest greater effort and pay more attention to building networks at various levels. UNDP has already obtained verbal commitment by the current administration. UNDP will follow up with formal agreement on cooperation upon finalisation of the election process.</p> <p>Organizational/management risks: The project may face the risk of staff turnover in municipalities, and loss of capacity that has been created. The strategy to address this risk is investment in a number of individuals, so that a network is created that can ensure continuity.</p> <p>Economic (financial) risks: There is a risk that the municipal initiatives supported by the project may not secure sufficient funding from local municipal budgets in order to be self-sustainable at the end of the project. With this risk in mind, the project team will pay specific attention towards solutions for</p>

¹ Please note that the indicators represent minimum requirement and are subject to change upon completion of the inception period.

	<p>by 16% of population in Shterpece/Sterpce. 4% of Dragash/Dragas population perceives it as a problem, but 60% perceive the unemployment to be the biggest problem. Target: The perception for the level of living standard improves by 5%</p>		<p>economic sustainability from day 1 of the project operations. This may necessitate some adjustments or specific provisions in the way the initiatives are designed and pursued, but it is justified in the long-term.</p> <p>Social risks: Traditional cultural values of the communities targeted by the project (particularly related to the social role of young girls and women, their freedoms and opportunities towards fulfilling their potential) may constrain women of various age groups to effectively participate in and benefit from the project. In order to mitigate this risk, the project team will tailor the project activities specifically to this target group, or will design dedicated activities for them. For example, if women are not culturally accepted in some communities as part of a consultative group, then a separate group will be brought together, with women only, in order to hear their voices and include them. The participation of minorities is not considered to present a risk, rather an opportunity to ensure stronger inclusion through this process. From the UNDP experience in Dragash/Dragas the minority communities such as Gorani and Bosniaks were not constrained to participate both in the role of support to the project but also as the beneficiary.</p> <p>Assumptions: Relevant staff from the municipalities is willing to enhance their service delivery skills through training and technical assistance. Relevant staff from municipal departments is working together, despite their potential political differences. Municipal mayors understand the importance of and prioritize provision of services to the people at risk of economic and social exclusion.</p>
<p>Project Purpose: To create individual and institutional capacities in the municipalities of Dragash/Dragas and Shterpece/Štrpce and further strengthen Suharekë/Suva Reka municipality's capacities to facilitate economic empowerment and job creation for individuals at risk of economic and social exclusion</p>	<p>Indicator 1: Increase in demand for municipal services Baseline: 7% of residents of Dragash/Dragas requested municipal services in 2012 and 34% in Shterpece/Sterpce (Source: Kosovo Mosaic 2012) Target: Increase in demand for services by 20% in each municipality</p> <p>Indicator 2: Increased awareness</p>	<p>Kosovo Mosaic 2015</p>	

<p>Expected Result 1: The capacities of municipal staff involved in the provision of services for economic development and integrated rural development are advanced through adaptation of the Suhareke/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner</p>	<p>among population on municipal decision making processes Baseline (2012): 24.5% in Dragash/Dragas and 54.6% Shterpce/Sterpce are aware of Assembly meetings organized by their Municipality Target: Awareness of the public increased by 10% Indicator 3: The level of satisfaction of the public with the municipal performance increased Baseline (2012): 70% in Dragash/Dragas and 73.8 % in Shterpce/Sterpce are satisfied with the municipal administration Target: 5% increase in satisfaction of the public by the end of project</p>	<p>Project monitoring records and project reports Project Progress reports Project Evaluation Report Participant's training evaluation forms</p>	<p>People are aware of and seek services provided by the municipalities.</p>
<p>Risks: Staff turnover may be possible due to outcome of local election New potential staff may require additional skills than the project foresees. Newly formed municipal administration may need longer time to establish (if changed) thus may cause delays in project implementation. The possibility for changes in staff in the relevant departments is high if change in the political leadership. There is likelihood that the staff remains in the current/relevant departments in another role. The project will identify them and utilise as a resource to help others grasp on the capacity development</p>	<p>Indicator 1.1: Number of municipal staff trained in economic and rural development activities Baseline 1.1: Limited capacities of economic and rural development departments within the two targeted municipalities Target 1.1: 39 municipal staff from the departments of economic and rural development in the two municipalities are trained</p>		

			<p>effort. The project will take measures to intensify the activity delivery to compensate the potential delay.</p>
Activities:	Inputs:	Indicative Costs:	
<p>1.1 Assess (with the support of an external local consultant and of the Suharekë/Suva Reka MDC unit) the current capacity of municipal staff to provide economic and rural development services by: mainstreaming gender perspective, equal opportunities, inclusive service provision as well as accountability aspects.</p>	<ul style="list-style-type: none"> - Consultation workshops - Local consultants - Working groups - MDC 		
<p>1.2 Preparation of the capacity development action plan</p>	<ul style="list-style-type: none"> - Local consultant - Consultation workshops - Working group - MDC 		
<p>1.3 Train local officials from the relevant municipal departments and support the improvement of the organizational structures</p>	<ul style="list-style-type: none"> - Knowledge exchange sessions - MDC unit - Consultancy services - Training programmes - Workshops/working groups - Awareness raising activities - Exchange visits 		
<p>1.4 Establish cooperation between the municipalities through inter-municipal cooperation initiatives In the second and the third year, the project will facilitate and support 3 joint project initiatives</p>	<ul style="list-style-type: none"> - Grants to municipalities 		

