



Project Document Format for projects within a CPAP

United Nations Development Programme

Country: Serbia

Project Document

Project Title:	<u>Partnership for Revitalization of Rural Areas</u>
UNDAF Outcome(s):	Efficient, accountable and people-centered public sector
Expected CP Outcome(s): <i>(Those linked to the project and extracted from the CPAP)</i>	Improved efficiency, accountability and transparency of the public sector; Strengthened analytical capacities and increased involvement of civil society in policy making and monitoring government policies
Expected Output(s): <i>(Those that will result from the project and extracted from the CPAP)</i>	1. Cadre of professionalized civil servants in relevant institutions; 2. Improved social service delivery monitoring
Implementing Partner:	Ministry of Agriculture, Forestry and Water Management

Brief Description

The purpose of this project is to share the experience of new EU member states with Serbian municipalities regarding preparations for development and implementation of rural development policies. Through a combination of different capacity development methods, such as trainings and pilot projects, this project will help prepare Serbia for implementation of upcoming programmes such as the EU's [Instrument for Pre-Assistance for Rural Development \(IPARD\)](#). Project activities will target the municipalities of Alibunar (including Seleus), Vrsac (including Markovac), Cuprija (including Isakovo) and Bor (including Slatina).

With support from the Government of Romania and the Spanish MDG Achievement Fund, UNDP already supported innovative local and national policies in the field of rural development, including the promotion of Local Action Groups and the EU's LEADER approach, trainings on financial planning and project development in 5 municipalities in the Autonomous Province of Vojvodina, etc. This proposal complements and builds on that experience by strengthening the cross-border component, broadening its geographic coverage and increasing the scope of capacity building activities.

Programme Period:	2005-2009
Key Result Area (Strategic Plan):	Promoting inclusive growth, gender equality and MDG achievement
Start date:	May 2010
End Date:	May 2011
PAC Meeting Date:	DATE
Management Arrangements:	NEX/NIM
Award number:	

2010-2010 AWP budget:	270,000 USD
Total resources required:	270,000 USD
Government of Romania (donor):	270,000 USD
In-kind Contributions (Government):	office space and equipment

Agreed by (Implementing Partner):

Slobodan Teofanov, Assistant Minister, Ministry of Agriculture, Forestry and Water Management Date

Agreed by UNDP:

William Infante, Resident Representative, UNDP

Date

I. WORK PLAN - YEAR: 2010 - 2011¹

Expected Outputs	Key Activities ²	Timeframe		Implementing partner	Planned Budget			
		2010	2011		Fund	Funding Source	Budget Description	Amount (USD)
<p>1. Social capital mobilized at the local and regional level and rural development capacities strengthened</p> <p><u>Baseline:</u></p> <ul style="list-style-type: none"> - Rural poverty is 38% in Serbia - Capacity of stakeholders in rural areas for project development and implementation is relatively low - Lack of expertise for diversification of rural non-farm economies <p><u>Indicators:</u></p> <ul style="list-style-type: none"> - Number of trainings organized - Number and level of training participants <p><u>Targets:</u></p> <ul style="list-style-type: none"> - 100 Ministry and local community representatives, men and women, participate in trainings - 1 new training programme developed and distributed regionally 	<p>1.1 In close cooperation with the Regional Rural Development Standing Work Group³, provide specific trainings to target municipalities, which can then be applied in other countries in the region.</p> <p>1.1.1 Develop curriculum and organize trainings on practical skills enabling the rural population to improve its economic position, including:</p> <ul style="list-style-type: none"> - Project cycle management trainings (including topics such as evaluation of business ideas in rural areas, the functioning of credit schemes, etc.) - Vocational trainings linked to traditional trades (pottery, wood carving, black smiting, stone masonry, lime work, fly fishing, tour guide training, souvenir making, etc.) <p>1.1.2 Distribute training materials to other rural development institutions in the region</p> <p>1.1.3 Organize a study visit to raise awareness about best practices in rural development in EU countries</p>	x	x	MAFWM	30000	Government of Romania	71300 Experts 71600 Workshops 74200 Translation 71600 Travel (incl. study visit) 74200 Printing	10,000 51,144 2,000 16,459 1,729
<p>2. Partnerships for rural development strengthened through joint projects</p> <p><u>Baseline:</u></p> <ul style="list-style-type: none"> - Rural poverty is approx. 38% 	<p>2.1 Stimulate local rural institutions and organizations to act as decision makers in the current and future rural development programming.</p> <p>2.1.1 Following the completion of trainings</p>	x	x	MAFWM	30000	Government of Romania	72600 Grants 74200 Translation 74200 Printing 71600 Travel	83,445 2,859 5,000 3,326

¹ For Background, please see Annex 3.

