

Can development prevent conflict?

Integrated area-based development in the Western Balkans –
theory, practice and policy recommendations

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ABSTRACT The increasingly active role of international organisations in conflict prevention, peace-building and post-conflict reconstruction in recent years has been complemented by a continuous shift from humanitarian assistance and relief towards a more holistic and sustainable response to complex emergencies. Concentrating on a sub-national level, this paper analyses the potential and practical results of the area-based development approach (ABD) in contributing to conflict prevention and in linking reconstruction and development. Firstly, it analyses its theoretical and methodological underpinnings in light of current academic discourse on conflict and reconstruction. Secondly, it assesses the practical contribution of two ABD programmes in the South and Southwest Serbia to conflict prevention and development. Based on the results of the theoretical and empirical part, the paper sets out to summarize and discuss the key strengths and limitations of the approach. It argues that although ABD is often very effective in responding to complex conflict characteristics on sub-national levels, under its current conceptualization and implementation practices, it suffers from a limited ability to respond to a full complexity of issues related to conflict and development on multiple levels. In other words, the contradiction in the terms ‘*integrated*’ and ‘*area-based*’ needs to be addressed both conceptually and in practical applications. In the final part, the paper formulates recommendations for the improvement of the approach in this respect.

KEY WORDS: area-based development, conflict prevention, reconstruction.

1. INTRODUCTION

The end of the cold war led to an increasingly active role of the United Nations and other international organisations in conflict prevention, peace-building and post-conflict reconstruction.¹ At the same time, there has been a continuous shift from humanitarian assistance and relief towards a more holistic and sustainable response to complex emergencies, including further emphasis on reconstruction and development. This shift is simultaneously reflected in corresponding academic discourse. Already in the Nineties, an increasing number of scholars recognised that conflict is a complex phenomenon and proposed to design the post-conflict reconstruction in a multifaceted way addressing the root causes and characteristics of conflict. Both scholars and practitioners also recognized the importance of simultaneously reconstructing political authority and economic arrangements through a series of long-term interventions. Reconstruction should therefore increasingly lead to political, economic, and security issues being integrated into a new type of

Acknowledgement: The case studies in this study have been prepared based on the mission reports of conflict mitigation missions to South Serbia and Southwest Serbia (Sandzak) commissioned by UNDP Serbia. These missions, which took place in September and December 2007, were undertaken and reports prepared together with Mr. David Nyheim, International Conflict and Security Consulting Ltd., London, UK. The author would like to acknowledge Mr. Nyheim’s crucial contribution to the preparation of this paper, especially chapter 4. The paper also benefited from the comments provided by Mary Kaldor, Vesna Bojicic-Dzelilovic and Iavor Rangelov from LSE and Andrey Ivanov, Tom Thorogood and Ben Slay from UNDP on earlier drafts, the author would like to thank them for their support.

¹ For terminology on conflict prevention, peace-building and post-conflict reconstruction see, for example, Miall, H. and O. Ramsbotham, T. Woodhouse (1999) *Contemporary Conflict Resolution*, Polity Press, Cambridge&Oxford, chapter 3, Kaldor, M. and M. Martin, S. Selchow (2007) ‘Human Security: A New Strategic Narrative for Europe’, *International Affairs*, 83:2 (2007), 273-288, The Royal Institute of International Affairs, p. 274-278, and Keen D. (2007) *Complex Emergencies*, Cambridge: Polity Press, p. 102.

approach seeking to enhance the legitimacy of international or local institutions and to mobilise popular support.²

Due to the complexity and political sensitivity of the implementation of an integrated approach to complex emergencies, there are only a limited number of successful applications of such an approach on the supra-national and national levels.³ Simultaneously, there has been a significant effort to implement holistic and integrated approaches to conflict situations on the sub-national, regional or local levels. These approaches, with the ambitious goal of linking post-conflict reconstruction and long-term development, have become over time rather popular and marked by considerable experimentation and innovation. Among these approaches, the integrated area-based development approach (ABD), developed by UNDP and UNOPS, has been broadly considered as appropriate for addressing complex conflict prevention and post-conflict reconstruction in conflict regions. Empirical evidence from numerous evaluations of such programmes implemented by international organizations across the world suggests that they perform well in such a context.⁴

Despite successful results in many parts of the world, given the multi-dimensionality of conflict and development,⁵ one should question the ability of localized approaches to address these systemically resulting in sustainable peace and development. This study will therefore analyze the theoretical and methodological underpinnings of the area-based development approach as well as its practical applications firstly to identify strengths, weaknesses and limitations of this approach and secondly to formulate prescriptive recommendations for its potential improvement. It will argue that although ABD is often very effective in responding to complex conflict characteristics on the sub-national levels, under its current conceptualization and implementation practices, it suffers from a limited ability to respond to a full complexity of issues related to conflict and development. This is partly due to its inability to incorporate crucial characteristics and conditions originating beyond the targeted area. In other words, the contradiction in the terms '*integrated*' and '*area-based*' needs to be addressed both conceptually and in practical application. The study will therefore set out to formulate recommendations in this respect attempting to make the approach more effective, leading to systemic change and sustainable solutions.

In order to better understand this contradiction and substantiate the above-mentioned argument, in the first – theoretical – part, the study will describe the area-based development approach, its genesis, definition and main principles. Further, it will examine current academic discourse on conflict and reconstruction. Against this theoretical framework, as the approach should be capable of addressing the key conflict characteristics and dynamics, the study will critically assess the ability of ABD to respond to conflict situations as well as its relation to other potential responses to conflict and principles of reconstruction recommended by the scholars.

In the second – empirical – part, the study will analyze the practical results and conflict mitigation contribution of the area-based development programmes implemented in conflict settings in two regions in the Republic of Serbia. For both case studies in South Serbia and Southwest Serbia (Sandzak), the methodological approach will include context analysis, a systematic and critical assessment of the conflict mitigation contribution of the programme components and a summary of identified strengths and limitations. The peace and conflict assessment in the context analyses will be based on the findings of the theoretical part of the study. The case studies have been selected as

² See, for example, Kaldor, M. (2007) *New & Old Wars: Organized Violence in a Global Era*, 2nd Edition (Cambridge: Polity Press), pp. 145-147; Brown, E. M. (Ed.) (1996) *The International Dimension of Internal Conflict*, CSIA Studies in International Security, Cambridge: MIT Press; Kaldor, M. at al (2006) *UNDP Support to Conflict-Affected Countries*, Evaluation Office, United Nations Development Programme, p. 21.

³ See, for example, Keen (2007), pp. 188-193 and 213-214 and Rondinelli, D. and J. Montgomery (2005) 'Regime Change and Nation Building: Can Donors Restore Governance in Post-conflict States?', *Public Administration and Development*, 25, 15-23, p. 18.

⁴ UNDP (2007) *Supporting Capacities for Integrated Local Development*. Practice Note, BCPR, New York, p. 13, UNDP (2003) *UNDP and Area-Based Development Programmes: An Overview*, Bureau for Crises Prevention and Recovery, New York.

⁵ See, for example, on development Ranis G. and F. Stewart, E. Samman (2006) 'Human Development: Beyond the Human Development Index', *Journal of Human Development*, 7:3, 323-358 and any of *Global Human Development Reports* published by UNDP, and on conflict chapter 3 of this study.

representative of ABD applications in conflict settings. As the conflicts in the two regions differ, this will allow for illustrating potential differences in the application of the approach in different types and phases of conflict.

Based on the findings of both the theoretical and empirical parts, complemented by broader consultation with other practitioners involved in the implementation of similar approaches, the final part of the paper will set out to summarize and discuss a number of strengths, weaknesses as well as limitations of the area-based development approach in addressing conflict and to formulate prescriptive recommendations for further improvement of this approach as a conflict prevention tool.

2. AREA-BASED DEVELOPMENT APPROACH – GENESIS, DEFINITION AND MAIN PRINCIPLES

The following chapter will describe the genesis of the area-based development approach, its initial applications, its evolution as well as its current definition and conceptualisation.

Genesis. The recognition that traditional and often fragmented approaches and programmes were unable to adequately respond to complex conflict and development situations led to an increasing shift from humanitarian assistance and disaster relief to a more holistic and sustainable response to complex emergencies. Targeting the sub-national level, in 1989 the United Nations Development Programme (UNDP) launched, almost simultaneously, three major post-conflict programmes in Afghanistan, Central America and Sudan.⁶ Through these, UNDP started to establish a track record in managing complex operations including rehabilitation, reconciliation and social stability in countries affected by complex emergencies. It also began to develop a distinct integrated area-based development approach. The programmes responded to diverse needs. In Afghanistan, despite continuing military conflict, it supported the local population in taking responsibility for infrastructure and the rehabilitation of agricultural activities and in Sudan it facilitated the stabilization of the population suffering from drought and displacement outside the conflict area. In Central America, where the programmes covered six countries and operated in 11 war-affected areas, they facilitated transition from conflict to development through local initiatives and reconciliation consistent with a regional peace plan. The programmes focused on human rights, reintegration of returnees, participatory development planning, restoration of basic services and rebuilding of the local economy, always using a decentralised, integrated and bottom-up approach.⁷

Building on the positive results of early interventions and largely based on the principles used in Central America, between 1991 and 1993 UNDP started three new major programmes in Cambodia, Somalia and Myanmar and a number of similar initiatives in conflict countries afterwards.⁸ Since then, ABD has often been at the core of UNDP's strategy for conflict prevention and post-conflict reconstruction as an instrument of fostering stability, strengthening communities and building local and national capacity.⁹ Simultaneously, it has also been used in the areas affected by natural disasters or experiencing poverty and exclusion. Focusing specifically on Europe and the Commonwealth of Independent States (CIS), which is relevant for this study, the ABD approach has been mostly applied in conflict and post-conflict settings. In these settings, the complexity of challenges have required a comprehensive and integrated, multi-sector, multi-level and multi-agency response coupled with the flexibility to adequately respond to sometimes rapidly changing conditions. For example, out of 27 ABD programmes implemented by UNDP in this region by 2007 almost half of the interventions were related to conflict (48%), less than one third primarily to poverty (30%), with disaster or exclusion related programmes being less frequent. As far as specific components of the programmes are concerned, all programmes included support to basic infrastructure and services, 74% local economic development, 67% community empowerment, 63% support to public administration reform and governance, 44% social development and assistance, 41% conflict prevention and tolerance promotion, and finally 33% policy and institutional reform. At the same time, more than 70% of programmes have had four or more components indicating the genuinely integrated, multi-dimensional and multi-sector character of these interventions.¹⁰

Definition, objectives and main principles. Drawing on the experience and lessons learned from programmes implemented in a post-conflict context, UNDP defines area-based development as: "An

⁶ UNDP (2003) *UNDP and Area-Based Development Programmes: An Overview*, Bureau for Crises Prevention and Recovery, New York.

⁷ Harfst, J. (2006) *A Practitioner's Guide to Area-Based Development Programming*, United Nations Development Programme, Bratislava, p. 10.

⁸ For example in Africa in the Horn of Africa, the African Great Lakes, and Sierra Leone, in Asia (Tajikistan, Ferghana Valley, Papua New Guinea), Europe (Serbia, Croatia, Bosnia & Herzegovina, Albania, Ukraine), and the Caribbean (Haiti). Many of the programmes, especially those in the 90's, were implemented by the United Nations Office for Project Services (UNOPS).

⁹ UNDP (2003), p. 3.

¹⁰ Harfst (2006), p. 63.

approach designed to help countries address the needs of populations affected by the crisis, primarily returning refugees, displaced people and demobilized combatants, by enabling or reinforcing communities' capacities. The approach reconciles long and short-term objectives: responding to immediate needs, alleviating crisis-induced economic devastation and promoting social reconciliation at the local level in a context of respect of human rights. The territorial focus of ABD approach was derived from the understanding that the space, in which people live, should be the primary focus of recovery".¹¹ Adding the experience from ABD in a non-conflict context, Harfst further broadens the definition and states that ABD can be defined as "targeting specific geographical areas in a country, characterised by a particular complex development problem, through an integrated, inclusive, participatory and flexible approach".¹² Given the complexity of certain developmental situations, ABD programmes typically intervene in multiple sectors and at multiple levels, involving multiple segments of society in an integrated manner. Its activities, however, are mainly confined to and target a specific geographical area. The main entry point for the programmes is the area of intervention.

The main objectives of ABD are subsequently defined as i) helping to harmonize an immediate recovery response and a long-term development process, ii) addressing root causes of conflict, disaster or special developmental situations and iii) facilitating the establishment of foundations for political, legal, economic, social and administrative reforms that should prevent or mitigate the impact of future crises and contribute to sustainable development. There is however not a single model of area-based development with a predefined set of interventions. Rather, it is an approach under which an area is the main entry point – instead of a sector or a target group – and the specificity of each post-conflict or special developmental context determines the exact set of strategies, measures and activities included in the programme. Importantly, the approach also differentiates between *what* needs to be done and *how* it should be done, placing particular importance on the second aspect.

The ABD approach is conceptually underpinned by several principles. In this approach, *area* and *problem* should be clearly linked, in other words the problem to be addressed by the intervention should define the geographical area of the intervention. The problem has to therefore be area-specific. The *area of intervention* is typically smaller than the country itself. According to Harfst, the application of the ABD approach is only appropriate if the problem can be realistically and effectively addressed at the level of the area.¹³ The approach is *integrated* in its nature meaning that it addresses the area-specific problems in a holistic manner taking into account, but also utilising, the complex interplay between sectors, factors and actors in a given area. This also means that even if the problem is sector-specific, addressing it through ABD requires a multi-sector approach. It is *inclusive* targeting 'communities' rather than specific target groups within those communities.¹⁴ As a result, by targeting entire communities it is also non-discriminatory, a particularly important factor in conflict settings. In addition, the approach is *participatory* recognizing that the solution and the process leading to it, requires not only formal inclusion, but also the active participation of all relevant stakeholders in the area. In promoting inclusion and participation, the successful ABD approach therefore applies a *bottom-up approach*. Finally, this approach must be *flexible* and highly responsive to situational changes in the problem area keeping the intervention constantly relevant. As briefly mentioned above, although traditionally applied mainly in conflict settings, in recent years the application of the approach has considerably broadened. Currently, the *problems to be addressed* through the ABD approach fall into four main categories: *conflict-related* including mainly pre and post-conflict situations affecting a specific area, post-war reconstruction including the reintegration of former combatants, refugees and IDPs and peace-building and reconciliation, *disaster-related* covering natural or man-made disasters in a specific area, *exclusion-related* dealing with excluded and marginalised groups and categories of population concentrated in a specific part of the country such as regional ethnic minorities and finally *poverty-related* reflecting the poverty situation emerging as a result of geographical isolation, climate, terrain, demography or economic restructuring. Arguably, the

¹¹ UNDP (2003), p. 2.

¹² Harfst (2006), p. 9.

¹³ The study will examine this important aspect when assessing the ability of the ABD approach to address conflict characteristics in full complexity in chapter 5 and 6.

¹⁴ Although the target communities are often selected due to the high prevalence of a particular disadvantaged group.

distinction between the various types is often difficult to make as they are closely interconnected. Conflict and natural disaster often generate marginalisation and poverty and inversely poverty, marginalisation and exclusion can often fuel the conflict.

3. AREA-BASED DEVELOPMENT APPROACH AND CONFLICT LITERATURE

The area-based development approach is considered to represent an appropriate instrument for conflict prevention and post-conflict reconstruction and has been extensively applied in conflict regions. In order to assess the appropriateness of the ABD approach in addressing conflict situations, the understanding of conflict, including its characteristics, conditions, underlying causes and dynamics, is of crucial importance. This part will therefore critically analyze the current academic discourse on conflict and its characteristics.¹⁵ As the area-based development approach is not the only possible response to conflict situations, the study will also briefly analyse other selected holistic approaches to conflict and reconstruction proposed by academic literature. Against this theoretical framework, it will conclude by assessing the capability of ABD to respond to conflict situations as well as its relation to other holistic responses to conflict and principles of reconstruction recommended by scholars.

It is difficult to conceive of a human community where there is no conflict among members or between persons of the community and outsiders. At the same time, the degree to which conflict is physically violent varies widely.¹⁶ As conflict is endemic in human society and conflict of interests inheres in social life, all societies develop a range of norms and institutions to prevent the tension from developing into an open conflict between the groups or the groups and the government.¹⁷ These mechanisms usually work, but sometimes, under specific circumstances, they simply collapse. Better understanding of these crucial moments leading to conflict preoccupied academicians and political leaders throughout the history.