<p>Expected Result 2: New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers</p>	<p>Indicator 2.1: Number of functioning newly created and upgraded businesses Baseline 2.1: 419 registered businesses in Sterpce and 829 in Dragash (Source: SME Agency) Target 2.1: At least 30 businesses receive advisory services and access to grants Indicator 2.2: Number of additional people receiving vocational training in the 2 municipalities Baseline 2.2: data not available for municipal level Target 2.2: At least 150 people receive vocational training under the project</p>	<p>Project progress reports Employment Management Information System Progress reports of MTI – Kosovo Business Registration Participants training Evaluation forms</p>	<p>Risk: The Municipal authorities may attempt to interfere with the selection process on LDF grants. The LAG and the MDC will be informed from the first day about the process to be applied in this respect and the importance of transparency.</p>
<p>Activities:</p>	<p>Inputs:</p>	<p>Indicative Costs:</p>	
<p>2.1 The Local Development Fund operates to provide grant funding to business initiatives in a gender sensitive manner.</p>	<p>-Grants through the Local Development Fund - External local experts - LDF team</p>		
<p>2.2 In value chains that are identified already, provide targeted services to current or potential producers/service providers including technical advice, workforce trainings, and networking opportunities to support value chain development.</p>	<p>- Consultancy services - Trainings - Workshops, consultations - Business to Business (B2B) events (internal and regional)</p>		
<p>2.3 In the second year of the project, if deemed necessary, the project will engage to identify and assess new value</p>	<p>- Consultancy services</p>		

chains that could be included in the scope of the project ²			
Expected Result 3: Bottom-up approaches and local-level concertation for employment generation are operationalised at municipal level through Territorial Employment Pacts (TEPs)	Indicator 3.1: Number of jobs created through TEPs Baseline 3.1: zero Target 3.1: At least 200 jobs generated in the two municipalities by the end of the TEP implementation Indicator 3.2. Women as % of TEP beneficiaries Baseline 3.2: zero Target 3.2: Women constitute 30% of TEP beneficiaries	Project reports Employment Management Information System (MLSW)	Risks: The LAG and MWG will not commit fully in the design of the TEPs due to initial after election period. The sense of ownership over the process and level of commitment will be at a lower scale than desired. The project team will ensure the first step of the project is the meetings with MWG and LAG to agree jointly the next steps in the process. The meeting with the two mechanisms will be frequent in the first 4 months in order to ensure their full participation in the process.
Activities:	Inputs:	Indicative Costs:	
3.1 Develop Territorial Employment Pacts utilizing participatory approach in the targeted municipalities.	- Consultant		
3.2 Deliver training and employment opportunities for unemployed, focusing on vulnerable groups, through various active employment programmes in a gender equitable manner.	- Vocational training centres - External training providers - Enterprises		
3.3 Formalize employment through upgrading rural micro enterprises	- Consultancy services - Grants		
3.4 Establish mechanism to promote social entrepreneurship to foster sustainable employment targeting low skilled and unskilled women and men.	- Grants to NGOs		

² About 10 value chains were identified and assessed, and for 4 value chains support work has started already.

<p>3.5 Provision of incentives for work integration of low skilled and unskilled long term unemployed women.</p>	<p>- On-the job trainings and wage subsidy programmes</p>	
<p>3.6 Creation of green jobs for people at risk of exclusion targeting poorest.</p>	<p>- training services - purchase of equipment, tools</p>	
		<p>Preconditions Municipalities interested in creating more jobs and improving their services. Municipalities have relevant delegated competencies by law.</p>

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Activities	Quarter											
	1	2	3	4	5	6	7	8	9	10	11	12
INCEPTION PHASE (4 months)												
Project initiation phase: Project Inception Phase, establishment of the project implementation unit, detalization of the workplan for the Y1, engaging consultants, design of TEPs, etc.	x	x	x	x								
IMPLEMENTATION PHASE (30 months)												
Output 1. The capacities of municipal staff involved in the provision of services for economic development and integrated rural development are advanced through the adaptation of the Suharekë/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner.												
1.1. Assess (with the support of an external local consultant and of the Suharekë/Suva Reka MDC unit) the current capacity of municipal staff to provide economic and rural development services by: mainstreaming gender perspective, equal opportunities, and inclusive service provision as well as accountability aspects. In addition to staff capacity assessment the project will address the gaps in institutional capacities as well in order to learn about the factors that determine the level of staff motivation and potential absence of interest to deliver on their responsibilities. The internal politics that have impact on the relationship between the decision makers and in the decision making in general will be assessed, as well as if there are provisions for incentives or sanctions that contribute to a more quality service provision. This exercise can serve as platform to identify the key actors in the municipality that can influence the institutional change to bring a positive outcome in the areas that the project is targeting and set up the institutional arrangement to ensure sustainability. The MDC from Suharekë/Suva Reka will play a crucial role in this process by sharing the challenges they faced, measures they applied and knowledge they gained in the similar transition period. The assessment should be completed after three month of project start date and the report should be submitted by the consultant in 2 weeks after the field work. The Suharekë/Suva Reka MDC staff will be closely participating in the process to advice the colleagues in both municipalities about the role they should take to adopt and support the rural and local economic development activities. 1 consultant @ 60 days will be hired to carry out the capacity assessment in both municipalities alongside and 30 work days will be allocated to the staff of SR MDC who will input in this exercise.	x	x	x	x	x							

<p>1.2. Jointly with MDC and respective departments (departments of local economic and rural/agricultural development) in Dragash/Dragaš and Štrpce/Štërpçë municipalities, prepare a capacity development plan with the support of the local consultant. 1 consultant @ 60 days will be hired to develop the action plan and 30 work days will be allocated to the staff of SR MDC who will input in this activity, and will ensure preparation of the action with close involvement of the relevant Municipal officials.</p>			X	X									
<p>1.3. Train local officials from the relevant municipal departments and support the improvement of the organizational structures for more efficient inclusive service provision, participatory decision making, and provision of equal opportunities to women and men as well as marginalized groups in an accountable manner and by taking into account social and environmental criteria. Training shall be provided through technical assistance of locally engaged experts as well as on-job training by MDC unit. All relevant department staff will benefit from the training.</p> <p>Consultancy Services will be contracted to deliver on the job training activities as per the Capacity Needs Assessment report. Individual consultants/ consultancy firm to be hired for 40 days of input in both municipalities. In the third year, the project foresees visits in the region (the venue to be determined by the inception phase) to learn lessons from similar successful activities.</p>				X	X	X	X						
<p>1.4. Establish cooperation between the municipalities through inter-municipal cooperation initiatives. In the second and the third year, the project will facilitate and support 3 joint project initiatives with the aim to promote inter-municipal cooperation.</p>						X	X	X	X	X			
<p>Output 2. New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers.</p>													

