**United Nations Development Programme**

**Country: Bosnia and Herzegovina**

**Project Document**

|  |  |
| --- | --- |
| **Local Development Programme**  **UNDAF Outcome(s):**  Outcome 1: Democratic Governance; Outcome 2: Social Inclusion; Outcome 3: Environment; Outcome 4: Human Security  **Expected CP Outcome(s):**  Outcome 1, 2, 3 and 5  **Expected Output(s):**  Output 1.1., 1.2, 2.1, 2.2., 2.3, 2.4, 3.1, 3.2, 3.3., 3.4, 3.5, 5.1, 5.2, 5.5, 5.6  **Executing Entity:**  **Implementing Agencies:** UNDP |  |

Total resources required \_\_\_\_\_\_\_\_\_

Total allocated resources: \_\_\_\_\_\_\_\_\_

* Regular \_\_\_\_\_\_\_\_\_
* Other:
  + Donor \_\_\_\_\_\_\_\_\_
  + Donor \_\_\_\_\_\_\_\_\_
  + Donor \_\_\_\_\_\_\_\_\_
  + Government \_\_\_\_\_\_\_\_\_

Unfunded budget: \_\_\_\_\_\_\_\_\_

In-kind Contributions \_\_\_\_\_\_\_\_\_

Programme Period: \_2010-2014\_\_\_

Key Result Area (Strategic Plan) \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Atlas Award ID: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Start date: \_Jan.1 2011\_\_\_\_

End Date \_Dec.31 2014\_\_\_

PAC Meeting Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Management Arrangements \_NIM\_\_\_\_\_\_\_\_\_

**Brief Description**

UNDP’s Local Development Programme is designed to help advance human development in Bosnia and Herzegovina (BiH) by tackling the most pressing local and rural development challenges for the country. It focuses on three priorities for BiH, in line with objectives set by BiH’s national development strategy, UNDAF and the needs identified by UNDP’s Regional Disparity Survey. They include:

1. Improved local governance
2. Poverty reduction through employment and income generation and
3. The integration of the most vulnerable groups in social and development processes.

Agreed by (Government)

Agreed by (Executing Entity):

Agreed by (UNDP):

# Situation Analysis

Bosnia and Herzegovina (BiH) has made considerable strides in recent years in moving from post-war recovery to a potential EU accession candidate. Since 1995, the country has managed to greatly alleviate the problem of internally displaced, restore a vast amount of infrastructure devastated by war and restore peace, security and the freedom of movement throughout its territory. BiH’s GDP has been at a constant high rate of growth up until the recent global economic crisis, its banking system is considered one of the best in Southeast Europe and inflation has been maintained in the low single digits. Despite occasional political disaccords the country is on its way to fulfil all the requirements for visa liberalization and is gradually moving towards meeting NATO and EU pre-accession requirements. In July 2008, the EU and BiH signed the Stabilization and Association Agreement which creates a far-reaching contractual relationship between both sides entailing mutual rights and obligations. This process maintains the pressure on Bosnia and Herzegovina the country to continue implementing the reforms necessary to achieve greater Euro-Atlantic integration and is an important way of building peace and stability in the region.

**Challenges to be addressed**

Nonetheless, considerable challenges still confront Bosnia and Herzegovina which, in some respects are commonly shared with other countries in transition but are in other respects quite specific. These challenges can be classified in two separate groups. The first group relates to the country being burdened with a set of systematic administrative weaknesses and infrastructural deficiencies dating to previous communist era and the turbulence of the 1990s. That includes a cumbersome governance structure, a lack of orientation towards a free-market economy and obsolete public sector practices. The second group, stemming among others as a result of aforementioned weaknesses, includes considerable poverty and a widened development gap among different regions, most notably between urban centres and rural areas. In rural areas in particular, unemployment and poverty is particularly present, with notable social exclusion among vulnerable groups.  These disparities are highlighted by UNDP’s Regional Disparity Assessment which provides an overview of the existing disparities within the country. The Regional Disparity Assessment compiles findings of the two largest household surveys conducted to date by the statistical institutions in BiH – the Household Budget Survey (HBS) and the Labour Force Survey (LFS) – as well as data from UNDP’s Early Warning System (EWS) together with other relevant official sources such as entity statistical yearbooks, specific publications with socio-economic and health indicators, Eurostat information and EC progress reports.

Governance

Local governments in BiH function within a complex and disarticulated administrative system. The legal framework and fiscal arrangements for local self-government vary between the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) entities and in the former between the subordinate cantons. The responsibilities of local authorities remain ill defined, unfunded mandates are common and the unequal distribution of resources across municipalities exacerbates this problem. The situation is particularly complex in FBiH where there is no ministry for local self-government (as in the RS) and consequently there is fragmented and inconsistent decision making at the canton level. Significant reforms are required, but insufficient political will, complexity at the administrative level and fiscal inefficiency continue to act as hindrances. While in the RS the government has developed a strategy for the development of local self governments, such guidance is missing in the FBiH and there is still an overall a lack of initiatives to address local development challenges in a joint and systematic way.