A tremendously rich and also rather contradictory set of theories have been proposed to explain conflict characteristics whether they are called by various authors characteristics, conditions, underlying causes, contributing factors, or triggers. A comprehensive study of this academic writing led some scholars to the conclusion that i) there are no substantiated general theories of conflict, ii) most theories of conflict are rather vague, where the key variables, both the kind of violence as well as causal variables, tend to be defined in broad descriptive terms, leaving determining whether a specific case fits the descriptions rather arbitrary, and iii) with some important exceptions, efforts to test the theories empirically have been rather limited and characterized by 'working backward'.¹⁸ As summarised by Gomes Porto in a recent study comprehensively reviewing academic literature related to conflict, although there have been considerable efforts invested into studying the causes and consequences of conflict, "far from being unified, the study of armed conflicts and war remains fragmented between disciplinary boundaries, which produce conflicting and often mutually exclusive theories".¹⁹ However, despite these disagreements, the scholars agree that there are a certain set of conditions or factors, although often calling them differently, making certain regions, countries or areas more conducive to violent conflict.²⁰ Secondly, the analysis clearly confirmed that the 'tyranny

¹⁵The findings of this part will also be used in the peace and conflict assessment in the context analyses of the case studies in chapter 4.

¹⁶ Ross, M. H. (1986), A Cross-Cultural Theory of Political Conflict and Violence, *Political Psychology*, Vol. 7, No. 3, pp. 427-468.

¹⁷ Rule, J. (1988), *Theories of Civil Violence*, Barkley: University of California.

¹⁸ See Rule, J. (1988). The full discussion of various theories and empirical results is beyond the scope of this study. Given the large number of variables considered, the study refers the reader to the cited sources for more information and further explanation.

¹⁹ See Gomes Porto, J. (2002) 'Contemporary Conflict Analysis in Perspective', in *Scarcity and Surfeit: The Ecology of Africa's Conflicts*, Jeremy Lind and Kathryn Sturman (Eds), Institute for Security Studies, pp. 1-49 .

²⁰ For example Kaldor lists the conditions conducive to conflict including a weak or failing state and weak civil society, dependence on external revenue sources, especially primary commodities, the erosion of monopoly of organized violence, the availability of small arms and unemployed young men, especially former soldiers and policemen, and the spread of an illegal

of the *single-cause*' has been rejected and that there is now a broadly accepted understanding of the conflict as a complex and multidimensional phenomenon. Thus, conflict has been increasingly understood as multi-dimensional, multi-level and multi-stakeholder.

In order to logically organise various characteristics and conditions of conflict as identified and discussed by academic literature, this study will use Brown's categorisation and clustering of the main factors of conflict, dividing them into four categories, namely structural, political and governance, economic and social, and cultural and perceptual. It will also expand the matrix by adding as a separate category environmental factors, which have recently attracted scholarly attention.²¹ The summary of the categories is provided in table 1. The following paragraphs provide a brief description of the factors and summarize the academic discourse related to them.

Table 1: Matrix of conflict characteristics/conditions as identified by academic literature.

Structural factors	Political and governance factors	Economic and social factors	Environmental factors	Cultural and perceptual factors
Role of neighbouring states/inter-state security concerns: - location in conflict-prone neighbourhoods - undemocratic regions Ethnic geography: - high ethno-linguistic/religious diversity - one dominant ethnic group History of conflict Mountainous country/rough terrain Size of the population Strength of the military Illicit and criminal activities Availability of arms	Weak state and rule of law: - undermined political authority - inability to exercise control and provide services Exclusionary national ideologies Identity, inter-group and elite politics Discriminatory political institutions: - participation in government - participation in army, policy and justice	Macro-economic problems: - failed macroeconomic policies - market access Low level, slow growth and structure of income Level of unemployment Existence of Diaspora Failure of social contract Vertical inequalities Horizontal economic inequalities: - discriminatory access to land, capital, government infrastructure, aid - discriminatory access to income, government and other elite employment, private employment Horizontal social inequalities: - discriminatory access to (social) services such as education, health services, safe water, housing Male secondary education enrolment	Natural resource endowment Scarcities of resources: - land, forest, water, energy, minerals, sea passage, fishing grounds Environmental degradation: - pollution, deforestation, land degradation Environmental externalities: - upstream river pollution - trans-boundary air pollution - illegal trade of waste	Patterns of cultural discrimination: - legal and political constraints on use and teaching of minority language and related inequitable educational opportunities - religious freedom Problematic group histories and incendiary perceptions

Structural factors. Structural factors suggested by various scholars include inter-state security concerns including location in war-prone neighbourhoods and undemocratic regions, mountainous country or rough terrain, size of the population, strength of the military and ethnic geography including high ethno-linguistic and religious diversity or one dominant ethnic group. Collier and Hoeffler discovered through their extensive econometric analysis that the risk of conflict is proportional to *a country's population* suggesting that both opportunities and grievances increase with the size of the population. *The tradition of conflict and time since a previous conflict* as well as *ethnic dominance*, understood as one ethnic group being a majority constituting somewhere between

and informal economy, previous violence and proximity to conflict. All of these factors can be summarized as lack of human security. See Kaldor (2006), p. 21.

²¹ Brown (1996), pp.12-22.

45% and 90% of the population also have a substantial effect on the risk of conflict.²² In their more recent work, they found out that social fragmentation, measured as ethnic and religious diversity, also significantly increases the risk of conflict.²³ This new research also brought into significance two other factors – the *proportion of the population made up of males in the age range 15-29*²⁴ and the *proportion of the terrain of a country that is mountainous. A high ratio of military expenditures to national income* is another significant factor in complex emergencies.²⁵ One important factor, the *role of neighbourhood states*, has often been neglected. Refugee problems, economic problems such as disruption of regional trade, communication and production networks and military problems including use of a neighbouring state's territory for shipment of arms and supplies and as a base for operation, can all significantly contribute to regional instability.²⁶

Political and governance factors. This category includes factors such as a weak state, exclusionary national ideologies and inter-group, elite and identity politics, and discriminatory political institutions. *Weak or failing states*, both from the perspective of political legitimacy and its capability to exercise control over the population and the overall territory under its jurisdiction and provide services for its citizens, is an important factor potentially contributing to conflict. Eroded elite and public confidence in the legitimacy and capability of government is one of the factors, which in combination with economic and social factors increases the probability of civil violence.²⁷ Emphasizing the importance of political factors and the weakness of the conventional economic explanation of inter-ethnic tensions, Horowitz in his influential work *Ethnic Groups in Conflict* argues that the emerging elite of a subordinate group often aspires not to economic power and business opportunities, but to *political power*.²⁸ Violent escalation of conflict is therefore often related to the political system and in particular to the degree in which the institutions of government are discriminatory or based on exclusionary ideologies.²⁹ Supporting this argument quantitatively, Hegre and Sambanis have confirmed that civil wars are more likely to occur in countries with *recent political instability and inconsistent democratic institutions*.³⁰ Despite these strong and well substantiated propositions, the contribution of political factors to conflict is still one of the contested areas. In some academic literature, the degree of political right is repeatedly found to be either insignificant or to have an ambiguous effect on the risk of conflict, and in other studies it is suggested that the effect of political rights is non-monotonic, with *anocracy* more prone to conflict than democracy or an authoritarian regime.³¹

Economic and social factors. This important and extensive category of conflict factors is in academic writing represented by failed macroeconomic policies, limited market access, low level and slow growth and structure of income, vertical inequalities such as income inequality, economic and social horizontal inequalities,³² failure of social contract, role of the Diaspora and male secondary education

²² Collier, P. and A. Hoeffler (2004) 'Greed and Grievance of Civil War', *Oxford Economic Papers*, 56(2004), Oxford University Press, pp. 563-595, Auvinen J. and E. W. Nafziger (1999) 'The Source of Humanitarian Emergencies', *Journal of Conflict Resolution*, Vol. 43, No 3, June 1999, pp. 267-290.

²³ Collier, P. and A. Hoeffler, D. Rohner (2007) *Beyond Greed and Grievance: Feasibility and Civil War*, Department of Economics, Oxford University.

²⁴ Especially in combination with unemployment.

²⁵ Hegre, H. and N. Sambanis (2005) *Sensitivity Analysis of the Empirical Literature on Civil War Onset*, Paper presented to 46th Annual Meeting of International Studies Association, Honolulu. This study also confirmed the importance of a tradition of violent conflict.

²⁶ See, for example, Brown (1996), Hegre and Sambanis (2005), Gomes Porto (2006), Kaldor (2007).

²⁷ Brown (1996), p. 13-16.; Nafziger, E., W. and J. Auvinen (2005) Economic Development, Inequality, War and State Violence, p. 33-34, in *The Economics of Sustainable Development*, Sisay Asefa (Ed.), Michigan University.

²⁸ Horowitz, D. (1985) *Ethnic Groups in Conflict*, University of California Press, 697 p.

²⁹ See, for example, Gomes Porto (2006); Gurr, T. R. and B. Harff (2003) *Ethnic Conflict in World Politics*, Second Edition, Westview Press.

³⁰ Hegre and Sambanis (2005).

³¹ Collier, P. and A. Hoeffler (1998) 'On Economic causes of Civil War', *Oxford Economic Papers*, 50, 563-573, Oxford University Press and Collier, Hoeffler (2004); Marshall, M., G. and T., R., Gurr (2005) *Peace and Conflict 2005: A Global Survey of Armed Conflicts, Self-determination Movements, and Democracy*. Center for International Development and Conflict Management, University of Maryland, USA, 92 p.

³² Economic and social horizontal inequalities result from discriminatory economic systems including access to land, privately owned capital, government infrastructure, aid, access to income, government and other elite employment, private employment,

enrolment. Collier and Hoeffler, the main proponents of the economic or feasibility theory of conflict, suggest that economic factors such as *the level, growth and structure of income* are significant in the analysis of war initiation.³³ Poorer countries, countries with low growth rates and a high proportion of primary commodity export in their GDP are more likely to experience war.³⁴ Other significant factors are *per capita income and male secondary education enrolment*. Additionally, the *Diaspora* substantially increase the risk of conflict renewal, being a possible source of finance and having more sentimental views than the domestic population. An analysis of the relationship between humanitarian emergencies and their hypothesized sources in less-developed countries by Auvinen and Nafziger also confirms that *stagnation and decline in real GDP, high income inequalities and a high ratio of military expenditure to national income* are associated with the emergencies.³⁵ One strongly contested issue is the effect of *inequalities*. Collier and Hoeffler after testing the robustness of their analyses, experimented with several other variables including *income inequality* and concluded that “there is insufficient data to introduce distributional considerations into the empirical analysis”.³⁶ There are however numerous other scholars who argue that economic inequalities, both horizontal and vertical, contribute to or cause conflict. For example, Nafziger and Auvinen used the Gini coefficient to measure *income inequalities* and were able to find the relationship between Gini and the war.³⁷ Alesin and Perotti also argue that large income inequalities exacerbate the vulnerability of the population to humanitarian emergencies.³⁸ As suggested by Stewart, the increase in perceived or absolute deprivation and the aspiration-achievement gap often results from specific *vertical (class) or horizontal (regional, communal, group) inequalities*. She further argues that these group motivations and horizontal inequalities are particularly important due to the fact that most internal conflicts consist of fighting between groups, where these groups are united in a common purpose. The group differences may therefore form a fundamental cause of war or conflict.³⁹

Environmental factors. Environmental variables are often underestimated. These factors can be broadly categorised into three groups including threats related to scarce resources, such as water, energy, sea passage and fishing grounds, to environmental externalities and those relating to social upheaval or environmental refugees. As already mentioned, the possession of natural resources can also be a significant conflict factor. Environmental externalities consist of issues such as upstream river and trans-boundary air pollution and illegal trade in toxic waste. Environmental refugees and social upheaval result from forced migration in response to ecological disaster or chronic shortage of natural resources.⁴⁰ Although environmental factors rarely constitute the most decisive factor, they can contribute to civil violence, including insurgencies and ethnic clashes. In the future, the incidence of such violence will most likely increase as progressing climate change, population growth, economic development and pollution may lead to increased scarcity of agricultural land, freshwater and forest in many areas, especially of the developing world.

Finally *cultural and perceptual factors*. These include patterns of cultural discrimination, inequitable educational opportunities, legal and political constraints on the use and teaching of minority

unemployment, as well as discriminatory access to social services namely access to education, health services, safe water and housing.

³³ Collier and Hoeffler (2004). However, as some specialists in ethnic conflict strongly argue (see, for example, Walker Connor (1994) *Ethnonationalism*, Princeton: Princeton University Press), the exact links between economic grievances and ethnic conflict are vague, variable and strongly conditioned by other non-economic factors.

³⁴ Contrary, Hegre, Sambanis (2005) found out that there is only a weak association between civil war and oil export dependence, while other commonly used measures of resource-dependence are not significant.

³⁵ Auvinen and Nafziger (1999).

³⁶ Collier and Hoeffler (1998).

³⁷ Nafziger and Auvinen (2005).

³⁸ Alesin, A. and R. Perotti (1996) ‘Income Distribution, Political Instability and Investment’, *European Economic Review*, 40 (1996), pp. 1203-1228.

³⁹ See Stewart, F. (2004) *Development and Security*, Working paper 3, CRISE, University of Oxford, Stewart, F. (2005) *Policies Towards Horizontal Inequalities in Post-Conflict Reconstruction*, CRISE Working paper 7, University of Oxford, and Stewart, F. and G. Brown, A. Langer (2007) *Policies towards Horizontal Inequalities*, CRISE Working Paper No. 42, University of Oxford.

⁴⁰ See, for example, Rawabizambuga, A (2007) ‘Environmental Security and Development’, *Conflict, Security & Development*, 7:1, p. 201-225.; Gomes Porto (2006). On the possession of natural resources and conflict see also Collier and Hoeffler (1998, 2004).

languages, religious freedom as well as problematic group histories and incendiary perceptions.⁴¹ Many of these issues are interconnected with structural, political and social factors and horizontal inequalities discussed above. These factors, often present in the Western Balkans, re-emerged after the collapse of the federal Yugoslavia as part of a complex, and until now incomplete, nation building process. The region is therefore 'over-populated' by often mutually excluded historical and cultural myths.

Other important conflict characteristics. Globally there was an increase in the total magnitude of violent conflicts within societies from the 1950's to the 1980's, with a sharp decline after the Cold War end in 1991, while the 'internal or societal conflicts' represented roughly three times the magnitude of interstate wars, increasing six-fold between the 1950's and early the 1990's.⁴² In Europe and the CIS, despite a shift towards containment and settlement, there were still 32 armed and other self-determination conflicts between 1955 and 2004 (out of which, 23 took place after 1990 and 11 in the Western Balkans).⁴³ What is important for this study, is that most of these conflicts have taken place in a specific region or an area of the country, in other words the recent conflicts in Europe and the CIS are *increasingly localised*, justifying and allowing for the application of an area-specific approach. Simultaneously, as indicated above, the contemporary internal conflicts involve complex trans-national connections with blurred distinctions between internal and external, aggression and repression, or even between local and global.⁴⁴ Another important characteristic is the *dynamic nature* of conflict. The internal dynamics of conflict change over time in response to altered circumstances. Although sometimes this dynamic may be a rather linear progression from conventional politics, to militancy, armed conflict, negotiation and settlement, more often conflicts are neither linear nor necessarily progressive, and they may alter as a response to repressive or progressive policies, new leadership or external influences. It is therefore often difficult to distinguish between different phases of conflict as there are no clear beginnings and endings and the factors and conditions that cause conflict as described in table 1 are interconnected and may decrease or exacerbate during and after periods of violence. As argued in academic literature, the intervention should therefore respond to this dynamism and represent a continuum of phases involving both elements of conflict prevention and reconstruction.⁴⁵

Specifically for Europe and the CIS, the historical and structural characteristics of conflicts in the Soviet Union and Yugoslav successor states reflect some specific dysfunctionalities of socialist and post-socialist federalism. These include resentments generated by the arbitrary drawing of borders by imperial powers in Central Asia, the Western CIS, the South Caucasus and also in the Western Balkans. These resentments were complemented by the common convictions that federal states always provided more benefits to a different ethnic group to ones own, the use of ethnic identity for political mobilisation during post-socialist elections and the post-independence creation of ethnic minorities just across the border from countries where the same nationality make up the titular majority. Other important factors are associated with a triple transition that most of the newly independent states had to undergo, including democratization – a process of transition from totalitarian society and dictatorship to democracy,⁴⁶ marketization – a shift from a centrally planned to a market-oriented economy, and nation-state building. The last category in particular has become a more problematic issue than originally envisaged by the transition paradigm and is rather specific for the transition countries of the former Soviet Union and Yugoslavia. Interaction of these three parallel processes has often led to the creation of a weak state, where many of the conflict characteristics and factors presented in table 1 are simultaneously present.

⁴¹ Brown (1996), pp. 20-22.

⁴²Gurr, T. R. and M. G. Marshall, and D. Khosla (2001) *Peace and Conflict 2001: A Global Survey of Armed Conflicts, Self-determination Movements and Democracy*, Centre for International Development and Conflict Management, University of Maryland, pp. 7-8.

⁴³ Marshall and Gurr (2005), pp. 84-85, 90-91.

⁴⁴Kaldor (2007), p. 2.

⁴⁵ See, for example, Marshall and Gurr (2005); Kaldor, M. (2007a) *Human Security*, Cambridge: Polity Press, p. 185.

⁴⁶ The often automatic assumption of the direction and character of this transition is now increasingly contested in academic literature and challenged by the practical reality of many transition countries, for more see for example Carothers, T. (2002) 'The End of Transitional Paradigm', *Journal of Democracy*, 13.1, (2002), pp. 5-21.