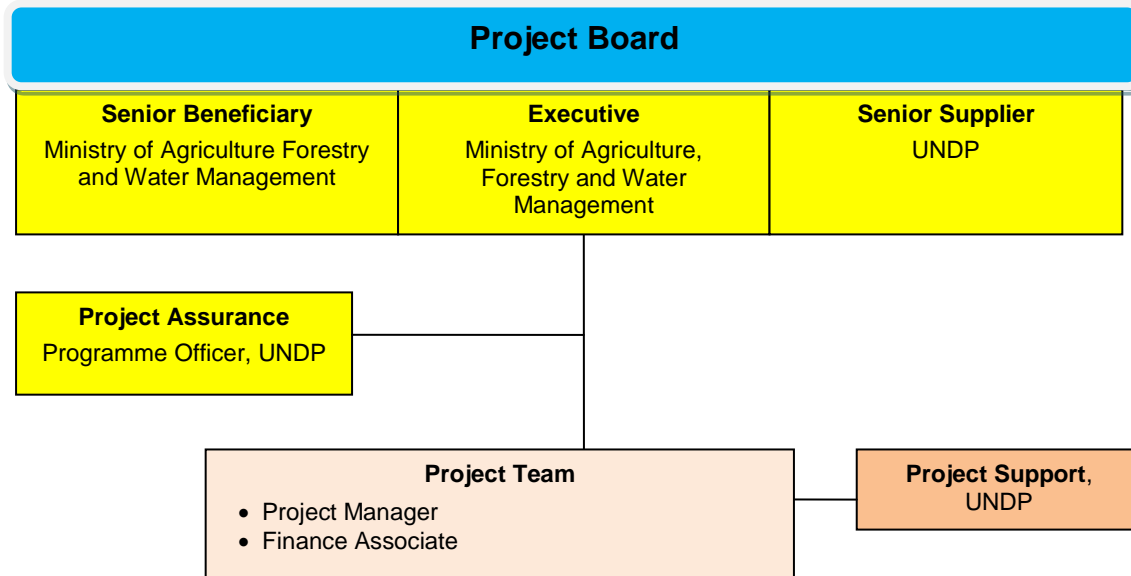
² For the description of project approach and list of project activities, please see Annex 4.

³ The Regional Rural Development Standing Working Group was established in 2005 with a secretariat in Macedonia. It consists of representatives of governmental institutions responsible for rural development from Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia and Slovenia.

<ul style="list-style-type: none"> - Capacity of stakeholders in rural areas for project development and implementation is relatively low - There is a lack of expertise for diversification of rural non-farm economies <p><u>Indicators:</u></p> <ul style="list-style-type: none"> - Number of local projects developed and successfully implemented (with involvement of relevant stakeholders) - Number of beneficiaries of local projects (men and women) <p><u>Targets:</u></p> <ul style="list-style-type: none"> - At least 4 local projects with 150 beneficiaries (men and women equally) implemented with joint work of stakeholders from the private sector, civil society and municipal government 	<p>(see Output 1), establish a Small Grants Commission and provide grants for projects aiming to mobilize rural social capital and foster community efforts for rural development.</p> <p>2.1.2 Promote the results of local projects through a press conference and final report summarizing results</p>						71300 Experts	5,209
3. Project Management	Ensure effective implementation of all activities and resolution of any problems.	x	x	MAFWM	30000	Government of Romania	71400 Project Manager 71400 Finance Asso.	30,686 25,841
72100 Project audit								13,459
General Management Support (GMS, 7%)								18,843
TOTAL								270,000

II. MANAGEMENT ARRANGEMENTS

The following organization structure will be used:



Project will be implemented by the Ministry of Agriculture, Forestry and Water Management (the Ministry) through National Implementation modality. Based on the third-party cost-sharing agreement, the Government of Romania will transfer funding to UNDP. UNDP will be responsible for project management, reporting, administration and monitoring, while the Ministry remains responsible for overall achievement of the objectives.

The Ministry may request support from UNDP which will be formulated in a Standard Letter of Agreement (LoA) between the Ministry and UNDP. This agreement will specify the provision of any support services by UNDP.

Roles and responsibilities of parties in charge of project implementation are as follows:

1. *Project Board*, which is composed of the representatives of Ministry of Agriculture, Forestry and Water Management and UNDP. This is the highest authority on the project, in charge of its beginning, direction, evaluation and end. The Project Board is in charge of making management decisions by consensus in cases when the Project Manager seeks advice.
2. *Project Team* will work daily on project implementation and be paid from project funds. The Team will consist of:
 - Project Manager
 - Finance Associate

Project Manager's primary responsibility will be to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost and other constraints as set by the Project Board. S/he will be in charge of writing regular reports to UNDP, the Ministry and donor.