Moreover, local governments have found it difficult to adapt administrative procedures to meet prevailing challenges. Highly centralised local governance structures prevail which still focus on creating a control environment as opposed to creating an enabling environment for citizens and the private sector. As a result, municipal administrations are viewed more as a burden by citizens and the private sector than a service. Analytical capacities within municipalities in drawing plans and municipal strategies are low; the practice of participatory planning is still underdeveloped and underutilised, and the rate of strategy implementation is inadequate. The problem is perpetuated among others by weak municipal capacities for financial and budgetary management which are in most instances outdated. Little know-how or capacities exist on revenue forecasting, multi-year planning or activity based budgeting. Competencies for strategic planning, spatial planning and preparedness for natural disasters, to which Bosnia is prone, are weak or non-existent. So too is know-how on preparing project proposals and managing projects, which has hampered municipalities’ access to alternative sources of funding for priority projects.

Weak civil participation in planning and decision making processes also remains a problem.[[1]](#footnote-1) Civil Society Organisations (COSs) in BiH still lack considerable recognition among citizens and have a weak role in policy making. Their reputation is often seen either as donor-driven or an extended hand of political parties. In addition to the above, only 13,6% of the CSOs focus on the provision of social services[[2]](#footnote-2).

In addition to the problems mentioned above, the decaying or non-existent public infrastructure at the local level hinders inclusive development as outlined in the national and sectors development strategies. Unfortunately the great majority of regions and municipalities in BiH still face massive and long-lasting problems with basic infrastructure. For example, in the Bijeljina region 58.4% households are not connected to sewage systems. In the Western Herzegovina Canton and Posavina Canton the number of households not connected to sewage systems increases to 85.9% and 91.9% respectively[[3]](#footnote-3).

Poverty and Unemployment

Poverty[[4]](#footnote-4) at the state level stands at concerning 18.2%[[5]](#footnote-5) with the poverty gap at 26.2%[[6]](#footnote-6). Large disparities exist in poverty rates between regions. Regions such as the Sarajevo Canton, Neretva Canton, Eastern Sarajevo and Banja Luka fare the best and regions such as Bijeljina, Posavina, Gorazde Canton, Una-Sana Canton and Livno Canton fare the worst.  In the Sarajevo and Neretva cantons, poverty stands at 5.2% and 9.9% respectively, whereas in Gorazde Canton it is 29.2%. Furthermore, the poverty gap in the first two cantons is 21.4% and 19.2% respectively, whereas in the Gorazde Canton it stands at 39.4%. Another particularly illustrative example of regional discrepancies related to poverty is the percentage of 4-member households with no income at all. At the state level, the rate is low (1.6%), extremely low in the Sarajevo Canton (0.9%) and inexistent in Banja Luka and the Neretva Canton (0%). Yet in Una-Sana Canton it is as high as 9.1% and in the Posavina Canton 7.5%[[7]](#footnote-7).

Directly related to poverty is unemployment, which can be analysed using various approaches, but is high according to all indicators. The percentage of unemployed at the state level is 40.6% with an important difference among entities (FBiH: 44%; RS: 33.9%[[8]](#footnote-8)). However, it is a well known fact that amongst those citizens registered as unemployed many of them are employed informally and still registered as unemployed with the Employment Bureaus, in order to obtain health insurance and other social benefits. Due to of this fact, the unemployment rate calculated according to ILO standards is a better measure of this phenomenon, especially if it is used as a tool for international comparison. According to ILO standards the unemployment rate in BiH stands at 23.4% (FBiH: 25%; RS: 20.5%) with the highest levels being in the Central Bosnia Canton and Trebinje (38.8% and 34.8% respectively)[[9]](#footnote-9). Females are particularly affected by low activity in the labour market and hence the high rate of unemployment among this group (although in BiH there is 113 women per 100 men the ratio of male to female employment is 1.5 : 1 [[10]](#footnote-10)). As a direct knock-on effect, the employee-per-pensioner ratio is low (1.3 employed per 1 pensioner at the national and FBiH level and 1.2 in RS). A group particularly affected by unemployment are those in the 14-39 age bracket whose unemployment level stands at 64.7%.

Social Exclusion

In BiH as in other transition countries a realistic risk exists of development being pursued without the needs of socially excluded and vulnerable groups being taken into account. Returnees and displaced persons are a particularly vulnerable group whose predicament stem from the 1992-1995 war. According to national statistics, some 115,000 people are still internally displaced and some 45,000 homes are in need of rehabilitation. A total of 2,457 families still live in collective centres (1,814 in FBiH and 643 in RS). The government has developed and adopted a strategy to help address the needs of this special group as part of the government’s strategy to finalise the implementation of the Dayton Peace Accords (in particular Annex VII which deals with the rights of returnees and internally displaced to return to their pre-war homes), although finances to implement the strategy remain scarce. The legal status and rights of returnees and IDPs are not fully and equally defined across the country and many of them have difficulties in receiving health care, education or accessing public utility services. For example, today there are close to 3,000 households in over 100 municipalities throughout BiH where pre war inhabitants had returned to their homes at least five years ago but have been living without of electrical power ever since. Although the BiH government has recognised this problem and set aside funds to partially address it, if the current pace is not accelerated some families will need to wait decades for their problem to be resolved. Also, some 3.1% of the country’s surface is still contaminated by mines which slows down the pace of infrastructure rehabilitation and economic development. Some regions grapple with the afore-mentioned problems more than others; the most affected being the Gorazde Canton with 106 refugees per 1000 people and Trebinje (91/1000).