<p>2.1 The Local Development Fund operates provide grant funding to business initiatives in a gender sensitive manner. The project shall cover for the costs of the existing LDF team, namely salaries, utilities and transport. The project shall use the current arrangement with the Municipality of Suharekê/Suva Reka when it comes to use of office space. Provision of access to grants through the Local Development Fund aims at employment creation and improved livelihoods of families as well as sustainable natural resource management in the target municipalities. During implementation of the project, 3 equal instalments will be delivered to LDF. Grant applications received through open calls shall be thoroughly assessed for their viability by the evaluation committee comprised of three local independent experts. The experts shall be engaged through a competitive process to ensure they will obtain the right knowledge and expertise. The shortlisted grant applications shall be submitted for final approval to ADC and UNDP. The project team, along with the trained municipal staff, the MDC and the LDF staff shall ensure strict monitoring of the successful grantees. The grantees, as necessary, will benefit also from business support advisory services provided under activity 2.2. In parallel, support will be provided to LDF to further strengthen their management and monitoring skills. The project team will provide this input and the beneficiaries will be the LDF staff.</p>			x	x	x	x	x	x	x	x	x	x
<p>2.2 In value chains that are identified already, provide targeted services to current or potential producers/service providers including technical advice, workforce trainings, and networking opportunities to support value chain development. This will be done through engaging local employment offices, vocational training centres, relevant trained municipal officers and MDC, existing business support services in place as well as utilizing external consultancy services and on-job training on specific activities. In addition, Business to Business (B2B) events (internal and regional) will be organised for the beneficiaries to adopt good practices and learn lessons from each other.</p>	x	x	x	x	x	x	x	x	x	x	x	x

<p>2.3 In the second year of the project, if deemed necessary, the project will engage to identify and assess new value chains that could be included in the scope of the project¹. The project shall build on and continue to implement the value chain analysis conducted by two other UNDP projects (Dragash and Aid for Trade projects) in the region South. The project year one will determine the types of value chains to be assessed.</p>				X	X	X																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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<p>3.4 Establish mechanism to promote social entrepreneurship to foster sustainable employment targeting low skilled and unskilled women and men. 4 NGOs will be identified or established to promote the concept of social entrepreneurship and foster sustainable employment for the most marginalised individuals. The NGO's will be identified through the design of the TEP through consultancy services. The business plans will be developed for each NGO that will be reviewed and approved by the respective NGO board upon their establishment. As other interventions under the TEPs, this intervention will be carefully designed in a participatory manner through consultations with the Municipality LAG and MWG, the private sector and public sector institutions who are considered to be the clients and recipient of services potentially. The process will take in to account the process applied in Fushe Kosove/Kosovo Polje and Obiliq/c. The NGOs will benefit a start-up grant each and their mission will be creation of employment for the marginalised individuals through services provided to the public and private sectors (maintenance, cleaning, delivery services etc) in the respective municipalities and as per the outcome of the context assessment by the TEP design phase.</p>		x	x	x	x	x	x	
<p>3.5 Provision of incentives for work integration of low skilled and unskilled long term unemployed women. Measures used for employment integration are on job training and wage subsidy programmes implemented jointly with employment offices, vocational training centres and enterprises. Through these measures, at least 66 women in both municipalities receive support for work integration. They will be selected through a call for application and with close involvement of the locally based public employment service.</p>		x	x	x	x	x		
<p>3.6 Creation of green jobs for people at risk of exclusion targeting poorest. Health and safety training will be delivered to 35 individuals in both municipalities. Provision of tools, transport and equipment will also be for 35 individuals who will be selected through a call for application under the certain criteria.</p>		x	x	x	x	x		
CLOSURE PHASE (2 months)								
Project closure, evaluation, reporting								x

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Item No.	Cost items according to the contract	EUR	Project budget EUR	Contribution ADA in EUR	Contribution UNDP in EUR
1.	Expected Result 1 according to Logical Framework	99.000,00			
	Sum Expected Result 1		99.000,00	64.000,00	35.000,00
2.	Expected Result 2 according to Logical Framework	517.260,00			
	Sum Expected Result 2		517.260,00	517.260,00	0,00
3.	Expected Result 3 according to Logical Framework	483.475,00			
	Sum Expected Result 3		483.475,00	483.475,00	0,00
4.	Costs of project implementation on site (a.) (b.)				
4,1	Personnel costs (a.) (b.)	226.904,00			
4,2	Transport costs (a.) (b.)	10.980,00			
4,3	Logistic and operational costs (a.) (b.)	40.476,00			
	Sum item No. 4.		278.360,00	278.360,00	0,00
5.	Consulting services (b.)	46.600,00			
	Sum item No. 5.		46.600,00	21.600,00	25.000,00
6.	Investments (b.)	20.685,00			
	Sum item No. 6.		20.685,00	20.685,00	0,00
7.	Evaluation (b.), (g.)	28.000,00			
	Sum item No. 7.		28.000,00	28.000,00	0,00
8.	Documentation and public relations (b.), (g.)	24.101,00			
	Sum item No. 8.		24.101,00	24.101,00	0,00
9.	Contingency (d.)	44.000,48			
	Sum item No. 9.		44.000,48	44.000,48	0,00
I.	DIRECT COSTS (Items No. 1.-9.)		1.541.481,48	1.481.481,48	60.000,00
II.	Indirect costs (e.) = max. 8% of total eligible direct costs		118.519	118.519	0
	TOTAL BUDGET (f.)		1.660.000,00	1.600.000,00	60.000,00

PLEASE NOTE: The amounts given in this template as an example are only meant to illustrate the cost accounting scheme. The actual calculation of the budget must in any case be based on the amounts stipulated in the contract, and the respective formula or rather foreign currency exchange rates!

Under the items marked (a) only those costs may be listed which can be directly attributed to the on site project implementation. These costs must be justified by being directly linked to planned activities and they must be specified in the project description. The applicants' personnel costs or travel costs for project monitoring may not

(a.) be listed under the items marked (a). Those costs are covered under the item "indirect costs".

Under the items marked (b) only those costs may be listed which cannot be directly attributed to the Expected Results in the Logical Framework. Costs may not be listed under two items at a time.

A local audit can only be listed as a project cost if a systematic assesment of the processes as well as recommendations for the capacity development of the partner form an essential element of the audit. The respective action must be specified accordingly in the project description and substantiated with specific ToR.

(c.) The contingency may not exceed a max. 5% of the direct project costs. It can only be claimed after prior approval of reallocation and can only be used to cover direct project costs.

(d.) Indirect costs or rather administrative costs (including costs for project management and monitoring) including the respective expenses of the local partner may not

(e.) exceed 10% of the direct project costs.

