

2008 Project Fiche Kosovo IPA centralised programme
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1. Basic information

1.1 CRIS Number:

1.2 Title: **Return and Reintegration in Kosovo**

1.3 ELARG Statistical Code: 01. 63

1.4 Location: Kosovo

Implementing arrangements

1.5 Contracting Authority: The European Commission Liaison Office to Kosovo

1.6 Implementing Agency: The European Commission Liaison Office to Kosovo

1.7 Beneficiary Institutions

Project activity	Beneficiary (institutions, target group etc)	Contact point responsible for project/activity coordination
Return and Reintegration	Refugees and Internally Displaced Persons (IDPs), Ministry for Communities and Returns (MCR) and a number of selected Municipalities	Permanent Secretary MCR

1.8 Overall cost: €5.1 million.

1.9 EU contribution: €4.0 million

1.10 Final date for contracting

Three years after the signature of the financing agreement between the European Commission and the Kosovo Authorities.

1.11 Final date for execution of contract

Two years after the final date for contracting.

1.12 Final date for disbursements

One year after the final date for the execution of contracts

2. Overall Objective and Project Purpose

2.1 Overall Objective

The creation of a climate for inter-ethnic tolerance, sustainable multi-ethnicity and the promotion of human and minority rights (including in a gender perspective) conducive to minority return and reintegration of refugees and IDPs to Kosovo.

2.2 Project purpose

Sustainable return of IDPs and refugees from minority communities through an increased involvement of central and municipal state and non-state actors in selected municipalities¹.

2.3 Link with AP/NPAA / EP/ SAA

EP/STM

The project is directly linked with political requirements of the *European Partnership* under the chapter - "Key priorities" titled "Human rights and the protection of minorities" and under the chapter - "Democracy and the rule of law"

EPAP

The Kosovo government's *European Partnership Action Plan* provides for the strengthening of co-ordination mechanisms between MCR, Ministry of Local Government Administration (MLGA) and Municipalities (EPAP No. 28) as well as for the development of mechanisms at municipal level to facilitate the sustainable integration of minorities and existing minority communities (EPAP No. 29).

Status Settlement Proposal

The aim of the *Comprehensive Proposal for the Kosovo Status Settlement* is to define the provisions necessary for a future Kosovo that is viable, sustainable and stable. It includes detailed measures to ensure the promotion and protection of the rights of communities and their members, the effective decentralization of government, and the preservation and protection of cultural and religious heritage in Kosovo (for more details see annex III).

2.4 Link with the Multi-Annual Indicative Planning Document (2007-09) for Kosovo

The project's approach is in line with the MIPD which emphasises the need to strengthen local governance and enhance institutional support for returns (for more details see annex III).

2.5 Link with national sector strategies

The Medium Term Expenditure Framework (MTEF) 2008-2010 in its volume II under section 3.3.10.1.4 Human and Minority Rights states that "one of the sectors that need quite a lot of money is the programme of minorities and returnees. The MCR in the regular budget process is getting certain amount of money in order to address related issues. Most of the spending is oriented on building houses for people who want to return".

The revised Manual for Sustainable Return is the leading policy document on organised returns promulgated by the Provisional Institutions for Self-Government (PISG) in May 2006.

The project aims to support the **Protocol on Voluntary and Sustainable Returns** signed by UNMIK, PISG and the Government of Serbia in June 2006 (for more details see annex III).

¹ The selection of target municipalities will be coordinated with IPA 2007 Returns and Reintegration project in order to ensure complementarity of actions.

3. Description of project

3.1 Background and justification

The socio-political environment

The end of the conflict in June 1999 resulted in some 225,000 non-ethnic Albanians leaving Kosovo. Most fled to Serbia where most still remain.

The current Constitutional Framework asserts that all refugees and IDPs have the right to return to their homes and recover their property in Kosovo. UNMIK and the international community have declared that the return of refugees and IDPs is a key principle that underpins a viable multi-ethnic and democratic society. And the new Government that took office following the elections in November 2007 has clearly put the return of minority communities and the multi-ethnicity of Kosovo as one of its main priorities.

Yet, almost nine years after the end of the conflict relatively few refugees and IDPs have returned. According to UNHCR, 17,933 minority returns were registered by the end of 2007, of which 1,756 occurred during 2007. Clearly much remains to be done and donor funding and support is still needed to facilitate sustainable returns in Kosovo.

By the third semester of 2008 the complex transition and status implementation process should have advanced sufficiently to enable minority refugees and IDPs to have a relatively solid idea of what awaits them upon return either in their place of origin or in alternative locations of their choice in Kosovo. UNHCR therefore assumes that there could be an increased momentum for durable returns in 2009, subject of course to a wider stable post-status environment.

The principal document on organised returns is the Manual for Sustainable Returns, produced by UNMIK and UNHCR in 2002. It highlights the return to pre-conflict homes as a policy priority. And it puts in place a complex process that is both multilevel and multi-sector. This relies on the identification and development of projects at the local (municipal) level which are subsequently processed, approved and financed by the central (Ministerial) level.