Apart from refugees and displaced persons, Roma, the elderly and disabled persons are also particularly vulnerable. Roma communities are in many cases ostracised from society and face considerable challenges pertaining to access to health care, education, employment and housing. In most instances, people of Roma origin fail to systematically register upon birth and do not have basic identification documents that would the first basic step enabling them to realise their rights pertaining to health insurance and social welfare, education, employment and housing. Since the war, this issue has not been systematically addressed due to competing priorities facing government in BiH. Nonetheless, some progress has been achieved with the adoption of the BiH Strategy and Action Plan for Addressing Roma. Work has been undertaken on civil registration, the provision of direct legal assistance to Roma[[11]](#footnote-11), awareness raising among local authorities and the general public; capacity building of Roma organisations, the promotion of education for Roma children[[12]](#footnote-12), and; the provision of housing and accommodation for Roma families[[13]](#footnote-13). The provision of stable employment opportunities for Roma remains to be a continuing a challenge which left unaddressed will continue to exasperate the vulnerability of Roma.

Disabled and the elderly in BiH also face considerable challenges, primarily in terms of receiving needed social services. Funding for service provision for the elderly and disabled remain a challenge as do weak service provision capacities. Moreover, little awareness on prevailing international standards pertaining to the special needs of the disabled exist. As a result, these issues are forsaken during planning and investment processes. The civil society sector, which mushroomed in the second half of 1990s presents a potential to fill the gaps in their communities. However, only 13.6 % of these organizations focus on provision of social services.[[14]](#footnote-14)

# Strategy

Given the extremely complex political environment in addition to notoriously complicated governance structure of the country coupled with strong elite capture, the local level is arguably the best driver of development change for two main reasons: (i) direct interaction between administration and people (duty bearers and right holders), and (ii) disconnect between local and central governance that often due to political or other factors result in marginalization of certain groups, municipalities or entire regions.  UNDP experience in regional programmes (e.g. Srebrenica, Foca) clearly shows that development impact is much easier to obtain and is eventually more sustainable at municipal level through partnerships with local communities. Furthermore, political obstacles or obstructions are much less pronounced at the local level then at higher levels which are often plagued with politicking and lengthy processes non-conducive to progress. It is also important to note the willingness of local communities to steer projects after an initial period during which they receive necessary technical assistance. This is often evidenced in their financial or in kind contribution to projects that further solidifies local ownership and ensures long-term sustainability.

UNDP’s Local Development Programme is designed to help advance human development in Bosnia and Herzegovina by tackling the most pressing local development challenges for the country. It focuses on three priorities for BiH, in line with objectives set by BiH’s national development strategy, UNDAF and the needs identified by UNDP’s Regional Disparity Survey. They include:

1. Improved local governance,
2. Poverty Reduction through employment and income generation and;
3. The integration of the most vulnerable groups in social and development processes.

The programme recognises the inextricable link between each of these three priorities. Without improved governance, economic development and the sustainability of livelihoods will be difficult to achieve. Similarly, whilst economic development and employment is critical for the livelihoods of people, it requires responsive policy making, effective government services and the responsible allocation and utilisation of limited public resources to succeed. And without addressing the impediments faced by the vulnerable and socially excluded in society to participate in development and governance processes, those who are the most affected by poverty will be bypassed by the benefits and opportunities those processes present.

In order to improve governance, the programme will focus on advancing local-government know-how so as to better position local authorities to tackle and overcome development challenges, whilst improving citizens services. To that end, assistance will be provided to create expertise within municipal government on managing priorities and available resources, best administrative and management practices, improved citizens services and the creation of an enabling environment for private sector growth. In order to address the long-term infrastructure needs affecting the livelihoods of local communities, assistance will also be provided to municipalities to prepare projects and apply for financing from infrastructure, cross-border and other funds. In working on advancing governance, UNDP will draw on the vast experience it has garnered over the years working on local development issues in BiH and will make use of the municipal training system it has elaborated and put into place with entity governments in 2010.

In order to help reduce poverty, UNDP’s Local Development Programme will work on increasing employment and income generation. A particular focus will be given to rural development given the great discrepancy in employment and poverty levels between urban and rural areas. Two sectors to be targeting include the agriculture and tourism sectors. Bosnia and Herzegovina boasts an enviable array of natural, cultural and historic attractions for the development of tourism. With already thriving tourist markets in neighbouring Croatia and Montenegro, and the possibility of cross-border cooperation to expand tourist offers, the potentials for income generation through tourism in BiH are considerable. Agriculture presents similar potentials. A considerable range of commodities can be produced in BiH which are either niche in nature or for which Bosnia is greatly import dependent and which therefore have guaranteed markets.

Interventions will be developed in line with the commonly accepted definition of rural development within the EU with its three components, and will be structured in such a way to facilitate the country’s gradual compliance with the most relevant elements of the EU’s CAP and access to funding mechanisms. In doing so, UNDP will make use of its own best practices but also those stemming from the implementation of other successful policies in other countries, such as EU’s LEADER. In this context, the UNDP’s interventions will primarily lead to creating a stronger agricultural sector and improved competitiveness.

Technical assistance will be provided to food, agriculture and other producers to increase their competitiveness through improved quality, safety standards enhanced marketing and labelling practices, better business practices, networks and value chains. UNDP, in cooperation with local and international stakeholders, will also work to address specific institutional deficiencies which threaten to slow down BiH in its process of catching up with CEFTA countries and EU membership candidates. Of particular importance in this regard is standardisation and the development of enhanced coordination capacities among different layers of government in charge of sampling and ensuring the safety and quality of food and agricultural produce. UNDP’s activities in rural development will also contribute to enhancing the quality of life and the diversification of economic activities in rural areas of BiH.