(f.) The total sum of the project budget must be rounded to two decimals.

(g.) Funds under these items may by no means be reallocated.

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Annex 4) Monitoring Plan

Intervention logic	Indicator	Baseline	Sources of Verification				Use of monitoring information
			Data source	How often/ when will the data be collected?	Who is responsible for data collection? Who is responsible for data analysis?	How will the data be collected? (method)	
<p>Overall Objective <i>To provide a range of coherent and integrated services and support measures to selected municipalities Dragash/Dragaš and Štrpce/Shtërpçë, through direct involvement of the Municipality of Suharekë/Suva Reka's MDC as the disseminator of best practices and lessons from the interventions delivered there under the current ADA support</i></p>	<p>Indicator 1: % of decrease in unemployment rate in the targeted municipalities Target: 3% decrease in unemployment rate by 2015</p> <p>Indicator 2: The quality of municipal services improved Target: Satisfaction of the public increased</p>	<p>Baseline: Unemployment rate in Dragash/ Dragaš stands at 45%, while in Shtërpçë/ Štrpce 60% (KAS Census, 2011)</p> <p>Baseline: 31.7% in Shtërpçë/ Štrpce and 27.6 in Dragash/ Dragaš are satisfied with local government</p>	<p>Labour Force Survey</p> <p>Kosovo Mosaic 2015</p>	<p>Data are collected throughout the year. Report is produced semi-annually</p> <p>Every three years</p>	<p>Kosovo Agency for Statistics</p> <p>Contracted company/ UNDP Policy Unit</p>	<p>Survey</p> <p>Survey</p>	<p>Who will receive the monitoring results when and in what form?</p> <p>Report is public</p> <p>Report is public</p>

	by 3% in 2015	Indicator 3: The standard of living improved for the targeted population in both municipalities	Baseline: standard of living is perceived as the biggest problem by 16% of population in Shtërpcë/Štrpce.					
		Target: The perception for the level of living standard improves by 5%	4% of Dragash/Dragaš population perceive it as a problem, but 60% perceive the unemployment to be the biggest problem.					
Political risks								
<p>Following the local elections conducted in November 2013, the project may face the risks of a change in the local political landscape leading towards implementations difficulties. UNDP estimates that due to the long-standing cooperation in Suharekë/Suva Reka and Dragash/Dragaš not only at the level of senior local officials, but with a broader group of local officials, the risk is not very high. In Shtërpcë/Štrpce the project will have to invest greater effort and pay more attention to building networks at various levels. UNDP has already obtained verbal commitment by the current administration. UNDP will follow up with formal agreement on cooperation upon finalisation of the election process.</p>								
Organizational/management risks								
<p>The project may face the risk of staff turnover in municipalities, and loss of capacity that has been created. The strategy to address this risk is investment in a number of individuals, so that a network is created that can ensure continuity.</p>								
Economic (financial) risks								
<p>There is a risk that the municipal initiatives supported by the project may not secure sufficient funding from local municipal budgets in order to be self-sustainable at the end of the project. With this risk in mind, the project team will pay specific attention towards solutions for economic sustainability from day 1 of the project operations. This may necessitate some adjustments or specific provisions in the way the initiatives are designed and pursued, but it is justified in the long-term.</p>								
Social risks								

Traditional cultural values of the communities targeted by the project (particularly related to the social role of young girls and women, their freedoms and opportunities towards fulfilling their potential) may constrain women of various age groups to effectively participate in and benefit from the project. In order to mitigate this risk, the project team will tailor the project activities specifically to this target group, or will design dedicated activities for them. For example, if women are not culturally accepted in some communities as part of a consultative group, then a separate group will be brought together, with women only, in order to hear their voices and include them. The participation of minorities is not considered to present a risk, rather an opportunity to ensure stronger inclusion through this process. From the UNDP experience in Dragash/ Dragaš the minority communities such as Gorani and Bosniaks were not constrained to participate both in the role of support to the project but also as the beneficiary.

<p>Project Purpose To create individual and institutional capacities in the municipalities of Dragash/Dragaš and Shtërpçë/Štrpce and further strengthen Suharekë/Suva Reka municipality's capacities to facilitate economic empowerment and job creation for individuals at risk of economic and social exclusion</p>	<p>Indicator 1: Increase in demand for municipal services Target: Increase in demand for services by 20% in each municipality</p>	<p>Baseline (2012): 7% of residents of Dragash/ Dragaš requested municipal services in 2012 and 34% in Shtërpçë/Štrpce (Source: Kosovo Mosaic 2012)</p>	<p>Kosovo Mosaic 2015</p>	<p>Every three years (2015)</p>	<p>Contracted company/ UNDP Policy Unit</p>	<p>Survey</p>	<p>Report is public</p>
<p>Indicator 2: Increased awareness among population on municipal decision making processes Target: Awareness of the public increased by 10%</p>	<p>Baseline (2012): 24.5% in Dragash/ Dragaš and 54.6% in Shtërpçë/ Štrpce are aware of Assembly meetings organized by their Municipality</p>	<p>Baseline (2012): 70% in Dragash/ Dragaš and 54.6% in Shtërpçë/ Štrpce are aware of Assembly meetings organized by their Municipality</p>					
<p>Indicator 3: The level of</p>							

<p>satisfaction of the public with the municipal performance increased Target: 5% increase in satisfaction of the public by the end of project</p>	<p>Dragaš and 73.8% in Shtërpcë/Štrpce are satisfied with the municipal administration</p>					
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Assumptions

- Relevant staff from the municipalities is willing to enhance their service delivery skills through training and technical assistance.
- Relevant staff from municipal departments is working together, despite their potential political differences.
- Municipal mayors understand the importance of and prioritize provision of services to the people at risk of economic and social exclusion.
- People are aware of and seek services provided by the municipalities.