The Kosovo Government's leadership in the returns sector, in policy development and co-ordination, is increasingly seen by all stakeholders as essential to a sustainable returns process. In the wake of the March 2004 violence, the Kosovo Serb and Kosovo Albanian political leadership issued a joint statement on 14 July 2004 calling for the creation of a new Ministry for Communities and Returns (MCR) to address returns and community matters.

The MCR was formally established in March 2005 but it has encountered problems endemic to any new central governmental institution. Organisationally, the MCR is a young institution in flux. It has not yet developed the capacity for comprehensive reporting on activities, staffing or finances. Its control systems are weak. There is a broad consensus that MCR should assume the role of policy-maker, policy-coordinator and overseer of implementation across governmental and nongovernmental partners. This requires considerable inter-ministerial and central-local coordination, as well as partnerships with civil society. Specifically, UNMIK has expressed interest in assigning more responsibilities to municipalities for implementing return projects, in conjunction with the MCR.

Despite the very challenging macro-environment, there is evidence that municipalities in Kosovo are generally experiencing a positive trend in terms of their capacity and readiness to work within return and reintegration procedures. A key factor behind this trend has been the creation of Municipal Returns Officers – staffing of this core function has now taken place in all but two municipalities. Six top-performing municipalities were identified by a recent assessment carried out by IOM, while an additional eleven municipalities were deemed to have an “acceptable” capacity to manage their role in the return and reintegration continuum. Eight municipalities were actively engaged in further developing their return and reintegration capacities, whereas five municipalities were deemed to have a rather undeveloped management capacity at the time of the assessment. IOM’s study is being reviewed and updated by UNHCR’s localisation project reports.

The obstacles to minority returns are varied, but reflect two main issues: the lack of conditions in Kosovo conducive to return, and an overall lack of donor funding. IDPs and analysts point to key issues such as security, property restitution issues, economic opportunities, and access to essential public services.

Since 2000 the European Agency for Reconstruction, has channelled CARDS funding on behalf of the EU, to support the return and reintegration of refugees and IDPs to their communities in Kosovo as well as supporting the rehabilitation of cultural heritage sites. In consultation with PISG and UNMIK, integrated return projects were implemented by experienced implementing partners – international NGOs and international organisations – to provide a range of inputs such as housing reconstruction, small-scale infrastructure repair, socio-economic packages and legal advice.

Return and Reintegration

Kosovo’s institutions have demonstrated the political will to foster the return and reintegration of refugees and IDPs from minority communities. But they lack capacity and need financial and technical support. In November 2007 the MCR has reiterated that demands for returns assistance remains high with approximately €18 Million funding gap. This programme represents the continuation of the IPA 2007 approach in different locations with the aim of further empowering municipal authorities in the return process. As IPA 2007 can target only 4-5 out of 30 municipalities hence the main aim of IPA 2008 is to expand into new municipalities with return potentials. Moreover the MCR in their capital investment for 2008, has clearly allocated funds to match the EC assistance in this field. And other various stakeholders have welcomed the EU approach to return and reintegration issues and its alignment to government-led strategies.

Furthermore, the Revised Manual for Sustainable Return provides for an innovative approach for the co-ordination and implementation of return and (re)integration activities by seeking the involvement of Kosovo’s central and municipal institutions and bodies in the development and implementation of sector policies. This project is in line with Kosovo’s strategic priorities and operational frameworks in the return sector

The proposed project addresses the main obstacles to return in a comprehensive fashion. It aims at the creation of a climate for inter-ethnic tolerance and sustainable multi-ethnicity by entrusting domestic institutions and bodies with the

design (at central, ministerial level) and implementation (at local, municipal level) of effective policies for the sustainable return of refugees and IDPs. On the governance side, the project enhances the capacity of central and local government structures to perform core functions and strengthens their legitimacy and accountability vis-à-vis Kosovo's citizens.

A key feature of the project is to maximise efficiency and cost effectiveness by pulling together funding from the EU, MCR and targeted municipalities. In addition, this project will serve as a catalyst for harmonisation among interested donors, allowing for improved donor co-ordination in the sector and a compact between the central government and international donors.

The changes in Kosovo's status do not give rise to concerns about the viability of this proposed project, it is quite the opposite. The need for durable solutions for IDPs and refugees will continue to be a priority in Kosovo in the short to medium-term, coupled with the necessity for a central policy making institution (i.e. MCR). As far as municipal authorities are concerned, changes in Kosovo's status are likely to emphasise the decentralisation process thus providing for an additional justification to the project's approach.

3.2 Assessment of project impact, catalytic effect, sustainability and cross-boundary impact

Drawing from the successful experience of similar activities undertaken in BiH since 2002, the impact of the project is expected to be positive. A direct involvement of national institutions in and an increased ownership of, return-related activities will increase the legitimacy of the MCR and improve local (municipal) governance and capacity in service delivery.

Financially, the activity will seek additional co-financing from other donors so as to mainstream funding in the sector and create economies of scale.

Aligning the activities of this proposed project with the government-led strategy in the sector is the key to sustainability. In line with the Kosovo Development Strategy Plan the project shall promote tolerance and human rights, effective participation of minorities in socio-economic development of Kosovo. Its activity will work with government and international actors (including ICO and KFOR) as well as with non-state-actors to ensure coherence of priorities and approaches.