3. *National Project Director* will be a senior Ministry representative who has a good overview of activities in the given field. This person is appointed by the Ministry and not paid from the project (s/he represents an integral part of the Ministry). The Terms of Reference for the National Project Director are available in Annex 5.

4. *Project Assurance* is done by a UNDP officer. The role of project assurance is to support the Project Board by carrying out objective and independent project oversight and monitoring functions.

5. *Project Support from UNDP* consists of administrative support (for example, executing payments).

As per UNDP cost-recovery policy, all projects funded by Other Resources (funds mobilized through UNDP partnerships) are subject to General Management Support (GMS), which includes (before, after, and during the project):

- Project identification, formulation, and appraisal
- General oversight and monitoring
- Receipt, allocation and reporting of financial resources
- Determination of execution modality and local capacity
- Briefing and de-briefing of project staff and consultants
- Systems, IT infrastructure, branding, knowledge sharing

In case of third party project co-financing, GMS charged by UNDP is 7% of the project budget.

III. MONITORING FRAMEWORK AND EVALUATION

The project implementation shall be monitored through the Project Board which will meet at least twice a year and will approve work plans and reports. **Narrative and financial reports will be submitted to the donor as requested.**

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.
- An Issue Log will 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, 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, Project Progress Reports (PPR) will be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the *Executive Snapshot* in Atlas.
- A project Lessons-learned log will 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 will be activated in Atlas and updated to track key management actions/events.

Annually:

- Annual Review Report - An Annual Review Report will be prepared by the Project Manager and shared with the Project Board. As a minimum requirement, the Annual Review Report will 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 will 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.

The project will ensure that gender considerations are taken in to consideration throughout project implementation with the aim to work towards elimination of numerous gender gaps in rural areas. All data collected during project implementation will be gender disaggregated, and analysis of data will be gender responsive. The intervention objectives will address both the needs of women and men. Planned activities will involve both women and men.

Quality Management for Project Activity Results

OUTPUT 1: Social capital mobilized at the local and regional level and rural development capacities strengthened		
Activity Result 1 (Atlas Activity ID)	In close cooperation with the Regional Rural Development Standing Work Group ⁴ , provide specific trainings to target municipalities, which can then be applied in other countries in the region.	Start Date: May-10 End Date: May-11
Purpose	Provide capacity development support to local stakeholders in the area of rural development	
Description	<ul style="list-style-type: none"> • Develop curriculum and organize trainings on practical skills enabling the rural population to improve its economic position, including: <ul style="list-style-type: none"> - Project cycle management trainings (including topics such as evaluation of business ideas in rural areas, the functioning of credit schemes, etc.) - Vocational trainings linked to traditional trades (pottery, wood carving, black smiting, stone masonry, lime work, fly fishing, tour guide training, souvenir making, etc.) • Distribute training materials to other rural development institutions in the region • Organize a study visit to raise awareness about best practices in rural development in EU countries 	
Quality Criteria (indicators)	Quality Method (means of verification)	Date of Assessment
Participation of all relevant stakeholders in trainings	List of training and study visit participants. Training evaluation reports	Nov-10; Apr-11

OUTPUT 2: Partnerships for rural development strengthened through joint projects		
Activity Result 1 (Atlas Activity ID)	Stimulate local rural institutions and organizations to act as decision makers in the current and future rural development programming	Start Date: May-10 End Date: May-11
Purpose	Provide local grants in order to further develop local capacities for project implementation and management	
Description	<ul style="list-style-type: none"> • Following the completion of trainings (see Output 1), establish a Small Grants Commission and provide grants for projects aiming to mobilize rural social capital and foster community efforts for rural development. • Promote the results of local projects through a press conference and final report summarizing results 	
Quality Criteria (indicators)	Quality Method (means of verification)	Date of Assessment
At least 4 projects successfully implemented	Project reports	Apr-11
Quality of local projects	Feedback from beneficiaries and project team	Apr-11

⁴ The Regional Rural Development Standing Working Group was established in 2005 with a secretariat in Macedonia. It consists of representatives of governmental institutions responsible for rural development from Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia and Slovenia.

LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

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

The implementing partner shall:

- a) 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;
- b) Assume all risks and liabilities related to the implementing partner'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 implementing partner 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".

