Sixth Quarterly Report

01 July – 30 September 2016
Overall objective: To contribute to sustainable development of the South East and South West Serbia through improved coordination between national and local authorities, more favourable environment for employability, business and infrastructure growth, and enhanced good governance and social inclusion.

Purpose: Enhanced local governance, improved conditions for infrastructure development, better planning and management capacities, advanced business enabling environment, as well as supporting the development of social inclusion and employment policies.

Total budget: 24.46 million Euros*

Start date: 7 May 2014

End date: 7 November 2017

Programme coverage: Novi Pazar, Ivanjica, Nova Varoš, Priboj, Prijepolje, Raška, Sjenica and Tutin, in the South West Serbia

Prokuplje, Blace, Žitorađa, Kuršumlija in Toplica District

Leskovac, Bojnik, Vlasotince, Lebane, Medveđa and Crna Trava in Jablanica District

Vranje, Bosilegrad, Bujanovac, Vladičin Han, Preševo, Surdulica and Trgovište in Pčinja District

Brus in Rasinska District

Aleksinac, Gadžin Han, Doljevac, Merošina and Svrljig in Niški District

Babušnica, Bela Palanka in Pirotski District

Knjaževac in Zaječarski District.

Donors: The European Union

The Government of Switzerland

The Government of the Republic of Serbia

Implementing partner: United Nations Office for Project Services (UNOPS)

Report date: 14 October 2016

Period covered: 1 July 2016 – 30 September 2016

* Seven million Euros from the overall budget provided by the European Union is devoted for the priority infrastructure projects which will be implemented directly through CFCU
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<td>ACES</td>
<td>Association of Consulting Engineers of Serbia</td>
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<td>AoR</td>
<td>Area of Responsibility</td>
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<td>CAS</td>
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<td>DEU</td>
<td>Delegation of the European Union</td>
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<td>EU</td>
<td>European Union</td>
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<td>FIDIC</td>
<td>The International Federation of Consulting Engineers</td>
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<td>GEM</td>
<td>Gender Equality Mechanism</td>
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<td>Managing Successful Programmes</td>
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<td>One Stop Shop</td>
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<td>Swiss Agency for Development and Cooperation</td>
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<td>SEIO</td>
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Executive Summary

The third quarter (Q3) of 2016, which is covered by this Report, was marked by approval of new projects worth over three million Euros and strong progress towards the set targets for this year. The Programme Steering Committee (PSC) agreed to the allocation of 1.5 million Euros for funding of 14 local infrastructure projects, and another quarter of a million to support entrepreneurs, micro and small enterprises, the provision of technical assistance for development of public private partnership projects related to public lighting in Knjaževac, Raška and Surdulica, and to an intervention supporting 34 beneficiary local self governents (LSGs) in the implementation of the electronic building permitting system. Approval was also given for development of planning documentation and management a model study for the Golija Nature Park which will contribute towards setting the preconditions for the sustainable development of this unique Serbian natural asset.

Looking at social inclusion, the PSC approved 24 partnership projects of civil society and LSGs that will primarily benefit vulnerable people, 22 proposals supporting youth self-employment, and 16 projects contributing to Roma inclusion. Approval of criteria for supporting agricultural producer groups and vocational training for LSGs enabled the Programme to conduct both calls during this period and to initiate evaluation of received applications which will be put to the next PSC for approval.

At the end of Q3 2016, out of 208 approved projects 20 were concluded during this reporting period, bringing a total number of completed projects to 86 (41%). The statistics indicate that European PROGRES is at the implementation peak, while the number of completed projects will continue to increase in the forthcoming months.

Seventeen projects for development of technical designs during this period and 37 in total have been completed and created pipeline of “ready to build” actions estimated at 25 million Euros, while Sviljig and Bela Palanka secured 530,000 Euros, primarily through the Public Investment Management Office, for schools reconstruction. The first two barriers, of eighteen that will be constructed within the flood protection on Pusta Reka and on Raška River watersheds, were finished. Development of technical documentation for the anti-erosion protection of Jablanica, Pčinja and Vlasina Rivers Watersheds and the General Design for South Morava Flood Protection has also been initiated.