Other approaches to conflict and post-conflict reconstruction recommended by academic literature. In response to conflict as a complex phenomenon, where a simple rank ordering exercise may fail to capture its complexity, various scholars proposed to design the response to a conflict situation as a *multifaceted intervention* with efforts targeting the structural, political, economic, social and perceptual characteristics of conflict. It is proposed that these responses should include a series of sustained, long-term interventions. Due to the dynamic character of conflict, the responses and policies should also differentiate between conflict prevention and post-conflict peace building.⁴⁷

Academic literature further argues that reconstruction should be increasingly focused on rebuilding a formal political economy and reversing negative social and economic relationships. Priority has to be given to the restoration of infrastructure and the provision of basic services to the local population, the adoption of appropriate forms of governance and market relations, the establishment of law and order and support to education and the media. This focus on the multi-dimensional character of intervention is especially important because the action to remedy underlying problems like poverty, inequality and weak states have frequently been very limited in the post-conflict period.⁴⁸ Reconstruction is increasingly conceptualized as a strategy to achieve peace rather than something that should be implemented once peace is achieved. It is increasingly argued that political, economic and security issues have to be *integrated* into a new type of humanistic global policy. Any policy towards conflict therefore needs to be holistic, involving military and political, civil and legal and economic and social approaches.⁴⁹

The academic literature also advocates for increased *localisation, decentralisation, and a participatory character* of the interventions. The decentralization and encouragement of local initiatives and use of local specialists should promote the use of local knowledge and experience. The encouragement of a wide-ranging local debate should lead to increased transparency, reduced corruption and risk of political instrumentalisation of the initiatives and eventually to strengthened civic engagement. Some scholars argue that post-conflict reconstruction and development face many of the same issues and challenges: building on what exists and tapping into in-country expertise, accurately assessing the social, political and institutional landscape and adjusting strategies to fit local circumstances.⁵⁰ Many of the recommendations for development in a non-conflict context would be applicable in a post-conflict setting as well. Stiefel even proposes that the key lesson of *the War Torn Societies Project* is that the challenge of rebuilding after the war is essentially a developmental challenge in the special circumstances of a war-torn society. This project further emphasized, supporting the point made in previous paragraphs, that “local solutions and responses to rebuilding challenges are often more effective, cheaper and more sustainable”, emphasizing the importance of an intimate knowledge and understanding of local and national actors, forces and dynamics and allowing for flexibility and delegation of authority.⁵¹

Additionally, Bakarar and Chard refer to the “fundamental contradiction between prescriptive time-limited interventions geared to produce rapid, visible transformation and the need for time, open-ended dialogue, experimentation and learning that is required in the process of restoring the institutional life of peoples devastated by misfortune”. This fixed-term, pre-planned project culture is particularly unsuited to the conflict circumstances, allowing no space for solutions to evolve with recovery, where people recovering their confidence increasingly understand changing circumstances, identify possible courses of action and become more able to make choices and decisions.⁵²

⁴⁷ See, for example, Brown (1996); Collier, P. (2006) *Economic Causes of Civil Conflict and their Implication for Policy*, Department of Economics, Oxford University.

⁴⁸ Keen (2007), p. 188.

⁴⁹ Kaldor (2007), p 145; Kaldor, M. *et al* (2006), p. 21.

⁵⁰ Brinkerhoff, D. W. (2005) ‘Rebuilding Governance in Failed States and Post-conflict Societies: Core Concepts and Cross-cutting Themes’, *Public Administration and Development*, 25, 3-14, p. 9.

⁵¹ Stiefel, M. (1999) *Rebuilding After War. Learning from War-torn Societies Projects*, WSP/PSIS, Geneva.

⁵² Bakarar, S. and M. Chard (2002) ‘Theories, rhetoric and practice: recovering the capacity of war-torn societies’, *Third World Quarterly*, Vol 23, No 5, pp. 817-835.

Rondinelli and Montgomery in the context of successful nation-building propose that the recovery programmes should focus not only on restoring governance, but also on the long-term goals of developing human capital, reducing poverty, promoting social equality and alleviating social problems while at the same time strengthening the economy and rebuilding the state. This often requires unusual degrees of innovations and improvisation and application of the lessons flexibly, creatively and with sensitivity to local conditions.⁵³ In moving to models, strategies and doctrines, it is important to base them solidly on an understanding of the particular dynamics of the country and to leave sufficient policy and operational space for flexibility and learning.⁵⁴

Some of these principles were translated into more practical approaches proposed by academics and integrating security and development. The concept of *European Zones of Human Security* is for example proposed as a European Union strategy for tackling a nexus of non-traditional security challenges by applying the principles of the Human Security Doctrine for Europe.⁵⁵ The significant feature of the approach is that the nature of the zones is contractual, between the EU and the local partners. The European Zones of Human Security are defined as economic (recovering productive capacity, providing social protection, improving infrastructure), normative (introducing European-type norms and practices), social, cultural (creating a supportive cultural and social environment) and security and are based on the six principles of a human security approach,⁵⁶ namely the primacy of human rights, legitimate political authority, bottom up approach, effective multilateralism, an integrated regional approach and finally a clear and transparent strategic direction.

Conflict literature and ABD. Referring to the conflict matrix in table 1, ABD is well positioned to respond to the multi-dimensional characteristic of conflict. Its integrated character allows for addressing a whole range of sectoral issues in a holistic way. Conceptually, the approach is designed to be able to deal simultaneously with a set of interrelated political, economic, social and environmental issues. It is especially well equipped to do so at the sub-national – regional and local – levels. Conversely, the approach is only partially suited to deal with other influential factors of conflict, namely the structural factors and the national and cross-border dimensions of most other factors. This leaves its ability to comprehensively respond to the multi-level characteristic of conflict in question. As far as another important conflict characteristic recognized by academic literature, its dynamic nature, is concerned, the ABD approach is again well equipped to respond to it. Here, the flexibility and often long-term approach create conditions for the implementation of a continuum of interventions targeting various phases of conflict and involving both elements of prevention and reconstruction.

As far as the ability of developmental activities to address conflict characteristics is concerned, the specific components of ABD programmes described in chapter 2 such as an emphasis on human rights, governance, support to basic services and infrastructure, social development and assistance, local economic development, community empowerment, institutional and policy reform and tolerance promotion, if appropriately integrated in multi-dimensional and multi-level interventions, have a potential to positively address many of the conflict factors described in this chapter. Some significant limitations will nevertheless be discussed in chapters 5 and 6.

How does ABD correspond to other responses to conflict and principles of reconstruction suggested by academic literature? There are a growing number of scholars emphasizing the necessity of addressing conflict, especially the set of conditions conducive to conflict, simultaneously through a

⁵³ Rondinelli, D. and J. Montgomery (2005) 'Regime Change and Nation Building: Can Donors Restore Governance in Post-conflict States?', *Public Administration and Development*, 25, pp. 15-23.

⁵⁴ Brinkerhoff (2005), p. 11.

⁵⁵ Kostovicova, D. and P. Seifert, V. Bojicic-Dzelilovic (2007) *European Zones of Human Security; A Proposal for the European Union*, CSGG, London School of Economics, London, p. 2. For more on human security and the Human Security Doctrine for Europe see, for example, *A Human Security Doctrine for Europe*, The Barcelona Report on the Study Group on Europe's Security Capabilities, Barcelona, 2004; Kaldor, M. (2007b) 'Human Security in the Balkans', *SudostEuropa Mitteilungen*, 01/2007, and Kaldor, M. and M. Martin, S. Selchow (2007).

⁵⁶ See *A European Way of Security*, Madrid Report on the Human Security Study Group, Proposal and Background Report, Madrid, November 2007, pp. 4-5.

multi-dimensional and holistic intervention involving military, political, economic and social aspects, while recognising the importance of a multi-level and multi-actor character of the response. Academic literature also advocates that reconstruction has to represent a non-prescriptive open-ended dialogue leaving sufficient space for operational and policy flexibility and learning. This corresponds to the principle that there is not a single model of area-based development with a predefined set of interventions. Rather the specificity of each post-conflict or special developmental context determines the exact set of strategies, measures and activities included in the programme. Similarly to ABD, several scholars suggested that the response should concentrate on the local level. It is believed that this localised approach would allow for the intimate knowledge and understanding of local actors, partners and dynamics, a more appropriate response to complex and fast changing local conditions and would create the right framework for modelling and experimentation. The very character of an ABD approach, as localised, participatory, inclusive and flexible in nature appropriately corresponds to this academic discourse. In addition, arguably, the integrated response encompassing a range of complex security, political, economic and social issues is more manageable and therefore more effective if implemented on a smaller scale. Finally, the necessity of long-term efforts stressed by various scholars can also be built into ABD design as well. On the other hand, due to its predominant focus on a selected area, the ABD approach may have limited ability to sufficiently take into consideration some other aspects recommended by academic literature such as an emphasis on reflecting the broader context and responding to cross-border and national considerations as well as working with, or even creating, legitimate political authority especially at a national level.

4. AREA-BASED DEVELOPMENT APPROACH – CONFLICT MITIGATION IN PRACTICE ⁵⁷

For both case studies, South Serbia and Southwest Serbia (Sandzak), the methodological approach includes a situation analysis, a critical assessment of conflict mitigation contributions of the area-based development programme and a summary of identified strengths and limitations. The peace and conflict assessment section of the context analyses is based on the findings of chapter 3, it in particular uses the matrix of conflict characteristics and conditions of conflict, with a special emphasis on the horizontal inequalities in South Serbia.⁵⁸ The case studies have been selected as *representative* for ABD application in conflict settings, where the purpose of an intensive study of the cases is to shed light on a larger class of cases. This is also essential for process tracing and understanding of causalities.⁵⁹ Both cases can be considered as typical examples of ABD programmes as they were developed at a later stage of the ABD evolution and thus were informed by lessons learned from previous applications. The South Serbia Programme has been one of the case studies based on which UNDP consolidated the ABD definition and principles and defined the role of its approach in UNDP programming.⁶⁰ The Southwest Serbia programme was subsequently designed largely based on the experience and lessons learned from South Serbia. As for the differences between the two case studies as described in detail in the following paragraphs, the conflict context of the two regions differ as one programme is implemented in a post-conflict setting with latent tensions and the other in a region characterised by low-scale incidents of violence with a potential for future escalation. Moreover, the South Serbia conflict can be predominantly characterised as inter-ethnic and the conflict in Southwest Serbia is in its nature intra-ethnic. This difference should allow for illustrating potential differences in the application of the approach in different types and phases of conflict. The generalisation based on the empirical evidence of two case studies is further validated through a questionnaire survey among ABD practitioners from Serbia, Bosnia and Herzegovina and the Ukraine.

⁵⁷ This chapter is a modified version of Nyheim, D. and R. Vrbensky (2007) *Conflict Mitigation Mission Report South Serbia*, UNDP Serbia, and Nyheim, D. and R. Vrbensky (2007) *Conflict Assessment Mission Report Southwest Serbia*, UNDP Serbia. The data included in the study reflects the timing of two conflict mitigation missions (South Serbia mission in September 2007 and Southwest Serbia mission in December 2007), some data was updated in March 2008.

⁵⁸ See Stewart (2004).

⁵⁹ For more on the selection of case studies see, for example, Gerring, J. (2007) *Case Study Research: Principles and Practices*, Cambridge University Press or Flyvbjerg B. (2006) 'Five Misunderstandings about Case-study Research', *Qualitative Inquire*, Volume 12, No. 2, pp. 219-245.

⁶⁰ For more see UNDP/RBEC (2003) 'Main Outcomes' and 'Cover Note' of Area-based Development Practitioners Workshop, Crimea, Ukraine, 29-31 October 2003 or Harfst (2006), p. 9.

CASE STUDY OF SOUTH SERBIA

Context analysis. The South Serbia region, consisting of the Peinjski and Jablonicki districts, is located in the Republic of Serbia and borders Kosovo to the west, Macedonia to the south and Bulgaria to the southeast. This region, which has Serbia's largest concentration of ethnic Albanians has been due to recent positive but still unfinished developments labelled by the International Crises Group 'a still incomplete Balkan success story'. It is argued that since the international and Serbian government diplomacy resolved an ethnic Albanian insurgency in 2001, donors and the Government in Belgrade have invested significant resources and effort to undo a legacy of human rights violations and improve the economy. As a result, the tensions have significantly decreased, major human rights violations have ended, the army and police are more sensitive to Albanian concerns and there is also some progress in other areas, such as a multi-ethnic police force, integration of the judiciary, and use of Albanian language books in schools. Ethnic Albanians increasingly show their desire to develop their own political identity inside Serbia and cohabit with Serbs.⁶¹

South Serbia's Albanian population is concentrated in the municipalities of Presevo and Bujanovac, both with an Albanian majority, and Medvedja (the Presevo Valley).⁶² Traditionally, but increasingly since the early 1990s, ethnic Albanians were underrepresented in the state administration and enterprises that were the main employers in the region and were almost completely absent from the police and judiciary. This discrimination exacerbated tensions associated with poverty and unemployment, particularly in rural parts of the South Serbia region. In an unofficial referendum in 1992 the majority of ethnic Albanians expressed the desire that this part of South Serbia should become part of Kosovo. As a result of this situation and the increased abuse and harassment from the Yugoslav security forces and encouraged by the successes of the Kosovo Liberation Army in neighbouring Kosovo, Albanian insurgents of the Liberation Army of Presevo, Medvedja and Bujanovac (UCPMB) started to fight Yugoslav security forces in 2000. The insurgency lasted for 18 months during 2000-2001,⁶³ and resulted in some 100 casualties and around 12,500 Albanians leaving the area. Attacks on Yugoslav police and military patrols by small groups of UCPMB fighters, who then took refuge in the 'ground safety zone',⁶⁴ were common features of the conflict. The signing of the Konculj peace agreement in May 2001 essentially halted the fighting, although isolated incidents of violence continued until the end of 2004.⁶⁵

Responding to the crisis, in 2000 the Serbian Government established the Coordination Body initially managing the counter-insurgency, but after the Konculj Agreement becoming responsible for the implementation of the Covic Plan, the strategy towards the normalisation of the region masterminded and led by the then Deputy Prime Minister Nebojsa Covic. Initially, the Coordination Body had a decisive influence on all political, social and cultural events, later as the situation normalised and also due to changes in the leadership, its influence has decreased. The Government's effort was complemented by the international community, especially the United Nations, which, by the end of 2001 established an inter-agency office in South Serbia and initiated the implementation of the South Serbia Municipal Improvement and Recovery Programme (SSMIRP) and the Rapid Employment Programme (REP). Addressing the most pressing legacies of the conflict, REP provided temporary public works employment for some 6,000 former fighters and the long-term unemployed during an 18-month period. Although a very few long term jobs have been created, the objective immediately after the conflict was to engage people quickly, generate income and get majority of them off the

⁶¹ International Crisis Group (ICG) (2006) *Southern Serbia: In Kosovo's Shadow*, Policy Briefing, Europe Briefing N°43, Belgrade/Pristina/Brussels, 27 June 2006, 17 p.

⁶² The ethnic composition in Presevo is 31,098 (89.1%) Albanians, 2,984 (8.5%) Serbs, and 322 (0.9%) Roma, in Bujanovac, 23,681 (54.7%) Albanians, 14,782 (34.1%) Serbs and 3,867 (8.9%) Roma, and in Medvedja 2,816 (26.2%) Albanians, 7,163 (66.6%) Serbs, and 109 (1%) Roma (See Statistical Office of the Republic of Serbia (2002) *Report CH31*, No. 295).

⁶³ This took place after the Kosovo conflict and roughly simultaneously with the Albanian insurgency in neighbouring Macedonia.

⁶⁴ An area inside Serbia, but barred to the Yugoslav forces.

⁶⁵ The history and international responses are based on Thorogood, T. (2007) 'The South Serbia Programme: Lessons in Conflict Prevention and Recovery', *Development&Transition*, No. 6, April 2007, UNDP/LSE.

streets contributing to prevent a further outbreak of violence. This goal has been achieved. SSMIRP then focused on longer-term issues such as support of the non-governmental organizations (NGOs) needed for conflict resolution and civil society development, more systemic employment creation and better local governance. This included the establishment of small funds administered by municipalities that delivered grants to NGOs from the region and support to development of farmers groups and cooperatives.

The South Serbia programme has benefited from the effective division of labour among the international agencies active in the region, where UNDP has focused on supporting governance, civil society and to a lesser degree local economic development, OSCE has taken a leading role on judicial and police reform. Likewise, the monitoring of the security situation has fallen under the mandate of the European Union Monitoring Mission (EUMM). While areas of overlap have been present, for instance between UNDP and USAID initiatives, these have been increasingly addressed in a coordinated manner. The strong donor support in the period 2001-2005 resulted in various UNDP-implemented initiatives delivering 10.5 million Euro from the European Union and \$3.5 million from other donors such as the World Bank and the Governments of the Netherlands, Luxembourg and Sweden. The existing Municipal Improvement and Revival Programme Phase II (MIR II) began in December 2005 with a budget of 10.2 million Euro and is supported by a consortium of partners consisting of the European Union through the European Agency for Reconstruction, the Governments of Sweden, Norway and Austria and the Government of Serbia. The programme also benefited from significant contributions by the local municipalities. This successful coordination among partners has helped to ensure funding continuity since 2001 and prevented the appearance of serious funding and implementation gaps.