Annex 1: RISK LOG

Project Title: <u>Partnership for Revitalization of Rural Areas</u>	Award ID:	Date: April 2010
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#	Description	Date Identified	Type	Impact & Probability (scale of 1 – low to 5 – high)	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
1	Lack of willingness of local self government, private sector and civil society organizations to participate in local action groups and other activities	April 2010	Political	Impact = 3 Probability = 1	Implementation of project activities in cooperation with the Rural Development Network which is thoroughly familiar with the needs and priorities of local stakeholders.	Project Manager	Ministry of Agriculture, Forestry and Water Management	April 2010	
2	Lack of human resources in local self-governments and at the Ministry may cause delays project implementation		Operational	Impact = 3 Probability = 2	Assessment of capacity and provision of UNDP support services if necessary. Continuous communication through meetings between UNDP and MAFWM.	Project Manager		April 2010	
3	Lack of continuity due to change of government at the national and/or local level		Political	Impact = 3 Probability = 2	Regular meetings between the project manager and senior representatives of the Ministry and local self-governments	Project Manager		April 2010	

Annex 2: CAPACITY ASSESSMENT

Project Title		<i>Partnership for Revitalization of Rural Areas</i>	
Name of the Institution		Ministry of Agriculture forestry and water management	
Training Date of assessment		19 April 2010	
INDICATOR	AREAS FOR ASSESSMENT	APPLICABLE DOCUMENTS/TOOLS	COMMENTS
PART I – REFERENCES AND PRELIMINARY CHECKS			
1.1 History and Compliance with International Resolutions/Standards			
1.1.1 History	Date of creation and length in existence Has the institution gone through a recent re-organization/re-structuring?	Annual Reports Media Kit Website	In 2004, sector for rural development was formed under the authority of The Ministry of Agriculture, Forestry, and Water Management (MAFWM). Available material: functions and regulations of MAWFM at www.minpolj.sr.gov.yu
1.1.2 United Nations Security Council 1267	Is the institution listed in any reference list?	United Nations Security Council 1267 Committee's list of terrorists and terrorist financiers	Not listed.
1.1.3 Certification	Is the institution already certified through international standards?	ISO, Project Management standard, other standards	Nothing.
PART II. ASSESSING NATIONAL INSTITUTION CAPACITY FOR PROJECT MANAGEMENT			
2.1 Managerial Capacity			
Ability to plan, monitor and coordinate activities			
Planning, Monitoring & Evaluation	Does the institution produce clear, internally consistent proposals and intervention frameworks, including detailed work plans? Does the institution hold regular programme or project review meetings? Are there measurable outputs/deliverables in the defined project plans? Was the institution previously exposed to UNDP RBM approach/methodology or equivalent in other donor agencies?	Well-designed project and programme documents Action Plans/Work plans Log frame or equivalent Project reports Evaluation reports Indicators available in project plans Lessons-Learned reports	MAFWM is main authority in the process of creating and defining policies, strategies and measures for agriculture, forestry and water management sectors. The Ministry has clear plans and suggestions for development of these sectors. During the project, Strategy for rural development and National program for rural development are expected to be adopted. As the initiative of MAWFM, EU's ' <i>Support to Rural Development Programming and Payments System</i> ' project was developed during the 2006-2008 period. During this period, the employees of MAWFM (especially those employed in the Sector for Rural Development) were acquainted with the activities of planning, implementation, monitoring and evaluation of programs for rural development and support mechanisms for such programs. Some of these principles were developed and used in Strategy for rural development and National program for rural development. Procedures and mechanisms for implementation, draft of financial management, controls and system of assistance for rural development are developed according to the EU regulations. The results of this project will support the new <i>Serbian Transitional Agriculture Reform – STAR</i> , financed by the World Bank. This project was created with the purpose of strengthening rural and agricultural sector development. Other ongoing programs are supported by various donors, including the WB, SIDA, GEF, Government of Japan, Kingdom of Norway, etc.
2.1.2 Reporting and performance track record	Does the institution monitor progress against well defined indicator and targets, and evaluate its programme/project achievements? Does the institution report to	Reports to donors and other stakeholders Reporting system	Performance assessment is performed weekly (for Sector's purpose), annually (for purpose of the Ministry), but also are available on quarterly and semi-annual basis, depending on the demand. All projects under the authority of MAWFM are required to file reports in accordance with the policies.