The Local Development programme will also work directly on the needs of the socially excluded and vulnerable by partnering with local authorities to introduce new approaches to deliver and improve social services to the elderly and improve employment and other opportunities of Roma and youth which today stand as the single group most affected by unemployment. In addressing the needs of the internally displaced, UNDP will assume responsibility from UNHCR for assisting government authorities in the implementation of Annex VII of the Dayton agreement, in line with the BiH National Strategy on the Implementation of Annex VII of the Dayton Agreement. An emphasis will be placed on integrating returnees into economic development activities and alleviating impediments to their social inclusion through the clearance of mines, re-establishment of electricity to returnee settlements and provision of social housing assistance to people who can not return to their pre-war homes and who currently reside in collective centres.

Environment

In light of the effects of climate change and the growing recognition of its potential to affect human development and achievements already made thereon, a “green” approach will mainstreamed throughout all programme activities. Government will be sensitised to the growing effects of climate change, its effect on local development, how to plan for and create a mitigating environment for those risks and promulgate environmental protection. Local communities can profit significantly from efficient use of local/municipal assets and natural resources and from improved environmental management practices. The Local Development Programme will secure that environmental protection is part of local strategic plans and priorities (LEAPs, SEAPs). Environmentally friendly solutions will be adopted as part of programmatic planning and implementation wherever practically. In cooperation with UNDP’s Energy and Environment Cluster a *green economy* concept will be introduced in the tourism and agriculture sectors and local community practices for proper management of water, wastewater, waste and energy.

***Geographic Scope***

The Local Development Programme will be implemented throughout Bosnia and Herzegovina. Activities will target municipalities most in need of development assistance, as identified by the UNDP Regional Disparity Assessment and priorities deriving from the BiH Strategy for the Implementation of Annex VII of the Dayton Peace Accords. Interventions will be selected and tailored based on existing local community needs and potentials.

In order to ensure that activities are selected and implemented to best respond to the needs of local communities, the Local Development Programme will be implemented by region. To that end, the Programme has defined five project regions, based on historical and geographic attributes. They include the Una-Sana region, the Herzegovina region, the North Bosnia region, Eastern Bosnia region and Central Bosnia region. An overview of indicative activities to be undertaken in underdeveloped municipalities in each region is provided in the Indicative Intervention Matrix in Annex B.

**Target groups**

The Local Development Programme will target the most vulnerable groups in BiH including returnees, the elderly, Roma and the disabled. Attention will also be provided to improving government capacities to address the needs of youth. Activities undertaken within the programme will consider gender equality and will seek to secure gender proportionality. Whilst the Local Development Programme will target the most vulnerable, direct benefits will also be felt by the population at large in BiH, in particular the rural population where most of the activities will occur, due to improved governance and an economic multiplier effect.

**Programme Results**

In addressing the three main challenges for local development mentioned above, the Local Development Programme is organised around five desired outcomes, which are sought to be achieved:

1. The empowerment of local community stakeholder’s to respond to long-term development challenges (improved local governance)
2. Economic development for sustainable employment and income generation
3. Social inclusion of vulnerable and excluded groups
4. Technical Documentation Fund and Priority Projects
5. Energy and Environment

An overview of the activities to be achieved which are designed to lead to those outcomes is provided below. Detailed summaries of sub-activities to be implemented to secure those outputs are provided in respective Output Activity sheets in Annex C.

**Output 1: Local authorities’ capacities for planning and citizen services improved**

Assistance will be provided to municipalities in the design and implementation of integrated and participatory plans so as ensure that resources available are utilized in an optimal and transparent manner. The systems will be tested and put to use in the development of strategic plans and municipal spatial plans. Key development capacities within local communities’ stakeholders will be enhanced, so as to increase administrative and financial capacities, introduce modern management practices and strengthen PCM and partnership skills. Capacity building in the form of technical assistance will also be provided to enable municipalities to secure financing from government, bilateral and other funds for the realisation of projects originating from strategic plans. Another area targeted will be social service provision, which will be undertaken through the municipalities and CSOs acting on local level.

The following activities will be accompanied by a policy intervention with the support to a country-wide systematisation of participatory and integrated local development and vertical integration of local strategies into the overall strategic planning framework of BiH.[[15]](#footnote-15)

* 1. **Strategic planning capacities:** support integrated strategic planning so as to most optimally utilise potentials and resources for development on the local level; and following entity government requests, use the systematic inclusive participatory approach in an extended number of municipalities.
  2. **Absorption capacities:** operationalisation and implementation of local strategies and through training and technical assistance in modern management practices, PCM capacities, administrative and financial management skills so as to improve the quality and the transparency of budgeting policy, operations, internal control audit and use of resources
  3. **Partnership capacities:** partnership capacities of local governments, MZs and Civil Society Organisations (CSOs) strengthened and vitalised to engage in multi-sector and inter-municipal development initiatives, in order to improve their mutual relations and service delivery.

