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ANNEX

Sector Fiche 1.1 to Kosovo Annual Programme 2006

Title	Community Stabilisation & Returns
Total cost	EC Contribution: € 5 million (approx.) + 0.150 million
Aid Method	Project approach - Indirect centralised management (EAR)
DAC-code	72030
Sector	Return and integration of displaced persons and minority rights

1. RATIONALE

1.1. Strategic framework

The *European Partnership* calls for Kosovo to: create a climate for sustainable multi-ethnicity; facilitate returns from all communities; support the reintegration of Roma minority communities living in hazardous conditions; increase minority representation in all institutions; and ensure the viable existence of minority communities and their non-discriminatory participation in society. The need to support the economic and social integration of minorities has been repeatedly emphasised by the European Commission through the *Stabilisation and Association process Tracking Mechanism*. The *Multi-Annual Indicative Programme 2005-2006 (MIP)* highlights the need to create the conditions necessary for sustainable returns to Kosovo and well as developing the institutional capacity of the PISG to contribute to the stabilisation of all communities.

1.2. Lessons learnt

In cooperation with the European Commission Office in Pristina, the Agency plans to launch an assessment of the barriers to return and the performance of past EC assistance for returns in order to contribute to the development of an effective returns policy and best practice, and to enhance the targeting of future EC assistance – including under the 2006 programme. The need for this assessment was agreed at the February 2005 CARDS Management Committee.

The programme builds on the recommendations of the EAR evaluation of EC funded community stabilisation programmes targeting minority communities in Kosovo particularly that further assistance should be extended to support economic development in minority areas and areas with high potential for return. The programme builds on lessons learned from previous EC assistance, particularly the need for greater coordination and institutional linkages between the main stakeholders.

Experience in the Balkans, including Kosovo, demonstrates the importance of including the receiving (e.g. Albanian) community in the organisation of returns projects. Typically, such projects implemented by the Agency include: the organisation of multi-ethnic village councils to oversee and support project implementation and inter-ethnic dialogue; implementation of community development actions (e.g. rehabilitation of village water supply) that benefit all ethnic groups; and provision of housing assistance for the most vulnerable social cases in the receiving community.

1.3. Complementary actions

The programme is complementary to previous and on-going direct EC assistance for the returns process and the integration of minority communities into mainstream economic development. This assistance includes:

- A range of targeted actions including business training and provision of grants for enterprises in minority communities in order to stem the outflow of Kosovo's minorities while creating the economic and social conditions that encourage returns. This programme aims to stabilise minority communities, improve employment and income generation and create conditions for sustainable returns, including in geographical areas with a high potential for returns.
- Direct support for the organised return and resettlement process in coordination all stakeholders, particularly the UNMIK Office for Communities, Returns and Minority Affairs, the Ministry of Communities and Returns, and municipal administrations. The Agency maintains a multi-sectoral and flexible approach in order to respond to the priority needs of returns, as and when they arise.
- Institution building assistance is to be provided to the PISG under the 2005 programme for Kosovo, particularly the Ministry of Communities and Returns, to develop appropriate policies and coordination mechanisms at central and municipal levels.
- The organisation of cross-boundary information initiatives to support the returns process, implemented in Serbia under previous CARDS Action Programmes for Serbia.
- Studies to analyse the needs of ethnic minorities in Kosovo and recommend appropriate interventions.
- Ensuring the resolution of residential, commercial and land property disputes through assistance for the Housing and Property Directorate and successor organisations.
- Repair a Serbian Orthodox Episcopal residence and a seminary that were damaged in the violence of March 2004. The works will be implemented under the oversight of the *Commission for the Reconstruction of Religious Monuments*.

The Agency also aims to structurally mainstream minority inclusion in all EC funded programmes, where feasible. Minority communities benefit from many EC programmes, including: capacity building of the Assembly, central ministries and municipalities; the development of policies and legislation; civil service reform; the rule of law; SME development; and vocational training.

EC assistance for the decentralisation process, which is expected to have a significant impact on minority communities (chiefly Serbs) in Kosovo, is likely to be covered under the 2006 Public Administration Reform component on local government reform (see sector fiche 3.2.3.1).