	its stakeholders on a regular basis?		<p>There is a good coordination with the civil societies' efforts through the work of 11 regional and 119 municipal offices. Various NGOs were also involved in the formation of Strategy and National Programme for rural development.</p> <p>Web page of the Ministry (http://www.minpolj.sr.gov.yu) is a valuable source of information, and it includes reports, studies and action plans for any issues defined by contracts and agreements.</p>
2.2 Technical Capacity			
2.2.1 Specialization	<p>Does the institution have the technical skills required?</p> <p>Does the institution have the knowledge needed?</p> <p>Does the institution keep informed about the latest techniques/competencies/policies/trends in its area of expertise?</p> <p>Does the institution have the skills and competencies that complement those of UNDP?</p>	<p>Publications on activities, specific issues, analytical articles, policies</p> <p>Reports from participation in international, regional, national or local meetings and conferences</p> <p>Tools and methodologies</p> <p>Evaluations and assessments</p>	<p>The Ministry possesses a high level of expertise in the field of rural development. However, the main threat is the insufficient number of employees.</p> <p>The Ministry has participated in the publication of research on the Small rural households in Serbia and rural non-agricultural economy (supported by UNDP). Furthermore, the Ministry also participates in international, regional, national and local meetings and conferences.</p>
2.2.2 Ability to monitor the technical aspects of the project.	<p>Does the institution have access to relevant information/resources and experience?</p> <p>Does the institution have useful contacts and networks?</p> <p>Does the institution know how to get baseline data, develop indicators?</p> <p>Does it apply effective approaches to reach its targets (i.e. participatory methods)?</p>	<p>Evaluations and Assessments</p> <p>Methodologies/training materials</p> <p>Use of toolkits, indicators and benchmarks/capacity-development tools</p> <p>Databases</p>	<p>The ministry has transferred the part of its operations to consulting agencies: counselling for agricultural education and advancement, data collection and monitoring, publications, implementation of agrarian measures, organizations of seminars and workshops. These agencies are reporting regularly about their efforts and results directly to the Ministry.</p> <p>The MAWFM network for rural development consists of 11 regional and 119 municipal centres was formed in 2007, with the goal of collecting information about the existing and future practices for rural development, data allocation connected to the issues in rural development, improvement of horizontal and vertical flow of information through identification of local actors and support of local and regional capacities for rural development.</p>
2.2.3 Human Resources	<p>Does the institution staff possess adequate expertise and experience?</p> <p>Does the institution use local capacities (financial/human/other resources)?</p> <p>What is the institution capacity to coordinate between its main office and decentralized entities/branches (if relevant)?</p> <p>Have staff members been trained on project management methodology?</p>	<p>Profile of staff, including expertise and professional experience</p> <p>Staff turnover</p> <p>Chart of assignments of roles and functions</p> <p>Reports on technical experience from national or international agencies for operations and capacity-building</p> <p>Individual certification on project management such as PRINCE2</p>	<p>Human resources capabilities of the Ministry are quite limited. Sector for Rural development currently employs 16 permanent and 3 temporary employees (1 head of the department, 2 senior counselors, 3 independent counselors, 8 regular counselors, 2 junior counselors, 2 experts and 1 officer.</p> <p>All employees have higher educational background. In addition to their conventional education, they have received on-the-job training during 2007-2008 period in accordance with the needs of their respective sectors.</p>

PART III. ASSESSING NATIONAL INSTITUTION CAPACITY FOR ADMINISTRATIVE AND FINANCIAL MANAGEMENT

3.1 Administrative capacity *Ability to provide adequate logistical support and infrastructure*

<p>3.1.1 Ability to manage and maintain infrastructure and equipment</p>	<p>Does the institution possess logistics infrastructure and equipment? Can the institution manage and maintain equipment?</p>	<p>Adequate logistics infrastructure: office facilities and space, basic equipment, utilities Computer capability and library materials Proper equipment for area of specialization Inventory to track property and cost</p>	<p>There is an adequate and sufficient logistics infrastructure for existing number of employees. Additional projects and possible program expansions would pose a threat the ability to meet the need for equipment and property.</p>
<p>3.1.2 Ability to procure goods services and works on a transparent and competitive basis.</p>	<p>Does the institution have the ability to procure goods, services and works on a transparent and competitive basis? Does the institution have standard contracts or access to legal counsel to ensure that contracts meet performance standards, protect UNDP and the institution's interests and are enforceable? Does the institution have the authority to enter into contracts?</p>	<p>Standard contracts Examples of how procurement is done Written procedures for identifying the appropriate vendor, obtaining the best price, and issuing commitments</p>	<p>Procurement is performed in a standardized, transparent manner in accordance with national laws and regulations. Relevant law: Law on Public Procurement (expected in December of 2008)</p>
<p>3.1.3 Ability to recruit and manage the best-qualified personnel on a transparent and competitive basis.</p>	<p>Is the institution able to staff the project and enter into contract with personnel? Does the institution use written job descriptions for consultants or experts?</p>	<p>Standard contracts Job descriptions</p>	<p>Recruitment is performed in accordance with the Law on Civil servants. Internal call for jobs is performed prior to making any public announcements. This procedure takes about 3 months to be performed where the qualifications and criteria for employment are always clearly indicated. A job description is used for permanent employees, consultants and experts. All permanent employees are evaluated annually with the purpose of increasing performance.</p>

