

Serbia and Montenegro



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List of Abbreviations

AMS	Arbetsmarknadsstyrelsen
CARDS	Community Assistance for Reconstruction and Development in
DFID	Department for International Development (United Kingdom)
EAR	European Agency for Reconstruction
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GDP	Gross domestic product
ICYT	International Crime Tribunal for Former Yugoslavia
IMF	International Monetary Fund
LFA	Logical Framework Approach
MFA	Ministry of Foreign Affairs
MIER	Ministry of International Economic Relations
NGO	Non-governmental Organisation
NPO	National Programme Officer
PAR	Public Administration reform
SaM	Serbia and Montenegro
SCTM	Standing Conference of Towns and Municipalities
SME	Small and Medium Enterprise
SPS	Agreement on Sanitary Measures
SSMIRP	Southern Serbia Municipal Improvement and Recovery US, United States (of America)
TBT	Technical Barriers to Trade
UNDP	United Nations Development Programme South-East Europe
WB	World Bank
WTO	World Trade Organisation

1. Strategic Country Development Trends

2004 was a year of relative political calm and strong economic growth in Serbia and Montenegro (SaM). In Serbia, elections in December 2003 produced a democratic minority government led by Vojislav Kostunica (DSS), and supported by the Socialist Party of Serbia (SPS), still nominally headed by ICTY-indictee Slobodan Milosevic. The Radical party (SRS) nominally headed by another ICTY-indictee Vojislav Seselj emerged for the first time as the strongest party in the country with a third of the vote. In June, the acting leader of SRS Tomislav Nikolic was defeated in the second round by Djindjics successor at the helm of the Democratic Party (DS), Boris Tadic. Local elections in September 2004 again produced a strong performance by the radicals, but also by a reinvigorated SPS, creating fears of a nationalist come-back when parliamentary elections occur next time.

At the State Union level, not much progress was made in further economic and legislative harmonization, leading to a decision by the EU in the fall of 2004 to deploy a so-called Twin Track approach to the further integration of SaM. This means that various foreign trade regimes are accepted as long as they are aquis-compliant. There is now hope that an Agreement on Stabilization and Association shall be concluded between SaM and the EU at the end of 2005. Disagreement remained between Serbia and Montenegro on whether Montenegro will enable State-wide direct elections to the State Union Parliament early in 2005, has led to a stalemate. The Montenegrin leadership would prefer to have these elections – if at all – only after the referendum on independence foreseen in the beginning of 2006.

Internationally, relations between SaM and the ICTY remained a key issue. The new Serbian Premier Kostunica ruled out forced extraditions of ICTY indictees to The Hague and instead deployed a policy of trying to convince indictees to go voluntarily. Five main Serbian indictees remained at large during the year, despite their whereabouts in three cases being known to the authorities. This led to international reactions in the form of threats of a slow-down in EU-integration and of US economic sanctions (January 2005).

In the economic field, the GDP of Serbia grew by approximately 8 percent during 2004, partly thanks to the relative political calm and activated legislative work which followed the December 2003 elections. Montenegro also registered GDP growth, although less (ca 3 percent). A major development in Serbia was the acceptance by Parliament of a law on Value Added Tax, which shall be introduced early 2005.

In 2002 a tenth of the population in SaM was described by the World Bank as poor, with another tenth just above the poverty line. This share is likely to have decreased somewhat during recent years, thanks to remonetization of the economy and strong real wage growth. GDP per capita has grown from some 2.000 USD in 2002 to 2.800 USD today. The average net wage has grown from 100 euros to 200 euros during the same period. A Poverty Reduction Strategy Process for Serbia and Montenegro is geared towards achieving the Millennium Development Goals, and optimism reigns as to the possibility to achieve the goals.