<p>Expected Result 1 The capacities of municipal staff involved in the provision of services for economic development and integrated rural development are advanced through adaptation of the Suharekë/Suva Reka model to the point where the participating municipalities can offer services in an efficient, effective, and self-sustained manner</p>	<p>Indicator 1.1: Number of municipal staff trained in economic and rural development activities Target 1.1: 39 municipal staff from the departments of economic and rural development in the two</p>	<p>Baseline 1.1: Limited capacities of economic and rural development departments within the two targeted municipalities</p>	<p>- Project monitoring records and project reports - Project Progress reports - Project Evaluation Report - Participant's training</p>	<p>- Quarterly - Semi-annual basis - Mid-term evaluation and final review - Upon completion of Training</p>	<p>Project team Programme team Independent evaluators Training providers/Project team</p>	<p>-Field visits, -Data from meetings with recipient institutions, -Spot checks, -Analysis of the reports and data from other/different surveys. - Questionnaires</p>	<p>The monitoring of results will be submitted by the project manager to the Programme Assurance and through them to the Project Board and they will be included in the form of the project reports.</p>
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	municipalities are trained		evaluation forms			In cases when the monitoring is conducted directly by UNDP programme unit, the results will be submitted to the Project Board in a written report form.
<p>Risks:</p> <ul style="list-style-type: none"> • Staff turnover may be possible due to outcome of local election • New potential staff may require additional skills than the project foresees. • Newly formed municipal administration may need longer time to establish (if changed) thus may cause delays in project implementation • The possibility for changes in staff in the relevant departments is high if change in the political leadership. There is likelihood that the staff remains in the current/relevant departments in another role. The project will identify them and utilise as a resource to help others grasp on the capacity development effort. The project will take measures to intensify the activity delivery to compensate the potential delay. 						
<p>Expected Result 2 New jobs and income generation opportunities created through an improved market positioning and productivity of local micro and small enterprises, including farmers</p>	<p>Indicator 2.1: Number of functioning newly created and upgraded businesses Target 2.1: At least 30 businesses receive advisory services and access to grants</p>	<p>Baseline 2.1: 419 registered businesses in Shtërpçë/ Štrpce and 829 in Dragash/ Dragaš (Source: SME Agency)</p>	<p>Project progress reports</p> <p>Employment Management Information System</p> <p>Progress reports of</p>	<p>Semi-annual reports</p> <p>Reports are produced annually</p> <p>Annually</p>	<p>Project team</p> <p>Employment offices, Ministry of Labour and Social Welfare</p> <p>Ministry of Trade</p>	<p>Day to day implementation/Field visits, meetings with stakeholders etc</p> <p>Employment counselors through unemployment registry</p> <p>Survey</p> <p>The monitoring of results will be submitted by the project manager to the Programme Assurance and through them to the Project Board and they will be included</p>

	Indicator 2.2: Number of additional people receiving vocational training in the 2 municipalities Target 2.2: At least 150 people receive vocational training under the project	Baseline 2.2: data not available for municipal level	MTI – Kosovo Business Registration Participants training Evaluation forms	Upon completion of training	and Industry Training providers/Project team	Questionnaire	in the form of the project reports. In cases when the monitoring is conducted directly by UNDP programme unit, the results will be submitted to the Project Board in a written report form.
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Risk:
 The Municipal authorities may attempt to interfere with the selection process on LDF grants. The LAG and the MDC will be informed from the first day about the process to be applied in this respect and the importance of transparency.

Expected Result 3 Bottom-up approaches and local-level concertation for employment generation are operationalised at municipal level through Territorial Employment Pacts (TEPs)	Indicator 3.1: Number of jobs created through TEPs Target 3.1: At least 200 jobs generated in the two municipalities by the end of the TEP implementation	Baseline 3.1: zero	- Project progress reports - Data from Employment Management Information System (MLSW)	Semi-annual basis Reports are produced annually	Project team Employment offices (Ministry of Labour and Social Welfare)	-Field visits, -Data from meetings with recipient institutions, -Direct meetings with beneficiaries -Spot checks, Employment counselors through unemployment registry	The monitoring of results will be submitted by the project manager to the Programme Assurance and through them to the Project Board and they will be included in the form of
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	<p>Indicator 3.2: Women as % of TEP beneficiaries</p> <p>Target 3.2: Women constitute 30% of TEP beneficiaries</p>	<p>Baseline 3.2: zero</p>					<p>the project reports. In cases when the monitoring is conducted directly by UNDP programme unit, the results will be submitted to the Project Board in a written report form.</p>
<p>Risks: The LAG and MWG will not commit fully in the design of the TEPs due to initial after election period. The sense of ownership over the process and level of commitment will be at a lower scale than desired. The project team will ensure the first step of the project is the meetings with MWG and LAG to agree jointly the next steps in the process. The meeting with the two mechanisms will be frequent in the first 4 months in order to ensure their full participation in the process.</p>							

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Questionnaire for assessing the contribution of a project to the equality between women and men (gender-criteria)

Title: InterDevProject

Project number:

Organisation/Contact person: UNDP Kosovo/Steliana Nedera

Scoring:

The project aims to promote Gender Equality as a principal goal	2
The project aims to promote Gender Equality as a significant goal	1
No goals for promoting Gender Equality have been formulated	0

Reasons for the scoring:

The project aims to promote provision of services in a gender sensitive manner at the local level, through active participation of women in decision making bodies as municipal staff, private sector representatives (where possible) and representatives of NGOs. In addition, the project shall ensure that the direct support activities envisaged in the project shall target equal participation of women and men beneficiaries.

Besides the formulation of goals at least four of the following criteria should be met. The questions ought to be answered accordingly:

• **Preparing the project have there been gender-sensitive consultations?**

On what level have these consultations been carried out? Who has been consulted? By whom? What are the key findings of the consultations?

UNDP has conducted consultations with women in the Dragas/h municipality through its current project presence. The key findings of the consultations are that women are very much interested in participating in community initiatives, as well as developing their skills in order to find better paid jobs. Women represent a very small percent of entrepreneurs, due to a combination of rights over property and cultural tradition/perception. Women can be more easily included in the work of NGOs and are better represented in this sector.

• **Developing the project design in what form has gender-sensitive expertise been involved? Is an involvement of a gender-sensitive expert also foreseen for the implementation and for the monitoring?**

In the project development process UNDP has used recent data collected in the Dragash municipality (which is all disaggregated by gender) as well as the data from the MOSAIC study (that presents gender disaggregated data for each municipality).

The UNDP Gender Program Associate will be further consulted in preparation of the project implementation especially in regards the equal participation of women from local institutions and NGOs during trainings organised under component1. The project shall also make efforts to provide equal opportunities to women and men when it comes to benefiting from business development support, training and employment opportunities at the local level.