There will also be close co-operation with institutions and organisations (including non-state-actors) in the region, particularly with the Republic of Serbia, to foster the cross-boundary dimension of the return process. The project will also link to EC initiatives at the regional level and in the Republic of Serbia that facilitate the wider return process in the Western Balkans.

3.3 Results and measurable indicators

Return and Reintegration of minority IDPs and Refugees to Kosovo

Technical Assistance and training to municipal bodies in selected municipalities

Expected Result:

- Increased capacity at municipal level to design and manage return and (re)integration projects resulting from joint actions of local stakeholders (e.g.

municipal authorities, Kosovo Police Service (KPS), civil society, private sector, women, minorities, vulnerable groups and the youth.

- Increased inter-ethnic dialogue at municipal level.
- Increased security and freedom of movement for minorities.
- Increased minorities' awareness and knowledge of their own rights and increased access of minorities (including women) to municipal services.
- Increased participation of women, minority and vulnerable groups and the youth in the decision making process at local level (particularly within Municipal Working Groups).

Measurable Indicators:

- By end-of-project multi-ethnic and gender balanced Municipal Working Groups in targeted municipalities successfully design and effectively manage project's activities as per the revised Manual for Sustainable Return.
- By end-of-project selected civil organisations are ethnically inclusive and are trained to interact with Municipal authorities and to actively participate in the development and implementation of local policies
- As per OSCE and UNHCR reports, throughout the project life the occurrence of "ethnic" violence is not increasing in targeted municipalities
- As per OSCE and UNHCR reports, throughout the project life competent municipal institutions facilitate access of minorities to municipal services and the number of complaints reduces
- By end-of-project targeted municipalities have increased minority representation in the Assemblies and Committees and empowered their municipal gender focal points

Return of IDP/refugee families and the reconstruction of dwellings and related infrastructure

Expected Result:

- Physical return of IDP/refugee families and the repair of their dwellings and related infrastructure in the return sites

Measurable Indicators:

- By end-of-project at least 220 IDP/refugee families have returned. In addition at least 220 dwellings and related infrastructure repaired in line with both local legislation and the revised Manual for Sustainable Return, and without damage to the environment
- At least 25% of the beneficiaries are female-headed households, or vulnerable individuals

Socio-economic measures

Expected Result:

- Increased opportunities for returnees to find employment in the local labour market and/or engage in other income generation and sustainable livelihood activities.

Measurable Indicators:

- By end-of-project, the number of skilled beneficiaries that are assisted to find employment in the local labour market.

- By end-of-project beneficiaries able to work have started their businesses on the basis of a viable business plan matching the local market's potential and income generation opportunities for women are provided by the project.
- By end-of-project beneficiaries not able to work (e.g. vulnerable groups) are provided with livestock or agricultural tools.

3.4 Activities

Activity 1: (Capacity Building)

Return and Reintegration of minority IDPs and Refugees to Kosovo

All activities shall be financed by one Grant Agreement with an Implementing Organisation (IO).

Activities 1.1 shall start immediately upon signature of the Grant Agreement. Activities 1.2 and 1.3 shall commence after the signature of Tripartite Agreements².

1.1 Capacity Building, including training, to municipal structures in selected municipalities

This programme is a continuation of the IPA 2007 approach in different target municipalities with return potential. The specific criteria for the selection of municipalities are being prepared under IPA 2007 Return and Reintegration Programme and will be applied for this programme too. A key criterion will be the potential for return, both from a qualitative and quantitative perspective.

During the inception phase, after the identification of target municipalities, there will be a thorough screening of the needs and capacities of each municipality to assess their ability to carry out the tasks and responsibilities required by the project. This will serve as: a) a baseline to tailor technical assistance and training needs; and b) as a reference to measure project progress and impact.

The project will assist Municipal Return Officers, Municipal Working Groups and other stakeholders design local return and reintegration project proposals to be approved by the Central Review Mechanism, and provide support for their implementation on the ground. The involvement of non-state actors (including from Serbia and other countries) will be strengthened to include permanent participation of minorities, women's NGOs and networks, environmental and youth organisations, together with the private business sector. By supporting the activities of Municipal Working Groups and the MCR/Central Review Mechanism the project shall create stronger communication channels to assure effective information flows between the municipal and the central level. The involvement of the KPS will guarantee a safe environment for return and will further facilitate the return process.

Consideration will be given to using the services of the Association of Municipalities as a vehicle for information sharing among municipalities.

The project will provide municipal and non-state actors with training on, inter alia, resource mobilisation, fund raising techniques, participatory approaches,

² A Tripartite Agreement is a contract signed by the beneficiary, the Implementing Organisation and the Municipality where the beneficiary is returning to, prior to the commencement of reconstruction activities. By signing the Tripartite Agreement the beneficiary reaffirms his/her intention to return to the rehabilitated dwelling and the Municipality agrees to issue a Construction Permit and assist in the establishment of ownership.

project design, reporting, project cycle management, public procurement rules, local development principles, and relevant EU policies. In all training modules, attention shall be given to gender, minority and environmental cross-cutting themes.