2. Swedish Development Cooperation

2.1 Strategic Assessment and Considerations

The new Country Strategy 2004-2007 (adopted by the Swedish Government in September 2004) remains relevant to the development in Serbia and Montenegro. During the first half of 2004, the cooperation was guided by a draft version of this Country Strategy.

The new Country Strategy required certain strategic adjustments to the on-going development activities, some of which are still to be implemented. The *Regional Development Program for Topola* was phased out and the core program is to be formally closed in February 2005. However, one element regarding water supply is expected to continue and be completed by the end of 2005. Cooperation within the field of cadastre will end in 2005 (after a short extension to bridge the gap between Sida and World Bank financing). Another activity that might require an exit strategy is the *Nis Milk Project*. We advocate that Sida already today starts exploring alternative solutions for this program after our present cooperation ends in 2006. This could include take-over by a third party but maybe also a change of focus.

Key issues for our dialogue with the partner country, implementing partners and the Swedish Ministry of Foreign Affairs are presently the modalities for cooperation. As Sweden slowly moves towards a sector wide approach, away from the piecemeal project approach, it is correspondingly important that our methods and processes are adjusted.

To implement a sector wide approach is very resource intensive. It not only involves coordinating Swedish support in the sector, but also requires extensive networking and coordinating with other donors – particularly multilaterals as the EAR, the UNDP and the World Bank – and meeting with their review teams and program planning missions. It means understanding the requirements by the recipient country to do the same, while assessing Swedish proposals. While this is the best of scenarios with willingness from all involved to achieve sector coordination, the more common situation is that the goal of sector wide harmonization is not common to all actors in a specific sector. Most often, larger donors see less need for coordination than smaller donors and the recipient government.

A sector wide approach requires overall, up to date monitoring of the developments within the sector itself and efforts to improve possibilities for recipient ownership of the sector coordinating activities.

A sector wide approach also requires extensive discipline from the

parties involved. In order to keep the necessary focus, it is essential that all actors try to limit non-sector related projects and activities. For Sida it is essential to stay focused on on-going activities, methods and policies and to keep a long term perspective on development. Key actors need to be regularly informed about this.

2.2 Overall Country Portfolio Review

The portfolio is generally in line with the Country Strategy and the Serbian objective of European integration. As mentioned in 3.1, activities in certain sectors need to be phased out or instead financially supported by other donors, in order for the Swedish program portfolio to be even more closely in line with the Strategy.

To further increase the efficiency of Sida activities in Serbia and Montenegro a high level of discipline is required when evaluating and accepting new activities. When new activities are planned, the workload at Sida and the Embassy has to be considered. Plans for additional activities will have to be discussed in the context of clear measures for improved efficiency of on-going activities or other ways of reducing the workload, for example a higher degree of implementation by other donors or agencies.

Of central importance for overall efficiency, long-term effect and minimum workload is a perspective of long-term support, i.e. if relevant beyond 3-5 years. The complexity of achieving sector wide approach involving government institutions and several donors will only underline the need for long term focus and stability of Swedish support. The flexibility for adjustments and redirection of support within sectors, however, has to be kept to meet new challenges and varying degrees of involvement from other donors.

The present 2005 financial situation with 61% over-planning means that the possibilities for new programs and activities requiring disbursements during 2005 will be very limited. This will present a good opportunity for further consolidation and concentration of cooperation to fewer sectors.

The Embassy has implemented the Swedish projects with a clear view to achieve sector wide approaches. Contacts with other donors in the respective sector has been pursued very actively to that effect and close collaboration with other donors have been achieved e.g. in the Southern Serbia program, labor market support and plans for a harmonized support to donor coordination at the Serbian MIER.

In the interest of effective implementation of Swedish support to Serbia and Montenegro and facilitating its eventual integration into the EU, the Embassy together with Sida and MFA in Stockholm had the opportunity to participate actively as an EU Member State in the CARDS Committee and the EAR Governing Board. The aims have not only been to facilitate information exchange, strengthen the recipient government in its donor coordination role and coordinate donor efforts in various sectors, but also to help improve effectiveness of the CARDS assistance through proper risk assessments, regards for absorption capacity, sustainability and consideration for gender issues. Sweden has also contributed extensively to the EAR and CARDS evaluations in 2004 and been a vocal supporter of implementing their constructive recommendations.

