‘Local Action for Inclusive Development’

Local Development Programme

Initiation Plan

Country: The former Yugoslav Republic of Macedonia

UNDAF Outcome(s): By 2015, local and regional governance enhanced to promote equitable development and inter-ethnic and social cohesion

Expected CP Output(s): Local government units operate in a more effective and transparent manner; Policy and institutional framework at national and local level enhanced to promote and operationalize regional development

Expected Output(s): Innovative arrangements for efficient and quality service provision, including use of information technologies designed and implemented by promoting public-private partnership, outsourcing and inter-municipal cooperation; Institutional and human capacities at national and local level improved for implementing effective and transparent provision of decentralized competencies; National and regional bodies have improved technical, human and operational capacities for implementing regional development policies, and a number of more specific outputs and products such as: mapping and assessment reports and related action plans, diversified capacity development programmes, Local Action Groups - LAGs and respective rural development strategies, ISO/CAF Standardization, knowledge management system, programming, planning and preparation of concrete project proposals, social partnerships and social entrepreneurship initiatives, small community based grant scheme, labour market forecasting, social marketing campaigns, etc.

Implementing partner: Ministry of Local Self-Government

Other Partners: Municipalities and planning regions, the Association of Local Self-Government Units, the National Inter Municipal Cooperation Commission, civil society organizations, the economic chambers and all line ministries and state institutions that play a role in the country’s development.

Narrative Description

The overall objective of this project is to intensify integrated local and regional development of the country by providing assistance for enhancement of the local inclusive community based development framework. For the Initiation Plan covering the period February 2012 –December 2012, 120,000 USD Track resources have been allocated.

Initiation Plan for the period: February 2012 - December 2012

Project Title: “Local Action for Inclusive Development”

Project Duration: 11 months

Management Arrangement: DIM

Budget Year 1 (February 2012 – December 2012)

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<th>UNDP</th>
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<tr>
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USD 1,640,000 will be raised from other sources such as: relevant ministries, municipalities, private sector, community contributions and interested donors.

United Nations Development Programme (UNDP): Ms. Deirdre Boyd, Resident Representative
Situation Analysis

The country’s ambitious programme of decentralization began a decade ago. The local governments have been under great pressure to adapt to the wide-ranging reforms aiming to improve the quality, efficiency and inclusiveness of public services. All 85 municipalities, large and small, have had to learn quickly how to carry out new responsibilities in important areas such as urban planning, environmental protection, social protection, primary and secondary education and local economic development.

Local development has and will continue to be one of the main and the most complex challenges for the municipalities in the forthcoming period, as they all face similar problems in terms of understaffing, lack of human and financial resources and underdeveloped infrastructure.

In order to decrease the existing disparities between the municipalities, a Law on Balanced Regional Development was adopted in May 2007. Based on this Law, eight Planning Regions were established. For each of these planning regions, Development Programmes were adopted in line with the Regional Development Strategy 2009-2019.

The implementation of this Strategy is currently financially supported by the Ministry of Local Self-Government, with an amount of 1,79 million EUR for 2012. Additionally, almost 250m EUR\(^1\) have been allocated in the state budget for financing of activities related to decentralization and delivery of local services.

Since the basic policy, normative, financial and institutional frameworks are already in place, the dynamics of the local and regional development of the country now very much relies on targeted improvements of specific variables in play such as:

- the inter-municipal cooperation and the local outsourcing framework (, issuing of concessions, deinstitutionalization and public private partnerships);
- the local inclusive community based development framework (to ensure a comprehensive understanding of the specific vulnerabilities);
- the range of the local competencies that have a measurable impact on the country’s growth (for example: local job creation and support to the private sector).

The municipalities still face many challenges when it comes to local development, particularly in the area of financing the local services, job creation, local business and investment sectors, project preparation and absorption capacity. For example, intensified inter-municipal cooperation could increase the local capacities for absorption and implementation of national, pre-accession and other available funds for local and regional capital projects, but it is still underutilized.

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\(^1\)The bulk of the funds amounting to approximately 200 million EUR are allocated for financing education at local level. The VAT share for the local self-government units has been projected to 21.8m EUR. In addition there is approximately 30m EUR budgeted for capital grants.
Therefore, the Programme will be focused on limited number of carefully selected and specific local development challenges such as the creation of all inclusive local and regional governance platform (since it is fragmented and mainly non – inclusive), diversification of the local service delivery tolls (since outsourcing is very rarely applied) and balancing the economic pillar with the social (inclusion) and environmental protection pillars (since the other two are gradually undermined compared to the first one).

Relevant strategic documents of the country such as the 2012 National Programme for Approximation of the Acquis, the Government Programme 2011 – 2015 and the 2011-2014 Programme for the Implementation of the Decentralization Process confirm the need of addressing the above mentioned priority local and regional development issues including:

- Implementation and monitoring of the sustainable local development;
- Decrease of the fiscal and service delivery disparities through further development of the municipal financing system and equalization;
- Promotion of mechanisms for participative governance at local level;
- Improvement of the quality and scope of the service delivery and strengthening of the institutional and administrative capacity of the local self-government units;
- Creation of equal opportunities for all planning regions;
- Creation of a local environment for attracting investments, economic growth, and sustainable development through the integration of the economic, social and environmental interventions;

The EC 2011 Progress Report also points out that the weak economic activity in the country and unemployment\(^2\) are one of the main challenges. The Report addresses issues related to the municipal financial management capacity, the disparities in delivery of public services, the transparency and coordination of central funding for municipal projects, the transfer of the social care services, exchange of data between the national and local institutions, strengthening of the administrative capacity of the municipalities and making the financial framework for local service delivery more transparent and equitable.

The local and regional level is to be considered a critical factor for the overall integrated territorial development also from the perspective of the EU 2020 agenda and the EU regional and cohesion policy and rural development policy.

\(^2\)The country continues to face high and persistent unemployment, with unemployment rates currently at 31% and low labor market participation rates (especially among women).
The Programme complements the objectives and priorities of the national strategies and programs in the area of social protection, environment and energy that aim at improvement of the local services.

This is why it is important to work on the further strengthening of the role of a number of actors at both local and regional level.

For example, the centers of the planning regions could play a more important role in coordinating and channeling investments at the planning region level. Also, further efforts could be invested in strengthening the partnership between the local authorities, the centers of the planning regions and the private sector.

Further options for finding alternative and innovative ways of transparent service provision should also be explored.

**UNDP’s Relevance**

Good governance (including the local governance as its integral feature) is one out of three programme pillars of UNDP’s Country Programme 2010 – 2015.

This project intervention will directly contribute to achieving progress in strategic areas defined under:

*Outcome 2.1.: Local government units operate in a more effective and transparent manner*

and the achievement of:

*Output 2.1.2.: Innovative arrangements for efficient and quality service provision designed and implemented by promoting public-private partnerships, outsourcing and inter-municipal cooperation, and*

*Output 2.1.3.: Institutional and human capacities at national and local level improved for implementing effective and transparent provision of decentralized competencies.*

as well as:

*Outcome 2.2.: Policy and institutional framework at national and local level enhanced to promote and operationalize regional development*

and the achievement of:

*Output 2.2.1.: National and regional bodies have improved technical, human and operational capacities for implementing regional development policies.*

In addressing these challenges UNDP takes into account the complexity of the existing framework of local competencies and promotes integrated territorial development and an area-based approach to local development. This approach encompasses a policy mix of employment generation, environmental protection and social cohesion measures, while supporting good governance processes at local level. Furthermore, UNDP applies a bottom up capacity development approach that is to be considered as unconventional.
when assessing it against the existing top-down approaches for supporting the local and regional development mainly through fragmented interventions undertaken and direct aid provided by the state authorities.