**Output 2: Economic development for sustainable employment and income generation**

The tourism and agriculture sectors present considerable scope for new and expanded employment and production due to considerable potentials which to this day remain untapped. In the tourism sector, BiH boasts an enviable collection of natural, cultural and historic attractions around which products and services can be built to generate employment and incomes for vulnerable groups and the broader population at large. The large numbers of tourists drawn to Montenegro and Croatia each year provide an almost guaranteed supply of tourists for the new products and services if developed correctly. The agriculture sector presents similar potentials for production. A considerable range of commodities can be produced in BiH which are either niche in nature or for which Bosnia is greatly import dependent and which therefore have guaranteed markets. Output 2 will work on realising these and other potentials so as to increase and sustain employment, with the aim of reducing poverty through increased income generation. In particular, the following assistance will be provided:

* 1. **Business Development Services**: provision of assistance to local authorities, farmers, tourist workers, SMEs and youth employment centers to improve the quality business management and planning as well as to enhance overall business environment.
  2. **Tourism and Culture for Development:** restoration of key cultural heritage sites and development of tourism products so as to create jobs and income streams.
  3. **Increased SME competitiveness and market access:** provision of support to SMEs and farmers to increase returns and access to markets by identifying alternative (local) sources of raw materials; the introduction of modern farming, service and production processes; clustering, and; brokerage services and matchmaking to secure access to new markets.
  4. **Foreign and direct investments**: Provide assistance to local producers and services providers to gain easier access to foreign and local capital and investment.

**Output 3: Social inclusion of vulnerable and excluded groups**

The component will focus on activities to ensure that the most vulnerable and marginalized in society are provided with the basic services necessary for livelihood. Whilst that objective will also be pursued in the other components of the Local Development Programme additional activities will be undertaken through the following:

* 1. **Annex VII implementation**: support the process of return and reintegration of returnees by providing preconditions (as basic infrastructure, social housing) and technical assistance to MHRR for sustainable return in line with revised Annex VII document
  2. **Assistance to excluded groups:** enable integration of vulnerable or marginalised groups into development process through provision of capacity building to both municipal authorities (on outsourcing procedures) and CSOs (on social service provision)

**Output 4: Technical Documentation Fund and Priority Projects**

In order to strengthen regional development, many donors are launching national programmes and grant schemes targeting local government in BiH. On a competitive basis, municipalities are requested to prepare development projects for funding by the EC, the World Bank, UNDP, bilateral, national funds and other donors.

Many of these small-scale projects relate to economic development and municipal infrastructure, for which technical documentation, feasibility studies (including cost-benefit analysis), and building permits and tender dossiers are needed. Most donor and national programmes provide funding for investments in economic development and related infrastructure, but seldom financially support the preparation of technical documentation. Small municipalities with very limited budgets and staff are the victims of this policy.

To be considered for funding by donor programmes, municipalities must submit projects for which technical documentation is largely or entirely prepared. Once a donor programme is announced, the time for applications is too short to start preparing technical documentation from scratch. Yet, small municipalities cannot afford to form a «stockpile» of technical documentation in preparation of donor funding.   The result is obvious: donor funding is unintentionally biased towards “ready” projects, and such projects are typically not available within small and underdeveloped municipalities.  In order to assist local government authorities both develop skills in project document preparation and utilise funds being made available for local and regional projects, UNDP will undertake the following activities:

**4.1 Technical Documentation:** Assistance will be provided to disadvantaged municipalities and towns in BiH to form a «pipeline» of project proposals with fully developed technical documentation, in preparation of donor and Government sources of funding. Alongside with the procurement of services – actual preparation of the documentation, the UNDP plans to involve local stakeholders in the organization and implementation process, as a form of “hands-on” training.

**4.2 Small-scale Projects:** Funding will be provided for small-scale priority projects for the purpose of local strategy implementation, sustainable returns and local economic development.

**Output 5: Capacities on Energy Efficiency and Environment Strengthened**

Local government authorities will be assisted in improving the management of the local natural resources, whilst reducing costs, through outsourcing and improvements in utilities management. Utility services such as water and waste management today stand as the most pressing issues for municipal administrations and local communities due to inadequate resource planning, poor service provision and decaying infrastructure. Throughout the programme, attention will be given to a more efficient use of municipal assets and natural resources thanks to improved environmental management practices and the promulgation of energy efficiency measures at the local level. The municipalities will be assisted in addressing the difficult challenges presented by climate change and in planning for a better disaster risk management. To that end, the following assistance will be provided:

* 1. **Action Plans for Energy and Environment**: Sustainable Energy Action Plans – (SEAP) and Local Environmental Action Plans (LEAP) developed in targeted cities/municipalities in order to enhance local stakeholders' skills in managing local natural resources through efficient spacial planning with due regard to environment sustainability and disaster risk management
  2. **Energy Efficiency Pilot Projects:** Development and implementation of the environmental protection projects for BiH cities/ municipalities supported in BiH
  3. **Environment Pilot Projects:** Development and implementation of the Energy Efficiency and RES projects for BiH cities/ municipalities supported in BiH
  4. **Disaster Prevention and Preparedness**: Disaster planning and preparedness planning put into effect in target muncipalities.