3.2 Financial Capacity *Ability to ensure appropriate management of funds*

<p>3.2.1 Financial management and funding resources</p>	<p>Is there a regular budget cycle? Does the institution produce programme and project budgets? What is the maximum amount of money the institution has managed? Does the institution ensure physical security of advances, cash and records? Does the institution disburse funds in a timely and effective manner? Does the institution have procedures on authority, responsibility, monitoring and accountability of handling funds? Does the institution have a record of financial stability and reliability?</p>	<p>Operating budgets and financial reports List of core and non-core donors and years of funding Written procedures ensuring clear records for payable, receivables, stock and inventory Reporting system that tracks all commitments and expenditures against budgets by line</p>	<p>Department for Financial Affairs in MAWFM is responsible for budget management on the Ministry level. Budget is formed annually in accordance with financial plan of the Ministry (including the budget for the projects that were the consequence various contracts and agreements). Budget is available at the MAWFM's web page. The Ministry guarantees physical security of deposits, cash and tracking of financial transactions. Payments are relatively easy, and the payment process takes around ten days (since it is performed directly through the Treasury department). The office of Financial matters keeps records of all budget expenditures and arrangements. Donors: WB, SIDA, GEF, Government of Japan, etc</p>
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<p>3.2.2. Accounting System</p>	<p>Does the institution keep good, accurate and informative accounts? Does the institution have the ability to ensure proper financial recording and reporting?</p>	<p>A bank account or bank statements Audited financial statements Good, accurate and informative accounting system Written procedures for processing payments to control the risks through segregation of duties, and transaction recording and reporting</p>	<p>The Ministry holds an official bank account. Control and budget modifications are internal, including the use of relevant procedures. Auditing is performed by the MAWFM and Government of Serbia.</p>
<p>3.2.3. Knowledge of UNDP financial system</p>	<p>Does the institution have staff familiar with Atlas through External Access?</p>	<p>External access provided</p>	<p>No familiarity of Atlas.</p>

Annex 3: BACKGROUND

Rural economy in Serbia

Serbian rural economies face a growing number of challenges, in addition to several opportunities, as they try to compete nationally and beyond. A competitive Serbian rural economy requires a balance between agricultural production, other economic activities, environmental protection, and social development.

Serbia is predominantly a rural country (85% of territory; 55% of population; 41% of GDP), and roughly 75% of the rural population is engaged in subsistence agricultural production, with only an estimated 20% producing for markets. Although rural poverty in 2007 was almost halved compared to 2002 (9.8 % compared to 17.7%), it remains twice higher in rural areas (9.8% compared to 4.3%). However, due to the ongoing economic crisis, these trends in poverty reduction have been reversed.

While official unemployment Serbia-wide is 16%, in many rural regions it approaches 25%. Women in rural areas are particularly vulnerable as they represent 74% of people engaged in a family business without being paid for the work done, usually in agriculture. Per capita GDP in most rural regions throughout the country is 70%-85% of the Serbia-wide per capita average.

Over the past several years, rural development has focused on improving agricultural competitiveness, consolidating land, improving market orientation, and developing rural economic infrastructure. Additional efforts focusing on the environment, diversification of rural economy and rural infrastructure were also introduced. However, measures supporting the diversification of the rural economy toward non-agriculture and new agricultural ventures, including through improved access to markets and environmentally-friendly production, need to be made more effective.

Policy framework

The Instrument for Pre-Accession is supporting candidate and potential candidate countries in their progressive alignment with the EU standards and policies with a view of membership. Its Rural Development component (IPARD) will become available to Serbia when it reaches candidate status. The financial envelope for IPARD for 2007-2013 is EUR 880 million. However, the Government of Serbia will need to develop the capacities of relevant ministries and create some new institutions in order to prepare for requirements of decentralized fund management.

In the [National Strategy for EU Integration](#), the Government of Serbia identified the following priorities:

- Securing support to the living standard of people who depend on agriculture, but are not able to keep the pace with economic reforms;
- Providing support for sustainable rural growth;
- Preparing Serbian agriculture for the integration in the EU.

Other relevant initiatives

This project represents a continuation of past rural development activities and complements ongoing initiatives.

The Vojvodina Secretariat for Agriculture supported the development of local action groups and local development strategies in seven municipalities. Moreover, the Ministry of Agriculture, Forestry and Water Management supported the creation of the Network for Rural Development covering 140 municipalities in Serbia with the aim of promoting rural development.

Funded by the Government of Romania in 2008-2009, the project *Strengthening Rural Social Capital and Networks* further developed capacities of the municipalities of Alibunar, Zitiste, Mali Idjos, Coka, and Irig. Through trainings and a small grants programme, the project raised awareness about rural development methodologies, promoted cross-border cooperation, and supported development of new projects in target municipalities. The key results of this project are 12 new rural development projects, the creation of new LAG-type partnerships, and the strengthening of existing partnerships in target municipalities using the LEADER approach. Ultimately, five communities received seven small-grants as seed funds for their project proposals. These pilot projects will serve as successful practical examples on the implementation of the LEADER approach and positively influence the creation of LAGs. The final report for this project is available at:

<http://www.undp.org.rs/index.cfm?event=public.publicationsDetails&revid=2B991E7D-0A37-6B2E-A510C5E04C02002E>.