UNDP is in a unique position to shape this approach as it can count on the valuable lessons learned through the implementation of similar programs and projects in the past decade. These included community development and planning, decentralized social service delivery, mapping of vulnerable groups, mapping of differing needs and priorities of women and men, young and old, inter-ethnic cooperation and assessments of regional disparities implemented in several micro-regions (Strumica, Gevgelija, Kumanovo, Kichevo and Resen) as well as in selected planning regions (North-East and Vardar).

UNDP is also implementing nation-wide projects related to protection of environment, biodiversity, energy efficiency and climate change adaptation and mitigation and a significant employment generation programme, all of which have a strong local component.

The UNDP ‘Local Action for Inclusive Development’ – Local Development Programme will therefore build on these tested interventions and aim at scaling them up to a larger, regional level.

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**Project Strategy**

The overall objective of this project is to intensify integrated local and regional development of the country by providing assistance for enhancement of the local inclusive community based development framework.

This project will specifically aim at:

- Enhancing local good governance mechanisms and processes and improving overall service delivery to citizens at planning region level;
- Applying innovative instruments for securing sustainable growth and
- Balancing the local and regional economic development by implementing effective social cohesion and environmental protection measures.

The main partners will be the Centers of the planning regions and selected municipalities where innovative best practices with replication potential will be developed.

Initially, the key interventions will be implemented in one planning region and few selected municipalities. Later on, the Programme will be replicated and scaled-up nation-wide.

The Local Development Programme shall be considered as a framework rather than a single project. It also has a potential to be translated from a pilot initiative to a national policy for improvement of the planning regions programming and implementation
framework since the development programmes of the planning regions are expiring in 2013 and the new programmes shall be developed in line with the EU accession/membership requirements including the objectives of the Europe 2020 – Growth Strategy.

Being aware of the complexity of the existing local and regional development challenges a selection of targets was done and the activities that are proposed address particular issues but in a systematic/synergetic manner. In order to boost the local development the indicative activities (that are elaborated in more detail under the next chapter) address a selected number of interrelated weaknesses of the local and planning region governance, service delivery and capacity development platforms.

With regard to the governance platform the focus is on actions for increasing its inclusiveness especially in the rural and remote areas through addressing the needs and priorities of women and man, young and old, strengthening the inter-ethnic relations, improving the living conditions and the degree of inclusion of Roma community, addressing specific vulnerabilities and assisting the establishment of Local Action Groups and implementation of the rural development policies. In order to apply the good governance principles and tools in a more sustainable manner ISO/CAF standardization of the local institutions is recommended as priority system type of intervention.

With regard to the service delivery platform the focus is on Inter-municipal cooperation since UNDP has been facilitated establishment of more than 40 IMC arrangements in the past few years and the knowledge and experience gained can be effectively and efficiently replicated. In addition, the effectiveness of the local public spending and capital investments absorption capacity will be tackled as key development priorities recognized by both, the central and local authorities.

The last component of the Program will focus on the establishment of innovative and creative social partnerships and capacity development of the communities and its vulnerable segments as well as on mobilizing their social energy and capital.

Activities and expected results

To achieve its objectives, the project will support the following activities:

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<th>Component 1: Enhancing local good governance mechanisms and processes and improving overall service delivery to citizens at planning region level and in few selected municipalities</th>
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Expected results

Improvement of the integrated local/planning region governance system in general and its efficiency, effectiveness, accountability and transparency in particular, will contribute for improvement of the overall service delivery at both, the local and planning region
levels. Therefore it is to be considered as overarching objective and a key factor for achieving sustainability of the programme interventions.

**Indicative activities:**

- An all-inclusive local governance platform for integrated community based development will be created by:
  - Mapping the relevant stakeholders representing the national and local government, the existing communities, private sector and the civil society, the structural relationships and modalities of cooperation among them and their governance related capacity needs; Preparation and delivery of a tailor made capacity development programme for an all-inclusive governance and community based local and regional development;
  - Development and implementation of action plans to improve the integrated local governance system.

- Support to various planning fora, including Local Action Groups (LAGs) for implementation of the LEADER methodology of the European Union’s Rural Development Policy aimed at enhancing rural development will be created through:
  - Close cooperation with the Ministry of Agriculture, Forestry and Water Economy and joint exploration of opportunities for enhancement of the rural development policy;
  - Structured cooperation with the Association of the Local Self-Government Units (ZELS) – Commission for Rural Development to jointly address the rural development challenges and support the rural municipalities and communities in dealing with priority development issues;
  - Capacity strengthening of the established LAGs and provision of assistance for preparation of their strategic documents including the rural development strategies for the area covered by the respective LAG.

- More efficient, effective, accountable and transparent local administrative services will be delivered to all citizens
  - In-depth capacity gap assessment, preparation and delivery of a tailor made capacity development programme for the municipal administrations;
  - Institutionalization of concepts and tools for promoting transparency and accountability such as ISO³ (Quality Management series) and/or CAF standards in the municipalities and Centers of the planning regions.

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³ This is an approach already tested in the municipalities of Bitola, Gevgelija, Veles and Tetovo as part of the UNDP AC Activities.
The role of the civil society and the various communities will be strengthened and they will be able to have a more active participation in the work of the local institutions through:

- Supporting civic engagement at local level and development of integrity;
- Promotion of the principles of good governance;
- Enhancing capacities for participatory governance.

Component 2: Applying innovative instruments for securing sustainable growth

In order to increase the quality and efficiency of public services and to secure a more sustainable growth, it is necessary to apply innovative instruments such as: public-private/social entrepreneurship partnerships; outsourcing; inter-municipal cooperation and others that promote inclusive community based local and regional development.

The inter-municipal cooperation (IMC) in the country that has one layer of local government has proven to be a particularly effective and efficient tool that can complement the existing capacities and strengths of the local governments and compensate for the lack of capacity to deliver particular services at local level, while also generating significant financial savings for the municipalities involved.

**Expected results:**

Outreach of services to remote areas and vulnerable groups, economy of scale, maximum use of human resources, attraction of investment funds from public, private or donor sources, better promotion, marketing and visibility of municipalities, improved transparency and accountability, access to EU funds, exchange of experiences and provision of the same level of quality of local public services are just some of the benefits that the municipalities and local communities could gain if certain forms of inter-municipal cooperation would be established.

The adoption of the Law on IMC in June 2009 contributed for creation of enabling IMC environment in the country. So far, and mainly through UNDP supported interventions IMC was applied in numerous pilot projects in several areas of local competences such as urban planning, inspections, local taxes, social protection and environment protection.

Local economic development, the protection of environment and the delivery of the social services are still relevant and potential areas where IMC can contribute to

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4 The Law regulates establishment of diversified IMC forms such as: common working body and commission, and common administrative body or contractual forms of IMC such as shared financial, material and other resources, and performing certain functions by one municipality on behalf of one or more other municipalities.
strengthening the immunity of the national and local economies and its resilience against the global phenomena such as the climate change and the economic downfalls.