# Results and Resources Framework

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Intended Outcome as stated in the Country Programme Results and Resource Framework:**  Outcome 1 - Government at all levels modernizes public sector practices through public sector reform and bases policies on sound quantitative and qualitative analysis with full participation of relevant national stakeholders, including CSOs and academia.  Outcome 2 - Government and local community institutions empowered to develop and implement policies for and ensure access to quality social, cultural and employment services for socially excluded and vulnerable groups so as to, with parallel contributions from the private sector and civil society, contribute to inclusive social and economic development.  Outcome 3 - Strengthened national capacities to integrate environmental and energy concerns into development plans at all levels and systems for effective implementation of the sectoral priorities.  Outcome 5 - Strengthened national capacities to prevent crisis and conflict through development and implementation of national Strategies and Action plans for mitigation of risks, threat caused by communicable diseases, improved management of mine action and weapons control, prevention of armed violence and crime and integrated border management. | | | | |
| **Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:** | | | | |
| **Applicable Key Result Area (from 2008-11 Strategic Plan):** | | | | |
| **Partnership Strategy** | | | | |
| **Project title and ID (ATLAS Award ID):** | | | | |
| **INTENDED OUTPUTS** | **OUTPUT TARGETS FOR (YEARS)** | **INDICATIVE ACTIVITIES** | **RESPONSIBLE PARTIES** | INPUTS |
| **Output 1**  **Local authorities’ capacities for planning and citizen services improved.**  Baseline:  Indicators:   * At least 50 municipalities adopt Local Development Strategies aligned with higher gov’t levels’ and sectoral strategic planning documents * Cantonal, entity and state level budgets reserve budget lines for support to local initiatives, based on aligned strategic documents. * No of municipalities with transparent mechanisms for project-based funding of CSOs. | Targets (year 1)  -  -  Targets (year 2)  -  - | **Activity Result 1**: Strategic planning capacities  - Integrated local strategic planning documents developed for targeted municipalities, involving partners from CS and Business sectors, taking into account advantages of inter-municipal co-operation and aligned with higher level and relevant sectoral strategic documents.  **Activity Result 2:** Absorption Capacities  - Higher government levels include local priorities in their strategic planning docs and disburse local development funds accordingly.  - Institutional cooperation between local authorities and CSOs improved.  **Activity Result 3**: Partnership Capacities  - Targeted municipalities capable of implementing local development strategies and execution of prioritized projects |  | ***72100 Contractual Services Companies:*** *9,340,000 USD*  ***71400 Salaries:***  *2,600,000 USD*  ***71600 Travel***  *187,000 USD*  ***72400 Communication:***  *93,500 USD*  ***72500 Supplies:***  *93,500 USD*  ***74200 Printing and Publications:***  *187,000 USD*  ***74500 Sundries:***  *20,500 USD*  ***75100 Facilities and Administration:***  *876,500 USD* |
| **Output 2:**  **Economic development for sustainable employment and income generation**  Baseline:  Indicators:   * Increased No. of companies registered by XX% * At least XX agriculture products obtain registered local origin * At least XX support institutions offering at least XX new services related to improvement of production efficiency, quality standards and marketing * Increase in No. of business entities (incl. agriculture) using business support services by XX% * At least 500 first-time job seekers acquire job through project-generated schemes * At least XX cultural sites restored or XX of required documentation sets for restoration prepared * At least XX tourism destinations improved by XX new related tourism and hospitality products offered to the market * Increased No. of foreign companies seeking investment opportunities in BiH by XX% | Targets (year 1)  -  -  Targets (year 2)  -  - | **Activity Result 1**: Business Development Services  - Strengthened industry subsectors (incl. agriculture & food processing) through raising capacity of business support institutions.  - Improved youth mobility and employability at labour market  **Activity Result 2**: Tourism and Culture for Development  - Key cultural heritage sites restored and tourism products developed so as to create jobs and income streams  **Activity Result 3**: Increased SME Competitiveness and Market Access  - Strengthened industry subsectors (incl. agriculture & food processing) with potential for growth through integrated interventions alongside the value chain,  **Activity Result 4:** Foreign and Direct Investment  - Improved business linkages between foreign and domestic investors and local producers |  | ***72100 Contractual Services Companies:*** *16,285,000 USD*  ***71400 Salaries:***  *2,400,000 USD*  ***71600 Travel***  *325,000 USD*  ***72400 Communication:***  *162,000 USD*  ***72500 Supplies:***  *162,000 USD*  ***74200 Printing and Publications:***  *325,000 USD*  ***74500 Sundries:***  *32,500 USD*  ***75100 Facilities and Administration:***  *1,378,500 USD* |
| **Output 3:**  **Social inclusion of vulnerable and excluded groups**  Baseline:  Indicators:   * At least XX displaced or returnee families have received assistance for living conditions improvement through repair of basic infrastructure such as electricity and roads. * Adopted decisions and registration of standardized CSO services related to social inclusion. * XX of people in need serviced by CSOs * XX of CSOs providing services related to social inclusion |  | **Activity Result 1:** Annex VII Implementation  - MHRR provided with local level support in implementation of revised Strategy for Annex VII (sustainable return of refugees and DPs)  **Activity Result 2:** Assistance to Excluded Groups  - Enabled integration of vulnerable and marginalized groups into development processes on local level.  - Strengthened civil society to fill in gaps between needs of vulnerable groups and existing services provided by local authorities |  | ***72100 Contractual Services Companies:*** *6,400,000 USD*  ***71600 Travel***  *128,000 USD*  ***72400 Communication:***  *64,000 USD*  ***72500 Supplies:***  *64,000 USD*  ***74200 Printing and Publications:***  *128,000 USD*  ***74500 Sundries:***  *12,000 USD*  ***75100 Facilities and Administration:***  *476,000 USD* |
| **Output 4:**  **Technical Documentation Fund and Priority Projects**  Baseline:  Indicators:   * Within 1 year increased No. of infrastructure and other project proposals with full technical / tender documentation ready for implementation y XX % (baseline to be determined at the beginning of the LD programme implementation) * Within 1 year at least XX projects implemented according to the Fund’s criteria and modality of work |  | **Activity Result 1:** Technical Documentation  - Pipeline of project proposals with full technical documentation developed in line with existing development strategies and national planning, incl. inter-municipal and cross-border projects  **Activity Result 2:** Small Scale Projects  - Priority small and medium sized infrastructure projects supported. |  | ***72100 Contractual Services Companies:*** *6,000,000 USD*  ***71600 Travel***  *120,000 USD*  ***72400 Communication:***  *60,000 USD*  ***72500 Supplies:***  *60,000 USD*  ***74200 Printing and Publications:***  *120,000 USD*  ***74500 Sundries:***  *12,000 USD*  ***75100 Facilities and Administration:***  *446,000 USD* |
| **Output 5:**  **Capacities on Energy Efficiency and Environment Strengthened**  Baseline:  Indicators:   * Within 1 year 20 municipalities initiate preparation of the LEAP and 7 SEAP * Within 1 year at least 15 projects proposals with full technical / tender documentation ready for implementation according to the LEAP and SEAP priorities |  | **Activity Result 1**: Action Plans for Energy and Environment:  - Developed Energy (Sustainable Energy Action Plans – SEAP) and Environmental (Local Environmental Action Plans – LEAP) Action Plans in targeted cities/municipalities  **Activity Result 2:** Energy Efficiency Pilot Projects:  - Pipeline of project proposals with full technical documentation developed in line with SEAP and priority actions implemented  **Activity Result 3:** Environment Pilot Projects:  - Pipeline of project proposals with full technical documentation developed in line with LEAP and priority actions implemented  **Activity Result 4:** Disaster Prevention and Preparedness.  - Disaster planning and preparedness planning put into effect in target municipalities |  | ***72100 Contractual Services Companies:*** *5,700,000 USD*  ***71600 Travel***  *114,000 USD*  ***72400 Communication:***  *57,000 USD*  ***72500 Supplies:***  *57,000 USD*  ***74200 Printing and Publications:***  *114,000 USD*  ***74500 Sundries:***  *5,500 USD*  ***75100 Facilities and Administration:***  *423,500 USD* |

