

respective areas of responsibility, participate in providing information and consultations in each of the three major Project components.

Risks and Assumptions

Risk analysis is presented in Table 2:

Table 2: Project risk analysis

RISK (with relevance to each of the Project components)	PROBABILITY OF APPEARANCE low/medium/high	IMPACT low/medium/high	EVASION OR MITIGATION MEASURES
Political instability, causing decision delays and/or lack of commitment to the Project objectives (components 1,2 and 3)	low	medium	Project activities have been designed to assist the civil servants at national and local level in their regular work, and do not require any extra effort. Once the initial political support is secured, through signature of support letters and establishment of a project board, this risk has been minimized.
Lack of socio-economic and other data from local level necessary for establishment of development indicators (component 1)	low	high	The purpose of the component 1 is not only to design the Development Index based on existing data, but to introduce new sets of data and assist in their collection and processing. All new proposed data and methodology will have to be in line with Eurostat methodology, and that should secure interest for cooperation.
Political and administration reluctance to provide qualitative information for Project activities (component 2)	medium	low	Most of this activity will be based on „desk review” of the existing and available legal and other documents regulating the system of local self-government and their managerial responsibilities. Practical evidence of functional deficiencies can be collected on a limited number of cases, and does not have to cover all units.
Lack of sensible project applications meeting the requirements to benefit from the technical documentation fund (component 3)	medium	medium	In order to mitigate this risk, the Project team will undertake a snapshot review of the existing project pipelines at local level, and adjust the criteria accordingly. Depending on the findings, there is enough space in Project budget and timeline to assist those municipalities that need assistance in further developing project ideas, through engagement of local consultants for „project clinics“ or similar short-term technical assistance.

Sustainability of the project output after the project ends (component 1,2, and 3)	low	low	In order to mitigate the risk, the project is designed to allow for upscaling and wider application of practices and models created within it. In addition, the project team will develop visibility and communication plan that will secure communication of the project and get involved in awareness raising and stakeholders' involvement activities to create sense of ownership.
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Stakeholder Engagement

Key stakeholders in this project, as the target group, are the local government units. Their engagement will be both direct – through component 3 of the project, and indirect – through ZELS in its membership of the project board. The project team will maintain regular communication with all (potential) stakeholders through public information events, direct contact and other means.

By their very nature, the project activities will help to introduce more transparency into any planning or formulation of development projects at local level with regards to their environmental or social impacts, for the benefit of the overall population. They will change the wider local governance dynamics by introducing evidence-based decision making and reducing local officials' discretion when prioritising infrastructure spending. This, coupled with expected increase in municipal administration efficiency can have an unintended, but welcomed, effect of reducing corruption.

South-South and Triangular Cooperation (SSC/TrC)

Through all three of its components, the project aims to strengthen capacity of the local units to seize the opportunities and prepare for the responsibilities stemming from the EU accession process. This fact guarantees that the examples of good practice and other publicly available expertise will be sought in the peer countries participating in the same process, or those that have successfully finished it in wider Eastern and South-Eastern Europe. The rationale for cooperation with Bulgaria, Croatia, Romania and other Balkan countries is particularly strong given the similar histories, administrative and legislative traditions, and, in some cases, linguistic affinities.

Knowledge, Sustainability and Scaling Up

The project will produce three major knowledge products that will be available for future use, with periodical updates, and thus create preconditions for sustainability:

- a full system of classification of local self-government units – municipalities according to their level of development, with adherent procedures, methodology, description of the processes and data-bases;
- an analysis of the existing capacity of local units to seize the development opportunities and cope with anticipated responsibilities for local development in the near future, with recommendations for change, useful for the end-beneficiaries – local authorities, national authorities, IFIs and donor community; and
- a full model for support to less developed municipalities, applicable to other types of support, with its adherent procedures, objectively verifiable criteria and templates.

In ensuring the sustainability of the results, the project will draw on UNDP's experience in Croatia. There, two UNDP knowledge products: two "pilot" projects to run technical documentation funds for underdeveloped counties and municipalities; and a "Regional Competitiveness Index" that was used by the Government to build an "Index of development of regional and local self-government units", now serve as key instruments in determining Croatia's current regional development policy.

Gender awareness and gender mainstreaming