**Indicative activities:**

1. **A capacity needs assessment on the planning and delivering of local services and a selection of the most appropriate forms/models of IMC that will contribute to inclusive local and regional development** will be undertaken through:
   - Mapping of weaknesses and gaps in the local service delivery;
   - Identification of priority areas and particular services for IMC through a forum for dialogue among the key local and regional stakeholders.

2. **The capacities of the local authorities will be strengthened to create a favorable environment for local and regional development by using Inter-municipal Cooperation as innovative tool** through:
   - Preparation and delivery of a capacity development programme for establishment of IMC;
   - Working with the municipalities and other relevant authorities in promoting the IMC platform in the government, including activities for identification of international experiences, best practices and lessons learnt that could be transferred within the country.

3. **Assistance will be provided for the establishment of innovative inter-municipal cooperation forms for inclusive community based local and regional development such as:**
   - Joint trade fairs and marketing;
   - Enterprise zones at the level of planning or micro region;
   - Joint tourism development and other measures to attract investments;
   - Joint administration/public utilities and cooperation for development of regional environmental infrastructure;
   - Regional - wider area based rural development;
   - Joint implementation of agro-environmental measures;
   - Joint planning for disaster-risk reduction;
   - Protected areas management;
   - Joint facilities for delivery of social services and integrated/inclusive community based development, etc.

4. **In order to stimulate replication of the most successful IMC forms the national Commission for Support of IMC and the line ministries will be supplied with policy analysis and options for:**
Further development of the existing UNDP methodology for identification and selection of IMC practices and promotion and awarding of the best practices;

Regular update and maintenance of the established IMC knowledge management system as a mean to raise awareness, knowledge and capacities on an on-going basis.

Multiplied impact will be achieved by merging the approach for designing the IMC activities described above with the other innovative approaches characteristic for UNDP such as the strategic sustainable and inclusive development programming, mapping of vulnerabilities, mapping of differing needs and priorities of women and man, young and old, integrity concepts with regard to accountability, and enhancing inter-ethnic dialogue and cooperation.

Another important factor for accelerated growth and jobs creation is effectiveness of the local public spending and absorption capacity of the local and planning region institutions for utilization of the capital investments from all available sources.

Besides supporting small community seed projects this Program will in parallel support the communities and local institutions to develop a bigger flagship projects for priority public infrastructure development and reconstruction.

Indicative activities:

A tailor-made capacity development programme will be prepared and delivered for increasing project preparation and absorption capacity of the centers of the planning regions, local self-government units and social partners, local institutions/enterprises to apply for and efficiently utilize the available financing instruments of the EU (Instrument for Pre-accession Assistance – IPA) and other donors in the country as well as the capital grants provided by the central government;

Action plans will be prepared and implemented to address the key factors that influence the absorption capacity including the financial, debts and investment

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5The UNDP IMC Programme already established successful IMC Grant Scheme with two components, one for replication of good practices and one for stimulating innovations. Its implementation led to improved administrative procedures, organizational structures and enhanced fiscal capacities in 62 municipalities. Through this scheme, 26 partnerships, involving 62 municipalities were initiated.

6The three major channels for central government financing of local capital projects are ad hoc grants from line ministries; Road Fund grants and grants from the Bureau of Regional Development.

7Weak financial management capacity at local level adds on to the problem of very few lenders' offers and low experience of domestic financial institutions in assessing the credit worthiness of municipalities (supply side). Unclear property rights related to state owned and privately owned land additionally complicate the issuing of loan guarantees. Until February 2010 only four municipalities in the country obtained a bankable credit rating. Furthermore, municipalities need to be authorized for borrowing by the national government, which is a rather complicated and time-consuming procedure. Finally, for most of the municipalities borrowing capacity is limited to 30% of the annual revenues, and many of them have already reached that ceiling.
management capabilities and overall strategic planning, programming, capital budgeting and implementation capacity of the local human resources;

The borrowing capacities of the selected urban and rural municipalities in the planning regions will be strengthened:

- Selected number of municipalities will be assisted in preparation and implementation of detailed plans for increase of its creditworthiness and demonstrating its financial ability to repay loans over time and technical capacity to manage its debt.

- Smaller and poorer local governments that are facing risk to be excluded from access to capital will be provided with affordability analyses, targeting those projects that would become affordable only if subsidized with a partial grant;

Technical assistance will be provided for programming, planning and preparation of project proposals with background technical documentation for small infrastructure development.

- The Intervention will be tailored in accordance with the procedural requirements of the available financing instruments;

- Preparation of projects that relate to local and regional capital investments, rural development, support for business start-ups/establishment of municipal business incubators and other diversified and innovative SMEs support tools; and overall increase of the employment opportunities in different economic and local service delivery sectors will be considered as priority interventions.

### Component 3: Balancing the local and regional economic development with implementation of effective environmental protection and social cohesion measures

The key problem that is to be addressed through this component is the need for balancing the disparities within the planning regions through concentration of the activities in the areas with overwhelming presence of vulnerable groups. It is to be expected that the decrease of the internal socio-economic disparities at the level of the planning region will proportionately increase the overall growth of the planning region.

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8In 2010 only 40 municipalities (13 rural and 27 urban – 8 in Skopje) reported that they had received capital grants totaling 604m MKD. Possibly some other funds were paid directly to contractors from the central agency budgets or were miss-classified as recurrent revenue in the municipal budgets. However, the information on the total amount of capital funds appropriated for local projects by the Ministry of Transport and Communication and the Road Fund suggests that less than one fifth of local capital investments are financed with national grants earmarked for capital infrastructure.
Expected results:

By implementing specifically designed activities, the municipalities and the local communities will be motivated and supported to work together in a more structured way to ensure inclusion and development benefits for all citizens. Participation and collaboration of the not-for-profit and private sectors with the local-self-government units and the local communities in service delivery will be encouraged and the social capital within a concentrated area will be mobilized.

The ‘soft’ aspects of the local service delivery, such as equitability of the access to services (in particularly in the social sphere) and creating opportunities for inclusive growth will be considered as one of the main priorities for the community based local and regional development of the country. Besides for the purpose of equitability, the activities described below will result in setting the social preconditions for local and regional development and growth and decrease of the internal villages (rural areas) – cities (urban areas) migration.

Indicative activities:

- The overall needs of the local communities, the differing needs and priorities of woman and man, young and old, as well as the specific needs of people and groups considered as vulnerable/excluded, will be assessed with a focus on the level of their participation in the governance processes. The needs of the Roma community will be specifically taken under consideration;

- The local service delivery will be assessed, with a focus on the level of inclusion in the key social sectors such as education, culture, sport and recreation, social and health protection/prevention, social housing, related financing modalities and existing mechanisms for social dialogue and participation;

- The governance-related gaps that lead to or have a potential to widen the social, economic, cultural and political exclusion, will be indentified;

- The most adequate indicators to monitor and evaluate the progress in addressing the vulnerabilities will be set, along with the quality of the most critical local services;

- The assessment study will also generate systematic solutions for structural conflict prevention interventions that will strengthen the inter-ethnic bridges among the communities. Finally, other factors, such as gender disparities and perceptions, will be included. **Partnerships for inclusive and community based local and regional development will be established** through:
  - The private sector and civil society will be involved in structuring the approach to the local and regional development and prioritization of its objectives, including its potential for social entrepreneurship and employment generation;
  - Knowledge and skills will be transferred to:
- The vulnerable groups\(^9\)/people to engage and participate in local governance processes and proactively create employment and economic development opportunities;

- Local institutions to integrate specific interest of the vulnerable/excluded in policy-planning processes and the private sector in its business planning;

  o Under this activity, UNDP will help broker social partnerships between local authorities, civic and private actors to deliver inclusive diversified and innovative social services.