Through the Municipal Working Groups, and in close co-ordination with the Ministry for Local Government Administration, tolerance building and reconciliation activities shall be designed and implemented at local level to include different ethnic communities and the youth (e.g. cultural or sport recreational activities).

The project might also assist minority non-voluntary – i.e. ‘forced’- returnees from Western Countries, as well as the return to new municipalities created after status settlement in circumstances where these groups comply with all mandatory requirements imposed by the project in its selection of beneficiaries.

1.2 Facilitation of physical return of IDP/refugee families and the reconstruction of dwellings and related infrastructure

The role of IO should be of an advisory/coaching nature and tailored to specific local capacities and needs. Wherever these would prove insufficient, the project shall assist the municipality contract out all relevant activities.

The IO will guide and assist municipal authorities in beneficiary assessment and their final screening. The IO will also assist the municipal authorities in facilitating the physical return of IDP/refugee families.

The project shall assist MCR, and in particular its Permanent Secretary, monitor and supervise project activities at local level.

1.3 Socio-economic measures to provide returnees with a source of income

Initial activities will include a screening of beneficiary profiles and capacities as well as local labour market surveys to identify the potential of providing returnees with a job and a source of income. The survey will also report on the level of “employment segregation” according to gender and ethnic background to identify the concentration of women and men in different types and levels of activity and employment. In the following phase, the project will foster and facilitate access of suitable beneficiaries to the local labour market. These activities will be carried out in close consultation with local economic operators as well as local economic development agencies or Chambers of Commerce. Specific actions shall be carried out to promote female and minority returnee employment.

Where beneficiaries cannot find employment or prefer starting up their own businesses, support will be provided on the basis of a viable business plan developed during trainings and in line with local market conditions. This will include the provision of business start up trainings or vocational trainings, and will include the provision of tailor-made socio-economic sustainability packages to returnee households and further skills development.

Where beneficiaries decide to engage in viable agricultural activities, the project will support this with trainings and the provision of sustainability packages. Focus will be put also on establishing agro-cooperatives or linking up beneficiaries with local agro-producers. Community development projects in the

field of agriculture will be supported and sub-projects for establishing this can be implemented by local business or civil society partners.

Activity 2 (TA related investment– co-financing)

Investment activities related mainly to Activities 1.3 and 1.4 above e. g. reconstruction of dwellings and related infrastructure, implemented by MCR (see below contracting arrangements).

Contracting arrangements

The contract (Contract 1) will be awarded to an International Organisation, possibly through a Direct Grant Agreement where the conditions for this have been met. The EC contribution to this contract will be indicatively €4.0 Million.

The Project's cash co-funding shall be provided by the MCR and additional funding (cash or in-kind) shall be sought from target municipalities. The MCR will contribute with investment contracts (Contract 2) of indicatively €1.1 million and which will apply mainly for activities 1.3 and 1.4. For the co-financing amount the MCR will make its own contractual arrangements and will be responsible for its management. The Project Steering Committee shall be responsible for the overall direction of the project.

Project management and administration

For activity 1, the European Commission Office in Pristina will manage the procurement, implementation, quality control, reporting and coordination with other donors of the development assistance and of the financial and technical cooperation related to the actions described in this project fiche, taking remedial actions if and when needed.

Team Leader of the IO shall run the project activities on a day-to-day basis under the supervision of the Commission. The visibility of the EU shall be assured and Commission representatives shall be invited to participate to all project meetings or events of political relevance to the project. The Team Leader's primary responsibility shall be to ensure that the project produces the required outputs, to the required standards of quality and within the specified constraints of time and cost. He/she shall develop project plans, direct the project team (including a combination of long-term and short-term experts), produce inception, progress and final reports, manage risks, initiate corrective actions where necessary and administer the contract. The Team Leader and other experts will also address cross-cutting issues. A detailed description of the duties of the Team Leader and key experts will be elaborated in the Description of the Action, in line with this project fiche.

Project Steering Committees shall be set up during the inception phase. They shall approve all major plans and authorise any major deviations from initially agreed plans. Steering Committee shall be responsible for the overall direction of the project and comprise at least representatives from the EC, MCR, Ministry of Local Government Administration, IO, representatives from the Municipalities and/or Association of Municipalities and Civil Society. When appropriate, additional stakeholders (e.g. UNHCR or OSCE) shall be invited to take part to Project Steering Committee sessions as observers.

Monitoring will be performed centrally by the European Commission. The project may be evaluated at the interim or ex-post stages under the supervision of Commission's Evaluation Unit. The project may be audited by Court of Auditors - in line with the standard European Commission procedures. As the project represents the continuation of IPA 2007 the mid-term evaluation of phase one will be conducted before approving the second phase, under IPA 2008.

3.5 Conditionality and sequencing

The project includes the following conditions:

- Organisation, selection and (gender balanced) appointment of members of working groups, training sessions, steering and coordination committees, seminars and study visits by the beneficiaries as per the project work plan
- Endorsement by all key stakeholders of the tendering documentation not relevant for works and services, as well as the individual contracts to be engaged.
- Participation by the beneficiary in the tender process as per EU regulations.
- Continued financial support is given by the Kosovo Assembly.
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan.
- Appropriate co-ordination with other international organisations active in Kosovo.