Thanks to support from the Spanish MDG Achievement Fund, UNDP is cooperating with other UN agencies and line ministries in promoting rural tourism. This Joint Programme is entitled *Sustainable Tourism for Rural Development* and will last until June 2012. Rural tourism represents a significant opportunity for diversification of rural economy, but requires stronger investment, public-private partnership and increased capacities at the local level. The Joint Programme will produce a Master Plan for Rural Tourism in Serbia and provide trainings in relevant areas (i.e. tourism quality standards, management, environmental aspects, etc.).

This proposal complements and builds on these past and ongoing projects.

Annex 4: PROJECT APPROACH, LIST OF ACTIVITIES AND OUTPUTS

Project approach

Local administration and partnerships are crucial for the successful application of development strategies and other interventions concerning the quality of life in rural communities and the socio-economic stability of small rural households. The involvement of actors at the local level includes the population at large, civil society, as well as public and private sector representatives.

In order to foster capacity development and increase social capital and partnerships in rural areas, a bottom-up approach must be adopted, involving:

- Awareness raising, training, participation and mobilization of the local population to identify the strengths and weakness of the area (analysis);
- Participation of different interest groups in drawing up a local development strategy;
- Establishment of clear criteria for selection of appropriate local actions (projects) to implement the strategy.

Involvement of multiple stakeholders within local communities is desirable at the initial phase of the development process and throughout the course of implementation. Desired outcomes are attained using:

LEADER approach⁵: LEADER is an approach that mobilizes and delivers development at the local level in rural communities that encourages rural communities to explore new ways to become or remain competitive by planning and implementing sustainable strategies. It is strongly focused on strengthening local partnerships and networks for the exchange of experiences and examples of best practices. From 2007 LEADER is no longer a separate program but should be integrated in all EU national and regional rural development programs. Serbia will soon be eligible for EU pre-accession funds to support development of local partnerships for strategic planning and LAG formation as a mechanism for rural development.

Local Action Groups: A LAG is a local partnership that plans and implements Local Action Plans, rural development strategies, allocates financial resources, and manages implementation. LAGs are an important feature of LEADER, as they aggregate human and financial resources, associate local players through cooperative initiatives, strengthen dialogue and cooperation between rural actors, and facilitate local actors to adapt and improve.

The LEADER approach and Local Action Groups are important for improving Serbia's rural planning processes through measures for rural economy diversification, strengthening social capital and environmental protection. Moreover, they represent the foundation for the future implementation of the Instrument for Pre-accession Assistance for Rural Development (IPARD). It should be noted that LEADER funds constitutes only 5% of total IPARD funding. This percentage was lower in Romania and Bulgaria (2.5%). However, some EU member states (e.g. Germany, Ireland) supplement this amount through their national budgets and have increased this sum to 10% or more.

Beneficiaries

Project beneficiaries will be the population of the following municipalities in Serbia:

- Alibunar (including Seleus) and Vrsac (including Markovac) in Vojvodina
- Cuprija (including Isakovo) and Bor (including Slatina) in Timok

Result 1: Social capital mobilized at the local and regional level

Targets: 100 Ministry and local community representatives, men and women, participate in trainings
1 new training programme developed and distributed regionally

In close cooperation with the Regional Rural Development Standing Work Group⁶, the project will provide specific trainings to target municipalities, which can then be applied in other countries in the region. The project will provide tailor-made courses on practical skills enabling the rural population to improve its economic position.

Previous project experience shows that in order to support diversification of the rural economy, trainings need to be innovative and attractive, based on successful business examples.

Two types of trainings will be provided:

- 1) Project cycle management trainings (including topics such as evaluation of business ideas in rural areas, the functioning of credit schemes, etc.)
- 2) Vocational trainings linked to traditional trades (pottery, wood carving, black smiting, stone masonry, lime work, fly fishing, tour guide training, souvenir making, etc.)

All trainings will contain a Training of Trainers component, so that existing experts could transfer their knowledge and skills to larger groups.

The project supports two important mechanisms for sharing best practices and raising capacities:

- *Rural Development Network (RDN)*⁷ will be supported in expanding its activities from advocacy and coordination into capacity development at the local level (by for example organizing training,

⁵ "Liaison entre actions de développement de l'économie rurale" (meaning 'Links between the rural economy and development actions').

⁶ The Regional Rural Development Standing Working Group was established in 2005 with a secretariat in Macedonia. It consists of representatives of governmental institutions responsible for rural development from Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia and Slovenia.

⁷ Rural Development Network is a network of NGOs working on rural development, which is supported by the Ministry of Agriculture, Forestry

developing a roster of trainers for the specialized trades, etc.). If local trainers cannot be identified, the RDN will reach out to the neighboring countries.