• **Are gender-sensitive strategies and implementation plans incorporated in the project design? How are they reflected in the activities and the budget?**

The project is in line with the UNDPs 8 point agenda as well as Gender Equality Strategy. The implementation plans, especially when it comes to women economic empowerment, shall be drawn from best practices of the UNDPs ALMP project that has managed to increase the participation of women in training and employment programmes provided from PES from 20% to 50% in the recent years (initially through *quota/competitive mechanism* to then institutionalize provision of equal opportunities at the local level).

- **Which gender-sensitive indicators have been developed in relation to the impact of the project activities (short term: for the duration of the project; medium term: for sustainability) How will this indicators be monitored and evaluated?**

The project shall monitor 3 indicators to measure the involvement of women in project activities:

1. % of women represented in LAGs, working groups (municipality, private sector, civil society)
2. % of women benefiting from business development initiatives (advisory services, grants etc)
3. % of women benefiting through TEP interventions (training, employment etc)

- **Which barriers for the participation of women have been identified and are there specific measures foreseen to overcome these barriers in the project activities?**

Women are underrepresented at the municipal level, both in institutions as well as private sector (very small number of businesses are owned by women). Women NGOs are not actively invited/involved in the decision making processes at the local level. In Dragash municipality, but also Strpce to an extent, there are certain cultural and traditional barriers for women to have a decision making role in the civil society. With the support of the UNDP Gender Programme Associate, the project team shall make efforts to mobilize and increase participation and active involvement of women in local level decision making processes as well as encourage young women to gain skills and integrate in the labour market through wage employment or self-employment initiatives.

- **Which measures are envisaged to make it possible that women and men have equal control over the project results?**

UNDP applies a mechanism to monitor the mainstreaming of gender as a crosscutting issue in all projects, programs and procedures. With respect to this project, the following measures are proposed:

- Monitoring of the project can be ensured through a group consisting of women and men participating to project;
- List of participants;
- Field monitoring;
- Budget allocation for support to women;
- Accountability and complaining mechanisms

Environmental Impact Assessment Questionnaire

- This questionnaire supplements the project or tender document. Together they form the basis for the Austrian Development Cooperation's mandatory Environmental Impact Assessment (EIA) for projects within the bilateral programme and project assistance.
- If an independent EIA report already exists, this can, of course, be enclosed with the project or tender document instead of the completed questionnaire.
- If the project has been subject (or will still be subject before implementation on the ground) to an EIA within the framework of the national legislation of the partner country, it is not necessary to complete this questionnaire, provided that an appropriate note to this effect is made and appended to the project documentation. If possible, the relevant written report or position of the competent national authority should also be enclosed.
- If the current project constitutes an extension or a further phase of a particular project, where the goals, strategies and planned activities do not differ substantially from those of the preceding phase, reference to the EIA report and EIA result of the preceding phase is sufficient. Completing the questionnaire will not be necessary. However, any recommendations made in the EIA report of the preceding phase should be taken into account or duly reflected, either in the project or tender document itself or in an appropriate way on a separate sheet of paper.
- Please write your answers in the space provided immediately below the questions.
- Where appropriate, reference may be made to information which is already contained in the project or tender document.
- Explanations to the questions can be found in the supplement entitled "Notes on the Environmental Impact Assessment Questionnaire"

1. Is the project strictly limited to:

- Family planning?
- Food assistance, emergency aid, or refugee aid, or disaster relief (whereas no longer-term infrastructural measures, such as infrastructure for water and energy supply, are planned)?
- The promotion of basic education (whereas no investments for buildings and infrastructure are planned)?
- The promotion of culture?
- The financing of conferences, meetings, workshops, seminars and other training measures, and/or institutional support for the promotion of democracy and human rights/good governance?

If yes, please tick the appropriate box. You do not have to answer the other questions.

2. To what extent is the project in line with international, national and regional environmental goals, programmes and priorities, and does it take these into account? (e.g. National Sustainable Development Strategies, National Environmental Action Plans, Action Plans for combating desertification, plans for implementing the Convention on Biological Diversity, etc.)

The project is in line with the Kosovo Environmental Strategy and National Environmental Action Plan 2011-2015 (the Ministry of Environment and Spatial Planning, 2011) where biodiversity protection is one of the objectives. The project also supports the strategic objective number 3 of the Strategy and Action Plan for Biodiversity 2011-2020: "Ensuring integrated protection of nature through cooperation with other sectors, sustainable use of

biodiversity and equal sharing of benefits” (the Ministry of Environment and Spatial Planning).

The focus of the project is on deriving livelihood and income generating opportunities by emphasising the local economic development potential of biodiversity conservation and sustainable land management, contributing directly to making progress towards MDG 7 “Ensure Environmental Sustainability”. UNDP Kosovo has been advocating this through its prior interventions in the target area (the municipalities of Dragash/Dragaš and Shterpca/Strpce) within the project “Conservation of Biodiversity and Sustainable Land Use Management in Dragash/Dragaš”.

3. Does the project take into account the environmentally relevant national laws, e.g. concerning the use of natural resources, EIA guidelines, etc.? If so, which ones and how?

The project takes into account the recently adopted Municipal Development Plans (MDP's) in Dragash/Dragaš and Shterpca/Strpce, developed in accordance with the Law on Spatial Planning. The project shall take into account the environment relevant specific laws (mainly but not limited to the Law on the Sharr National Park) in case implementation takes place in certain zones in the Sharr National Park area.

4. Was the regional/local environmental situation analysed and the interaction with the social, economic and cultural milieu examined to see whether the pressure on natural resources could indirectly increase? In which way, and how, did the results obtained influence the project conception?

The project draws on recent environmental analysis for the Sharr National Park (in the case of the Strpce Municipality) and on analysis that combined environmental, social, economic and cultural considerations (in the case of Dragash municipality) that gives a good baseline for assessing pressure on natural resources by economic activities. The project will explore the development potential that exists particularly in agri-business and related value chains, and will develop municipal structures and other organizations with a sustainability perspective, which means not only economic, but also social and environmental sustainability.

The environmental sustainability aspect will be enhanced through increased cooperation, predictability, and coordination in the municipal level structures, which enables stakeholders to consider the sustainability of the natural resources that the businesses are directly dependent on.