Specific to the Return and reintegration activity

- In line with the requirements of the EC Practical Guide, Grants may not, as a rule, finance the entire cost of an action. Therefore, co-financing shall be made available both from both the MCR and the IO.
- Endorsement by MCR, MLGA, competent UNMIK departments and UNHCR of the "Description of the Action"

In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered.

3.6 Linked activities

The project represents the continuation of the Return and Reintegration project approved under IPA 2007.

This activity builds-on previous EC assistance to support the return and reintegration of ethnic minorities, particularly the following projects funded under the CARDS instrument.

Name of project (Amount €million)	Start End	Activities/Results
Return and Reintegration and Cultural Heritage (€3.7 million)	June 2008 June 2010	Supporting the Ministry of Returns and Communities to implement effective policies and operational frameworks for returns; Assisting municipalities to design and manage returns and reintegration projects in coordination with all stakeholders.
Institution Building to the Ministry of Returns and Communities (€1 million)	Jan 2007 - July 2008	The project aims to build the organisational and management capacity of the Ministry of Returns and Communities to fulfil its mandate. The project involves: (i) training for staff in the ministry and other public organisations dealing with minorities

		and returns; (ii) organisational development and (iii) strengthening service-oriented management systems and processes within the Ministry.
Multi-sector returns projects (€16.7 million)	2004 2008	Implementation of multi-sector organised group return and resettlement projects, including housing reconstruction, small-scale infrastructure repairs, grants for business start-ups, food and non-food items, promoting inter-ethnic dialogue and integration, community development, and legal assistance for returnees. Some 600 families, mainly RAE and Serb, have returned to their place of origin as a result of this programme. This includes support for the return of Roma to the Roma Mahalla district in Mitrovica. Returns projects are designed and implemented in coordination with the Ministry of Communities and Returns, UNMIK and municipal administrations and implemented by international NGOs. Further projects to support returns to Peja/Pec, Kline/a, Istog/k municipalities were launched in early 2007.
Housing reconstruction (€7 million)	1999 2003	Reconstruction of 959 houses for ethnic minority families (including 462 houses for RAE) as part of a wider housing reconstruction programme (reconstruction of 17,000 houses, mainly for Kosovo Albanians).
Targeted economic and community development actions in disadvantaged minority areas (€11.5 million)	2002 - Nov 2008	At the end of 2007, over 1,450 projects had been implemented by this programme to improve the conditions for sustainable returns by contributing to job creation and the improvement of living conditions among the minority population. The projects mainly focus on grants for small business start-ups and expansion, but also include the refurbishment of social, education and health infrastructure, and the strengthening of community services, including in areas where minority returns have taken place. In addition, seven Business Support Centres provide direct economic development support services to minority areas. The programme has organised some 215 training sessions for some 2,040 participants in support of micro-enterprise development.

The project will also link to the actions of other donors (including the EU Member States, the World Bank and USAID) that also provide technical assistance and capital investment support to a number of municipalities.

In early 2007 the UNHCR and the Government of Kosovo entered into an agreement to further strengthen their co-operation in the context of the UNHCR-led “localisation process” the aim was to improve municipal capacities relevant for return and durable solutions, stabilisation and support to communities in Kosovo. The project shall take advantage of this co-operation and, during the inception phase, shall develop a mechanism for integrating into this operational framework.

The European Commission will continue to support the return process at the Western Balkan level. Thus, under IPA Multi-Beneficiary programme, the EC will further finance the actions to develop communication-related activities in order to raise the quality of information received by the potential returnees to Kosovo on their rights and the actual situation in the Kosovo cities and villages they used to live in. In addition the project will seek co-ordination with IPA 2008 Infrastructure/Environment and Public Administration Reform sector projects which target municipalities in the context of ongoing decentralisation process.

The project will also create a relationship with the OSCE municipal teams that have been assisting municipalities since 1999, including advice and monitoring of Human Rights and Good Governance since beginning of 2006.

Co-ordination of activities with programmes promoting socio-economic development will be sought.

3.7 Lessons learned

- *Conditionalities:* Often project implementation is hampered by either insufficient staff and resources allocated to (newly established) institutions or insufficient operational funds available in the government budget to allow for appropriate implementation of the mandate of the concerned department. A condition for the commencement of project activities will be the availability of financial resources and qualified personnel from the beneficiary side to guarantee a smooth implementation of project activities
- *Coordination within the government:* Further improvements – in line with the spirit of EU accession– could be realised in a stronger government leadership in the coordination efforts among central and local, municipal level. The project Steering Committee shall address this important issue.
- *Balance between different measures:* The provision of technical assistance for capacity building remains a very high priority. However, TA will not be effective if the working environment of the counterparts is not up to standards. Therefore a balanced approach with both technical advisory support and material support is essential to realise the expected impact of the projects. The current project will set aside a budget for material support to beneficiaries.
- *Co-financing:* Previous experience in similar projects showed that financial support from municipalities significantly increases ownership of, and political will to promote, project activities. This project will seek cash or in-kind co-financing from target municipalities.
- *Cross-boundary component:* Cross-boundary components give potential returnees in the region an opportunity to make an informed, spontaneous choice about their wish to return. The inclusion in the project of non-state-actors operating in Serbia and Kosovo shall increase the potential for return.
- *Socio-economic measures:* Socio-economic opportunities for returnees not only enhance their quality of life but act as a substantial incentive to encourage more returns. Therefore, the particular project shall provide beneficiaries with income generation opportunities.
- *Cross-cutting Issues:* When treatment of cross-cutting issues has remained weak in return and reintegration projects, it has reinforced existing gender/ethnic discrimination and inequalities. Gender issues, are particularly important in the return sector (the conflict and its aftermath have had gender-specific consequences in which women face distinct disadvantages and constraints). Project activities as well as requiring expert' skills and qualifications, must ensure proactive mainstreaming of cross-cutting issues throughout the project design and implementation.