- Most appropriate and applicable social entrepreneurship models within the existing policy and normative framework will be identified;

- A small community - seed projects grant scheme for supporting the partnerships will be established with an aim to bring together central and local-government resources matched with contributions from the private sector to advance the institutional and corporate social responsibility.


\[\text{The capacity of the municipal administrations and the local private sector will be developed for implementation of the Labor Law}\]

Through cooperation with the local communities and institutions further opportunities will be explored for programing and implementation of innovative community based local development tools such as: self-help groups, local family centers for training of parents and integration of poor children, establishment of Resource Centers for Social Development, community coaching, mentorship provided to vulnerable groups, etc.

Besides the low awareness about the benefits from the inclusive local action, the awareness on environment protection and especially on climate change issues among the local communities in the country also remains low. In 2011 UNDP developed national case studies on of the economic impact of climate change in the three important sectors - Energy Demand, Hydropower, and Agriculture. The studies identified the data and models needed to estimate the economic impacts of climate change and the benefits and costs of adaptation, assessed the extent of the capacity to develop and apply these models and methods to the country’s situation, and provided preliminary estimates of the economic impact of climate change in these three sectors. The report also contained recommendations on how to improve the existing national and local capacity to estimate the economic impacts of climate change and the benefits and costs of adaptation.

**Indicative activities:**

\[\text{Homeless persons, persons with special needs, persons with HIV, displaced persons, drug users, Ethnic Roma community, victims of family violence, and other specific groups of social assistance beneficiaries.}\]
Communities and local authorities will be empowered to manage and reduce environmental and climate change risks by improving their access to critical information and resources to implement actions;

- Community volunteers will be encouraged to collaborate with local government on designing and implementing environmental protection and climate change social marketing campaigns.

The capacity of the local stakeholders will be developed for:

- Programming and implementing green activities that will result in the creation of green jobs such as sustainable energy and agro-environmental measures and activities, utilization of energy efficiency benefits, renewable energy sources and management of protected areas;
- Preparation of flagship project applications aiming at hot spots remediation, disaster risk reduction and achieving higher ambient air-quality, improved waste management and water quality.

The activities listed above will be designed in a way to complement and reinforce the specific activities of the previous components including the strengthening of the local and regional environmental projects preparation and absorption capacities and establishment of IMC forms in the area of environmental protection and climate change adaptation and mitigation.

Gender awareness and gender mainstreaming

Gender mainstreaming will be effectively implemented in all aspects of implementation of the Programme including: the development of the specific Terms of Reference for each of the envisaged services; implementation and management of particular activities; general operations and financial management and public information activities as well as the stakeholder coordination. All assessments and mapping exercises will include gender aspects and disaggregate data so as to identify differing needs and priorities of men and women.

Once the data is collected, the project will develop more detailed monitoring matrix including gender-related indicators.
OVERVIEW OF THE PROGRAMME RESULTS:

OBJECTIVE/OUTCOME

To intensify integrated local and regional development of the country by providing assistance for enhancement of the local inclusive community based development framework.

Output 1 - Enhancement of the good governance mechanisms and processes and improvement of the overall service delivery performance of the institutional network at planning region level and in selected municipalities

Output 2 - Application of innovative instruments for securing sustainable growth

Output 3 - Balancing the local and regional economic development with implementation of effective environmental protection and social cohesion measures

Indicative targets:

- All-inclusive governance platform for integrated community based development created
- Rural development supported and Local Action Groups (LAGs) for implementation of the LEADER methodology created
- Efficiency, effectiveness, accountability and transparency of the local administrative services assessed
- Civil society organizations empowered and the social accountability of the local and planning region institutions fostered
- LEADER methodology implemented in the created LAGs
- More efficient, effective, accountable and transparent local administrative services delivered by the municipalities

Indicative targets:

- Capacity needs of the local and regional entities assessed and their capacities strengthened
- Most appropriate forms/models of IMC selected and preferred IMC forms established
- National Commission for Support of IMC and the line ministries supplied with policy analysis and policy options
- Project preparation and absorption capacity of the local and planning region entities increased
- Borrowing capacities of the municipalities – both urban and rural in both planning regions strengthened
- Technical assistance for programming, planning and preparation of project proposals provided

Indicative targets:

- Needs of the local community groups considered as vulnerable/excluded assessed
- Local service delivery focused on the level of inclusion in the key social sectors assessed
- Partnerships for inclusive and community based local and regional development initiated and established
- Communities and local authorities empowered to manage and reduce environmental and climate change risks
- Local capacities for programming and implementing green activities that will result in the creation of green jobs and preparation and implementation of environmental and climate change projects developed
- Local capacities for implementation of the Labor Law including local labor market forecasting based on the demand and supply side developed and the social dialogue at local level facilitated.
Results and Resources Framework

Intended Outcome as stated in the Country Programme Results and Resource Framework:

2.1. Local government units operate in a more effective and transparent manner;
2.2. Policy and institutional framework at national and local level enhanced to promote and operationalize regional development

CPD Outputs:

2.1.2.: Innovative arrangements for efficient and quality service provision designed and implemented by promoting public-private partnerships, outsourcing and inter-municipal cooperation
2.1.3.: Institutional and human capacities at national and local level improved for implementing effective and transparent provision of decentralized competencies.
2.2.1.: National and regional bodies have improved technical, human and operational capacities for implementing regional development policies.

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

Indicators:

- New inter-municipal models developed (cumulative), especially in new areas such as: a) social issues, b) education, c) culture and d) environment (Output 2.1.2)
- Innovative arrangements for sustainable financial scheme for inter-municipal cooperation developed (Output 2.1.2)
- Data collected at local level disaggregated by different characteristics (sex, age, ethnicity) in place (Output 2.1.3)
- Level of engagement of the partners in regional development process in a) planning and b) implementation through projects (Output 2.2.1)

Baseline: 12 IMC partnerships - 2008 (Output 2.1.2); sustainable financial scheme for inter-municipal cooperation is not existing - 2008 (Output 2.2.1), disaggregated local data is not existing – 2008 (Output 2.1.3); 0 – 2008 (Output 2.2.1)

Target:

- IMC system and financial support scheme are linked in a coherent system with the other relevant policies, such as the regional development (Output 2.1.2)
- Quality disaggregated data collection systems designed and functional at the local level by 2014 (Output 2.1.3)
- TBD (Output 2.2.1)

Partnership Strategy: The main partners for programme interventions will be the Centers of the selected planning regions and selected number of pilot municipalities. The programme components and activities are designed in a way as to enable partial or full replication of the approach and scaling up of the applied tools and achieved results, to all eight planning regions of the country.