Conflict and peace dynamics in South Serbia are rooted in several inequalities, including political representation and participation, economic inequality, and access to social and other services found at the inter-community, inter-municipality, and inter-regional/national levels. These in turn are affected by positive and negative contextual factors. The scheme in annex I provides a general overview of all these, a detailed description is included in the paragraphs below.

Inequalities in political representation and participation. As a result of the last municipal elections, most municipal councils now in general reflect the ethnic composition of their municipalities, although in most cases the Roma are still largely under-represented. Today, the inequalities at municipal level are visible predominantly in the police and judiciary and this is despite progress with the inter-ethnic police initiative led by OSCE and the appointment of the first Albanian judge in Bujanovac. In the Municipal Courts of Bujanovac and Presevo, Albanians constitute 11% and 27.5% respectively of the staff.⁶⁶ Out of ten judges in the Bujanovac Municipal Court and seven judges in the Criminal Court, only two are Albanian.⁶⁷ In the police administration, out of 38 employees, there are two Albanians in Bujanovac, with no Albanian police commanders. A similar picture is reported in the border police and customs where there are only two Albanian employees out of over 100 staff. At the railway border control in Presevo, there is presently one Albanian employee out of 40 staff.⁶⁸ According to Albanian political leaders, further inequalities are seen in employment opportunities in public institutions (such as post, public utilities, forestry) in some parts of the region. For example, in Bujanovac 5% of employees in public institutions are stated to be Albanian. At the same time, the situation in Presevo is more balanced and employment in such institutions roughly reflects the composition of the population. It is important to note that in 2005 the Ministry of Justice approved the official use of the Albanian language in the Municipal Courts, and in February 2006, an Albanian magistrate started work in the Bujanovac Municipal Court. It is clear that an improvement in the above-described situation would require a systemic change in management of the respective sectors at a national level.

⁶⁶ Council for Human Rights (2006) *Inception Report on Implementation of 'Free Legal Assistance' in Bujanovac and Presevo Municipalities*. Bujanovac.

⁶⁷ Interviews with Albanian political leaders in Bujanovac.

⁶⁸ Interviews with Albanian political leaders in Bujanovac and Presevo.

Even more significant inequalities are found at the inter-municipal and inter-regional levels. In the Coordination Body, which was created also to support the integration of Albanians in state institutions, the representation and participation of Albanians has been more formal than effective. For example, although Albanian mayors were appointed as the Vice Presidents in the Coordination Body after restructuring in 2005, they have not been effectively included in decision-making. It is likely that another reorganization of the Coordination Body in 2007, with no consultation of Albanian mayors, may lead to even more limited participation. Access to higher level decision-makers in the state structures by minority leaders has been limited. In the context of actual and perceived discrimination, the inability to secure meetings with ministers is seen by many as a slight. Although Albanian political parties have boycotted national elections since 1990, their participation in the parliamentary elections in 2007 resulting in the election of an Albanian MP to the Parliament is a positive development, allowing for the presentation of Albanian issues and demands in the Parliament.

Economic inequalities. The overall economic situation in South Serbia is affected by political instability and years of underinvestment by the state. Poverty among the population is fuelled by high levels of unemployment and a challenging business environment. Unemployment figures are unreliable, with available data indicating rates between 25%-30%.⁶⁹ These figures are considered as underestimated, with local NGOs and leaders often stating that rates are more in the range of 60-70%, indicating also the size of the informal economy.⁷⁰ Whereas all communities are adversely affected by regional underdevelopment, there are still a number of visible economic inequalities. At an inter-community level, inequalities are visible in access to employment in public institutions, as mentioned above and socially owned enterprises. For the latter, reliable figures are difficult to find. Nonetheless, the evidence indicates that there is widespread actual as well as perceived discrimination. For example, interviewees stated that the company HEBA in Bujanovac employs 500 Serbs out of a total workforce of 518,⁷¹ while the tobacco factory in Bujanovac has reportedly only five Albanians out of 200 employees. There is also evidence to suggest that in some socially owned enterprises in Albanian dominated municipalities, despite the availability of the local work force, Serbian employees are transported to work from the regional centre, the city of Vranje. Conversely, however, the company Moravia in Presevo employs 41 Albanians of a total of 47 employees.⁷² Employment inequalities in socially owned enterprises are compounded by a slow and often non-transparent privatization process. For example, according to the mayor of Bujanovac only two out of ten socially owned enterprises have been privatized so far. At the same time, remittances from Albanians abroad have mitigated the level of income disparities that would normally follow such a situation.⁷³ It is important to stress that the unemployment picture has also strong gender dimensions. Several NGO respondents stated that unemployment among Albanian women can be as high as 70%, as compared to 30% among Serb women, while Roma women were said to have even higher unemployment rates than Albanian (although the involvement of women in household work cannot be considered as unemployment). Gender-disaggregated unemployment figures are not available. A range of cultural explanations for these differing employment rates were offered, but also a picture of discrimination at home, with evidence of significant gender-based violence.

At an inter-municipality and inter-regional level, inequalities are seen in differing levels of state allocations and investment. This may in part be explained by the differences in funding channels, where Presevo, Bujanovac and Medvedja access the state resources predominantly through the Coordination Body, whereas other municipalities receive limited allocations from the Coordination Body (only around 310,3 million Dinars in total), but have a possibility to access significant funding

⁶⁹ Council for Human Rights (2006).

⁷⁰ Interviews with local NGOs and Albanian and Serbian political leaders.

⁷¹ ICG (2007) *Serbia: Maintaining Peace in the Presevo Valley*, Europe Report N°186, Belgrade/Pristina/Brussels, 16 October 2007, 23 p.

⁷² Interviews with Albanian and Serbian political leaders.

⁷³ Outmigration in Bujanovac is estimated in the range of 10 700 migrants, whereas in Presevo it is 12 500 migrants.

through other channels.⁷⁴ The decision-making behind allocations by the Coordination Body is rather unclear and differences in allocations may compound perceptions of discrimination.

Taking the region as a whole, there are another set of observed inequalities. According to official statistics, GDP per capita in 2005 was in Presevo 20,713 Dinars, in Bujanovac 39,769 Dinars and in Medvedja 28,185 Dinars as compared to the Serbian national average of 144,109 Dinars and for example in the regional centre Vranje with 125,049 Dinars. On the other hand some other municipalities in South Serbia have recorded very low GDP as well, for instance Bosilegrad with 29,993 Dinars and Trgoviste 39,211 Dinars. The official realised investment per capita (without private ownership) in 2005 was in Presevo only 162 Dinars as compared to the Serbian average of 21,980 Dinars and to Vranje of 28,550 Dinars.⁷⁵ The average monthly salary per employee in February 2008 was in Serbia 43,218 Dinars, in Vojvodina 44,394 and in Central Serbia 42,787, however in the Jablanicki and Peinjski districts it was only 29,495 and 31,367 Dinars respectively. The average monthly salary in Presevo is 31,242 Dinars, in Bujanovac 31,924 Dinars and Medvedja 27,810 Dinars only.⁷⁶ According to the official governmental categorisation of the municipalities, all Albanian municipalities are categorised as extremely underdeveloped, together with other South Serbia municipalities of Bojnik, Bosilegrad, Crna Trava and Trgoviste. Among 12 municipalities included in this category in total, only 4 are outside of multi-ethnic regions. The multi-ethnic municipality of Tutin in Southwest Serbia is also in this category.⁷⁷

Access to social services. Access to social services such as education, health, water, sewage, and waste management has generally improved in the region, however when compared to other regions of the country the situation remains unfavourable. With an exception of Roma communities, where the situation is still largely unimproved, inequalities in access to services across communities are less significant, with a visible exception in the education and health sectors.⁷⁸ In education, inequalities relate to the absence of Albanian-language curricula and teaching materials, where only books from Kosovo are available. There are also problems in recognizing university diplomas obtained in Kosovo and Macedonia, as well as limited faculty for teaching in Albanian-language schools. Having said that, when designing the policies for education in minority languages, the issue of 'self-imposed' segregation and potential future discrimination on the labour market connected with insufficient knowledge of the Serbian language needs to be seriously taken into consideration. Municipal health facilities in Presevo and Bujanovac are accessed by all communities, although health care outreach is limited in rural areas and for Roma communities in general. Inequalities are more visible on an inter-municipal and inter-regional level. Difficulties are still experienced by Albanians in particular when accessing services outside their municipalities and in accessing higher education outside of the region. This is often caused by language barriers, economic obstacles and also the fear of discrimination. In terms of social services in general, levels of access and quality are lower than the national average due to the previous chronic underinvestment in the region.

⁷⁴ The official figures for allocations from the Coordination Body across selected municipalities in 2000-2005 were 861,110,329 Dinars or 25,029/per capita in Presevo, 907,796,929 Dinars or 21,445/per capita in Bujanovac and 1,248,442,411 Dinars or 123,755/per capita in Medvedja. See, for comparison, the ethnic composition of municipalities in footnote 59. For more information see Coordination Body for Municipalities Presevo, Bujanovac and Medvedja (2006) *Coordination Body – 5 Year of Work*, Government of Serbia, Belgrade and Council for Human Rights.

⁷⁵ Statistical Office of the Republic of Serbia (2006) *Municipalities in Serbia 2006*, Development indicators, Belgrade.

⁷⁶ Statistical Office of the Republic of Serbia (2008) *Communication Number 71: Salaries and wages per employee - February 2008*

- *Republic of Serbia by districts and municipalities*, Statistics of Employment, Issue LVIII.

⁷⁷ Government categorisation according to *Official Gazette of RS*, No. 53/95.

⁷⁸ The disaggregated regional data for the Roma population is not available, however the situation of Roma in various parts of the Republic of Serbia is comparable. The literacy rate among the Roma population is 84 percent (in comparison to 97 percent of the domicile of non-Roma living in their close proximity), 74 percent of Roma are enrolled in primary schools and only 19 percent in secondary schools (in comparison to 97 and 71 percent respectively of the domicile of non-Roma). The unemployment rate among Roma is 39 percent (in comparison to 15 percent of the domicile of non-Roma). For more see UNDP (2006) *At Risk: The Social Vulnerability of Roma, refugees and Internally Displaced persons in Serbia*, Belgrade and Argument – Research and Analytical Center (2006) *Local Needs in Roma Education in South Serbia Peinjski and Jablanicki District*, Belgrade.

Contextual factors. Contextual factors that influence the situation in South Serbia are both negative and positive and can be grouped into four clusters, namely security, political, economic, and social. As far as *security issues* are concerned, South Serbia remains militarized following the 1999 conflict in Kosovo and the local insurgency in 2000/2001. The significant presence of military and security personnel remains a point of inter-community contention. Illicit cross-border activities such as smuggling, armed groups, banditry and until recently the unclear status of Kosovo as well as the developments related to the declaration of Kosovo independence on 17 February 2008 are other important drivers. However, inter-community relations in this context have remained relatively stable in part due to conflict fatigue and weariness, as well as the strong involvement of the international community. Generalizing this point, it seems that ‘the fatigue-based stability’ often provides opportunity and momentum for the creation of ‘the development-based stability’. In *the economic sphere*, the difficult and complex transition process in South Serbia is further complicated by a history of underinvestment, the poor state of physical and social infrastructure, the collapse of socially owned enterprises and brain-drain through out-migration. The consequences are seen in limited business opportunities and the lack of private investment. Deterioration of economic conditions is counter-balanced by a significant inflow of remittances by the Albanian Diaspora and recently increased investment both by the state and international community.

For *the social issues*, the formation and entrenchment of separate identities is driven by numerous factors. These include separate educational systems and limited opportunities for social interaction, through for example sports, culture, and religion. In combination with provocations and symbolic actions, including activities of gendarmerie and Albanian flag-raising and a polarized media that fuels distrust, this may increasingly set the stage for future polarization of communities. At the same time, it is important to stress that positive inter-community relations remain, resulting from a long history of peaceful coexistence and day-to-day interactions. Finally, *the political issues* reflect the problematic political management of the region. On the one hand, inconsistency in the government’s political approach, policies and their practical implementation contributes, whether by default or by design, to a challenging security, economic and social environment. It also sets the stage for feelings of discrimination and marginalization by all communities, although notably these feelings are often based on inaccurate information and data. On the other hand, the complex South Serbia environment requires strong and mature political leadership among Serbs, Albanians and Roma, which is not always present. On the Albanian and Roma side, this is in part due to the history of non-participation in political processes and the influence of ‘*big-politics*’ emanating from Belgrade and Pristina. With aging political elites, it is crucial that the new generation of political leaders are prepared for the challenges to be faced in the future, although there is little evidence to suggest that these new political elites are being given the necessary space in official structures.

Programme results and their conflict mitigation contribution. Initiatives preceding the current programme and their results have been described above. They have played a key role in eliminating some of the key conditions conducive to conflict such as the employment of former fighters and the long-term unemployed and the stimulation of the local economy as well as supporting the creation of a legitimate political authority through support to civil society and local governance. The on-going Municipal Improvement and Revival Programme phase II (MIR II)⁷⁹ is the second phase of a programme which began in 2003, with a geographical focus on South Serbia. MIR II builds on the achievements of the first phase in terms of confidence building, poverty reduction, municipal infrastructure development and change in the behaviour of municipal officials. The overall objective is to strengthen local good governance in South Serbia in terms of the delivery of services to citizens and local and inter-municipal stewardship of social and economic development. The programme should support South Serbia municipalities to, individually and jointly, plan and take strategic action to achieve the sustainable economic and social development of the region and to fulfil their obligations to citizens. MIR II activities are organised under four main components: i) inter-municipal co-operation for development, ii) municipality strategic planning for development, iii) improved municipal management and administration, and iv) improved delivery of municipal administrative services. In

⁷⁹ For a detailed description see UNDP (2005) *Municipal Improvement and Revival Programme Phase II*, Project Document, UNDP Serbia, Belgrade.

addition, promotion of gender equality and environmental protection are two issues cross-cutting these four components.

The assessment of responses from a conflict mitigation perspective is focused predominantly on the MIR II programme, with the contribution of previous interventions briefly evaluated in the concluding part. It draws on the situation analysis and identifies concrete contributions to mitigation of identified conflict factors made by the programme components (regional cooperation, strategic planning/investment and municipal capacity-building, which includes improving universal management and communication skills, agricultural support and delivery of municipal administrative services),⁸⁰ as well as by ways of working (the latter is summarised in a joint section for both case studies included after the Southwest Serbia section). For further operationalisation, the key conflict factors described in the situation analyses have been grouped into three categories – i) political representation and participation in governance, including governance and institutional aspects, ii) economic and iii) social. The conflict mitigation contribution of the MIR II programme components are summarized in table 2 and described in detail in the following paragraphs.

Table 2: The conflict mitigation contribution of MIR II programme components.

	Municipal capacity-building	Strategic planning and investment	Regional cooperation
Political representation and participation	All training activities using non-discriminatory approach involving mixed groups Increased local administration capacity, greater response and transparency through Citizen Assistance Centres established in 12 municipalities	11 Development Strategies prepared through participatory process and approved by municipal assemblies Investment project selected through representative committees	Transparently functioning and non-discriminatory Steering Committee Improved cooperation with Coordination Body Regional Development Agency (RDA) supporting all municipalities Improved access to high-level national and international officials Trust-building through mixed study tours
Economic inequalities	Increased awareness and capacity to create conditions for economic development including training on financial and project management, Establishment of 24 Agro-corners	Development strategies emphasizing economic development Investment projects supporting economic development 10 sub-projects supporting management of agricultural sector	Allocation of resources for municipalities reflecting post-conflict situation and inequalities Mixed contractors and programme staff Regional projects supporting infrastructure building, development of a tourism plan and identification of investment barriers
Access to services	Improved access of all citizens to services through Citizen Assistance Centres	Majority of investment projects targeting social infrastructure (education, health, water supply, sewage, waste management) and addressing inequalities	Regional projects related to waste management feasibility studies, water supply for Presevo and Bujanovac and a sewage network around Vlasina Lake RDA supporting access to EU and other funding

Contribution to political representation and participation. Regional MIR II governance structures have been inclusive and have demonstrated both to the Albanian and Serbian leaders the benefits of minority participation in political and policy processes and concrete activities. The Albanian mayors who have actively participated in the Steering Committee increasingly understand the necessity of Albanian municipalities to develop within the broader framework of South Serbia. The chairing of the MIR II Steering Committee by the Coordination Body has had two indirect benefits related to political participation. It has contributed to increased transparency and accountability of the Coordination

⁸⁰ For a better understanding of the relation between financial allocation and contribution to conflict prevention, the programme budget allocations for specific components were as follows: regional cooperation – 1,12 million USD, strategic planning and municipal investment projects - 5, 08 million USD, improved municipal management (including improving universal management and communication skills and agricultural support) - 1,43 million USD, improving delivery of municipal administrative services) - 0,45 million USD.