During the second half of the year, when new leadership took over at the UNDP, Sweden intensified its ties with the UN in Serbia and Montenegro both at project and policy level. Closer cooperation is envisaged for 2005. Sweden has also been successful in urging the UNDP to work more closely with the EAR/CARDS both in Belgrade and Brussels.

Much of this active work with the EU at different levels, as well as with the UNDP, has clearly paid off, both in terms of easier cooperation in several sectors in Serbia and Montenegro and in achieving more attention to Swedish development cooperation concerns, as outlined above. The Embassy is increasingly getting feedback from both the recipient government and other donors that Sweden has raised its profile as a facilitating donor with a constructive approach to sector wide cooperation and recipient ownership.

2.3. Sector-Wide Analysis

2.3.1. Democracy and good governance

Public Administration Sector

Strong commitments have been made both by the previous and present governments to reform public administration (PAR) in Serbia. So far no major results have been achieved. However, 2004 saw the adoption by the government of a strategy for a modern, democratic and efficient public administration as well as an agreement with the IMF to cut government expenditure on its staff by 10% in the first half of 2005. The staff reduction is well under way, a process strongly backed by the Minister of Finance and somehow reluctantly supported by the donors with the World Bank as a coordinator.

The PAR strategy, on the other hand, has been ably facilitated by the UNDP following a request from the Minister of Public Administration and Local Self-government. The Swedish government has been asked to be lead donor in implementing the PAR strategy and preparations for Swedish support were initiated jointly with the UNDP during 2004.

While the above are positive signals, there are still major problems to overcome with regard to both public administration reform generally and individual projects in the sector financed by Sweden and other donors: centralization of decision making, low salaries, nepotism and other forms of corruption, poor coordination between ministries and other government bodies, insufficient capacity to coordinate external assistance, just to mention a few.

A recent review of the project *Consolidation Phase: database on donor support (Serbian Ministry of International Economic Relations, MIER)* showed that the transfer of knowledge and development of competence to users in line ministries has been extremely successful. There have also been positive steps to develop the project into a strong foreign aid management function within the Serbian government and at the same time good cooperation with MIER and DFID in Belgrade to harmonize Swedish and DFID (UK) support to the ministry.

A recent review of the support for the *Standing Conference of Towns and Municipalities, SCTM*, shows impressive results by SCTM to develop its capacity to serve the interests of local governments although consolidation of achievements and further development is needed over a further 3-5 years.

Support to the three Statistics Offices is progressing well but needs sustained efforts to ensure sufficient political backing and development of competent staff, particularly at the Montenegro office. Sida has pressed for an early review of this office in 2005.

The Human Resources Development Project is progressing well and increasingly important as training is extended to other institutions and the general staff expenditure cuts agreed with IMF are being implemented. More involvement by top management in Human Resources Management is needed at all ministries to ensure long-term success. Consolida-

tion of achievements so far is needed before further expansion to other agencies takes place.

The *Improvement of the National Employment Services*, implemented by Swedish AMS, is progressing well although the IT component of the project is behind schedule. After suddenly having been confronted by, and forcefully reacted to a potentially overlapping EAR project, Sida has successfully achieved EAR adjustment of its support to the labor market sector and cooperation with the EAR project has recently gone well.

Training Program for the World Bank Cadastre Project Implementation Unit. The WB has supported the Sida project strongly and confirmed that WB “believes the project is of great benefit to the larger /US\$30 million credit WB/ project, as well as to the continued development of the /recipient/Agency.” Due to the revised orientation of the Country Strategy, Sida has initiated a dialogue with the WB to take over the training assistance in late 2005.