4. Indicative Budget (amounts in EUR million)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1	x		4.0	4.0	100							
contract 1			4.0	4.0	100							
Activity 2 Co-financing		x	1.0	0	0	1.1	100	1.1				
Contract 2						1.1	100	1.1				
TOTAL IB			4.0	4.0	100							
TOTAL INV			1.1	0		1.1	100	1.1				
TOTAL PROJECT			5.1	4.0	78	1.1	22	1.1				

Note:

- (1) In the Activity row "X" is used to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

Activity 1 includes an indicative amount of €4.0 million allocated by the EC and parallel co-financing from the Ministry of Returns and Communities with indicative amount of €1.1 million. The MCR will be responsible for the management and the contractual arrangements of its own funds. The type of co-financing is investment.

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4. Indicative Implementation Schedule (periods broken down per quarter)

Contract	Start of Tendering/ Negotiations	Signature of contract	Project Completion
Agreement with IO	Q4 2008	Q2 2009	Q4 2010
Investment (co-financing)	Q1 2009	Q2 2009	Q2 2010

5. Mainstreaming cross-cutting issues

6.1 Equal Opportunity

Gender issues shall be actively mainstreamed throughout the project within both target institutions/organisations and activities/outputs.

Project staff shall include a short-term gender specialist to define gender equality strategies and ensure close follow-up throughout project life.

At municipal level, decision making processes shall take place in full consultation with IDPs (both men and women, and particularly displaced minority women). And efforts shall be made to further empower gender focal points already established within municipalities.

Special criteria for beneficiary selection shall be developed to take into account different gender needs and help boost gender equality in local communities where return takes place. Past EU reconstruction programmes in Kosovo have included some 25% of female beneficiaries. The project shall endeavour at maintaining or improving this trend.

Socio-economic measures will be tailored to equally take into consideration the specific needs of male and female beneficiaries.

6.2 Environment

Environmental issues shall be actively mainstreamed throughout the project. Project staff shall include a short-term environmental specialist to define environmental protection strategies and ensure close follow-up throughout project life.

In line with the EU EIA Directive, any work involving the reconstruction of dwellings and medium water supplies, and the upgrading or construction of rural roads may require an Environmental Impact Assessment. Care will also be taken to ensure that so far as possible construction techniques and materials are environment friendly. Particular attention shall be given to the disposal of waste construction materials.

6.3 Minorities

The project will primarily target minorities willing to return to their place of origin. Kosovo's Constitutional Framework provides for protection of linguistic rights and the project will, wherever necessary, make use of different community languages.

Since 2003 a system of "fair share" has been in use at municipal level, whereby a set percentage of the municipal budget should be spent directly on the minority communities. This aspect shall be taken into consideration by the project when negotiating with municipalities their co-financing contribution to the project budget.

Throughout project design and implementation specific attention shall be paid to the specific needs of Roma, as well as Ashkali and Egyptian communities. Tailored measures / positive actions shall be considered to counteract the high level of discrimination these communities are exposed to.

ANNEXES

- I- Log frame in Standard Format
- II- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- III Description of Institutional Framework
- IV - Reference to laws, regulations and strategic documents:
- V- Details per EU funded contract (*) where applicable:

ANNEX I: Logical framework matrix in standard format

Title: Return and Reintegration in Kosovo		Programme name and number	
Sector: Communities and Return		Contracting period: (see section 1.10)	Disbursement period : (see section 1.12)
		Total budget : €5.1m	IPA budget: €4.0m
Overall objective	Objectively verifiable indicators	Sources of Verification	
Creation of a climate for inter-ethnic tolerance, sustainable multi-ethnicity and which is conducive to minority returns	By end-of-project in targeted municipalities the environment will be conducive to the return and (re)integration of minorities	<ul style="list-style-type: none"> • Reports from OSCE, UNMIK, UNHCR • Ex-post and impact evaluation of the project 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Sustainable return of minority IDPs and refugees through an increased involvement of central and municipal state and non-state actors	By end-of-project at least 80% of selected beneficiaries have returned to rehabilitated dwellings and have a source of income provided by the socio-economic development component of the project or by other projects with an economic development goal	<ul style="list-style-type: none"> • Project final report • UNHCR reports • EU reports • Mid-term evaluation funded by the project 	Political situation in general and the stability in the project areas do not delay the project implementation
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Returns and Reintegration <ul style="list-style-type: none"> • . • Increased capacity at municipal level to design and manage return and (re)integration projects resulting from joint actions of local stakeholders (e.g. municipal authorities, KPS, KPC, civil society, private sector, women, minorities, vulnerable groups and the youth. • Physical return of IDP/refugee families and the repair of their dwellings and related infrastructure in the return sites • Beneficiaries benefit from local labour market employment possibilities and income generation activities • Increased inter-ethnic dialogue at central and municipal level • Increased security and freedom of movement for minorities • Increased minorities' awareness and knowledge of their own rights and increased access of minorities (including women) to municipal 	<ul style="list-style-type: none"> • By end-of-project Municipal return Officers and multi-ethnic and gender balanced Municipal Working Groups in targeted municipalities have successfully designed and effectively managed project's activities as per the revised Manual for Sustainable Return • By end-of-project civic organisations participating in the project implementation are ethnically inclusive, have an increased capacity to interact with Municipal authorities and to actively participate in the development and implementation of local policies • By end-of-project at least 220 IDP/refugee families have been facilitated to return. In addition at least 220 dwellings and related infrastructure repaired in line with both local legislation and the revised Manual for Sustainable Return, and without damage to the environment • By end-of-project at least 25% of the beneficiaries are female households, or vulnerable individuals • By end-of-project number of skilled beneficiaries are assisted to find employment in the local labour market • By end-of-project beneficiaries able to work have started their businesses on the basis of a viable business plan matching the local market's potential and income generation opportunities for women are provided. Throughout the project life the occurrence of "ethnic" violence is not increasing in targeted municipalities • Throughout the project life the number of complaints from minority communities on denied access to municipal services is reduced • By end-of-project targeted municipalities increase minority representation in internal structures and further empower gender focal points 	<ul style="list-style-type: none"> • UNMIK/OSCE monitoring reports • UNHCR reports • Project progress/monitoring reports • Mid-term evaluation funded by the project • KPS reports • Ministry of Health records • Ministry of Education, Science and Technology records • Complaints' records related to discriminatory practices in accessing municipal services (MLGA) • Project surveys 	<ul style="list-style-type: none"> • Support and commitment of local authorities • Willingness of the participating municipalities to strengthen their capacity • Absorption capacity of selected municipalities • Willingness of the third parties (directly or indirectly) concerned by the project to support the project • Stability and security in the project areas prevails and allows the implementation of the programme. • Continued interest of IDP/refugee families in sustainable return and reintegration • Willingness of the receiving and displaced communities to engage in inter-ethnic dialogue
Activities	Means	Costs	Assumptions
1.Return and Reintegration <ul style="list-style-type: none"> • TA and training to municipal bodies in selected target municipalities • Facilitation of IDP/Refugee families return and the reconstruction of dwellings and related infrastructure • Socio-economic measures 	Grant Agreement with IO Investment contracts (co-financing)	Activity 1: €5.1m 4.0 M€ from the EC 1.1 M€ from the MCR	MCR and Municipalities are equipped and staffed to carry out project tasks

Pre conditions:

- Organisation, selection and (gender balanced) appointment of members of working groups, training sessions, steering and coordination committees, seminars and study visits by the beneficiaries as per the project workplan
- Participation by the beneficiary in the tender process as per EU regulations.
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars and study visits by the beneficiaries as per the project work plan and Appointing the relevant staff by the beneficiaries to participate in training activities as per workplan.
- In line with the requirements of the EC Practical Guide, Grants may not, as a rule, finance the entire cost of an action. Therefore, co-financing shall be made available both from both the MCR and the IO.
- Endorsement by MCR, MLGA, and competent international of the "Description of the Action"

ANNEX II: Indicative planning of the amounts (in €million) contracted and disbursed by quarter for the project (cumulated)

	2007	2008				2009				2010			
Contracted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Grant agreement with IO							4.0						
Cumulated Total							4.0						
Disbursed													
Grant agreement with IO							2.4			1.4			0.2
Cumulated Total							2.4			3.8			4.0

ANNEX III Description of Institutional Framework

The return process in Kosovo is originally established under UNMIK/ORC, now UNMIK/OCRM.

The MCR was formally established in March 2005 and since then has encountered problems endemic to any new central governmental institution. Organisationally, the MCR is a young institution in flux. There is a broad opinion that the MCR should assume a role of policy-maker, policy-coordinator and overseer of implementation across governmental institutions and nongovernmental partners.

Many of the functions currently undertaken by UNMIK/OCRM will be entrusted to MCR as part of the 'Transfer of Competencies' from UNMIK. In the return sector, key functions to be transferred to domestic structures include policy-making, standard-setting, policy coordination, and project monitoring.

Specifically, UNMIK has expressed interest in assigning more responsibilities to municipalities for implementing return projects, in conjunction with the MCR. As per the Revised Manual for Sustainable Return leading policy document on organised returns "*the Municipal Working Group is the local coordination and implementation forum for all return related issues, projects and activities*".