Body and simultaneously it has broadened the involvement of Albanian leaders in the work of this institution. The use of transparent and responsive mechanisms for resource allocation and project selection at regional and municipal levels has set an example of how participatory and non-discriminatory planning and decision-making works in practice. This also led to greater efficiency in addressing the needs of communities in various municipalities. MIR II has facilitated access by local Albanian and Serbian leaders to high level governmental and international officials, both through their participation in the Steering Committee meetings as well as frequent meetings and visits in the region and Belgrade related to concrete programme activities. This has enabled the presentation of local needs, potentially increasing a sense of integration.

At the municipal level, the development strategies were developed in 11 municipalities (except Trgoviste) through an open, participatory and inclusive planning process creating space for the non-discriminatory participation of all ethnic groups, civil society and the private sector. Between January 2006 and February 2008, all these strategies were formally approved by the Municipal Assemblies and represent a consensus of all political parties on the future municipal development and investment priorities (in Leskovac and Presevo the revisions of already existing strategies were approved, all strategies also include a detailed action plan). The establishment of Citizen Assistance Centres (CAC) in the municipalities ensured improved and non-discriminatory access to services by all communities and citizens. These Centres, which will be by the end of the programme established in all municipalities, represent a 'one-stop-shop' for the interaction between local administration and its customers, be it the general public, private or non-governmental sector. It allows for streamlined, transparent and non-discriminatory provision of services related to notary and registry and also more sophisticated processes and permits. Currently, the crucial and complex process of building permits is being analyzed and proposed for inclusion in CAC operation. All these new developments contribute to a greater efficiency and transparency in the work of the municipalities and provide an opportunity for multi-ethnic interaction. Selected municipalities are also being supported in urban planning processes and related digitalisation of spatial plans.

Additionally, the capacity-building activities, including training needs assessment and targeted trainings and study tours, bringing together officials from several municipalities across ethnic lines, have contributed to individual and institutional capacity development, professional networking and trust-building. Interviewees have pointed out that the relationships formed have been sustained. The extensive training in general management, project cycle and financial management leads to greater effectiveness, efficiency and transparency of public management, generally improving governance at the municipal level. The support of financial management is timely, concentrating on the novelties introduced by the new taxation and financing of local self-government legislation requiring the establishment of local tax administration offices. The general management training is followed by the establishment of functioning planning and reporting systems in one department initially in at least five municipalities, including the municipalities of Presevo and Bujanovac. Extensive training on communication and preparation of internal and external communication strategies (12 of them should be finalised and approved by March 2008), should further contribute to more transparent and open interaction between politicians, municipal administration and the general public, which is crucial especially in a multi-ethnic and post-conflict environment. Participation and inclusiveness as well as objective media coverage of the region is further supported through other, perhaps more limited but very effective activities, such as trainings of journalists and artwork contests. For example the recent competition for contributions to a 2008 calendar resulted in the submission of 1653 individual art works from 50 schools in all the municipalities of the region.

Addressing economic inequalities and development. The previous programmes have directly targeted the employment of former fighters and the long-term unemployed. This has been complemented and systematized by the current programme through stimulating the local economy and directly supporting the private sector through the development of farmers groups and cooperatives. In addition, among the criteria reflected by the Steering Committee in the allocation of resources were the economic situation, post-conflict needs and inequalities. This has resulted in the allocation of greater resources, in particular to deprived municipalities and has by extension contributed to

reducing some of the economic inequalities. In the implementation of economic development related activities, MIR II has placed emphasis on ensuring transparency and equal opportunity. This has meant that a mixed group of Albanian and Serbian contractors has been used for the project implementation in various localities. The introduction of clear procedures has also led to greater accountability and therefore improved delivery in implementation. Similar principles have been used in the programme staff selection. The establishment of a Regional Development Centre (RDC), launched in November 2006, is critical for systematically supporting the economic development of the region. It will equally support all municipalities in the South Serbia region and promote a regional approach, which will also benefit Albanian-dominated municipalities. The Albanian municipalities have actively participated in the creation of the Centre and are active in its Assembly, which is the main governing body. Work done and studies related to the development of a tourism plan, reducing investment barriers and infrastructure such as waste management feasibility studies, water supply for Presevo and Bujanovac and a sewage network around Vlasina Lake, which will directly increase its tourism potential, are likely to have direct and more equitable impacts on economic development across the municipalities. In total, two regional projects have been already tendered, and five submitted for possible funding to the National Investment Plan. The RDA further supported 6 municipalities in the preparation of projects financed from the EcoFund.

At the municipal level, all strategic plans emphasise the importance of economic development. They include strategic analysis and recommendations, often with concrete measures and investments that are important in stimulating economic development. The investment projects have contributed indirectly, through infrastructure and transport projects and directly, for example by building the market places, to local economic development. This was complemented by programme components aimed at improving management of the agricultural sector and regional guarantee fund. In particular the establishment of 24 agro-corners (5 of which in Presevo Valley) and the implementation of 10 sub-projects have supported agricultural and rural development as crucial sectors for future economic development. In addition, 41 mixed municipal staff have attended agricultural training. Training in general management, project cycle management, financial management and communication has increased awareness and capacity to create positive conditions for economic development at the municipal level.

Impacts on access to services. The improvement of access to services through infrastructure projects has been the most visible part of the MIR II programme and represents by far the largest budgetary item.⁸¹ It has been implemented with sensitivity to community needs, as well as with careful consideration of inter-community relations. By February 2008, 39 projects have been awarded, with 21 already completed and 14 contracted. The majority of investments into social infrastructure, in particular in education, health, drinking water, sewage and waste management, have directly addressed social inequality issues as mentioned previously in the context analysis. These projects also directly and indirectly contributed to employment generation. At a regional level, the Regional Development Centre leads work on feasibility studies related to water and waste management and the water supply for Presevo and Bujanovac. This, as well as further assistance by the RDC to municipalities in accessing European Union and other funding for investment into social infrastructure will further contribute to a reduction of horizontal inequalities and improvement in the social situation.

CASE STUDY OF SOUTHWEST SERBIA (SANDZAK)

Context analysis. Southwest Serbia is a multi-ethnic region covering 6 municipalities, namely Novi Pazar, Sjenica, Tutin, Nova Varos, Prijepolje and Priboj. The region borders Bosnia and Herzegovina

⁸¹ In Presevo, MIR I supported 10 projects (465 000 Euro) and MIR II one project (34,6 million Dinars), the projects mainly dealt with education, water supply and waste water management as well as waste management. In Bujanovac, MIR I supported 12 projects (346 400 Euro) and MIR II one project (32,8 million Dinars), the projects mainly dealt with education, water supply and waste water management, heating and electricity supply. In Medvedja, MIR I supported 6 projects (93 500 Euro) and MIR II one project (6,8 million Dinars), the projects mainly dealt with water supply and water management, heating, electricity supply and lightning and health.

(BiH), Montenegro and Kosovo. It is often called ‘*Sandzak*’, the term originating from Ottoman times and evoking historical and political connotations, which previously included 11 municipalities, five of them being now in Montenegro (Bijelo Polje, Rozaje, Plave, Pevlje, Berane). The municipalities in Southwest Serbia are populated by the single largest Muslim-Slav community (Bosniak) in the Western Balkans outside of Bosnia and Herzegovina.⁸² The Twentieth Century has witnessed large population movements in the region as a result of several wars, political upheaval, changing borders and administrative arrangements. During the Milosevic era, nationalist rhetoric, politics and discriminatory policies alienated most Bosniaks from state institutions. During the war in BiH, there were numerous documented human rights abuses, kidnappings and murders of Bosniaks.⁸³ This period also saw a push for Sandzak autonomy led by Sulejman Ugljanin, the current Mayor of Novi Pazar. Despite all the turbulence the region remained relatively stable.

Despite the level of underdevelopment and its turbulent past, in comparison to other regions in Serbia, Southwest Serbia has been largely neglected by the international community. The limited activities of the international community implemented in the region have been related to the closure of collective centres, social investment and civil society, community revitalisation, local governance reform, private sector focusing predominantly on agriculture and SME development and environmental protection. Actors involved included the European Agency for Reconstruction, USAID, the Danish Refugee Council, the Governments of Austria, Italy, Luxemburg and Switzerland as well as several UN agencies. Interventions of several donors, especially in Novi Pazar, failed to be implemented successfully and the region has been broadly considered by the international community as difficult to work in.

Conflict and Peace Dynamics. From a conflict perspective, among the six municipalities in Southwest Serbia the risk of violent conflict is primarily limited to the municipalities of Novi Pazar, Sjenica, and Tutin. This risk is currently expressed in confrontations between two Bosniak political parties and splits in the Islamic Community, the actors of which potentially represent ‘spoilers’ of peace. The other municipalities, Priboj, Nova Varos and Prijepolje, remain relatively unaffected, although the situation in BiH and Kosovo may have a destabilizing effect. There are several reasons for this differentiation with different ethnic compositions and the traditional harmonious ethnic relations being the most influential. In Nova Varos and Priboj, for example, Bosniaks are in a minority, while in Prijepolje the ethnic composition is balanced between Bosniaks and Serbs.⁸⁴ The focus of the conflict assessment is therefore on Novi Pazar, Sjenica, and Tutin. Among these municipalities, the expression of conflict is most visible in Novi Pazar, with Tutin gravitating towards and directly reflecting the situation in adjacent Novi Pazar. Dynamics in Sjenica are affected by the specificity of municipal power struggles between the Party for Democratic Action (SDA) and the Sandzak Democratic Party (SDP). Identified conflict and peace indicators are divided into visible (surface) and those that are more systemic (underlying) as outlined in the scheme in annex II.

Conflict Indicators. Political clashes between SDA and SDP supporters, the emergence of Wahhabism, along with the recent split in the Islamic Community are covered extensively in the Serbian media. *Political confrontations* are rooted in the personal conflict between Sulejman Ugljanin, as previously mentioned the current Mayor of Novi Pazar and the SDA leader, and Rasim Ljajic, the current Serbian Minister of Labour, Employment and Social Policy and leader of the SDP. Beyond personal antagonisms and ambitions, there seems to be, at least perceived, differing visions of the region and its future. One could be characterised as inwards looking, based on identity-politics and strict control and the other as more open and pro-European. Until recently, there has been unity within the Islamic

⁸² According to the 2002 census, the region has 235,567 inhabitants out of which 142,350 (60%) declared themselves Bosniaks. 38% of inhabitants are Serbs or Montenegrins, and the remaining 2% are dispersed among other ethnic groups. In the western municipalities, Bosniaks are in a minority (7% in Nova Varos, 23% in Priboj, and 41% in Prijepolje), while in the east they form the majority (78% in Novi Pazar, 95% in Tutin, and 75% in Sjenica).

⁸³ The Helsinki Committee for Human Rights in Sandzak registered by the end of 1996, 1082 cases in which the police searched homes looking for guns, 446 persons taken into custody, and 422 cases of physical mistreatment. For details on abductions and killings of Bosniaks by paramilitary and security forces during the Bosnian war see, for example, ICG (2005), *Serbia's Sandzak: Still Forgotten*. Europe Report No. 162, 8 April 2005, 50 p.

⁸⁴ Prijepolje is often referred to as the only example of a functioning and harmonious multi-ethnic municipality in Serbia.

Community. However, there is now a rift in the Islamic Community, with some following Mufti Muamer Zukorlic (Mufti of Sandzak) and others, which seem to be the minority, the newly elected Reis Adem Zilkic (Islamic Community of Serbia), who is also supported by the Belgrade Imam Muhamed Jusufspahic. This situation resulted at the end of 2007 and early 2008 in incidents of small-scale violence. Many respondents believe that the rift in the Islamic Community reflects the political divisions between the SDA and SDP and is partly driven by the local political leaders with the possible involvement of the central Government. However, there is widespread feeling that unity remains among ordinary members of the Islamic Community and that the rift is not related to the interpretations of religion.

The March 2007 Serbian police operation against a suspected Islamic extremist mountain training camp near Novi Pazar reportedly yielded weapons, plastic explosives and ammunition. It has triggered concerns of the emergence of a Wahhabist threat in the region. The Wahhabis arrested have since been charged with allegedly plotting to kill Muamer Zukorlic and planning attacks on a police station in Novi Pazar, as well as on targets in Belgrade.⁸⁵ Most interviewees however dismiss the Wahhabist threat as over-rated, calling the young men involved as 'confused' and not numbering more than between 100-300 individuals. Muslim religious leaders have also repeatedly stressed that Wahhabism is not part of mainstream Islam as practiced in the region. Nonetheless, even though Wahhabis may not constitute a real threat, there is still potential that their presence could be instrumentalised for other negative political and religious purposes. Political fights between Bosniak parties and the rift within the Islamic community occur in a context of extensively manipulated local and sensationalist national media. With few exceptions, local newspapers, radio and television are polarized along political lines. The journalistic standards are also very low thus compounding bias and inflammatory reporting. Many respondents also highlighted that there is extensive political interference into the work of the municipal courts. Municipal courts are said to have low capacity, which has been acknowledged by the Ministry of Justice. Local confidence in the municipal judicial structures is almost non-existent, with widespread allegations of corruption, partiality, and collusion with criminal elements.

Below the surface, several political, governance, economic, and social conflict characteristics can be identified. Overall *weak governance* has both national and local dimensions. Historic neglect of the region by central government is coupled with inefficient and remote public administration structures. Public administration and service provision is often organized so that higher level offices or authorities are not concentrated in one city, but spread across cities in and outside of the region. At the local level, municipal structures have limited public management capacity and poor human resources, and are sometimes affected by corruption and the mismanagement of funds. The distinction between municipal structures and political leadership is often blurred. In some cases, municipalities become dysfunctional due to political divisions between the Mayor and the Assembly, for example in Sjenica. There is some evidence to suggest that there is under-representation of Bosniaks in the state structures. For example, 57.4% of the police force in Tutin, which is a municipality with a 95% Bosniak population, is Serbian. A similar picture can be seen in the judiciary, public utilities, and other state institutions such as tax inspection and schools.⁸⁶

In the *economic sphere*, historic under-investment has deeply affected the region's socioeconomic standing compared to other parts of Serbia. Combined with limited municipal spending on basic social services, it also has impacted on the quality of education and economic development, with consequent high levels of unemployment. Southwest Serbia suffers from less central government investment than other parts of Serbia, for instance the realised investment per capita (without private ownership) in 2005 varied between 137 Dinars in Prijepolje and 1915 Dinars in Nova Varos, radically below the national average of 21,980 Dinars. The claim presented in several interviews that Bosniak dominated municipalities receive less than Serb dominated ones, has not been confirmed by statistical data. The inter-municipal and regional inequalities can be further illustrated by the low levels of GDP per

⁸⁵ Balkan Investigative Reporting Network, 28 November 2007. For more detail see <http://www.birn.eu.com/en/114/15/6601/>.

⁸⁶ International Crisis Group (2005).

capita.⁸⁷ As mentioned previously, Tutin is officially categorised by the Government as an extremely underdeveloped municipality and Sjenica and Prijepolje as underdeveloped municipalities. The state of education is illustrated by literacy levels. The illiteracy rate in the region is 9.8% compared to 7.1% Serbia-wide, with highest figures in Sjenica (12.1%) and Tutin (11.6%).⁸⁸ Whereas these figures can partly be explained by historic under-investment in the region, they are also caused by the under-investment of municipalities in education. Such under-investment becomes acute in places such as Novi Pazar, where due to immigration and demographic dynamics 22% of the total population are students in public schools. Novi Pazar municipal officials state that they need an additional five primary schools, two secondary schools and one additional higher education institution. Many schools in the municipality, therefore, have to organise three shifts.⁸⁹ At pre-school level only 12% of the total demand is covered, suggesting that five more kindergartens are needed. However, opposition parties in Novi Pazar state that municipal budgetary allocations in 2006 were approximately 6% for education, slightly more than the 4% allocated by the municipality for regional television. Employment was high in municipalities such as Novi Pazar in the 1990's, however stricter commercial laws, tax and custom regimes and competition from China led to a subsequent depression in the economy and sharply increased levels of unemployment.⁹⁰ Currently, unemployment in Southwest Serbia is very high, especially among the youth.⁹¹ Many interviewees have mentioned the significant size of the informal economy as well as illicit economic activities that revolve around drugs, weapons, tobacco, alcohol, and human trafficking, with a strong cross-border dimension with Kosovo and BiH. It is difficult to estimate the full scope and impact of these activities on the local economy and conflict dynamics. However, the significant number of drug addicts in itself is indicative of the size of 'the industry'.⁹²

In *the social sector*, two factors are noticeable. Political upheaval, war, and limited economic opportunities have led to significant out-migration. According to the 2002 census, the region lost 8.64% of its population as compared to 1991.⁹³ Only Novi Pazar has recorded an increase in its population, largely at the expense of the surrounding villages and other municipalities. The economic boom in Novi Pazar in the 1990s served as a magnet for rural populations. For example, Priboj lost approximately 50% of its Bosniak population to migration, while Sjenica experienced a 30-40% loss. Out-migration has been particularly present among young and skilled people, some of whom went as far as Sarajevo, Belgrade, and Western countries, including the USA and Canada.⁹⁴ This 'brain-drain' has significant implications for future regional economic and political development. Civil society in the region remains relatively weak. Although NGOs are few in number and small in size, they are vocal and some have been active for more than a decade. NGOs have played an important role in promoting citizen participation, accountability in local government and monitoring and advocating for human rights.⁹⁵ A concern, however, is the polarization between some civil society groups and political leadership of municipalities, with limited dialogue and frequent antagonistic exchanges. Some civil society groups are becoming politically aligned, which may, in the eyes of the public, undermine their role as credible advocates for a progressive agenda. The most salient conflict factors relate to weak governance, coupled with manipulated media and excluded civil society, weak judiciary, limited economic activities, high unemployment and illicit economic activities. Many of these,

⁸⁷ This underinvestment contributes to very low per capita GDP. Per capita GDP in Novi Pazar is 53,640 Dinars, Sjenica 47,682, Tutin 35,601, Nova Varos 89,270, Prijepolje 55,704 and Priboj 56,111 as compared to the Serbian average of 144,109 Dinars. Figures, including those on investment are taken from the Statistical Office of the Republic of Serbia (2006) *Municipalities in Serbia 2006*, Development indicators, Belgrade.