Justice and Home Affairs, Organized Crime and Corruption

Reforms within the legal sector are among the prerequisites for the country’s continued development and future EU integration. The Serbian Ministry of Justice confirms that the Sida support provided so far responds well to the priorities of the Serbian Government. There are continued needs for training and capacity building but some new areas for support should be considered, such as institution building, transitional justice (with the emphasis on the legacy of the 1990s) and reform of correctional institutions.

Possibilities for cooperation with the Montenegrin Government were explored in order to strengthen the rather weak capacity of both the Ministry of Justice and the judiciary.

The main Sida project in the sector, *support to the Judicial Training Center in Serbia*, has shown outstanding results both in terms of variety of training and number of trainees. Increasing interest from other donors to support the Center’s activities may, however, endanger the performance due to limited absorption capacity (understaffed).

Sweden has also supported programs covering mostly children living in social institutions and children who are in conflict with the law. Within the *Juvenile Justice* project, a working group was formed to draft a separate Criminal Code for minors. A new law prepared in accordance with international standards should provide full respect of children’s rights and modern tools for the work of involved actors. The law has not yet been adopted.

The needs for police reform have been assessed upon request from the international community and the relevant ministries in both republics have shown great commitment to reform. The institutional and legislative reform of the police in Serbia and Montenegro has improved their capacity to coordinate further development activities. Both regional and international cooperation has improved and an internal coordination has been created with other sector partners dealing with i.e. organized crime (i.e. in customs). This new, more proactive role of the authorities gives hope that the police will grow into a modern citizen service and bring democratization and rule of law.

Swedish support to *police crime scene investigations* follows a holistic approach to the criminal justice system – from the crime scene through close cooperation between police and prosecution to the court of law, at all levels. The support has been based on strong national ownership, close co-operation with other donors in the field (particularly the EU CARDS program). A twinning arrangement between Sweden and Serbia and Montenegro has started, aiming for potential close partnership.

Great efforts to reform law enforcement have been made. The Criminal as well as the Criminal Procedure Codes have been amended and adopted in both republics. A new Law on Police has been drafted in Montenegro. Sweden will fund an LFA workshop for the Serbian police to identify possibilities to cooperate on criminal intelligence, which is in line with the European Partnerships. The overall portfolio is a strong basis for making the police and judiciary system functional.

Serbia and Montenegro has launched a structured approach to fighting corruption and mobilizing the resources needed. Both republics established an institutional and legal framework, thereby honoring commitments from the London Ministerial Conference in 2002.

Serbia has established the Anti-corruption Council, an advisory body to help draft legislation, investigate suspected cases of corruption and inform the Government. A financial crime unit has also been set up within the Ministry of Interior and a financial investigation unit within the Ministry of Finance. The enforcement of laws on financing political parties, conflict of interests, public procurement and on free access to information as well as drafting of the Law on Preventing Money Laundering have been major achievements during the year.

Montenegro has focused on criminal law, law enforcement, prosecutors and the judiciary (and the establishment of an anti-corruption agency with a similar agenda to that of the Council in Serbia). Laws on preventing money laundering, conflict of interests and on financing political parties have been adopted. Laws on anti-corruption and on free access to information are being drafted.

Swedish support to fight corruption is in line with the Guidelines on Justice and Home Affairs (and the European Partnerships), to develop national anti-corruption policies and to review the mandates of existing anti-corruption institutions. In addition to policy work Sweden has involved an NGO in implementing *a training program on fighting corruption for government officials*. This covers important capacity building measures. However, a comprehensive public awareness campaign is needed and could be organized as a pilot activity within the existing program. A strategy for building the capacity of the institutional structures to implement the new policies is much needed.

Southern Serbia

Last year saw new challenges in the implementation of the Law on Local Self-Governance. Local elections took place in September. Swedish support to southern Serbia; *Southern Serbia Municipal Improvement and Recovery Program (SSMIRP)* covers municipal capacity building, economic recovery and promotion of inter-ethnic understanding.