Project title and ID (ATLAS Award ID): Local Development Programme - 81610

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<tr>
<th>INTENDED OUTPUTS</th>
<th>OUTPUT TARGETS FOR (YEARS)</th>
<th>INDICATIVE ACTIVITIES</th>
<th>RESPONSIBLE PARTIES</th>
<th>INPUTS</th>
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**Preparatory activities**

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<tr>
<td>- Assigning Programme Coordinator</td>
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<td>- Consultations with potential Programme partners and endorsement of the AWP 2012</td>
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<td>- Mobilization of additional resources</td>
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<td>- Selection of one planning region/municipalities</td>
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**Output 1 – Enhancement of the good governance mechanisms and processes and improvement of the overall service delivery performance of the institutional network at planning region level**

**Baseline:**
- Limited information on the local/planning region institutional capacities for inclusive governance and community based local and regional development and the complementary needs
- Lack of specific Action Plans for improvement of the integrated local/planning region governance system
- Nonexistence of formally established LAGs and limited number of ISO/CAF certified LSGUs

**Indicators:**

<table>
<thead>
<tr>
<th>September – December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>All-inclusive governance platform for integrated community based development at the level of a planning region created</td>
</tr>
</tbody>
</table>

**2013**

- Local Action Groups (LAGs) for implementation of the LEADER methodology created
- Map-out the relevant entities representing the national and local government, private sector and the civil society, the structural relationships and modalities of cooperation among them and their governance related capacity needs;
- Prepare and deliver a tailor made capacity development programme for all-inclusive governance and community based local and regional development;
- Prepare Action Plans for improvement of the integrated local/planning region governance system.
- Establish close cooperation with the Ministry of Agriculture, Forestry and Water Economy and jointly explore the opportunities for enhancing rural development and creation of LAGs in both planning regions.

**UNDP**

<p>| Ministry of Local Self-Government Centre of the planning region Municipalities Ministry of Agriculture, Forestry and Water Economy ZELS - Commission for Rural Development |
| 2012: 20.000,00 USD |
| 2013/14: TBD |</p>
<table>
<thead>
<tr>
<th>Number of relevant entities</th>
<th>Efficiency, effectiveness, accountability and transparency of the local administrative services delivered by the municipalities assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of specific assessments</td>
<td>Civil society organizations empowered and the social accountability of the local and planning region institutions fostered</td>
</tr>
<tr>
<td>Number of trainees</td>
<td><strong>2014</strong> LEADER methodology implemented in the created LAGs</td>
</tr>
<tr>
<td>Number of Action Plans</td>
<td>- Prepare and sign MoU with the Association of the Local Self-Government Units (ZELS) – Commission for Rural Development</td>
</tr>
<tr>
<td>Number of created LAGs</td>
<td>- Undertake in-depth capacity gap assessment and prepare and deliver tailor made capacity development programme;</td>
</tr>
<tr>
<td>Number of LAGs strategic documents</td>
<td>- Institutionalize the concepts and tools for promoting transparency and accountability including introduction of ISO (Quality Management series) and/or CAF standards in the municipalities and the Center (s) of the planning region(s)</td>
</tr>
<tr>
<td>Number of entities certified in ISO/CAF</td>
<td>- Supporting civic engagement at local level and development of integrity systems;</td>
</tr>
<tr>
<td>Number of promotional activities/initiatives</td>
<td>- Jointly promote the principles of good governance;</td>
</tr>
<tr>
<td>Number of CSOs – public entities partnerships</td>
<td>- Enhance capacities for participatory governance.</td>
</tr>
<tr>
<td></td>
<td>- Strengthen the capacity of the established LAGs and provide assistance for preparation of their strategic documents including the rural development strategies</td>
</tr>
</tbody>
</table>
More efficient, effective, accountable and transparent local administrative services delivered by the municipalities

- Facilitate the ISO/CAF certification process

<table>
<thead>
<tr>
<th>Output 2 - Application of innovative instruments for securing sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baseline:</strong></td>
</tr>
<tr>
<td>• Limited information on the weaknesses and gaps in the local service delivery</td>
</tr>
<tr>
<td>• Limited knowledge on the IMC legal framework, institutional setting and national policies.</td>
</tr>
<tr>
<td>• Lack of state incentives for IMC</td>
</tr>
<tr>
<td>• Lack of update and maintenance of the established IMC knowledge management system</td>
</tr>
<tr>
<td>• Low project preparation and absorption capacity of the local and planning region entities - Lack of Action Plans for addressing the key factors that influence the absorption capacity</td>
</tr>
<tr>
<td>• Lack of detailed plans for increase of the municipal creditworthiness and related abilities – Lack of affordability analyses for the small and poorer municipalities – Lack of knowledge on the available</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capacity needs assessment and selection of most appropriate forms/models of IMC undertaken</td>
</tr>
<tr>
<td></td>
<td>Capacity of local authorities strengthen by using IMC as innovative tool</td>
</tr>
<tr>
<td></td>
<td>Assistance for establishment of mutually agreed number of preferable IMC forms provided</td>
</tr>
<tr>
<td></td>
<td>Experiences gained at local and planning region level transposed to the national level by</td>
</tr>
<tr>
<td></td>
<td>Map-out weaknesses and gaps in the local service delivery</td>
</tr>
<tr>
<td></td>
<td>Identify priority areas and particular services for IMC;</td>
</tr>
<tr>
<td></td>
<td>Facilitate the process of establishment of mutually agreed number of preferable IMC forms</td>
</tr>
<tr>
<td></td>
<td>Provide assistance to the IMC Commission for implementation of provisions related to incentives for IMC as well as the monitoring and financing of the inter-municipal cooperation.</td>
</tr>
<tr>
<td></td>
<td>Regularly update and maintain the established IMC knowledge management system</td>
</tr>
<tr>
<td></td>
<td>Organize knowledge exchange initiatives in order the best applicable experiences and practices to be identified and knowledge as well as lessons learned transferred</td>
</tr>
<tr>
<td></td>
<td>Establish the mutually agreed number of preferable IMC forms and support the</td>
</tr>
</tbody>
</table>

|  | UNDP Ministry of Local Self-Government Centres of the planning regions Municipalities IMC Commission |
|  | 2012: 50,000,00 USD 2013/14: TBD |
financing instruments and their procedural requirements;

**Indicators:**
- Number of specific assessments
- Number of trainees
- Number of preferable IMC forms
- Number of knowledge transfer tools
- Number of specific Action Plans
- Number of community projects

<table>
<thead>
<tr>
<th>financing instruments and their procedural requirements; feeding the national Commission for Support of IMC and the line ministries with policy analysis and policy options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators: Number of specific assessments Number of trainees Number of preferable IMC forms Number of knowledge transfer tools Number of specific Action Plans Number of community projects</td>
</tr>
<tr>
<td>2013 Capacity of local authorities strengthen by using IMC as innovative tool Experiences gained at local and planning region level transposed to the national level by feeding the national Commission for Support of IMC and the line ministries with policy analysis and policy options Increased project preparation and absorption capacity of the local and planning region entities</td>
</tr>
<tr>
<td>process with grants</td>
</tr>
<tr>
<td>- Establish the mutually agreed number of preferable IMC forms and support the process with grants</td>
</tr>
<tr>
<td>- Regularly update and maintain the established IMC knowledge management system</td>
</tr>
</tbody>
</table>