The programme aims to leverage regional and cross-border programmes as well as cooperation initiatives on returns, such as the initiative between Serbia & Montenegro, Bosnia & Herzegovina, and Croatia for the completion of the regional returns process between these countries by the end of 2006. According to UNHCR statistics there are currently over 3,000 Kosovo refugees in BiH.

The programme is complementary to the range of on-going actions by the EU Member States and other donors in Kosovo, particularly those of Italy, Netherlands, Germany, US Office/BPRM, and Norway.

1.4. Donor coordination

The UNMIK Office for Communities, Returns and Minorities (OCRM) is responsible for coordinating the returns process in cooperation with the Ministry for Communities and Returns (MoCR). However, donor co-ordination needs to be strengthened, as currently many interventions appear to operate with little formal connections with one another which risks duplication, and leads to inadequate assistance to particular minority communities/enclaves.

2. KOSOVO CONTEXT

2.1. Cooperation related policy of Kosovo

Sustainable Returns and the Rights of Communities is a priority standard of the ‘*Standards for Kosovo*’ and emphasises that members of all communities must be able to participate fully in the economic, political and social life of Kosovo and that all displaced persons who wish to return to Kosovo be enabled to do so in safety and dignity. Kosovo’s Constitutional Framework states that refugees and displaced persons shall have the right to return to their homes and recover their property, and that the Kosovo government shall take all measures necessary to facilitate the safe return of refugees and displaced persons to Kosovo in full cooperation with UNHCR and other international and non-governmental organisations.

The returns process in 2005 is marked by transition and a certain amount of confusion at all levels; local, central, UNMIK, PISG. In July 2005, the SRSG and the Prime Minister launched the *Strategic Framework on Communities and Returns* and established a High Level Task Force on Returns. The framework confirms the government’s position on the return of all IDPs. The document identifies three priority areas: the promotion of safety and freedom of movement; the creation of sustainable conditions for returns; and the enhancement of institutional support for returns. The implementation plan for the framework is articulated in the *Programme of Action on Communities and Returns* which is expected to be published by in spring 2006.

The transfer of competences from Office for Communities, Returns and Minorities (OCRM) to the PISG has been initiated, although the process is complex. The Ministry for Communities and Returns (MoCR) has been operational since February 2005. The ministry is expected to assist the PISG to fulfil increasing responsibility in the area of returns and minority communities. The SRSG maintains reserved powers for returns and minority rights. UNMIK, chiefly through its OCRM, closely monitors PISG fulfilment in relation to returns/minorities and will intervene to ensure the protection of minority rights. UNHCR monitors returns projects and chairs the Working Group on Returns between Pristina and Belgrade.

The Central Review Mechanism (CRM) with representatives from the MoCR, OCRM, Office of the Prime Minister, UNHCR and UNDP is responsible for reviewing returns concept papers and their compliance with returns policies. The CRM began its work in August with the review of project concepts that had been approved by municipal working groups. The government has allocated €7.4 million for returns projects. The funds are currently administered by UNDP and this responsibility is expected to be gradually transferred to the MoCR. The current MoU specifies that this arrangement will initially continue until October 2006.

Before the establishment of the ministry, the return of minority communities was the sole responsibility of the UNMIK Office for Communities, Returns and Minorities (OCRM) which is mandated to develop, coordinate and oversee the return of IDPs to Kosovo as well as the

building of a safe and non-discriminatory environment for minorities. The main framework for the implementation of returns related projects - including EC funded projects - was the UNMIK *Manual for Sustainable Returns*. The Manual will remain in force until the development of the new implementation framework is completed, expected in Spring 2006.

2.2. Sector context

In the *Comprehensive Review of the Situation in Kosovo*, Ambassador Kai Edie states that the situation for the foundation of a multi-ethnic society remains grim. The overall returns process has virtually come to a halt. The review calls for a more flexible policy of assistance should be considered to support the return of people to where they can live and not only where they have lived. Inter-ethnic crime must be vigorously prosecuted. Greater attention should be given to those who have remained. A wider decentralisation process is required. Land and commercial disputes need to be resolved. The need to resettle the Roma at camps in Plementina and Zitkovac is also highlighted.