The similarity with an EAR-funded program led to the creation of a joint taskforce of UNDP, Sida and EAR to harmonize support and liaise with the central government on financial support for program implementation. This dialogue gave positive results, but the need for the government's long-term commitment to reform in the region remains. The Swedish program will help building local capacity to implement the Law and the regional development programs, which is in line with European Partnerships. Furthermore, UNDP has identified possible linkages between this one and the Sida-funded project (SCTM).

Another Swedish initiative in the region is creating a platform for *co-operation between three municipalities in southern Serbia, Kosovo and northern Macedonia* in various fields. It will hopefully create a basis for the inclusion of this area into the Euro-region concept.

The reform process in southern Serbia generally has stalled and the difficult economic situation may give rise to serious upheavals. The region is not stable and strong measures are needed to permanently stabilize the situation. One such issue is the transfer of border control from the Army to the Police.

2.3.2 Economic Growth

A significant reduction in the gap between Serbian and EU standards of living requires substantial changes in the private sector.

The Serbian government has initiated economic reforms to stabilize and develop the economy. Sustained progress needs urgent commitment to, and implementation of, economic development policies. This will improve efficiency and sustainability of efforts to alleviate poverty, strengthen institutions and support EU integration. The key weaknesses of the Serbian economy are very low industrial output, low living standards as well as weak institutional capacity.

Political stability and democratic governance are key prerequisites for Serbian sustained economic growth. High risk is the main obstacle to both domestic and foreign investment. Excessive regulation and policy uncertainty remain major weaknesses in the business environment. Swedish support for private sector development has in general been relevant to Serbia's needs and priorities. Progress has been made in a number of areas of Swedish support, particularly bank reconstruction, privatization, opening to international trade and investment.

Preparations were made to develop an industrial policy in Serbia with Swedish support, aiming to provide an improved economic environment and promoting development of specific industries and sectors of the economy. However, the cooperation was not realized due to weak institutional capacity and lack of policy initiatives.

Measures aimed at improving the business environment generally leads to greater inflow of Foreign Direct Investment (FDI). Existing administrative barriers need to be removed. The Sida financed FDI project, aims at improving the climate for foreign investments and assisting the government in developing a National FDI Strategy which is considered to be one of the most important building blocks for future reforms.

Sida supports the *Business Registration Reform in Serbia*. The reform is essential to improve the business environment, to improve the investment climate and to bring enterprise registration in Serbia in line with European standards and Company Law Directives.

All state owned banks are being privatized. Sida is *cooperating with the IFIs* to support the Serbian Government in this work, which is expected to encourage entry of new capital, technologies, and financial products.

Sustained economic growth largely depends on the private sector performance, mainly in the SME sector. In order to reach the objectives of the European Charter for Small Enterprises, Serbia needs to improve the environment for entrepreneurs, particularly for small and micro enterprises and in order to encourage formalization of informal sectors.

Swedish support *through the World Bank* has helped strengthen private sector production and economic activity in Serbia. Creating jobs are a top policy priority and is particularly urgent in the short and medium term as restructuring and privatization shed jobs in state- and socially-owned enterprises.

Access to the finance sector is one of the major problems in *SME sector development*. SMEs need affordable investment capital through a variety of institutions. Sida supports the *micro-crediting* organizations in their efforts

to move towards institutional development and sustainability and thus enable a sustainable access to financial services for the poor and low-income population.

Preparations initiated for cooperation with *the Serbian Guarantee Fund*, in order to improve access to finance for the SME sector, have not been finalized due to lack of policy initiatives.

The Start East Programme helps Swedish SMEs establish contact and cooperate with local partners to improve business opportunities. The Serbian Chamber of Commerce indicates interest in the project.