⁸⁸ International Crisis Group (2005). However, neighbouring Serb-dominated Raska has an illiteracy level of 11,8%, which suggests that there are no ethnically based differences.

⁸⁹ Interview with Bosniak political leader and municipality official in Novi Pazar.

⁹⁰ The textile and shoe industry in Novi Pazar employed several thousand people until the end of the 1990's.

⁹¹ Unemployment in Novi Pazar is 41.4%, Sjenica 55.8%, Tutin 61.1%, Nova Varos 40.9%, Prijepolje 47.8%, Priboj 50.6%. Unemployment figures are given for 2005 and use the formula of unemployed divided by the labour force. Figures taken from the Statistical Office of the Republic of Serbia.

⁹² Some interviewees estimate the number of drug addicts in Novi Pazar alone between 7000 and 10000.

⁹³ Statistical Office of the Republic of Serbia, figures taken from a comparison of the 1991 and 2002 censuses.

⁹⁴ Interviews with political leaders and NGOs.

⁹⁵ Interviews with NGO leaders in Novi Pazar.

however, can be addressed in part or in full through broadly conceptualised and well-targeted development related interventions.

Peace Indicators. The relative stability of Southwest Serbia over the years shows that there are important drivers of peace in the region. Inter-ethnic relations in the region between Bosniaks and Serbs are overall relatively unproblematic. Whereas there have been cases of inter-personal violence along ethnic lines and related to abuses perpetrated during the Bosnian war and the memories of the suffering are still present, most interviewees stated that common language and historical coexistence are important contributors to harmonious relations. Increasing trade and productive economic activities are visible in places such as Novi Pazar and Prijepolje. Key drivers of wealth creation are a pervasive entrepreneurial spirit, extensive remittances from Diaspora and the region's advantageous geographical position resulting in increased cross-border trade. Together, these factors represent the region's economic potential. Although migration has had negative impacts as described in the previous paragraph, it also paradoxically contributes to some stability, as the region's population seems not to be 'trapped' and is ready to seek opportunities elsewhere if these are not present locally. Although, the current levels of international engagement remain limited, another factor that has potential to contribute to stability is increasing international attention to the region.

Programme results and their conflict mitigation contribution. Municipal Development in the South West Serbia Programme (PRO I) was designed to build on the results of the previous UNDP interventions in Prijepolje, Nova Varos, Priboj and Sjenica. These activities concentrated predominantly on municipal capacity building and strategic planning with limited resources for investment. The first phase of the programme was initiated in mid 2006 with implementation envisaged until 2008 and is supported by the European Agency for Reconstruction and Swiss Development Cooperation, with UNDP serving as implementing partner.⁹⁶ The overall objective of the programme is to strengthen local government in facilitating socio-economic development by effectively using EU and other funding support. The specific purpose is to develop capacities of local stakeholders and local governments, so municipalities in South West Serbia, individually and jointly, plan and take strategic action to achieve the sustainable socio-economic development of the region. This should be achieved through: i) improvement of municipal capacity to plan and implement selected priority projects based on sustainable development plans and EU funding requirements; and ii) creation of inter-municipal and area-based development partnerships for sustainable socio-economic growth and to better exploit future EU funding support in Southwest Serbia.⁹⁷ The recently initiated 'Municipal Development in South West Serbia Programme - second phase' (PRO II) will build on the results achieved during the first phase and will extend the programme until the end of 2009. It will continue working in six municipalities, adding the two municipalities of Raska and Ivanjica, and will provide essential support to inter-municipal activities through the establishment of Regional Development Agencies and the preparation of a Regional Development Plan.⁹⁸

The assessment of responses from a conflict mitigation perspective is focused primarily on PRO I. As with South Serbia, it draws on the situation analysis and identifies concrete contributions to conflict mitigation made by the programme components as well as through ways of working. It also highlights

⁹⁶ For a better understanding of the relation between financial allocation and contribution to conflict prevention, the budget and programme budget allocations for specific components were as follows: budget of PRO I is close to 3,2 million Euro (2,2 million of EAR contribution and 1 million of Swiss contribution). Budget allocation for the investment projects is 1,7 million Euro, for the human resources 670 000 Euro and for CACs 300 000 Euro. Budget of PRO II is 6,4 million Euro (4,9 million of EAR contribution and 1,5 million of Swiss contribution). Budget allocation for the investment projects is 3,26 million Euro, for the human resources 1,33 million Euro, for support to RDAs and regional activities 400 000 Euro, for the training and study tours 233 000 Euro and the civic participation 100 000 Euro, the same amount is allocated for CACs. In both cases the municipal contribution should be at least 10%.

⁹⁷ For more information see the project documents UNDP (2006) *'Municipal Development in South West Serbia'*, UNDP Serbia, Belgrade and UNDP (2007) *'Municipal Development in South West Serbia - Second Phase'*, UNDP Serbia, Belgrade.

⁹⁸ It is expected that this will be accomplished through the following results: a) organizational effectiveness and efficiency improved and capacities to fulfil assigned functions to deliver services to citizens in municipalities in South West Serbia increased; b) capacities and capabilities for the implementation of municipal sustainable development strategies strengthened and a system for monitoring of progress established; c) infrastructure projects based on identified socio-economic priorities for municipalities in South West Serbia selected and implemented and d) support inter-municipal cooperation and facilitate establishment of sustainable regional development partnerships.

challenges faced and opportunities missed by the programme in this respect. The conflict mitigation contribution of the programme is summarized in table 3 and described in detail in the following paragraphs. The table reflects the contribution of the activities and results in addressing identified underlying and visible conflict factors at both municipal (including the capacity building, strategic planning and investment components) and regional levels (regional cooperation component). For further operationalisation, the factors described in the situation analysis have been grouped into three categories – governance, including political and institutional aspects, economic and social.

Table 3: The conflict mitigation contribution of PRO programme components.

	Municipal level including capacity building, strategic planning and investment	Regional cooperation
Governance and political representation	6 Sustainable Development Strategies prepared through participatory processes and approved by Assemblies Preparation of Action Plans initiated Strategic planning processes incorporating ethnic dimension, civil society and private sector Investment project selected through representative committees Capacity needs assessment and functional reviews of municipalities followed by training of municipal staff with special focus on improved budget planning and financial management	Transparently functioning and non-discriminatory Steering Committee Increased cooperation with central Government Increased mutual understanding and cooperation among municipalities through the process of establishment of RDAs, regional development planning and regional projects preparation
Economic development	Economic priorities identified in development strategies and action plans Municipal oversight and management capacity increased through Municipal Implementation Units and Municipal Development Committees Investment in physical infrastructure enabling economic development	Preparation of regional development plan (with emphasis on economic development) Regional projects creating conditions for economic development
Social services	Investment projects improving social service delivery and social infrastructure Greater responsiveness and transparency through establishment of 6 Citizens Assistance Centres Municipal social priorities identified in development strategies and plans Civil society capacity building through Citizens Involvement Fund and provision of micro-grants	Regional projects concentrating on social infrastructure (water, sewage, waste, gasification) Exchange of experience between municipalities related to service delivery

Contribution to governance and political representation. Addressing the key issues of governance and participation identified in the situation analysis at the regional level regular meetings of the Steering Committee contributed to improved mutual understanding and cooperation between municipalities themselves and with central Government. This helped to partly redress some of the municipal and regional governance deficits. The use of transparent and responsive mechanisms for resource allocation and project selection at regional and municipal levels has set an example of participatory and non-discriminatory planning and decision-making, which is particularly important in a conflict context. PRO I has facilitated the access of all local leaders to high level government and international officials through participation in the Steering Committee and meetings and visits related to programme activities. The creation of working groups as part of the process leading to the preparation of a Regional Development Plan, as well as the establishment of Regional Development Agencies (RDAs) will help consolidate these governance gains. However, in this respect, it will be of utmost importance to ensure that the RDAs are not politically instrumentalised. The study tour for representatives of all municipalities to Slovenia resulted not only in practical learning and the exchange of experiences but also in the critical opening of the region and motivation from positive examples of EU member states with a shared history and similar context.

At the municipal level, all 6 sustainable development strategies have been developed through participatory and non-discriminatory processes including the establishment of representative local action groups, public hearings, use of international expertise and a study tour to Slovenia. The approval of the strategies by the Municipal Assemblies between December 2006 and December 2007 (Prijepolje has already approved the action plan) represents a commitment of all political parties,

across potential dividing lines, on the future developmental priorities of the municipalities. These priorities are being further operationalised in the action plans currently under preparation. Additionally, the strategies in Nova Varos and Prijepolje have been revised in light of new baseline studies. The monitoring mechanisms of strategy implementation are being developed. All these should lead to the institutionalization of participatory and non-discriminatory planning processes at the local level. The extensive SWOT analyses and socio-economic and baseline studies of all municipalities and districts supported by the programme contribute not only to greater understanding of issues in the region, but also provide objective baseline data important for eliminating or at least mitigating perceived but often unsubstantiated inequalities.

Through capacity needs assessments and functional reviews of the municipalities completed in 2007 in all municipalities (including more than 170 questionnaires filled in by municipal staff), the directions for capacity-building have been identified and are being addressed through extensive capacity building training. This includes classroom and on-the-job learning, coaching and management consulting to stimulate necessary organizational changes. This component should lead to the improvement of municipal management in finance, project management, human resources, urban and infrastructure planning and management and external communication and relations with citizens. Special attention is given to municipal budgeting leading to a review of current practices, preparation of sound financial planning and reporting systems with a clearly defined, transparent and accountable monitoring system for budget execution. This should also lead to linking municipal budgetary planning processes and international donors funding for development priorities. A conference in 2008 on the modernization of municipal services organized by PRO in cooperation with the Standing Conference of Towns and Municipalities will further promote administrative reforms at the municipal level. Transparency and accountability at the municipal level has been promoted by PRO through the creation of Municipal Implementation Units and Development Committees that are inclusive and broad-based in their composition. These committees participated in the selection of investment projects. In the future, avoiding the creation of parallel structures, the committees will be transformed into Committees for the Development and Protection of Local Self-Government required by the Law on Local Self Government.⁹⁹ They have the potential, if used appropriately, to further foster accountability and transparency. Improvement in relation to public management capacity, transparency and accountability is especially important in multi-ethnic and conflict regions as it directly addresses some of the conflict factors identified in the situation analysis.

Economic impacts. Municipal development strategies have placed special emphasis on economic development and provide a useful framework for work on key economic issues. Municipal Implementation Units in all municipalities have played an increasingly active role in the implementation and monitoring of investment projects. Investment projects represent concrete inputs to economic development including employment generation. By the end of 2007, 26 out of 34 contracts, related to 24 sub-projects were completed.¹⁰⁰ These projects, which mainly concentrated on physical infrastructure and social services, have contributed to the creation of an enabling environment for economic development. However, future investment projects should more directly support economic activities. The formulation of a Regional Development Plan and establishment of the RDAs should further contribute to the systemic creation of an enabling economic environment. It is important to ensure that the RDAs pay particular attention to economic issues, especially productive activities and investment that stimulates job creation. RDAs will also assist in the preparation and implementation of economic development projects at the regional level. So far, a feasibility study for the establishment of Regional Development Agencies has been prepared and complemented by activities towards increasing awareness and understanding within the region of

⁹⁹ According to the Serbian Law on Local Self Government, Article 127, 'the Assembly of the local self government unit may establish the Committee for Development and Protection of Local Self Government for the purpose of providing a democratic influence of citizens on the improvement of local self government. The members of the Committee shall be selected amongst citizens and experts in the fields relevant to the local self government'.

¹⁰⁰ The investment projects include mainly construction work related to transport infrastructure including bridges (5 projects), municipal infrastructure (7), heating (4), water supply and waste management (3) and reconstruction and improvement in hospitals (1), kindergartens (4), schools (6), cultural centre, museum and library (3), sport facilities (1) of the total value exceeding 1.9 million Euro with approximately 351,000Euro provided by municipalities as direct cost-sharing.

inter-municipal cooperation, regional development and the role of RDAs in these processes. A series of conferences, targeting the public and private sector as well as civil society, have been held covering 10 municipalities in the Zlatiborski District and 9 municipalities in the Raski and Moravicki Districts facilitating consensus on the establishment and location of the RDAs, preparation of the regional development plans and development and implementation of regional projects. The regional development plan should again be prepared through a participatory process including all relevant stakeholders. Envisaged regional projects under PRO that include infrastructure (for example road construction and installing gas) and service delivery (for example waste and waste water management) and the potential formation of industrial zones and preparation of a regional tourism strategy will also create more favourable conditions for economic development and provide a framework for increased inter-municipal cooperation, including planning and joint financing. All these activities contribute to addressing important conflict factors related to economic development as identified in the situation analysis and to the inclusion of Southwest Serbia into a broad, economically more viable regional context.

Social impacts. The preparation of development strategies led to the identification of key social issues at the municipal level. Whereas inclusiveness and participation has been challenging at times, particularly with strained civil society and municipal relations in some areas, it has contributed to an increased level of accountability in local government. As mentioned above, a range of education, health, and cultural investment projects have been implemented addressing some of the social issues identified in the situation analysis and municipal development strategies. The establishment of Citizen Assistance Centres (CACs) in all municipalities have facilitated the re-organisation of administrative processes and internal organizational structures, capacity building for staff and both short and long-term interventions to improve services to citizens. This will make municipalities more capable responding to municipal issues in the areas they are responsible for and will lead to improved and non-discriminatory access to services for all communities and citizens. These gains will be further consolidated through envisaged reviews of lessons learned, staff training, and exchanges of experience between municipalities in this area later in 2008. The customer satisfaction survey is also envisaged to assess the progress in improvement of public management in municipalities. The creation of a Civil Involvement Fund is promising as it should support civil society through the implementation of small projects and encourage work with citizens and other partners including municipal authorities. The first round announcement resulted in 81 eligible project proposals submitted by 75 NGOs/citizens organizations with 19 finally granted.

Contribution through 'ways of working' in South and Southwest Serbia. As mentioned in chapter 2, the ABD approach differentiates between *what* needs to be done and *how* it should be done, placing particular importance on the second aspect. Therefore in addition to concrete programme component impacts described in previous paragraphs, there are also several specific 'ways of working' within MIR and PRO that have contributed to conflict mitigation. Due to the similarities in the programme approaches but also in the conflict mitigation contribution of 'ways of working', this chapter summarizes these for both regions. What could be called 'walking the talk', the norm setting and demonstration effect of both programmes have been significant. The programmes have advocated for the application of norms and principles such as inclusiveness, non-discrimination, participation, gender-sensitivity, transparency and accountability, which are especially crucial in a conflict setting and may represent the key factors for success and sustainability of results. These norms have been integrated into the design and modus operandi of the programmes and demonstrated in practice across the programme components. MIR and PRO have sustained and broadened the international and government engagement in the region, which is particularly important in conflict regions. Through participation of high-level governmental officials in the work of the Steering Committees and in programme related events and activities, the programmes have, despite some limitations, broadened government involvement and created a platform for interaction between government, donors, municipalities, NGOs and the private sector. In particular, PRO has also become a good international counterpart of civil society groups and a platform for facilitating civil society-local government dialogue.

The support of multiple donors and partners through a single multi-partner programme represents a positive example of donor coordination and has shown local communities and government that the region is important and that the international community has one agenda supporting the region. It has also improved the coherence, coordination and information exchanged among international partners involved in the regions. The need for such a platform will increase especially in the Southwest Serbia as potentially more international agencies enter the region. The constant presence of the MIR and PRO 'infrastructure' has allowed programme staff to support broader initiatives and processes beyond the programme scope. Staff and facilities have been routinely used for briefings, data gathering and coordination purposes by a range of local, national and international groups. This has facilitated a better understanding of the needs of the region, catalysed other initiatives and contributed to a continued focus on South Serbia and Southwest Serbia. Both conflict and development analyses show significant differences in needs and capacities across municipalities. By addressing these differences and reflecting municipal specificities, the programmes have been able to tackle key conflict and developmental issues in a regional manner, while not losing sight of the local context.