ANNEX IV - Reference to laws, regulations and strategic documents:

Reference to AP /NPAA / EP / SAA

EP/STM

Link with: European Partnership; Stabilisation and Association process; Status Settlement Proposal

In the chapter of the "Key priorities" titled "Human rights and the protection of minorities" the *European Partnership* political requirements are as follows:

- Facilitate and encourage the return of refugees and displaced persons from all communities and finalise the rehabilitation of damaged and destroyed properties caused by the March 2004 events, including historic and religious sites.
- Strengthen administrative structures and accountability mechanisms in the Ministry of Communities and Returns. Further develop and implement the joint strategic framework on communities and returns and develop mechanisms at municipal level for facilitating the sustainable integration of returnees and existing minority communities.
- Regularise informal settlements. Find sustainable repatriation solutions for the integration of Roma communities that are living in hazardous living conditions in camps and for IDP groups living in informal centres.
- Ensure mainstreaming of women's rights in all existing policies and legislation.

In the chapter titled "Democracy and the rule of law" the European Partnership political requirements are as follows:

- Ensure fully effective functioning of the Assembly and its committees, the government and municipalities, including full respect of the respective rules of procedure, and the rights and interests of all communities.
- Increase minority representation in all institutions and the civil service at municipal and central level.
- Improve quality and availability of basic public services to all communities, including as a contribution to reduce the demand for services provided by parallel structures.

The Kosovo government's *European Partnership Action Plan* provides for the strengthening of co-ordination mechanisms between MCR, Ministry of Local Government Administration (MLGA) and Municipalities (EPAP No. 28) as well as for the development of mechanisms at municipal level to facilitate the sustainable integration of minorities and existing minority communities (EPAP No. 29).

The aim of the *Comprehensive Proposal for the Kosovo Status Settlement* is to define the provisions necessary for a future Kosovo that is viable, sustainable and stable. It includes detailed measures to ensure the promotion and protection of the rights of communities and their members, the effective decentralization of government, and the preservation and protection of cultural and religious heritage in Kosovo. With respect to the protection and promotion of community rights, the Settlement addresses key aspects to be protected, including culture, language, educations and symbols. The extensive decentralization provisions are intended to promote good governance, transparency, effectiveness and fiscal sustainability in public service. The proposal focuses in particular on the specific needs and concerns of the Kosovo Serb community, which shall have a high degree of control over its own affairs. The decentralization elements include, among other things, enhanced municipal competencies for Kosovo Serb majority municipalities and the establishment of six new or significantly expanded Kosovo Serb majority municipalities. All Refugees and IDPs from Kosovo shall have the right to return and reclaim their property and personal possessions based upon a voluntary and informed decision. The Settlement reaffirms the principle that displaced persons shall be able to return to a place of their choice in Kosovo, and not only to their original place of residence

Link with the Multi-Annual Indicative Planning Document (2007-09) for Kosovo

The project's approach is in line with the MIPD which emphasises the need to strengthen local governance and enhance institutional support for returns. The document's main priorities and objectives include "promoting human and minority rights, IDP and refugee return and a climate of inter-ethnic tolerance in order to foster sustainable returns and protect the rights of communities already living in Kosovo; to create conditions for growth and sustainable development of all communities as well as to ensure the preservation of and access to cultural and religious heritage of non majority communities".

Link with national sector strategies

Pillar 1 (Building Governance and Capacity) of the draft **Kosovo Development Strategy Plan (KDSP)** has the key objective of building a democratic, inclusive and effective state. This includes "ensuring effective protection of minority rights, above all mobility, property titles, and the respect for the specific community values"... "building an efficient, effective, decentralised and citizen friendly public administration"....." for Serbian communities special action will be taken to tackle unemployment, including the promotion of small businesses and local economic activities in urban and rural areas". Pillar I also emphasis the need for necessary measures to promote tolerance and human rights, such as the promotion of cultural development and the protection and promotion of religious freedom and understanding. **The Medium Term Expenditure Framework (MTEF)** 2008-2010 in it volume II under section 3.3.10.1.4 Human and Minority Rights states that "one of the sectors that need quite a lot of money is the programme of minorities and returnees. The MCR in the regular budget process is getting certain amount of money in order to address related issues. Most of the spending is oriented on building houses for people who want to return".

The revised Manual for Sustainable Return, the leading policy document on organised returns promulgated by the Provisional Institutions for Self-Government (PISG) in May 2006, provides operational guidelines and mechanisms for the co-ordination and implementation of

return and (re)integration activities. Key players are the municipalities (Municipal Working Groups) and the government of Kosovo (Central Review Mechanism, Steering Group, and Community Outreach and Communication Group).

The project aims to support the *Protocol on Voluntary and Sustainable Returns* signed by UNMIK, PISG and the Government of Serbia in June 2006, which confirms the ‘commitment of all parties to ensure a safe and unimpeded return of IDPs to their place of origin in safety and dignity, return of their property rights and the obligations to create conditions for free movement of all persons’

ANNEX V- Details per EU funded contract (*) where applicable:

Activity: Return and Reintegration of minority IDPs and Refugees to Kosovo (Grant Agreement with IO)

- a) Technical assistance and training to selected municipal structures
- b) Facilitation of physical return of IDP/refugee families and the reconstruction of dwellings and related infrastructure
- c) Socio-economic measures to provide returnees with a source of income