

Data Sheet

USAID Mission:	Montenegro
Program Title:	Community Development and Local Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	170-0210
Status:	Continuing
Planned FY 2005 Obligation:	\$7,410,000 AEEB
Prior Year Unobligated:	\$899,000 AEEB
Proposed FY 2006 Obligation:	\$5,292,000 AEEB
Year of Initial Obligation:	1998
Estimated Year of Final Obligation:	2007

Summary: The USAID local development and good governance programs in Montenegro supports local democratic and economic development processes at the community level, sub-municipal, and municipal levels to improve local living conditions through economic and social projects, structure governing processes through which citizens, their local governments, local businesses, and other relevant public and private stakeholders act together to achieve local development. The strategic objective (SO) is implemented through two significant and closely coordinated projects: the Community Revitalization through Democratic Action Economic (CRDA-E), and Good Local Governance (GLG).

Inputs, Outputs, Activities:

FY 2005 Program: Improved Economic Policy and Governance (\$1,490,000 AEEB). USAID will be focusing on financial stability and predictability, reducing public sector expenditures together with rationalizing investment programming of local governments for economic results, and improving municipal support for and reducing barriers to business. USAID will put into operation 71% of a system of individual municipal treasuries, tying into the Republic Treasury. USAID will assist in the standardization of chart of accounts, budget procedures, and reporting for municipalities. With the Ministry of Finance and municipal departments of finance, USAID will complete building and structuring the maintenance of a centralized financial database on all municipal revenues and expenditures. Municipal own-source revenue collection procedures will improve including work toward a unified municipal tax collection system and simplifying operational costs. USAID will install software and assist municipalities to implement procedures for improved property tax assessment and collection. Principal partners: The Urban Institute (prime).

Improve Private Sector Growth (\$3,334,000 AEEB, \$521,000 AEEB carryover). USAID will significantly increase activities to achieve local economic development, especially increased income and job generation and an improved business environment. USAID will support activities to directly support start-up of new micro- and small businesses, to increase job skills based on identified skills gaps, to stimulate and expand, locally, competitive business opportunities. Sector-specific (i.e. agriculture, tourism) sub-regional or regional development councils ("cluster councils") representing local business and related partners will work to maximize opportunities to improve products and expand markets, stimulating local economic growth and job generation in each region of the Republic. Principal partners: International Relief and Development (IRD), and CHF International (primes).

Expand and Improve Access to Economic and Social Infrastructure (\$1,644,000 AEEB, \$243,000 AEEB carryover). USAID will concentrate on project activities to build or upgrade critical local economic infrastructure such as provision of safer and more reliable local electrical network; improved water supply systems to increase agricultural production and incomes; and improvement to agricultural market infrastructure to enhance marketing space and opportunity for sale of domestic production. USAID will continue work to restructure the business model in water utilities for improved service delivery and identify opportunities for commercialization. Water and

wastewater improvements under the FY 2004 coastal development earmark, initiated in September 2004, are expected to be substantially completed. Principal partners: Urban Institute, Camp Dresser & McKee, International Relief and Development (IRD), and CHF International (primes).

Support Democratic Local Government and Decentralization (\$942,000 AEEB, \$135,000 AEEB carryover) USAID will continue work to improve on municipal, and public service company functions, to reduce corrupt practices through introduction of clear local policies, ordinances, and regulations governing basic municipal functions. USAID is introducing transparent management systems, particularly for financial resources, that include enforcement of regulations, instilling of procedures to measure service providers' performance and reducing opportunities for local corruption. Project efforts emphasize developing a pro-active citizenry for local development, citizens who participate in local decision-making while demanding performance and accountability from municipal government and service providers. During FY 2005 USAID will assist municipalities to put in place through local parliaments the sub structure laws, ordinances, and regulations to implement Republic systemic laws on local self-governance and fiscal decentralization. Using the Participatory Appraisal of Competitive Advantages approach, efforts will build public private partnerships among key stakeholders to develop realistic local economic development strategies and action plans and begin their implementation. Principal partners: Urban Institute, International Relief and Development (IRD), and CHF International (primes).

FY 2006 Program: Improved Economic Policy and Governance (\$1,267,000 AEEB). USAID plans to support and monitor implementation and performance of local government management systems, in particular financial and business-related administrative practices, and further replicate good practices.

Improve Private Sector Growth (\$2,296,000 AEEB). This is the final year of the CRDA Program and it will focus on the sustainability of the local economic development process through public/private partnership in competitively planned and selected investment activities.

Expand and Improve Access to Economic and Social Infrastructure (\$1,069,000 AEEB). This is the final year of CRDA-E and GLG programs, and efforts will focus on municipal/public institution investment planning and creditworthiness for access to credit for longer term investments critical to economic growth. A possible Development Credit Authority guaranty for municipal infrastructure credits will also be considered. Finally, activities under the coastal development earmark will be completed.

Support Democratic Local Government and Decentralization (\$660,000 AEEB). USAID will assist institutionalization of citizen participation tools and processes in local government procedures and focus on sustainability of the local economic development process through public/private partnerships.

The contractors/grantees are expected to be the same as for FY 2005.

Performance and Results: Since July 2002, in partnership with communities Republic-wide, USAID has initiated a total of 844 projects (225 in economic development, 245 in infrastructure, 321 in civic participation), creating substantial impact beyond merely the physical realization of the projects themselves. During FY 2004, the average local contribution was 45%, leveraging more resources into development. The number of people involved in community development activities reached 53,238 participants; total income generated was \$3,283,741 and the project activities generated 9,127 person months of employment. In FY 2004, project activities included 173 economic development activities, 55 infrastructure and environment projects, and 224 civic participation activities. FY 2004 was the first year of operation for the Good Local Governance project. Municipal charters were passed by local parliaments in 38% of municipalities. A republic-wide municipal treasury system was designed and 38% of municipalities received software and training. The Municipal Treasury of Podgorica (the capital) - which accounts for 60% of municipal

revenues to the Republic - went into operation September 2004. All municipalities benefited from limited information technology infrastructure (hardware and software) installation or upgrades and training to automate day to day management tasks.

US Financing in Thousands of Dollars

Montenegro

170-0210 Community Development and Local Governance	AEEB
Through September 30, 2003	
Obligations	56,864
Expenditures	33,473
Unliquidated	23,391
Fiscal Year 2004	
Obligations	12,845
Expenditures	17,932
Through September 30, 2004	
Obligations	69,709
Expenditures	51,405
Unliquidated	18,304
Prior Year Unobligated Funds	
Obligations	899
Planned Fiscal Year 2005 NOA	
Obligations	7,410
Total Planned Fiscal Year 2005	
Obligations	8,309
Proposed Fiscal Year 2006 NOA	
Obligations	5,292
Future Obligations	9,626
Est. Total Cost	92,936