Despite a much improved market access, Serbia's foreign trade remains largely unchanged with little EU-orientation or changes in product composition.

The increased export activity provides jobs and investments. The Agreements on Sanitary Measures (SPS) and on Technical Barriers to Trade (TBT) are enhancing export opportunities and efforts towards WTO membership, which has been addressed through the *Sida Regional Initiative*.

Rural Development

In 2004, the new government started off ambitiously with a new strategy on Agriculture and Rural Development, elaborated in cooperation with the FAO. The budget for the Ministry of Agriculture was increased threefold with the aim to use a substantial part for credits to farmers. Other priorities were rural development, agriculture diversification and non-agriculture activities aiming at compatibility with EU standards. However, ambitions to coordinate the donors have not been followed up after a first sector coordination meeting.

In the first half of the year, Sweden held several meetings with the Ministry to discuss possibilities for additional support to the sector, particularly to the extension services of the Ministry. As the contents and priorities of the new Swedish Country Strategy unfolded, both the scope for increased Swedish support in the agriculture sector, and for future continuation of the existing support to *Nis Milk Project*, diminished. As a consequence, a request for extended support received from the Ministry during the second half of 2004 had to be turned down. During the autumn the Embassy initiated discussions with both Sida Stockholm and the Milk Project itself on possible alternative future sources of financing and/or implementation. The Milk Project has progressed very well and a review has been scheduled for end of January 2005.

2.3.3. Sustainable Use of Natural Resources and Concern for the Environment

The reform and transition process in this sector slowed down after the new government was elected, seemingly giving lower priority to environmental issues. Nevertheless, lately an increased awareness of the need for improved environmental services and infrastructure, not least in order to comply with the complex and costly requirements of the EU environment acquis, has developed in the government. An environment framework law and a new energy law, for example, have now been passed by parliament after several years of preparations.

Limited capacity for absorption and for project development and preparation hampers the implementation of approved decisions and strategies. This is apparent both at central administrative levels, where responsibilities are shared between several agencies with little coordination, and also at the local level, where municipal governance structures are weak, lack capacity and determination to include environmental

concerns in management, planning and prioritising of activities, investments and use of resources.

The environment and sustainable development project portfolio follows Sida's guidelines for environmental cooperation with South East Europe and on-going activities function well. Preparations for the drafting of the country's national sustainable development strategy have started with Swedish support and have been implemented through UNDP. There are good conditions for further development of the cooperation with government authorities for environment, water and environmental protection, in accordance with the Swedish Country Strategy.

The new energy law enables the necessary restructuring of the energy sector and harmonization with European standards. Such harmonization was a requirement for continued Swedish support, which gives priority to environmental aspects and energy efficiency, and to support to capacity building and institutional development.

There have been significant delays in the cooperation on energy. These were partly linked to the slow reform process, but also to overly optimistic time frames, lack of institutional capacity and organizational difficulties among project partners. These issues have been raised repeatedly by project implementation reviews.

Improvements are now apparent e.g. in cooperation with the electric power company EPS and with the district heating company in Belgrade.

In the investment-heavy and environmentally related sectors of infrastructure, energy and transport, the transition and improvements are hampered by wide-spread corruption, often linked to party politics. Certain improvements can be noted with the introduction of more transparent and predictable methods for procurement and contracting. Sida finances twinning between the *Serbian Road Directorate* and their Swedish counterpart, where the cooperation clearly has influenced and improved some routines and procedures.

2.3.4. Respect for Human Rights

Refugee Return

At the National Conference on Resolving the Issues of the Displaced, the government and international community concluded that the right to return should be acknowledged to all and that the countries of origin should ensure the safety of the returnees and mediate in the process of resolving legal rights (such as restoration of property and tenancy rights). The Croatian Prime Minister has extended the deadline for applications for property restitution. Bilateral agreements have been signed with Croatia and Bosnia to facilitate the flow of people and goods. However, living conditions of the refugees in Serbia and Montenegro have not improved much during this year.