5. Was the project planning undertaken jointly with the partners and the affected population, taking into account their views of the environmental situation and conditions? How does the project reflect these views?

In Dragash/Dragaš, the UNDP project has established a strong partnership with municipal authorities for the participatory identification of development priorities in designing and implementing the MDP. The Dragash/Dragaš Municipal Working Group (MWG), an active interlocutor, functioned as a participatory, consultative forum established under the leadership of the local authorities. In addition, village groups were regularly consulted for their views on community priorities since 2011 until 2013.

In addition, the findings of the UNDP Kosovo Mosaic report were taken into consideration when designing the project. The report measures citizens' perceptions of problems and challenges in their municipalities as well as their satisfaction with local authorities and with public services. The report channels the voices of Kosovans from 37 municipalities (including the two project target municipalities), sharing their opinions on essential aspects of their lives, including the access to water, the quality of the environment, etc.

The project will use the achievements of the Dragash project (funded by Finland, 2010-2013), including the identification, analysis and consolidation of four value-chains (some of which are using the non-wood forest products as berries and herbs), promotion of energy efficiency measures and use of renewable sources of energy, introduction of sustainable waste management practices – all of which are protective of the environment. In the same spirit, the process of implementation of the Dragash Municipal Development Plan will help advance environmentally-sensitive and environmentally-friendly practices and approaches at local level.

The consideration of agribusiness development and potential for organic agriculture in the target municipalities will be informed by the analytical work on soil quality assessment that is currently undertaken through a GIZ-funded project for the whole of Kosovo. As soon as the results of the GIZ project work are available, they will be sought and discussed by the project team, in order to inform any necessary modifications or adjustments.

6. To what extent were different approaches and instruments discussed, in order to minimise any potentially negative effects on the environment or to provide for restorative or compensatory measures?

The project does not foresee negative effects on the environment. However, and when relevant, specific capacity development measures should be foreseen as small projects (agricultural production, food processing, wood processing, artisanal crafts, tourism) are likely to have possibly positive or negative social and environmental impacts. At the same time the project will take into account any changes in the use of artificial fertilizers and pesticides. Presently the rate of biodiversity loss from agricultural activities is relatively low in Kosovo because they are used in relatively small quantities. This is especially relevant in the proximity of protected areas.

7. Are the project staff, partners and all parties concerned sensitised to environmental problems and the direct and indirect effects on the environment? Are any accompanying measures foreseen in order to promote environmental awareness and knowledge and to enable the project participants to pass on the knowledge they have acquired?

In Dragash/Dragaš Municipality, UNDP (through the previous project) has invested considerable resources on environmental awareness raising. The target audience, people of Dragash area, were informed about the status of the National Park, its environmental dimensions and the benefits for inhabitants, possibilities for using the natural park resources. The municipality of Dragash has a Municipal Development Plan that was developed with full consideration of the environment and was informed by a complex analysis conducted and mapped in Sustainable Development Atlas. The Municipality also has Strategic Environmental Assessment and a local Environment Action Plan, developed recently with UNDP support. The management team of the Sharr National Park has extensive data on the biodiversity on the protected area, mapped in a Sustainable Development Atlas for the entire territory of the National Park, as well as a Management Plan (both developed with UNDP support) that provides for both biodiversity conservation work, as well as engaging with communities in economic activities that are environmentally-sensitive.

The project team will reply on these achievements on the ground and on these documents while designing and implementing activities in Dragash/Dragaš and Shterpcë/Strpce municipalities. Awareness-raising of the population on environmental considerations will be part of the communication work of the project team throughout the project duration.

The project will advance the work relate to energy efficiency, use of renewable sources of energy and promoting green jobs, initiated by UNDP under several projects in recent years. For example, an info-centre is opened in Dragash, presenting to consumers energy-efficient products (for insulation, lighting, heating, etc.); several projects improved energy efficiency in public spaces (hospital, school and street lighting), as well as piloted energy efficiency measures in households (LED lighting, insulation and use of photovoltaic). Public awareness-raising on energy efficiency was done through training of teachers, production of materials for schools and students, and media campaigns. The project will continue expanding such activities in all target municipalities, by creating associated green jobs through the TEPs, working with businesses that sell associated products or provide associated services and by building energy-efficiency awareness and capacities among municipal staff. A close collaboration will be maintained with the climate change project funded by ADA through REC. The very process of implementation of the Dragash Municipal Development Plan will help advance environmentally-sensitive and environmentally-friendly practices and approaches at local level.

8. a. Is an examination of the environmental effects (and the feedback of the results of such an examination) planned during the implementation of the project? If so, how and when?

During the project life span, two evaluations are planned to take place, mid-term and final evaluation. These evaluations shall take into consideration also the environmental effects of the project.

- b. Which indicators were defined for monitoring negative/positive effects?

9. Have the costs for the above-mentioned measures been adequately provided for in the budget plan?

Yes. Funds are allocated in the budget plan for conducting mid-term and final evaluation of the project.

Expert opinion on Gender Criteria

General Information

Project Number 8302-00/2013

Title Local-level responses for Employment Generation and Integrated Territorial Development (InTerDev project)

Short description

The overall objective of the project is to provide a range of coherent and integrated services and support measures to two selected municipalities - Dragash/Dragas and Strpce/Shtërpçë, including some linkage with the municipality of Suhareke/Suva Reka, to municipal structures, and local communities in view of facilitating employment generation and transition to formalization of workers and upgrading of (micro) enterprises, particularly household-based operations in specific value chains that have competitive and sustainable potential, as well as existing SMEs.

The project purpose is to create institutional and local capacities that would facilitate the transition from survival economic activities to business and market-oriented economic activities. In this respect, the project proposes a modality of inter-municipal cooperation and exchange with the Municipality of Suhareke/Suva Reka and its Municipal Development Centre.

Final conclusion

Gender

From a gender point of view the project is recommended. Improvement of the project may be achieved when the recommendations are followed.

Gender Marker: GEN1

Date: 27.11.2013

Christina Stummer
Gender consultant

Gender considerations

The project/programme contains contributions to gender equality. Their effectivity should be improved.

a Documentation

Gender specific information on unequal opportunities for men and women to access the labour market as well as according skills and trainings is referred to in the project document. Information provided in the background/context section however does not include relevant governmental/sectoral gender policies/action plans to the implementation of which the project should contribute. This would be important because they refer to / include provisions on unequal labour/employment opportunities for men and women, but also regarding the local gender machinery and provisions for municipalities to institutionalize gender competence.