20
| Actions for addressing the key factors that influence the absorption capacity identified | - Prepare and deliver of a tailor-made capacity development programme for increasing project preparation and absorption capacity of the local and planning region entities  
- Prepare Action Plans for addressing the financial, debts and investment management capabilities of the local and planning region entities and overall strategic planning, programing, capital budgeting and implementation capacity of its human resources  
- Assist selected number of municipalities in preparation of detailed plans for increase of its creditworthiness and demonstrating its financial ability to repay loans over time and technical capacity to manage its debt.  
- Provide smaller and poorer local governments that are facing risk to be excluded from access to capital with affordability analyses, targeting those projects that would become affordable only if subsidized with a partial grant;  
- Identify the available financing instruments and tailor the technical assistance in accordance with the procedural requirements;  
- Facilitate the preparation of the community projects considered as priority |
<p>| Borrowing capacities of the municipalities – both urban and rural in both planning regions strengthened |
| Technical assistance for programming, planning and preparation of project proposals with background technical documentation for small infrastructure development provided |</p>
<table>
<thead>
<tr>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistance for establishment of mutually agreed number of preferable IMC forms provided</td>
</tr>
<tr>
<td>The national Commission for Support of IMC and the line ministries supplied with policy analysis and policy options</td>
</tr>
<tr>
<td>Actions considered as priority for addressing the key factors that influence the absorption capacity implemented</td>
</tr>
<tr>
<td>Technical assistance for programming, planning and preparation of project proposals with background technical documentation for small infrastructure</td>
</tr>
<tr>
<td>- Establish the mutually agreed number of preferable IMC forms</td>
</tr>
<tr>
<td>- Regularly update and maintain the established IMC knowledge management system</td>
</tr>
<tr>
<td>- Provide assistance for implementation of the Action Plans for addressing the financial, debts and investment management capabilities of the local and planning region entities and overall strategic planning, programing, capital budgeting and implementation capacity of its human resources</td>
</tr>
<tr>
<td>- Finalize the preparation of the community projects considered as priority</td>
</tr>
<tr>
<td>Output 3 - Balancing the local and regional economic development with implementation of effective environmental protection and social cohesion measures</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Baseline:</strong></td>
</tr>
<tr>
<td>• Limited information on the needs of the vulnerable segments of the local communities related to their participation in local/regional governance processes.</td>
</tr>
<tr>
<td>• Local Commissions for Equal Opportunities does not operate frequently, effectively and efficiently</td>
</tr>
<tr>
<td>• Lack of in-depth de-facto assessment of the delivery of the local services in the key social sectors</td>
</tr>
<tr>
<td>• Lack of performance indicators to monitor and evaluate the progress in addressing the vulnerabilities as well as the quality of the most critical local services</td>
</tr>
<tr>
<td>• Limited number of partnerships of the local/regional authorities with the private sector and civil society</td>
</tr>
<tr>
<td>• Lack of social entrepreneurship initiatives and programmes</td>
</tr>
<tr>
<td>• Problematic access of the communities and local authorities to critical services</td>
</tr>
<tr>
<td><strong>Sept – Dec. 2012</strong></td>
</tr>
<tr>
<td>Needs of the local community groups considered as vulnerable/excluded with a focus on the level of their participation in governance processes assessed</td>
</tr>
<tr>
<td><strong>Local service delivery focused on the level of inclusion in the key social sectors assessed</strong></td>
</tr>
<tr>
<td>- Assess the needs of the local communities including people and groups considered as vulnerable/excluded with a focus on the level of their participation in governance processes. Particular categories such as gender and youth will be specifically taken under consideration.</td>
</tr>
<tr>
<td>- Provide support for functioning of the local Commissions for Equal Opportunities including research tools, expert advice and ideas on how to improve the opportunities and access to local services for all citizens.</td>
</tr>
<tr>
<td>- Assess the local service delivery focused on the level of inclusion in the key social sectors such as education, culture, sport and recreation, social and health protection/prevention, social housing, related financing modalities and existing mechanisms for social dialogue and participation;</td>
</tr>
<tr>
<td>- Identify governance-related gaps that lead to or have a potential to widen the social, economic, cultural and political exclusion, in the selected planning regions;</td>
</tr>
<tr>
<td>- Set most adequate indicators to monitor and evaluate the progress in addressing</td>
</tr>
<tr>
<td><strong>2012: 50,000,00 USD</strong></td>
</tr>
<tr>
<td><strong>2013/14: TBD</strong></td>
</tr>
</tbody>
</table>
information and resources to implement actions for mitigation of environmental and climate change risks;
- Lack of climate change social marketing campaigns
- Lack of knowledge and skills for programming and implementing activities that will result in the creation of green jobs
- Unproductive social dialogue between the municipal administrations and the local private sector for implementation of the Labour Law including local labour market forecasting

Indicators:
- Number of trainees
- Number of specific assessments
- Number of promotional activities/initiatives/social marketing campaigns
- Number of social entrepreneurship partnerships of CSOs and public and private entities
- Number of knowledge transfer tools
- Number of community projects qualified for small grants
- Number of local Commissions for Equal Opportunities that operate more

<table>
<thead>
<tr>
<th>2013</th>
<th>Partnerships for inclusive and community based local and regional development initiated</th>
</tr>
</thead>
</table>

the vulnerabilities as well as the quality of the most critical local services;
- Help in brokering social partnerships between local authorities, civic and private actors to deliver inclusive diversified and innovative social services.
- Identify most appropriate and applicable social entrepreneurship models within the existing policy and normative framework;
- Establish a small community projects grant scheme for supporting the partnerships with an aim to bring together central and local-government resources matched with contributions from the private sector to advance the institutional and corporate social responsibility.
- Involve the private sector and civil society in structuring the approach to the local and regional development and prioritization of its objectives including its potential for social entrepreneurship and employment generation;
- Transfer knowledge and skills to:
  - The vulnerable groups/people to engage and participate in local governance processes and proactively create social and economic partnership
<table>
<thead>
<tr>
<th>Communities and local authorities empowered to manage and reduce environmental and climate change risks</th>
<th>Local capacities for programming and implementing green activities that will result in the creation of green jobs and preparation and implementation of environmental and climate change opportunities;</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Local institutions to integrate specific interest of the vulnerable/excluded in policy-planning processes and the private sector in its business planning;</td>
<td>- Programming and implementing green activities that will result in the creation of green jobs such as sustainable energy and agro-environmental measures and activities, utilization of energy efficiency benefits, renewable energy sources and management of protected areas;</td>
</tr>
<tr>
<td>- Deliver small grants for supporting the established</td>
<td>- Preparation and implementation of projects aiming at hot spots remediation, disaster risk reduction and</td>
</tr>
<tr>
<td>- Improve the access of the communities and local authorities to critical information and resources to implement actions for mitigation of environmental and climate change risks;</td>
<td>- Develop capacity of the local stakeholders for:</td>
</tr>
<tr>
<td>- Encourage the community volunteers to collaborate with local government on designing and implementing climate change social marketing campaigns supported by the Project.</td>
<td>- Prepare and implement projects aiming at hot spots remediation, disaster risk reduction and</td>
</tr>
<tr>
<td>Projects developed</td>
<td>2014 Partnerships for inclusive and community based local and regional development established</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>achieving higher ambient air-quality, improved waste management and water quality.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Annual Work Plan 2012