Conclusions of the case studies. In every era there is a complex relationship between processes of governance, legitimacy and forms of security, and this complexity is further increased after the conflict. The ability to maintain order, to protect individuals in a physical sense, but also to provide a basis for administrative capacity and service delivery, to guarantee the rule of law, and to protect the territory externally are all key functions of political institutions from which their legitimacy is derived. The character of these institutions is largely defined in relation to the way in which these functions are undertaken. On the other hand, it's impossible to provide security and other services and maintain the social contract without some underlying legitimacy. There also has to be a mechanism, ideally democratic consent, which explains why people obey rules and why in particular agents of organized violence follow orders.¹⁰¹

If this context, summing up the findings of previous sections, *the programmes have undoubtedly improved overall situation, contributed to the stability and decreased the likelihood of the renewal or eruption of the violent conflict.* Although the rapid employment of ex-combatants and the cooperation with the Coordination Body have directly improved the security situation and physical security of citizens, the main achievements can be particularly seen in contributing to the establishment of legitimate political authority predominantly at the local level. Confirming the importance of linkages between governance's legitimacy, effectiveness and security dimensions emphasized in the academic literature,¹⁰² this has been achieved through the support to official structures as well as their interaction with the civil society organizations, other informal institutions and general public, emphasizing dialogue and planning, participatory and non-discriminatory processes and approaches. The support to local self-government and its administration increased the effectiveness in public management and service delivery, with subsequently contributed to its legitimate political authority. Additionally, through the investment in infrastructure and, to the lesser extent, the creation of conditions for functioning economy, the programmes improved social and economic security of the population. All this has also led to the improved interethnic relations. The results confirmed that the *localised approach* has been appropriate and successful.

In more details, the ABD programmes have been effective in addressing the factors within their main focus such as governance and political representation, including support to civil society, economic development and social services delivery especially infrastructure, education and health. The programmes have effectively addressed especially first two areas at municipal and regional levels. Additionally they have succeeded in paying particular attention to decreasing inequalities in various areas. The programmes have advocated for and demonstrated the application of norms and principles such as inclusiveness, participation, transparency and accountability, which are crucial in a conflict setting and may represent key factors for success and sustainable peace and development. The support of multiple donors and partners through a single multi-partner programme represents a

¹⁰¹ See Kaldor (2007), p. 180.

¹⁰² Brinkerhoff (2005), p. 10.

positive example of donor coordination and has shown that the regions are important and that the international community is unified in supporting them. This has also improved the coherence, coordination and information exchanged among all partners.

On the other hand, due to its predominant focus on a selected area, the programmes have been limited in reflecting and influencing broader context and responding to cross-border and national considerations especially as they relate to legitimate political authority on the national level (although cooperation with the Coordination Body has improved relation between local and national political authorities), security and economy. This was in particular visible in relation to macroeconomic policies and the overall underinvestment in the regions, the security situation, judiciary and education, especially as it relates to equal representation and the treatment of minorities, limited productive economic activities, out-migration, polarised and unprofessional media, and gender disparities. Additionally, due to the focus and design, but also the complexity and sensitivity of the issues, the programmes were unable to directly deal with the important issues related to democracy and governance relevant for the conflict and peace dynamic such as the role of ‘spoilers of peace’, criminals and influence of ‘identity politics’.¹⁰³ On the other hand, through supporting establishment of functioning democratic institutions and accountability framework as well as positive development outlook, they have limited the scope of influence of these factors. Only the involvement in the mainstream politics coupled with a real political reform can have over time a chance of reducing their potential negative impact. Additionally, other important areas such as reconciliation and other instruments of transitional justice¹⁰⁴ as well as issues related to the small arms¹⁰⁵ could have been included in the programmes further contributing to the sustainability of the results.

In short, the first set of factors, where the programmes performed well, have been in the main focus of the interventions as originally designed. Additional, more systemic and broader factors go beyond the original design of the interventions, however they are very important in increasing the conflict mitigation potential of the programmes. This point will be further elaborated in the findings and conclusions.

5. FINDINGS

Based on the empirical evidence from two case studies complemented by a questionnaire survey conducted among practitioners involved in ABD programmes in Serbia, Bosnia and Herzegovina and the Ukraine,¹⁰⁶ the study will now summarize the main findings related to a number of strengths, but also significant limitations of the area based development approach in responding to the multi-dimensional, multi-level and dynamic character of conflict as described in chapter 3. These strengths and limitations are summarised in table 4 and discussed in the paragraphs to follow. In many cases, the strengths and limitations represent interrelated sides of a single aspect of the approach reflecting (and being caused by) the very nature of ABD integrating interrelated but to a certain extent mutually conflicting elements. This internal contradiction is what makes ABD potentially comprehensive. This however comes at a cost - the necessity to make often complex tradeoffs, the specific nature and depth

¹⁰³ Information on ‘spoilers of peace’ and organized crime are fragmented, for some data see for example for the South Serbia sections ‘Incidents in 2003’, ‘Responsibility for Incidents’ and ‘Organized Crime’ in ICG (2003) *Southern Serbia’s Fragile Peace*, Europe Report N°152, Belgrade/Brussels, p. 4 and 10, and for the Southwest Serbia sections ‘Economic Boom and Bust’ and ‘Post-Milosevic Sandzak’ in ICG (2005), p. 15 and 16.

¹⁰⁴ For types of transitional justice and relation to political conditions see for example Teitel, R. G. (2003), ‘Transitional Justice Genealogy’, *Harvard Human Rights Journal*, Vol. 16, pp. 69-94.

¹⁰⁵ See for example UNDP Serbia (2003), *Living with the Legacy – SALW Survey Republic of Serbia*, SACISCG, UNDP Small Arms Control in Serbia and Montenegro, 72p. This survey estimates that there are almost 2,9 million SALW in Serbia, suggesting an estimated 40 percent of households in Serbia have at least one registered firearm. This survey estimates that there are more than 900,000 unlicensed firearms in Serbia. It also suggests that most people own firearms because they want to protect themselves, their properties and their families. This is a possible indication of the legacy of conflict, poor state control and a mistrust of state authorities.

¹⁰⁶ The Questionnaire included questions related to ABD’s strengths and benefits, limitations, performance in conflict situations and lessons learned from practical applications. The survey was conducted among 14 practitioners involved in the implementation of ABD programmes in Serbia, the Ukraine and Bosnia and Herzegovina.

of which depend on the specific context. This chapter and concluding chapters will therefore also include a brief analysis of these tradeoffs.

Table 4: Summary of ABDs strengths, limitations and special benefits in conflict/post-conflict settings.

Strengths and benefits	Limitations	Specific strengths in conflict/post-conflict setting
<p><u>Integrated approach</u> – allowing for holistic solutions and encouraging horizontal linkages and cross-sectoral responses even if problems are sector-specific as development and conflict prevention requires addressing a number of issues holistically to become sustainable (aspect mentioned in 9 questionnaires).</p> <p><u>Platform for partnership and coordination</u> – high potential for better coordination in a broader programmatic instead of a limited project approach, promoting cross-sectoral partnerships and division of labour (5).</p> <p><u>Promoting regional cooperation</u> – utilization of economies of scale, facilitation of inter-municipal cooperation and trust building, establishment of regional institutions and investment in regional infrastructure (4).</p> <p><u>Understanding of local context</u> – understanding and taking into account specificity of the local situation, high level of insight and closeness to issues and beneficiaries (7).</p> <p><u>Involvement of local people</u> – local empowerment, building of human capital, local people as agent of change (4).</p> <p><u>Enhancement of local democracy</u> – promotion of integration, inclusiveness and non-discrimination through the involvement of the entire community rather than specific group, promotion of participation and transparency, avoiding stigmatization and mentality issue, reduction of perception of social inequality (9).</p> <p><u>Support to local governance</u> – promoting subsidiarity and decentralization, capacitating local administration, supporting institutional development and organizational reform leading to increased effectiveness (4).</p> <p><u>Manageability and flexibility</u> – focus on manageable size allowing for integrated, comprehensive approach, keeping programme relevant in changing context (5).</p> <p><u>Improved monitoring and cost-efficiency</u> – better monitoring of results and reflection of lessons learned, improved cost-efficiency through coherent approach avoiding duplications and addressing real needs (3).</p>	<p><u>Missing macro picture</u> – broader strategic context not sufficiently taken into account, weak understanding of macro situation and policies (4).</p> <p><u>Inability to respond to structural problems</u> – even in the case of a good understanding of broader context, there is no or limited influence on structural issues (e.g. related to conflict, governance, poverty, unemployment) (5).</p> <p><u>Limited partnerships and lack of coordination</u> – insufficiently broad partnership or inadequate coordination, where partners have no sufficient capacity or mandate to deal with the problems, insufficient focus on or inability to deal with economic development (4).</p> <p><u>Fragmentation</u> – local approaches leading to fragmented thinking and realization, partial solutions and duplications (6).</p> <p><u>Lack of focus</u> – dealing with a broad range of issues superficially leading to a lack of concentration on key problems and results (3).</p> <p><u>Visibility trap</u> – concentration on the most visible and easy-to-implement activities instead of promoting systemic change (3).</p> <p><u>Dependency</u> – developing dependency on external support, often lack of well planned exit strategy, Government reliance on external support leading to lack of involvement and support, preferential treatment for some areas (3).</p> <p><u>Capacity substitution</u> – reducing urgency of systemic change, substituting for inefficiency of sectoral policies, insufficient institutional capacity or budgetary support (3).</p> <p><u>Donor-driven and short-term approach</u> – interventions often donor-driven with high expectations and short timeline where conflict context and special development situation requiring longer time frame to generate systemic change (5).</p>	<p>Local presence, ability to understand context and area-specific conflict characteristics and factors, ability to implement targeted interventions mitigating the conflict (6).</p> <p>Support to good governance, public pressure on leaders and decision makers, concentration on socio-economic issues often linked to problems leading to conflict, development of human capital, generating employment and improving living conditions (6).</p> <p>Non-discriminatory character in relation to groups involved in conflict, concentration on unifying rather than dividing factors (4).</p> <p>High level of operational flexibility in responding to the fast-changing conflict and post-conflict environment, ability to ensure proper participation, monitoring and adjustment of action (3).</p> <p>Working in the broader region not only in conflict municipalities/areas promoting integration, inclusiveness and cohabitation, encouraging social cohesion, tolerance and coexistence, bringing together different sides (3).</p>

Localised approach versus fragmentation and lack of focus

Local perspective, understanding of local specifics and the ability to take into account the specificity of the local context constitute the essential strength of the ABD approach. This entails the high level of insight and closeness to both issues and beneficiaries, together with the ability to implement targeted interventions mitigating the risk of conflict. In conflict settings, where an important part of conflict characteristics and its manifestations are predominantly local, the local perspective may represent a key success factor. Such approach subsequently leads to the broader *involvement of local people*, local empowerment and the creation of human capital, simply enabling the local population to be an agent of change. The promotion of inclusiveness, participation and transparency leads to the *enhancement of local democracy*. All this can positively address conflict characteristics related to political, but also perceptual and cultural factors. Contribution to the alleviation of the ‘dragging down’ effect, avoiding

stigmatization and mentality issues, reduction of the perception of social inequality and social integration are difficult to measure but have been routinely mentioned by interviewees as positive results of ABD programmes. Non-discrimination through the involvement of the entire community rather than one specific group and concentration on unifying rather than dividing issues is also important. Numerous examples of the above-mentioned contributions have been described in the case studies.

Support to local governance through capacitating the local administration and supporting institutional development and organizational reform at the municipal level contributing to the substantive decentralisation of power and the institutionalisation of a systemic change is one of the most important and successful components of ABD programmes. The appropriateness of this approach is supported by the recent research in failed states and post-conflict societies, which underlines the importance of linkages among governance's legitimacy, effectiveness and security dimensions.¹⁰⁷ ABD often supports the building of legitimate political authority at the local level through supporting the official structure, but also its interaction with civil society, other informal institutions and the public through participatory and non-discriminatory processes. Simultaneously, the support to local self-government and administration increases its effectiveness in public management and service delivery contributing to its legitimate political authority.

Additionally, as mentioned in chapter 3, the contemporary conflicts are often localized and one can recognize a mosaic of conflict and relatively stable areas. ABD programmes have therefore a potential not only for contributing to the conflict prevention in a particular conflict region, but also for preserving the stability of broader region or country by 'insulating' other areas from the conflict.

On the other hand, the local or area-specific activities may often lead to *fragmentation*, where local approaches suffer from partial and fragmented thinking, design and realization, leading to fragmented solutions and duplications. A related aspect is *the lack of focus and concentration* on key problems and results. Both shortcomings are the outcomes of an inappropriately applied integrated approach, attempting to deal with a broad range of issues superficially without a coherent strategy in mind. Last but not least is what could be called the *visibility trap*, a concentration on the most visible and easy-to-implement activities (for example infrastructure) instead of promoting systemic change. Here, one needs to strike a balance between the use of infrastructure and visible interventions as a stimulus for politically difficult systemic changes, on the one hand, and the preoccupation with individual activities that partially improve the situation in a specific sector without systemically changing the general environment on the other.

Potential for integration and inclusiveness versus missing macro picture and insufficient integration

Based on the analysis in chapters 2 and 3, *the integrated nature* of ABD is what makes it appropriate to address issues related to conflict prevention, post-conflict reconstruction and development as they all, in searching to achieve a sustainable solution, require addressing a number of dimensions, factors and sectoral issues in a holistic way. Addressing horizontal linkages and implementing cross-sectoral interventions that can simultaneously deal with the issues related to security, political, institutional, economic and social areas and with direct and indirect effects influencing culture and perception, is undoubtedly the right response to complex conflict characteristics as described in table 1. Both the case studies and the questionnaire have however identified several weaknesses and limitations of the approach related to the *underutilisation of the integration potential*, which in turn makes the approach less effective in conflict environments and complex developmental situations. This is what the study refers to as *the contradiction in the terms 'integrated' and 'area-based'*, and leads to the situation where ABD programmes proved to be particularly effective in integrating dimensions and cross-sectoral synergies in the area of governance, institutional development, social services provision and economic development, especially at the local and regional levels. ABD programmes however proved to be less effective in integrating important aspects on supra-national and national levels.

¹⁰⁷ Brinkerhoff (2005), p. 10.

This leads to two limitations that the ABD approach is facing: The first is the (often) *missing macro picture*, when the broader strategic context at national and supra-national levels is inadequately taken into account. This may result in a weak understanding or misinterpretation of structural factors, both in terms of processes and policies contributing to the conflict or developmental problem. Often, even if a sufficient understanding of the broader context is in place there is either no ability or a *limited ability to respond to structural issues* related for example to security, governance, poverty and underdevelopment or unemployment.¹⁰⁸ This is partly due to the conceptualization of ABD, where concentration on a given area detracts the attention from the broader context and complexity of the issues in question, as well as to implementation limitations, where the intervention is often seen by both national and local actors as a self-standing endeavour without systemic linkages to the national and supra-national context. The situation is often exacerbated by institutional and bureaucratic barriers within the organisations involved in the implementation.

Secondly, the ABD potential to provide an integrated response often suffers from the fact that even at the local level some of the key conflict characteristics are only partially addressed and incorporated. This is for instance evident in the area of economic development, but issues related to discriminatory political institutions, economic and social inequalities, environmental considerations and security are often addressed only partially as well. The *insufficient integration* of the local or regional level conflict characteristics and development aspects related to weak state and economic development, often caused by the inability to address these complex issues is of crucial importance, as it on the one hand decreases the efficiency of the approach and additionally instead of discharging conflict potential, such interventions may actually increase it.

The example of the two ABD programmes in Serbia prove that, despite the well functioning Steering Committees as the governing structure of the programmes, the involvement of the central Government in the programme implementation should have been deeper and more effective. It often remains limited to mid-level government officials, while the decision-making on several key issues clearly requires higher-level government participation. More involvement of line ministries in guidance and follow-up in areas such as investment, economic development, public administration reform and the environment would multiply and scale-up the programme results. It would also allow for progress on issues that are more political in nature and require changes at the national level, such as inclusion of minorities in institutions, security, privatization, education, judiciary and decentralization. This leads to a broader issue, which is the insufficient ability of these programmes to systematically deal with structural issues at the national and cross-border levels, which are in turn often the key factors for the success of initiatives on the lower levels. In this respect, the international community has also underutilized the opportunities to link political conditionalities at the national level to progress at the local level. The specific areas could include issues such as political participation and inclusion of minorities in institutions, improvement in education, judiciary and security with the development and investment activities at the municipal and inter-municipal levels, both in relation to the Government and the Albanian and Bosniak leadership.