Recommendation

It is recommended to include respective updated information (mention currently applicable gender policies and action plans) if not in a revised version in any case in the inception report.

b Gender analysis

The project documents does not refer to a specific gender analysis having been undertaken for the development of the project. It includes however gender sensitive information on employment opportunities, social and cultural barriers especially for women to participate in decisionmaking processes at municipal level and gender specific restrictions on women's mobility also impacting their employment situation. It is positively noted that the assessment of the current capacity of municipal staff to provide economic and rural development services will include gender dimensions.

Recommendation

The TORs for the consultant should include clear instructions to assess the gender competence among municipal staff, - if there are gender focal points at the municipal level, if not why not and to provide recommendations to overcome barriers for women as well concerning their employment in the public sector including gender trainings but also on how to ensure that services provided are available to men and women, and what specific services would be needed to compensate the disadvantaged position of women concerning access to trainings and access to the labour market.

The capacity development plan to be developed under 1.2. should be gender sensitive and include specific measures to increase the gender competence of municipality staff.

c2 Elimination of barriers

The measures defined to overcome barriers for women to participate in decisionmaking processes in public (namely to organize women only groups because otherwise they are not heard) are gender sensitive but not transformative.

Recommendation

It would be recommendable to also include gender trainings within the information campaigns on upcoming calls to be financed out of the LDF and work on existing stereotypes at the community level, clearly providing evidence on how respective restrictions for women to participate in public decision making negatively impact on the development of the municipality as a whole.

c3 Participation and control

There are specific indicators (not yet included in the logframe) concerning participation of women at different levels (municipality, private sector, civil society).

Recommendation

It is recommended to also look at the institutional level of the project and to include at least a realistic target or a quota for female representation in the project board.

c4 Indicators

Gendersensitive indicators are mentioned in the questionnaire, but not reflected as such in the logframe, and targets defined in the logframe are not gender sensitive.

Recommendation

Include gender specific targets (concerning the indicators for example mentioned in the questionnaire) in the logframe which would require the collection of baseline data and should be timebound, measurable and realistic.

Expert opinion on Environmental Criteria

General Information

Project Number 8302-00/2013

Title Local-level responses for Employment Generation and Integrated Territorial Development (InTerDev project)

Short description

The overall objective of the project is to provide a range of coherent and integrated services and support measures to two selected municipalities - Dragash/Dragas and Strpce/Shtërpçë, including some linkage with the municipality of Suhareke/Suva Reka, to municipal structures, and local communities in view of facilitating employment generation and transition to formalization of workers and upgrading of (micro) enterprises, particularly household-based operations in specific value chains that have competitive and sustainable potential, as well as existing SMEs.

The project purpose is to create institutional and local capacities that would facilitate the transition from survival economic activities to business and market-oriented economic activities. In this respect, the project proposes a modality of inter-municipal cooperation and exchange with the Municipality of Suhareke/Suva Reka and its Municipal Development Centre.

Final conclusion

Environment

The project contains all required measures for environmental protection. From an environmental point of view an implementation is therefore recommended.

Environment Marker:	ENV0
Climate Change Mitigation:	0
Climate Change Adaption:	0
Biodiversity Conservation:	0
Combat against Desertification:	0

Date: 23.11.2013

Elisabeth Sötz
Environmental consultant

C.

C.

Environmental considerations

Ground- and surface waters

As the project is dealing with the productive sector (agriculture and small business development), waste water production and other effects on water systems can not be excluded. Anyway, the project design foresees screening for, and measures to avoid, negative impacts.

Soils

Soil conservation measures are taken into account in the agribusiness components of the project.

The consideration of potential for organic agriculture in the target municipalities will be informed by the analytical work on soil quality assessment that is currently undertaken through a GIZ-funded project for the whole of Kosovo. As soon as the results of the GIZ project work are available, they will be sought and discussed by the project team, in order to inform any necessary modifications or adjustments.

Biosphere (plants, animals, human health)

The project is in line with the Kosovo Environmental Strategy and National Environmental Action Plan 2011-2015, where biodiversity protection is one of the objectives, and the Strategy and Action Plan for Biodiversity 2011-2020: "Ensuring integrated protection of nature through cooperation with other sectors, sustainable use of biodiversity and equal sharing of benefits".

Air/Climate

Air pollution and CO₂eq emissions are a main problem all over Kosovo. As the project is dealing with small enterprise promotion and municipal development, measures have to be taken that avoid increasing emissions, but rather contribute to reducing gas emissions.

According to the project document, the project will do so by advancing the work related to energy efficiency, use of renewable sources of energy and promoting green jobs.

Recommendations and comments

- 1 The project contains relevant measures to avoid harm to the environment, and aims at improving the overall environmental situation by the following:

The municipality of Dragash has a Municipal Development Plan that was developed with full consideration of the environment and was informed by a complex analysis conducted and mapped in Sustainable Development Atlas. The Municipality also has Strategic Environmental Assessment and a local Environment Action Plan.. The management team of the Sharr National Park has extensive data on the biodiversity on the protected area, mapped in a Sustainable Development Atlas for the entire territory of the National Park, as well as a Management Plan that provides for both biodiversity conservation work, as well as engaging with communities in economic activities that are environmentally-sensitive.

The project team will reply on these achievements on the ground and on these documents while designing and implementing activities in Dagash/Dragas and Shterpca/Strpce municipalities. Awareness-raising of the population on environmental considerations will be part of the communication work of the project team throughout the project duration.

Furthermore, The project will use the "Eco-profit" approach for SMEs applied for reduction of costs vis-a-vis reduction of raw material, improvement of technical processes and reduction of use of energy and waste production.

- 2 The Local Development Fund (LDF) will operate a grant fund of 400,000 euro, and could deliver an average of 30 grants during the project period. It is foreseen to enhance the integration of social and environmental criteria in the grant assessment process.

Specific capacity development measures should be foreseen as small projects (agricultural production, food processing, wood processing, artisanal crafts, tourism) are likely to have possibly positive or negative social and environmental impacts.

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