<table>
<thead>
<tr>
<th>EXPECTED OUTPUTS</th>
<th>PLANNED ACTIVITIES</th>
<th>TIMEFRAME</th>
<th>RESPONSIBLE PARTY</th>
<th>PLANNED BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Initiation</strong></td>
<td>Assigning Programme Coordinator and assistant</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td></td>
<td>Consultations with potential Programme partners, selection of a planning region and pilot municipalities and endorsement of the AWP 2012</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mobilization of additional resources</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Output 1 – Enhancement of the good governance mechanisms and processes and improvement of the overall service delivery performance of the institutional network at planning region level and in the selected municipalities</strong></td>
<td>1.1. Map-out the relevant entities, the structural relationships and modalities of cooperation among them and their governance related capacity needs.</td>
<td>X</td>
<td></td>
<td>UNDP</td>
</tr>
<tr>
<td></td>
<td>1.2. Prepare and deliver a tailor made capacity development programme for all-inclusive governance and community based local and regional development.</td>
<td>X</td>
<td>X</td>
<td>UNDP</td>
</tr>
<tr>
<td></td>
<td>1.3. Prepare Action Plans for improvement of the integrated local/planning region governance system.</td>
<td>X</td>
<td></td>
<td>UNDP</td>
</tr>
<tr>
<td><strong>Output 2 - Application of innovative</strong></td>
<td>2.1. Map-out weaknesses and gaps in the local service delivery and identify priority</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**SUB TOTAL Project Initiation:** 0,00

**SUB TOTAL Output 1:** 20,000.00
| Output 1 - Instruments for securing sustainable growth | areas and particular services for IMC | | | | | | | 2.2 Prepare and deliver a tailor made training programme and facilitate the process of establishment of mutually agreed number of preferable IMC forms including provision of grants | X X UNDP 04000 | Local Consultants Travel Costs Workshops (meals, refreshments, training facility) IMC Grants 40,000,00 | | | 2.5 Provide assistance to the IMC Commission and regularly update and maintain the established IMC knowledge management system | X X UNDP 04000 | Local Consultants Travel Costs Workshops (meals, refreshments, training facility) IT Costs Communication 7,000,00 | | | | **SUB TOTAL Output 2: 50,000,00** | | | | | **Output 3 - Balancing the local and regional economic development with implementation of effective environmental protection and social cohesion measures** | 3.1. Assess the needs of the local communities including people and groups considered as vulnerable/excluded and their satisfaction with the local service delivery in the key social sectors | | | | | | | 3.2. Provide support to the local Commissions for Equal Opportunities | X X UNDP 04000 | Local Consultants Travel Costs Supplies 7,000,00 | | | | | | | 3.3. Broker social partnerships and support them through a small community projects grant scheme | X X UNDP 04000 | Local Consultants Travel Costs Workshops (meals, refreshments, training facility) Social Partnerships grants 35,000,00 | | | **SUB TOTAL Output 3: 50,000,00** | | | | **TOTAL BUDGET 2012: 120,000,00** |
Implementation arrangements

The Project Board (PB) will provide guidance and oversight of the project and will have the following members: representatives of the Ministry of Local Self-Government, the Centers of the selected planning regions, selected pilot municipalities and a representative of UNDP (Senior Supplier). In addition the Programme financial contributors such as interested ministries, municipalities, private sector, and interested donors will be invited to become members of the Project Board.

Project Board meetings may be attended by key stakeholders (e.g. line ministries, private sector, donors) with an observer status upon agreement by all the PB members. Advisory Group (AG) composed of representatives of Development Councils of the selected planning regions; Local civil society organizations; Economic Chambers; and all line ministries and state agencies/institutions that have relevant impact on the development of the planning regions will provide additional inputs in terms of strategic guidance and quality assurance of the project.

The Project Board will meet at least twice per year, or, on an extraordinary basis, on request from any of the members. UNDP will provide Secretariat services to the Project Board.
For this project, Direct Implementation Modality (DIM) will be used including direct payment modality according to the activity at hand and the responsible party.

The project will be implemented by UNDP as responsible party for the activities.

UNDP will assign a programme coordinator and assistant to ensure that the project objectives are accomplished, and project funds adequately disbursed.

Management of project funds will be carried out according to UNDP Programme and Operations Policies and Procedures, based on the work plan and the detailed budget.

The funds from the Project shall not be used for paying any taxes. The Government will bear all charges of this kind with reference to the VAT return to all suppliers that will be involved in the project activities.

UNDP shall provide office space for the Programme Coordinator and Assistant.

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**Monitoring and Reporting Framework**

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

**Monitoring:**
- 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 Programme Coordinator 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 Programme Coordinator to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- Project Lesson-learned log shall be activated and regularly updated to ensure ongoing learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project.
- Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

**Reporting:**
- An Annual Review Report shall be prepared by the Programme Coordinator and shared with the Project 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.
- 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.

Based on the findings established in the inception phase and the subsequent governance assessment, a comprehensive monitoring and evaluation matrix will be developed, at output and outcome level.

**Evaluation**
- Project Evaluation will be undertaken one year after the end of the project.

---

**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 the former Yugoslav Republic of Macedonia and the United Nations Development Programme, signed by the parties on 30 October 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.

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 implementing partner’s custody, rests with the implementing partner.
The implementing partner shall:

- 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;
- 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](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.

**Special Clauses**

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP.
## Quality Management for Project Activity Results

**OUTPUT 1:** Enhancement of the good governance mechanisms and processes and improvement of the overall service delivery performance of the institutional network at planning region level and in selected pilot municipalities

| Activity Result 1 (Atlas Activity ID) | All-inclusive governance platform for integrated community based development at the level of a planning region created | Start Date: July 2012
End Date: December 2012 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Improvement of the integrated local/planning region governance system in general and its efficiency, effectiveness, accountability and transparency in particular, will contribute for improvement of the overall service delivery at both, the local and planning region levels.</td>
<td></td>
</tr>
</tbody>
</table>
| Description                          | The all-inclusive governance platform for integrated community based development at the level of a planning region and in the selected pilot municipalities will be created through:  
  - Mapping of the relevant entities representing the national and local government, private sector and the civil society, the structural relationships and modalities of cooperation among them and their governance related capacity needs;  
  - Preparation and delivery of a tailor made capacity development programme for all-inclusive governance and community based local and regional development;  
  - Preparation of Action Plans for improvement of the integrated local/planning region governance system. |
| Quality Criteria                     | De-jure and de-facto assessment of the structural relationships and modalities of cooperation among the local and planning region entities will be undertaken and Baseline Report prepared.  
The UNDP Capacity Assessment Methodology will be adjusted for mapping the governance related capacity needs of the key stakeholders and Capacity Needs Assessment Report with recommendations will be prepared.  
On the basis of the findings and recommendations tailor made capacity development programme will be prepared and implemented.  
Priority actions for improvement of the integrated local/planning region governance system will be integrated into detailed Action Plans. |
| Date of Assessment                   | Quarterly/Annual basis |