# Annual Work Plan

**Year:**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **EXPECTED OUTPUTS**  *And baseline, indicators including annual targets* | **PLANNED ACTIVITIES**  *List activity results and associated actions* | **TIMEFRAME** | | | | **RESPONSIBLE PARTY** | **PLANNED BUDGET** | | |
| Q1 | Q2 | Q3 | Q4 | Funding Source | Budget Description | Amount |
| Output 1  *Baseline:*  *Indicators:*  *Targets:*  *Related CP outcome:* | 1. Activity Result  -Activity action  -Activity action |  |  |  |  |  |  |  |  |
| 2. Activity Result  -Activity action  -Activity action |  |  |  |  |  |  |  |  |
| 3. Activity Result  - Activity action  - Activity action |  |  |  |  |  |  |  |  |
| 4. Activity Result  -Activity action  -Activity action |  |  |  |  |  |  |  |  |
| Output 2  *Baseline:*  *Indicators:*  *Targets:*  *Related CP outcome:* | 1. Activity Result  -Activity action  -Activity action |  |  |  |  |  |  |  |  |
| 2. Activity Result  -Activity action  -Activity action |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Output 3  *Baseline:*  *Indicators:*  *Targets:*  *Related CP outcome:* |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| TOTAL |  |  |  |  |  |  |  |  |  |

# Management Arrangements

The Local Development Project project will be implemented by UNDP BiH utilizing the National Implementation modality (NIM). Project management responsibilities will be distributed according to the following division of work: Project Board, Project Assurance, Project Manager, and Administrative Support Services. UNDP BiH will take full responsibility for the achievement of immediate objectives as well as for the administration of financial and human resources.

The management of allocated funds will be carried out in accordance with the UNDP Programme and Operations Policy and Procedures, based on a four-year work plan (2011-14) with a detailed budget. UNDP BiH will be responsible for managing and reporting back to donors on the resources allocated to the work plan. The management structure of the programme will be as follows:

**Project Manager**

**Project Board**

**Senior Beneficiary**

**Executive**

**Senior Supplier**

**Project Assurance**

(by Board members or delegated to other individuals)

**Project Support**

**Project Organisation Structure**

**TEAM A**

**TEAM C**

**TEAM B**

**Project Board**

The Project Board is the group responsible for making by consensus, management decisions for a project when guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of project plans and revisions. In order to ensure UNDP’s ultimate accountability, Project Board decisions should be made in accordance to standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition. In case a consensus cannot be reached within the Board, final decision shall rest with the UNDP Programme Officer. In addition, the Project Board plays a critical role in UNDP commissioned project evaluations by quality assuring the evaluation process and products, and using evaluations for performance improvement, accountability and learning. Project reviews by this group are made at designated decision points during the running of the project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when Project Manager's tolerances (normally in terms of time and budget) have been exceeded (flexibility). Based on the approved annual work plan (AWP), the Project Board may review and approve project quarterly plans when required and authorizes any major deviation from these agreed quarterly plans. It is the authority that signs off the completion of each quarterly plan as well as authorizes the start of the next quarterly plan. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the projects and external bodies. In addition, it approves the appointment and responsibilities of the Project Manager and any delegation of its Project Assurance responsibilities.

The Project Board will consist of the following roles:

* Executive, representing project ownership, and acting as chair of the board, in this case, the UNDP Resident Representative or Deputy Resident Representative or Assistant Resident Representative;
* Senior Supplier, to provide services for implementation of the programme, in this case UNDP;
* Senior User, to ensure the realization of project benefits, in this case, Ministry of Foreign Trade and Economic Relations (MoFTER).

**Project Assurance**

Project Assurance is the responsibility of each Project Board member; however the role can be delegated. The project assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Manager; therefore, the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. The role of Project Assurance will be performed by the UNDP Programme Officer.