- *National Expert Group on Rural Development* will provide assistance in the preparation of a new program of rural development, evaluate support measures and other policies, promote regional cooperation, definition and evaluation of training plans, etc.

In order for this activity to be successful, the project will need to be well publicized in the media and training areas will have to respond to local demand. Subsequently, the training modules produced within the project can be used in other West Balkan countries.

Like in the previous project funded by the Government of Romania, training participants will be given a homework assignment intended to generate rural development action plans and project ideas, based on the actual needs of their municipalities and using the newly acquired skills. These assignments will be evaluated by consultants in order to award the certificates of training completion.

After the completion of training, participants will have an opportunity to practice their skills by jointly developing projects in the field of rural development (see Result 2).

Result 2: Partnerships for rural development strengthened through joint projects

Target: At least 4 local projects with 150 beneficiaries implemented with joint work of stakeholders from the private sector, civil society and municipal government

This activity will foster partnerships among local and regional rural development stakeholders through identification of common interests and bottom-up development of joint actions. Local rural institutions and organizations will be stimulated to act as decision makers in the current and future rural development programming.

The aim of small grants will be linking trainings with practical experience, mobilization of rural social capital and fostering of community efforts for rural development. This can include activities contributing to:

- development of sustainable agriculture, forestry or rural tourism
- fostering the competitiveness of local products and services
- improving access to markets and diversifying the rural economy
- promoting the cultural and natural resources, etc.

The projects will have to be financially and environmentally sustainable, as well as accessible to persons with disabilities.

A Small Grants Commission will be established and all project proposals will be assessed first by a technical expert group, and then by the Commission members. The technical expert group will provide detailed feedback and recommendation about each proposal. The Small Grants Commission will consist of the representatives of the Ministry of Agriculture, Forestry and Water Management and UNDP.

The following activities can be included in the grants proposals (the list is not exhaustive; it will depend on local needs and strategic priorities):

- Organization of training programs, workshops, seminars, expert visits and services
- Marketing of rural products: activity that is focused on improvement of marketing for certain products and at the same time is linked to other planned activities within the project proposal. Examples of activities that may affect the marketing of rural economy products:
 - Support for development of marketing plans
 - Preparation and production of promotional materials and advertising
 - Exhibitions, festivals and fairs of rural products (traditional food or other traditional products to be promoted outside the region)
 - Assessments, analyses, studies, collection of project documentation.
- Activities that aim to establish what information/documents are necessary in order to finalize the project proposal. This includes provision of expert assistance to applicants. The purpose of this activity is to improve the quality of services and the project documentation if improvement is required.
- Development of links between rural producers, establishment of producer networks e.g. producers of decorative plants, owners of accommodation facilities in rural tourism, producers of traditional products.
- Development of rural tourism through networking with other institutions/organizations operating in this field.
- Printed materials aiming, for example, to raise ecological awareness (information on ecological damage and economic consequences that may result from inappropriate use of pesticides, impact of water pollution on rural development, and similar).

Annex 5: TERMS OF REFERENCE FOR NATIONAL PROJECT DIRECTOR

In consultation with UNDP, the Ministry designates the National Project Director among its officials at a level that provides enough authority and insight to represent the counterpart's ownership and authority over the project resources assigned to the Government under the nationally implemented project. The National Project Director assumes responsibility for achieving the project objectives and ensures accountability for the use of project resources and achieving project outputs.

Duties and Responsibilities:

- a) Assume overall responsibility for the successful execution and implementation of the project, as well as accountability to the Ministry and UNDP for the proper and effective use of resources assigned under the nationally executed project, as per the Project Document and Letter of Agreement (LOA, if any)
- b) Ensure consistency of the project with partner's reform strategy and relevant Government policies and legal procedures
- c) Serve as a focal point for the coordination of projects with other development partners, Government and other stakeholders
- d) Ensure that all counterpart's inputs committed to the project are made available and used according to the work plan
- e) Supervise the preparation of project work plans (annual and quarterly), updating, clearance and approval, in consultation with UNDP and other stakeholders and ensure the timely request of inputs according to the project work plans
- f) Support, in cooperation with UNDP, for the recruitment of the project professional and support staff (if any) as per the agreed recruitment system outlined in the Project Document and LOA
- g) Support the effective implementation of the project and delivery of the expected results, objectives and impact
- h) Ensure appropriate supervision over the management of the project, including financial management as per the Project Document and LOA
- i) Ensure participation of government officials in the implementation of the project
- j) Support adequate monitoring and impact assessment of the project
- k) Enhances adequate documentation of the project experience and its dissemination

Selection criteria: The National Project Director is designated by the Government and should be a senior management official who shall not receive monetary compensation from project funds for the discharge of his/her functions.