All relevant entities/stakeholders in the selected planning regions, their structural relationships and modalities of cooperation as well as governance related capacity needs accurately and thoroughly mapped.
Advanced knowledge and skills for all-inclusive governance and community based local and regional development transferred.
Priority actions for improvement of the integrated local/planning region governance system identified in a participatory manner and high level of ownership by the key stakeholders created.
| **OUTPUT 2:** Application of innovative instruments for securing sustainable growth |
|---|---|---|
| **Activity Result 2** (Atlas Activity ID) | Capacity needs assessment and selection of most appropriate forms/models of IMC undertaken and capacity of local authorities strengthen by using IMC as innovative tool. Assistance and grants for establishment of mutually agreed number of preferable IMC forms provided and experiences gained at local and planning region level transposed to the national level by feeding the national Commission for Support of IMC and the line ministries with policy analysis and policy options | Start Date: July 2012  
End Date: December 2012 |
| **Purpose** | Increase of the quality and efficiency of public services and securing more sustainable growth requires application of innovative instruments such as public-private/social entrepreneurship partnerships; outsourcing; inter-municipal cooperation and inclusive community based regional development. |  |
| **Description** | Pre-conditions for effective and efficient application of innovative IMC forms will be created through:  
- Mapping weaknesses and gaps in the local service delivery and Identifying priority areas and particular services for IMC  
- Preparation and delivery of a training programme and facilitation of the process of establishment of mutually agreed number of preferable IMC forms and provision of grants  
- Provision of assistance to the IMC and regular update and maintenance of the established IMC knowledge management system |  |
| **Quality Criteria** | **Quality Method** | **Date of Assessment** |
| Weaknesses and gaps in the delivery of local services that are suitable for outsourcing accurately and thoroughly mapped  
Priority areas and services for IMC identified in a participatory manner and high level of ownership by the key stakeholders created.  
Advanced knowledge and skills for establishment of concrete IMC forms transferred and the process of establishment facilitated and supported with grants in effective and efficient manner  
IMC Commission supplied with accurate and up to date policy analyses and recommendations  
Interactive IMC knowledge management system/platform made accessible on-line and regularly | De-jure and de-facto assessment of the local services suitable for outsourcing will be undertaken, priority areas and services will be identified and incorporated into IMC Baseline Report  
The UNDP Capacity Assessment Methodology will be adjusted for mapping the IMC related capacity needs of the key stakeholders and Capacity Needs Assessment Report with recommendations will be prepared.  
On the basis of the findings and recommendations tailor made capacity development programme will be prepared and implemented and the process of establishment of concrete IMC forms will be facilitated and supported with | Quarterly/Annual basis |
updated and maintained grants. Special Report with up to date policy analyses based on the findings of the above-mentioned assessment Reports will be submitted to the IMC Commission. Feeding the IMC knowledge management system/platform with all relevant information and data on the project implementation.

**OUTPUT 3:** Balancing the local and regional economic development with implementation of effective environmental protection and social cohesion measures

<table>
<thead>
<tr>
<th><strong>Activity Result 3</strong> (Atlas Activity ID)</th>
<th>Needs of the local community groups considered as vulnerable/excluded with a focus on the level of their participation in governance processes assessed. Local service delivery focused on the level of inclusion in the key social sectors assessed.</th>
<th>Start Date: July 2012 End Date: December 2012</th>
</tr>
</thead>
</table>

**Purpose**
To assist and motivate municipalities and the local communities to work together in a more structured, informed and partnership manner towards inclusion and spreading development benefits for all citizens. Participation and collaboration of the not-for-profit and private sectors with the local-self-government units and the local communities in service delivery will be encouraged.

**Description**
The needs of the local communities including people and groups considered as vulnerable/excluded with a focus on the level of their participation in governance processes will be assessed. Particular categories such as gender and youth will be specifically taken under consideration. Support will be provided for establishment and functioning of the local Commissions for Equal Opportunities and selected number of social partnerships.

**Quality Criteria** | **Quality Method** | **Date of Assessment** |
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Weaknesses and gaps in the delivery of the local social services and the needs of the people and groups considered as vulnerable/excluded accurately and thoroughly mapped. Local Commissions for Equal Opportunities supplied with research tools, expert advice and ideas on how to improve the opportunities and access to local services for all citizens. Potential social partnerships identified and selected on the basis of transparent criteria. Small grants scheme established including transparent criteria for distribution of the grants.</td>
<td>Reports prepared that outline the key findings and recommendations for inclusive local and regional development including performance indicators for measuring the progress. Local Commissions for Equal Opportunities meet more frequently and address the priority issues (sessions adequately recorded). Social partnerships established and supported through a small community projects grant scheme.</td>
<td>Quarterly/Annual Basis</td>
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## ANNEXES: Risk Log

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Date Identified</th>
<th>Type</th>
<th>Impact &amp; Probability</th>
<th>Countermeasures / Mngt response</th>
<th>Owner</th>
<th>Submitted, updated by</th>
<th>Last Update</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Often times the individual disaggregated data on each municipality may not be available, or is outdated or approximated.</td>
<td>2012</td>
<td>Organizational</td>
<td>The occurrence of the risk would limit the quality of the output and the impact of the project.</td>
<td>During the phase of assessment of data availability to identify relevant proxy indicators that might be used in the analysis and to extent possible adjust the methodology to be less dependable of lacking data</td>
<td>UNDP Governance Programme Officer</td>
<td>UNDP Governance Programme Officer</td>
<td>July 2012</td>
<td></td>
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<tr>
<td>2</td>
<td>Local, regional and national institutions that are partners in this project are lacking capacity to provide substantive input and guidance in the process</td>
<td>2012</td>
<td>Organizational</td>
<td>The occurrence of this risk will significantly impact the pace of the project implementation and quality of the project results</td>
<td>Ministry of Local Self-Government will make commitment to designate a counterpart. The same will be asked of the Centre of the selected planning region and the selected pilot municipalities Project envisages a substantial capacity building component that will contribute to sustainability of the project outcomes</td>
<td>UNDP Governance Programme Officer</td>
<td>UNDP Governance Programme Officer</td>
<td>July 2012</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The Centre of the planning regions, selected municipalities and/or the MoLSG withdraw the commitment to the project</td>
<td>2012</td>
<td>Political</td>
<td>If this risk occurs, the project will fail to achieve its results and envisaged impact</td>
<td>Throughout the process project team and UNDP Country Office will make all efforts to ensure full ownership on the process. Various opportunities will be provided to the national counterpart for providing inputs.</td>
<td>UNDP Governance Programme Officer</td>
<td>UNDP Governance Programme Officer</td>
<td>July 2012</td>
<td></td>
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<td>4</td>
<td>Lack of interest of the municipalities to initiate and</td>
<td>2012</td>
<td>Organizational</td>
<td>The occurrence of the risk will force the</td>
<td>A well elaborated work plan for Output 2 with good and constant</td>
<td>UNDP Governance</td>
<td>UNDP Governance</td>
<td>July</td>
<td></td>
</tr>
<tr>
<td>establish IMC forms</td>
<td>Political</td>
<td>downscaling of the activities and effect the overall sustainability of the initiative</td>
<td>communication and coordination with stakeholders as well as a clear enunciation of benefits by partners</td>
<td>Programme Officer</td>
<td>Programme Officer</td>
<td>2012</td>
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<tr>
<td>5 The national IMC Commission and the local Equal Opportunities Commissions lack capacity to provide focused input on IMC incentives, monitoring and financing and inclusive local and regional development, respectively.</td>
<td>2012</td>
<td>Organizational Strategic</td>
<td>The occurrence of the risk would limit the quality of the output and the impact of the project.</td>
<td>Project envisages a substantial capacity building component that will contribute to sustainability of the project outcomes</td>
<td>UNDP Governance Programme Officer</td>
<td>UNDP Governance Programme Officer</td>
<td>July 2012</td>
<td></td>
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</tbody>
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