Returns is a sensitive, emotive and politicised issue. A sustainable returns process faces many challenges. There are often differences between the international community and the PISG on how to proceed. At the same time, part of the political leadership in Belgrade is adopting contradictory messages, criticising lack of progress on the one hand while, on the other, denying Kosovo Serbs the opportunity to be part of the process in Kosovo. There is a need to further clarify on the division of roles and responsibilities between the OCRM and the MoCR. The ministry must develop appropriate policies and coordination mechanisms at central and municipal levels and strengthen its coordination with other stakeholders in the region.

The returns and reintegration process to Kosovo of those displaced during and since the conflict in 1999 has been characterised by spontaneous returns and some organised interventions. UNHCR figures (April 2005) show that there are 226,106 IDPs, displaced in Serbia and Montenegro, mainly Serbs and Roma. A further 20,000 persons have registered as displaced persons since 2000. Only some 13,000 have returned to their place of origin in Kosovo since 1999. However there is no system in place to monitor the net outflow or whether these returnees have stayed. Whilst the bulk of the displaced are Serbs, they also include Bosniaks, and RAE (Roma Ashkali and Egyptian). In addition to those displaced from Kosovo itself, there are still, some 22,800 internally displaced persons within Kosovo.

The continued risk of further outflow from the most disadvantaged minority communities requires a continuation of the support to the socio-economic stabilisation of minority areas. It is unquestionable that a significant number of people from these communities would have left without the support provided by the EC economic and social stabilisation programme implemented to date by IOM, particularly given that there are few other assistance programmes operating in minority areas.

The *Commission for the Reconstruction of Religious Monuments*, with representatives from the Council of Europe, UNMIK, the Serbian Orthodox Church and the Minister of Culture (PISG) is responsible to oversee the rehabilitation of the 34 Serbian religious sites that were damaged during the March 2004 violence. The Council of Europe has requested EC assistance to support the continued operation of the Commission to ensure that it can effectively complete its important and politically sensitive mandate

3. DESCRIPTION

3.1. Objectives

Wider Objective

To create the conditions necessary for sustainable returns to Kosovo as well as developing the institutional capacity of the PISG at central and municipal levels and community leaders to contribute to the stabilisation of all communities.

Specific objectives of EC support:

- (1) To provide direct support for the resettlement of returnees in their communities, in coordination with UNMIK and relevant PISG bodies.
- (2) To promote further employment generation and socio-economic development within disadvantaged minority communities in Kosovo, with a specific component targeting the Roma.
- (3) To further support the rehabilitation of Kosovo's religious monuments damaged during March 2004 violence.

3.2. Expected results and main activities

The programme is divided into the following inter-linked components

Support for the Return and Reintegration of returnees

Further direct support will be provided, in consultation with PISG and UNMIK stakeholders, for the reintegration of returnees to their communities in Kosovo. Multi-sectoral returns projects will be undertaken by experienced implementing partners – primarily NGOs and international organisations – that will provide a range of return inputs such as housing construction, small scale infrastructure repair including securing water supply for minority areas, socio-economic packages, and legal advice. Assistance may also include support to the IDPs displaced within Kosovo in collective centres and camps, such as the return of the Roma community to Roma Mahala in Mitrovica.

The experienced implementing partners selected under this programme will link to the cross-boundary information activities being implemented by NGOs selected under the Refugee and IDP Programme for Serbia (2004AP). This will promote a more effective and organised returns process, while assisting the quantification of demand for return to Kosovo and the design of appropriate returns projects.

Further economic and stabilisation initiatives in minority areas

Further assistance will be provided for the implementation of socio economic and community development initiatives in support of resident minority communities in Kosovo in order to stabilise the net outflow from disadvantaged minority communities. This initiative will continue to fund the start-up of new enterprises and the expansion of existing small scale income generation initiatives and micro/small enterprises, chiefly in agriculture, through the provision of financial and technical assistance.

A specific component of the 2006 programme will be to focus on specific programmes for the Roma, in such areas as: community building, education, employment and community development.

Rehabilitation of religious monuments

Assistance will be provided to the Council of Europe to support the on-going operation of the *Commission for the Reconstruction of Religious Monuments*. The assistance is expected to continue until the end of 2007.

3.3. Stakeholders

The main stakeholders include UNMIK-OCRM, the Ministry for Returns and Communities, municipalities, the Ministry for Local Government, Council of Europe, UNHCR, UNDP, the

NGOs and international organisations that implement the returns projects, as well as local NGO's and the IDPs themselves. The social and economic stabilisation programme will involve assisting local business associations, women's associations and NGOs from all regions of Kosovo.