Broad partnership and regional focus versus context-specific approach

ABD has been acknowledged as a *good platform for partnership and coordination*. It has been practically demonstrated to be effective in improving coordination among partners, including not only donors, but also local governments, NGOs, the private sector and often the central Government. This coordination and cooperation is taking place in a broader programmatic instead of a limited project approach, effectively promoting cross-sectoral partnerships. The overall governance structure of ABD programmes, support to regional development or investment projects at local level involving, both financially and substantively, local partners, the international community as well as central Government illustrate this aspect. In both regions, the support of multiple donors and partners

¹⁰⁸ The Institutional and Policy Reform Component indicating a systemic attention to structural issues have been included only in 9 out of 27 ADB programmes implemented in Europe and the CIS, see Harfst (2006), p. 61-63. Simultaneously, as a positive example the brief review of the Crimea Integration and Development Programme in the Ukraine indicated that the programme was able to deal with these issues more systemically.

through a single multi-partner programme represent a positive example of donor coordination and has improved the coherence, coordination and information exchange among international partners and local actors in the regions. There are however examples of the contrary as well when the potential for broad partnership is not being utilized, coordination is inadequate, and partners involved do not have sufficient capacity or the mandate to deal with the problem in its full complexity. All this often generates only partial and short-term results.

The capability to *promote regional cooperation* through the facilitation of inter-municipal cooperation, the establishment of regional institutions and investment in regional infrastructure and the promotion of development driven by advanced municipalities is another important strength of the approach.¹⁰⁹ In order to capitalize on economies of scale, reduce perceptions of differential treatment and bolster an identity as a positive example of a multi-ethnic region, the development efforts in both regions should follow *a regional approach* consistent with the Serbian Government's recently approved equal regional development strategy. On the other hand, such approach needs to maintain a local perspective as the differences among municipalities in the regions both in respect to conflict characteristics and development require *context-specificity* and a tailor-made and municipality-specific approach.

Manageability versus inclusiveness

Another set of strengths of the ABD approach are related to operational issues and in broader terms to, what could be called, *manageability*. The focus on a manageable size allows for the effective application of an often very complex integrated and comprehensive approach and the flexibility assists in keeping the programme relevant in a changing context. As indicated in chapter 3, this high level of operational flexibility in responding to the fast-changing situation in combination with the possibility to constantly adjust the action is essential particularly in a conflict environment. Both programmes have demonstrated high levels of flexibility in responding to the changing situation in the regions as well as to the demands of the partners leading to significant programme revision in South Serbia and to a new phase in Southwest Serbia. This aspect of the approach moreover provides the conditions for better monitoring of results and instant reflection of lessons learned. In addition it arguably contributes to increased cost-effectiveness achieved through a coherent approach avoiding duplication and addressing actual priority needs. Obviously, the manageability can directly contradict the effort to broaden the integrated nature of the interventions to achieve higher *inclusiveness* discussed in the first paragraphs of this section, which can undermine this key strength of the approach. This represents serious trade-off and the point will be further elaborated in the conclusions of the paper.

Involvement of the international community versus dependency, capacity substitution and cooptation of results

It is broadly acknowledged as well as documented in the previous paragraphs that the involvement of the international community and the implementation of ABD programmes in South Serbia and Southwest Serbia have contributed to conflict prevention. However, as for other developmental interventions, ABD can lead to *dependency* on external support, particularly if designed and led by a consortium of donors and international organisations. This effect is often further exacerbated by the lack of a well thought-out strategic and operational framework with an appropriate and properly communicated exit strategy. Such a strategic and operational framework should be developed and closely aligned to other domestic policy processes, such as for instance the public administration reform and decentralization in Serbia. The abrupt withdrawal of donors or shift in government priorities can contribute to the escalation of the conflict. Paradoxically, the involvement of the international community can even reduce the involvement and commitments of the government in the region. In South Serbia, insufficient government engagement created the perception of the project as rather internationally – and less so governmentally - driven, attributing programme results largely to

¹⁰⁹ The importance of integrated development planning and regional cooperation has been emphasized also in European Stability Initiative (2005) *The development trap at the heart of the Balkans. A socio-economic portrait of Gjiilan, Kumanovo and Presevo*, 29 p.

the international community. This attitude is not eroded even by statistics showing that such a perception is inaccurate and undervalues government contributions. Concentrating interventions at the specific region(s) of the country may also evoke the perception of preferential treatment for certain areas, potentially further contributing to the perception of deprivation and to the conflict.

Another potential problem, not specifically related to ABD, but rather to development assistance in general, is *the capacity substitution*. In spite of good intentions, external intervention can reduce the urgency of systemic change and substitute for inefficiency of sectoral policies, lack of institutional capacity or insufficient budgetary support. Some of these factors may be observed also in the two regions analysed in the study. Finally, the issue of *cooptation of results and manipulation of the programme* for political purposes is particularly important in a region facing risk of conflict as it can further aggravate it. Especially in Southwest Serbia several interviewees highlighted the risk of cooptation and misrepresentation of development results for political purposes, potentially contributing to some of conflict characteristics. In this relation, the high credibility of the programmes should be more often utilised to deliver messages on conduct and practices to counterparts especially to local politicians and municipal officials.

The other side of the dependency and capacity substitution effects of external assistance, described above, is a tendency to implement *short-term interventions*, which are often donor-driven with high expectations under a short timeframe. An attempt to deal with the conflict situation in a systemic way, given the complexity of conflict characteristics, certainly requires a longer time frame.¹¹⁰ The need for longer-term engagement is also in line with the findings on the positive correlation between the time from a previous conflict and the risk of its renewal described in academic literature and in chapter 3 of the study.

6. CONCLUSIONS

As illustrated in table 5 integrating the findings of chapters 3 and 4, the above mentioned strengths and limitations are reflected in the situation where ABD programmes predominantly operate in a bottom-left part of the spectrum, largely concentrating on social, economic and governance-related factors at the local and regional levels, with decreasing influence as moving further up and towards the right-side of the spectrum. This reflects the conceptualisation and typical design of the interventions and in these areas the approach clearly proved to be effective with some very successful results. However, this is insufficient to capture the conflict characteristics in their full complexity and become an even more effective conflict prevention tool leading to sustainable peace and development. Evidently, some of the national and cross-border issues, especially political, economic and security related, are often difficult to understand and influence. Still, as the study strongly argues, these important dimensions have to be taken into consideration as they create conditions for (or limitations to) solving the area-specific problems. Arguably, the systemic change is impossible without the effort to simultaneously and appropriately address all or most of the dimensions included in the table below at multiple levels. Having said that, the integration and incorporation of various issues has its limits, otherwise the intervention becomes over-complex and impossible to direct and manage. The effective approach should maintain for that reason a certain *balance between the inclusiveness and manageability*. Nevertheless, the current balance seems to be notably shifted towards manageability at the expense of inclusiveness.

In order to be effective in a conflict setting, ABD has to further utilise its strengths and minimise or offset its limitations. In doing so, it has to move towards a more integrated and multi-level approach.

¹¹⁰ For instance Lederach (in Lederach, J. P. (1997) *Building Peace. Sustainable Reconciliation in Divided Societies*, US Institute of Peace Press, Washington) suggests that developing an infrastructure for peace-building that tackles the crises stage and issues should take 2-6 months, the people and relations 1-2 years and the institutions or sub-systems 5-10 years, while moving towards sustainable peace and a desired future may take generations. Both analyzed programmes have taken rather long-term approach, with the South Serbia programme (including its precursors) operating for 8 years, and the Southwest Serbia envisaged to be implemented under current design for almost 5 years.

As shown in the conflict analysis, most of the conflict factors and characteristics can be addressed only through a comprehensive and long-term effort represented by a further *broadened integrated and multilevel approach* incorporating multi-sector and multi-level interventions within a well-coordinated strategic and operational framework. This approach should consist of the interventions in governance, including support to legitimate political authority and institutional development, economic and social development and the security sector. Interventions should be identified through thorough developmental and conflict analysis and implemented simultaneously at municipal, regional, national and cross-border levels. In order to make this proposal operational, firstly at local and regional level, the approach should be more integrative and respond inclusively to as many conflict factors as possible across structural, political, economic and social and environmental dimensions. Secondly, it should to the extent possible include national level factors that are often key for progress in addressing the factors at local and regional levels. Thirdly, the cross-border or national level factors which cannot be directly included in the initiative should be understood and taken into consideration as context characteristics when designing and implementing these initiatives. This proposal is illustrated in table 5 and the scheme in annex III.

Table 5: Conflict characteristics matrix and current and proposed broader area-based development approach.

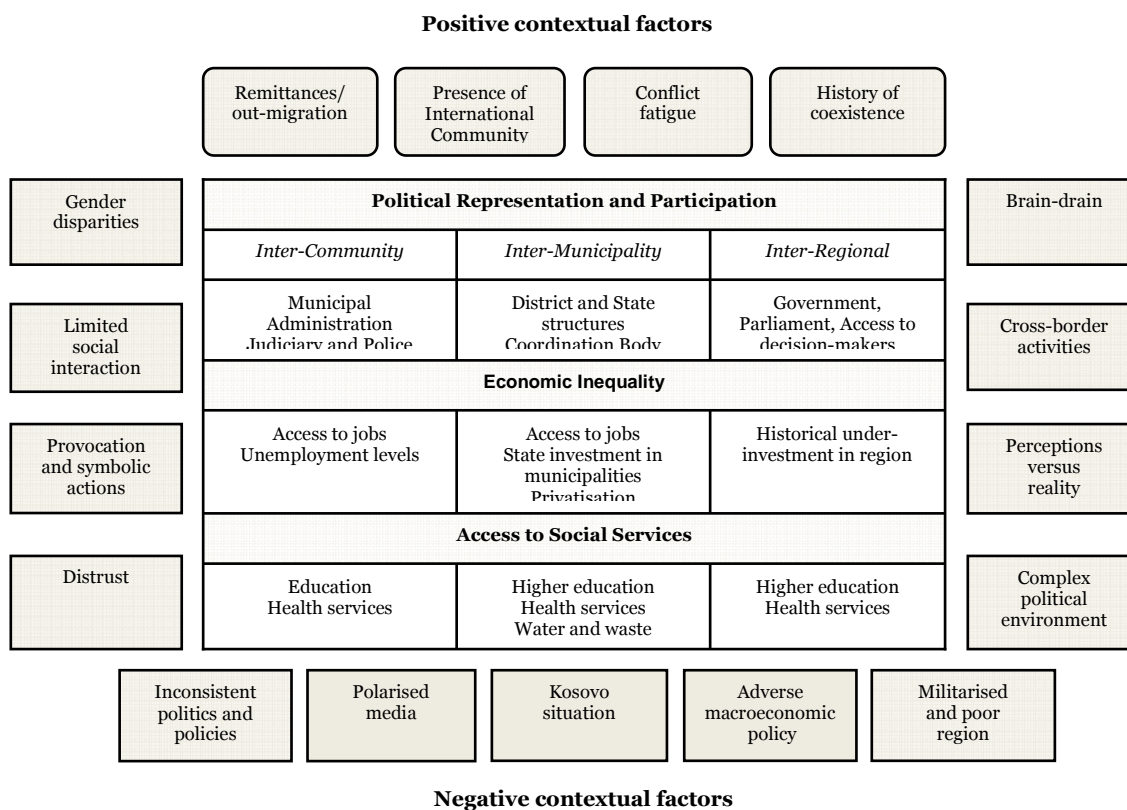
CROSS-BORDER	Regional economic policies and trade Existence of Diaspora		Scarcity of resources Environmental degradation Environmental externalities	Role of neighbouring states/ inter-state security concerns History of conflict, problematic group histories Ethnic geography Illicit and criminal activities
	Context characteristics			
NATIONAL	Macro-economic problems Low level, slow growth and structure of income Level of unemployment Failure of social contract	Weak state and governance Exclusionary national ideologies Identity politics Discriminatory political institutions	Natural resource endowment Scarcity of resources Environmental degradation Environmental externalities	Mountainous country/ rough terrain Size of the population Ethnic geography Strength of the military
	Broadened integrated and multilevel approach			
REGIONAL/LOCAL	Level of unemployment Vertical inequalities Horizontal economic inequalities Horizontal social inequalities Male secondary education enrolment	Weak governance Identity politics Discriminatory political institutions	Scarcity of resources Environmental degradation	History of conflict, problematic group histories Patterns of cultural discrimination Illicit and criminal activities
Current ABD approach				
	ECONOMIC AND SOCIAL	POLITICAL	ENVIRONMENTAL	STRUCTURAL

In order to avoid undermining manageability as one of the key strengths of the approach, not all interventions should be included in the initiative itself. It is proposed to address some of the conflict factors through parallel, but well coordinated activities. This coordinated framework should reflect mandates and capacities of various partners in addressing different dimensions of conflict and development. Additionally, some cross-border and national level issues cannot be addressed directly through specific interventions due to their complexity and political sensitivity and should be targeted through advocacy and policy advice instead. This will require a much broader partnership structure. Such a *broad partnership* should attempt to link together all planned or already on-going activities currently implemented separately by local partners, the international community and central

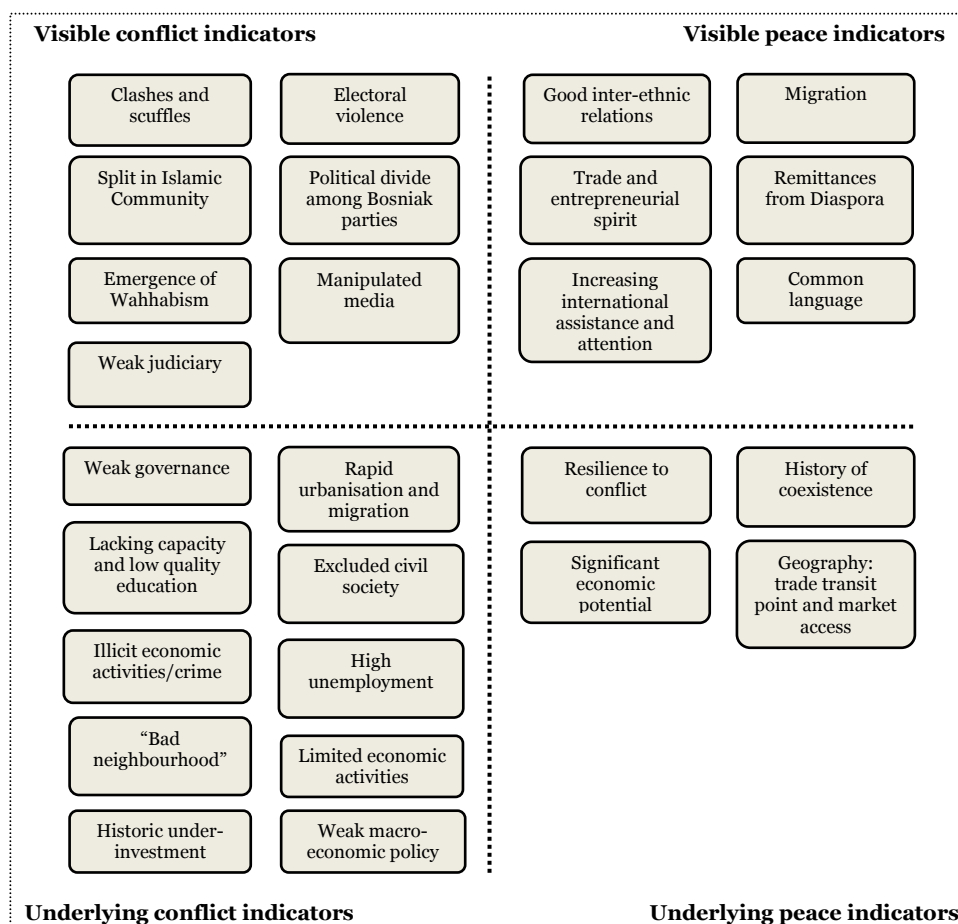
Government into one strategy led by legitimate political authorities. The involvement of national level actors has been insufficient so far and effective involvement of the central Government remains one of the key factors for the success of this approach. Equal attention should be placed on *how* current and future activities are being implemented, taking into consideration the specificity of a multi-ethnic and conflict region.

Linking political and developmental agendas can significantly increase the conflict mitigation impact of development activities. In order to ensure progress in addressing key conflict factors the programmes and investments need to be directly linked to the conditionality of political stability, security, administrative reform, accountability and transparency at local, regional and national levels. In the two regions, the conditionality should be applied with regard to security, including the army and police and the judiciary to ensure improved performance and political independence, and to bolster equitable representation from minorities. The EU accession process with its focus on political requirements and pre-accession assistance could provide an appropriate framework for making these links to ensure progress i) in local self-government on transparency, accountability and administrative reform, ii) in local judiciary and police on performance, political independence and ethnic representation and iii) in central government on decentralization and public administration reform. In addition, the existing European Union Neighbourhood Programme could be used to address cross-border issues through strengthening cooperation with Bulgaria, Macedonia, Bosnia and Herzegovina and Montenegro.

Annex I: Conflict and peace dynamics in South Serbia



Annex II: Conflict and peace dynamics in Southwest Serbia



Annex III: Proposed comprehensive integrated and multilevel approach