Sweden has supported a comprehensive *Campaign for the sustainable return of refugees* to Croatia and Bosnia and Herzegovina. This campaign was closely co-ordinated and linked with the returnee programs in receiving countries. The program in Serbia has come to an end, since the information about the returnee assistance has reached the majority of the refugee population.

Swedish support has been in line with the Country Strategy that anticipates creation of favorable conditions for sustainable return of refugees, both to and within the region, and creation of incentives for refugees living in Serbia and Montenegro to return to their original homes.

Although reports show improvements within this field, more efforts and reforms are needed in order to achieve a satisfactory level of respect

of human and civil rights in Serbia and Montenegro (especially vulnerable groups). The institution of *Ombudsman* is still not in place but the necessary legislation has been drafted. Swedish support to refugees was mainly channeled through NGOs, but some additional ways of cooperation have been considered such as support to the future Ombudsman's office and support to the offices for free legal aid.

Minority Rights

Incidences in 2004 showed still existing intolerance between ethnic groups and lack of adequate response from the official institutions. A dialogue with the Serbia and Montenegro governments on the necessity for adopting the Law against discrimination and the preparation of other related documents seems to be an important issue in future. *Roma empowerment* programs will be prioritized both in the sense of protecting their rights and improving their living conditions.

In 2004 an assessment/study was made to prepare future Sida support to *Roma* related issues. A number of needs were identified and used as a starting point for recommendations to Sida. The results of the study show that coordination between different actors in this area is low.

Sida support was given to programs that offered direct support to victims of trafficking and to awareness raising project. Immediate and later reactions on the awareness project showed still existing need for similar activities that should be designed for various groups of recipients.

HIV/AIDS

Though Serbia and Montenegro can be classified as a country with low prevalence of *HIV/AIDS*, the epidemiological situation is rather unfavorable. This follows the generally bad socio-economic living conditions, increased incidence of risky behavior and economically motivated migrations from East Europe, where *HIV/AIDS* has epidemic proportions.

Swedish support has focused on *prevention activities targeting youth*, the aim of which was to develop communication and information strategies through participatory action research. Sweden has also supported capacity building specialist training and training of trainers for local NGOs and health care services.

Two regional projects are currently implemented in the area of *HIV/AIDS* prevention: "*The Right-to Know project – HIV/AIDS prevention among young people in the Balkans*" and "*Western Balkans program to fight HIV/AIDS*"

2.3.5. Gender

Modern standards in respect of women rights and gender mainstreaming are not fully incorporated in the legislation and procedures. There does not seem to be enough political will for changes in this area, or awareness of the importance of this issue (among relevant ministries and agencies, academic institutions, trade unions).

Further discussions and considerations may give answers as to whether Swedish support (presently channeled only through women NGOs) is the most efficient and sustainable one, or whether Sida should consider other ways of promoting and supporting right for equal opportunities for men and women.

3. Administrative Issues

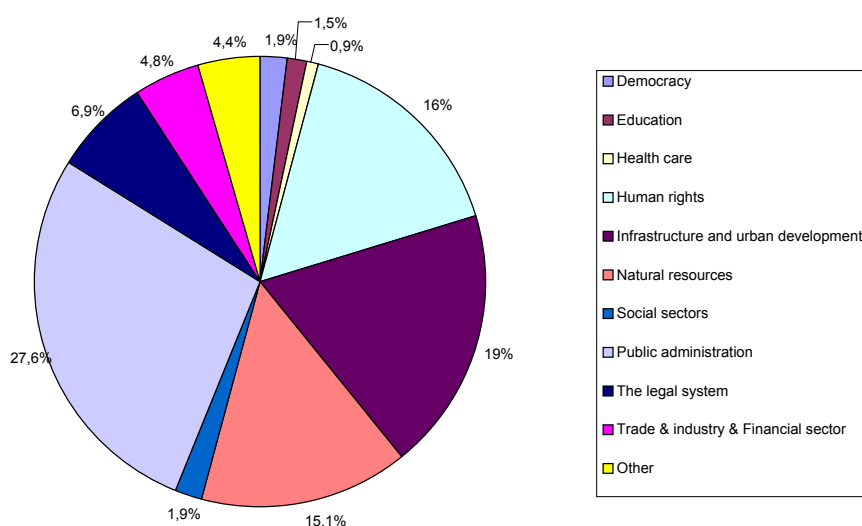
Existing resources and Embassy support is very satisfactory (apart from the NPO issue mentioned below). The move to new premises has vastly improved the working environment, even if meetings with partners and participation at various events have become more complicated and time consuming due to the distance to the city center, where most of our partners have offices, and lack of convenient parking space there.