**Project Management**

In line with standard practice, the Project will be guided and supported from UNDP BiH and Regional and Rural Development Cluster. The Project Manager will have the responsibility to oversee project implementation on a day-to-day basis on behalf of the Project Board. S/he will be responsible for day-to-day management and will ensure that the project produces the results specified, to the required corporate standards and within the constraints of time and cost. S/he will coordinate with and report to the Programme Analyst and the UNDP BiH DRR/ARR, and will consult with the Project Board.

# Monitoring Framework And Evaluation

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

* On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
* An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
* Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
* Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
* 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

Annually

* **Annual Review Report**. An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
* **Annual Project Review**. Based on the above 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.

# Legal Context

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Bosnia-Herzegovina and the United Nations Development Programme, signed by the parties on 7 December 1995. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided s/he is assured that the other signatories of the project document have no objections to the proposed changes:

(a) Revisions in, or addition of, any of the annexes of the project document;

(b) Revisions which do not involve significant changes in the immediate objectives, outputs, or activities of a project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and

(c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP’s property in the executing agency’s custody, rests with the executing agency.

The executing agency shall:

1. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
2. assume all risks and liabilities related to the executing agency’s security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

# ANNEXES

**Risk Analysis**. Use the standard [Risk Log template](http://content.undp.org/go/prescriptive/Project-Management---Prescriptive-Content-Documents/download/?d_id=1266198&). Please refer to the [Deliverable Description of the Risk Log](http://content.undp.org/go/prescriptive/Project-Management---Prescriptive-Content-Documents/download/?d_id=1266195&) for instructions

**Agreements**. Any additional agreements, such as cost sharing agreements, project cooperation agreements signed with NGOs[[16]](#footnote-16) (where the NGO is designated as the “executing entity”) should be attached.

**Terms of Reference**: TOR for key project personnel should be developed and attached

**Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

**Special Clauses***.* In case of government cost-sharing through the project which is not within the CPAP, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavours to obtain the additional funds required.
7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph []above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

1. […%]cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
2. Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.
3. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.
4. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.”

1. Unfortunately, analyses of civil society organizations in BiH shows that there are 12.000 registered CSOs, of which half are inactive. Additionally, surveys on civil society engagement show that only one of five respondents (17.8%) is a member of a civil society organizations which is low when compared with the Western Europe where the percentage is significantly larger (80% in Sweden and 90 % in Norway). See *The ties that bind: Social Capital in Bosnia and Herzegovina*, NHDR 2009, p 59-63. [↑](#footnote-ref-1)
2. *As quoted in The ties that bind: Social Capital in Bosnia and Herzegovina*, NHDR 2009, p 61. [↑](#footnote-ref-2)
3. Edin Sabanovic, Nedim Catovic, Envesa Hodzic-Kovac, Nicola Nixon: „UNDP’s Regional Disparity Assessment, Chapter 3: Access to Utilities” (Sarajevo, 2010), [↑](#footnote-ref-3)
4. Measured as relative poverty by EUROSTAT methodology; [↑](#footnote-ref-4)
5. For comparison sake the poverty rate in the neighbouring Croatia is estimated at 11%. [↑](#footnote-ref-5)
6. Edin Sabanovic, Nedim Catovic, Envesa Hodzic-Kovac, Nicola Nixon; Op. cit., Chapter 6: Economic Disparity, Income and Poverty [↑](#footnote-ref-6)
7. Ibid [↑](#footnote-ref-7)
8. Ibid, Chapter 5: Employment [↑](#footnote-ref-8)
9. Ibid 8 [↑](#footnote-ref-9)
10. Ibid 9 [↑](#footnote-ref-10)
11. EU and UNHCR regional project launched in early 2008 with the focus on civil registration, *“Social Inclusion and Access to Human Rights of Roma, Ashkali and Egyptians in the Western Balkans”,* UNHCR 2009 [↑](#footnote-ref-11)
12. Save the Children and NGO *“Be my friend”* [↑](#footnote-ref-12)
13. Projects launched and financed by CARITAS and SIDA during 2008-2009 [↑](#footnote-ref-13)
14. As quoted in *THE TIES THAT BIND: Social Capital in Bosnia and Herzegovina*, NHDR 2009, p 61. [↑](#footnote-ref-14)
15. Build capacities of relevant entity institutions to support, coordinate and manage integrated and participatory local development; facilitate and encourage State/Entity/Cantonal relevant institutions to channel available government funds meant for local development according to the priorities identified within local strategies (local development fund in both entities); adapt and consolidate the systematic local planning methodology with the FBiH cantonal level and launch a pilot within 1 canton of the FBiH; support to anchoring a local development planning service line into the portfolio of both entity Association of Municipalities and Cities; promote recommendations for disbursement of funds foreseen for civil society (from a local level) and ensure advocacy and vertical integration for replication of practices and methodology on cantonal, entity and state levels; provide support to the improvement of local development statistics (in terms of modalities and quality of indicators collected, local data collection, etc.); ensure structured dissemination of local planning systems, products and knowledge tools (and development of national web-site supporting local strategic planning in BiH); support implementation of entity training strategies for local governments and effective functioning of the local government training system (institutional support, including setting and sustaining training system facilities); assess the needs and provide support to local self-government reform processes in both entities. [↑](#footnote-ref-15)
16. For GEF projects, the agreement with any NGO pre-selected to be the main contractor should include the rationale for having pre-selected that NGO. [↑](#footnote-ref-16)