3.4. Risks and assumptions

Risk/assumption	Likelihood	Impact	Counter Measures
Political commitment and initiative from UNMIK and PISG to underpin a successful returns process	Medium	High	Continued dialogue with stakeholders

3.5. Conditionalities

Continued appropriate collaboration between the Agency, the UNMIK-OCRM, and the PISG, possibly through an MoU between these stakeholders and the Agency.

3.6. Crosscutting issues

The proposed programme will address cross-cutting development issues including social inclusion and gender equality. The main focus of the programme is to address the needs of vulnerable and marginalized communities. The programme incorporates gender in the project design. In past programmes, over 25% of beneficiaries were female. The 2006 programme aims to build on this result and set higher targets for the participation of women through actions such as adopting specific measures to encourage female employment.

The programme aims to directly assist the poorest members in minority areas, particularly the Roma community. For example, entrepreneurs and micro-enterprises in receipt of EC funded grants through the programme are required to provide in-kind contributions (e.g. eggs, milk, cheese, bread, shampoo) to the most vulnerable members of the community to the value of 10% of the grant received. This contribution has in the past been targeted at the most vulnerable including the needy particularly the elderly, disabled, lone-parent female-headed households and IDPs in the most disadvantaged minority areas.

Effective reintegration of refugees/IDPs is also linked to their capacity to have equal access to public facilities/services. This requires that (i) they are provided with all necessary information to exercise their rights across all sectors: health, welfare, education, employment, etc. and that (ii) central and local administrative employees are trained to respond to minorities' specific needs/requests in the above mentioned areas. In this respect, this programme is closely linked to the on-going and 2006 public administration reform programme (see sector fiche 3.2.3.1) which aims to improve the delivery of public services at central and municipal levels.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Indirect Centralised management.

4.2. Budget and calendar

Indicative budget breakdown	€ million
Total budget	5.0

Budget by sector component:	
Returns actions (including water supply)	1.5 + 0.150
Economic support/stabilisation programme	3.0
Rehabilitation of religious monuments	0.5

The PISG contributed €7.4 million from the 2005 Kosovo Consolidated Budget for returns projects. A similar amount is expected from the 2006 budget.

<i>Types of Contracts ('Yes')</i>	<i>Grants</i>	<i>Number of grants</i>
Services possibly	Grants	2-5*
Supplies	Financing Agreements	
Works	Twinning	
Operational duration of project in months as from signature of Financing Agreement:		30

* The rehabilitation of religious monuments component will be implemented under a direct grant agreement (100% funding) with the Council of Europe. The economic support/stabilisation programme component will be implemented by experienced implementing partners under grant agreement(s).

4.3. Procurement and award of grants procedures

All contracts implementing the financing agreement must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question. All projects should be implemented in line with EU competition (including State aid) principles.

4.4. Performance monitoring

The Agency's Programme Managers responsible for this programme are the first level of regular monitoring and quality control, with inputs and support from the Head of Operations the Head of Centre and the Programming and Quality Assurance section. The Agency's Monitoring Team, in line with bi-annual monitoring plans for the Pristina centre, will submit monitoring reports over the programme's life cycle, identifying issues requiring management attention, and assessing efficiency as well as progress towards the achievement of the programme's objectives.

For service contracts, consultants/experts are required to produce reports at inception, interim and final phases, in order to show progress against the targets identified in the relevant terms of reference.

Key indicators for the programme include:

- Numbers of returnees returned to target areas.
- Institutional capacity of PISG developed through improved central and municipal networks.
- Increased economic activities in targeted minority areas.

4.5. Evaluation and audit

The programme may be evaluated at the interim or ex-post stages under the supervision of EAR Evaluation Unit - in line with the Agency's Evaluation Guidelines as approved by the EAR Governing Board and the Annual Evaluation Programme.

The programmes may be audited by Court of Auditors - in line with the standard European Commission procedures. All service contractors will be required to submit audit certificates with their requests for final payment in accordance with the requirements of the '*Practical Guide to contract procedures for external assistance financed from the general budget of the European Communities*'.