The unresolved issue of one assistant in principle working as an NPO, is creating unnecessary complications. An additional NPO position is needed to manage the heavy work load to efficiently perform the task as outlined in the Country Strategy. This is also the personnel issue of formal recognition for work done, as well as the overload to manage all assistance responsibilities. The issue risks creating tensions within the development cooperation section.

It is disappointing to see so few people applying internally at Sida for positions available in 2005. As external candidates are not an option, this will seriously limit the choice of candidates.

Appendix A

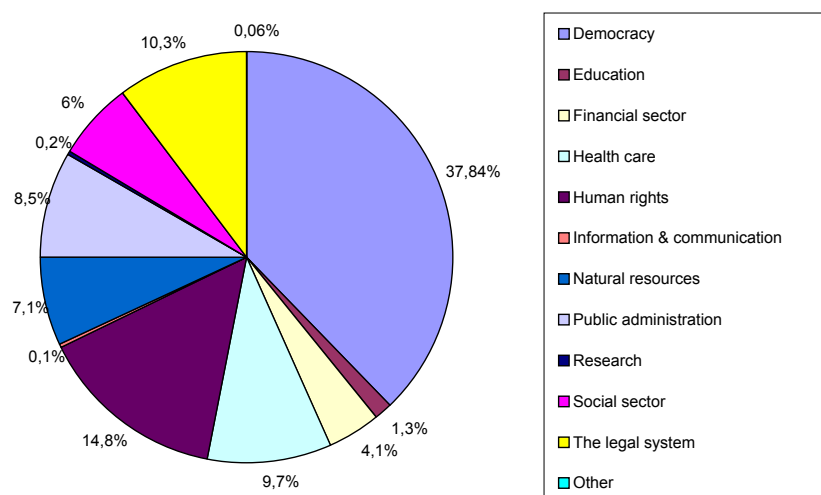
Serbia & Montenegro: Disbursed 2004 (Total 151 545 983)



Sector	SEK	%
Democracy	2 901 127	1,9
Education	2 216 300	1,5
Health care	1 295 000	0,9
Human rights	24 199 122	16
Infrastructure and urban development	28 738 703	19
Natural resources	22 862 072	15,1
Social sectors	2 969 000	1,9
Public administration	41 789 526	27,6
The legal system	10 525 929	6,9
Trade & industry, & the financial sector	7 314 601	4,8
Other	6 734 603	4,4
Grand Total	151 545 983	100

Appendix B

Regional Western Balkans: Disbursed 2004 (Total 103 195 507)



Sector	SEK	%
Democracy	39 048 000	37,84
Education	1 375 000	1,3
Financial sector	4 231 658	4,1
Health care	10 000 000	9,7
Human rights	15 309 818	14,8
Information & communication	140 358	0,1
Natural resources	7 173 513	7,1
Public administration	8 802 068	8,5
Research	210 629	0,2
Social sector	6 248 586	6
The legal system	10 586 792	10,3
Other	69 086	0,06
Grand Total	103 195 507	100

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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