Two out of 22 grants for detailed regulation plans (DRPs) have been closed, while the remaining DRPs and projects for establishment of the Geographic Information System progress in accordance with the plans. The “on the job” component of the training about the International Federation of Consulting Engineers (FIDIC) commenced by presenting options for application of this contract modality within the public procurement process in Serbia to 40 LSG representatives.

Following the approvals, the Programme has greater opportunity to “link” good governance (GG) with local infrastructure, which has been one of key issues caused by the delay of the grant scheme that is managed by the Department for Contracting and Financing of EU Funded Programmes of the Ministry of Finance (CFCU). GG activities also included two workshops to facilitate cooperation of national and local institutions on implementation of environmental and social policies, as well as launch of the local GG reforms in the first two municipalities. Work on gender has continued by publication of the Call to Support Local Gender Equality Mechanisms and by signing the contract with UN Women to work on establishment of women parliamentary networks.

Twenty one (21) businesses have been registered through women entrepreneurship activities, in addition to 14 in the previous quarter, generating 45 employments so far. Majority of LSGs have
uploaded over 90% of data and improvement of the Competitiveness Index by an average 16% is recorded in sixteen LSGs while five kept the same index as in 2013 and a slight decrease has been recorded in three LSGs. Introduction of international quality and food quality standards have been initiated in 19 beneficiary SMEs.

The Centre for Social Policy (CSP) completed analysis of mechanisms for social inclusion and employment of the vulnerable at the local level. This important research indicates that the great majority of 34 LSGs has councils for employment and local employment action plans and that they implement employment measures. On the other hand LSGs have limited information about the labour market and insufficient capacity to design local labour policies. Social protection services are provided in 31 municipalities, but they are often underdeveloped and unevenly accessible. The CSP has also developed a methodology for mapping the needs of vulnerable groups for social services.

Following positive results of the first phase of the project for learning of Serbian as non-mother tongue in the primary schools in Preševo and Bujanovac through provision of teaching assistants, and upon the request from the Coordination Body for Bujanovac, Medveđa and Preševo (CB), European PROGRES extended this intervention for 2016/2017 school year.

Key communication activities included organisation of the Annual PSC in Vranje, visit of the Ambassador of Switzerland and the Head of the Swiss Cooperation Office to Novi Pazar, while the Head of Operations Sector II with the Delegation of the European Union visited Bojnik, Lebane and Vranje. Ten press releases were issued, four local festivals supported, “municipal profiles” that provide insight into the assistance to each of 34 LSGs have been developed. The activities generated 450 positive media reports, of which 200 were in national media, which is a continuation of an extremely positive trends in the national exposure of Programme’s donor contribution to development in Serbia. The social networks are also important for promotion of support that the European Union, the Governments of Switzerland and Serbia provide to the area, as Facebook posts reached as many as 29,564 people while 32 Programme Tweets were regularly retweeted by its followers.

The Programme, however, recorded a significant risk. Due to post-election changes, in at least six participating municipalities, the key European PROGRES contact persons, including those responsible for GG activities have been replaced and or transferred to other departments. This may reduce efficiency and effectiveness as, if nothing more, the newly appointed persons will need time to get acquainted with the European PROGRES ongoing projects.

The key indicators of the Programme performance were positive: the stage work plan was delivered with almost 100 %, while financial delivery for this period exceeded 2.2 million Euros. In the light of ambitious activities related to entrepreneurship and SMEs, as well as due to large number of ongoing and planned procurements, European PROGRES will strengthen competiveness sector and links with the support services. The Programme took steps to additionally improve planning, as this will be instrumental for the final year, while tolerances for project delays will be stricter.

This Quarterly Report covers the period from 1 July until 30 September 2016 and provides an overview of progress and performance, update on the management and coordination issues, review of the key risks and issues, quality and sustainability considerations, insights into the key milestones for the next quarterly period, and a section on the lessons learnt. A number of annexes provide an in depth insight into particular actions taken by the Programme. Annex VI is integral part of this Report and provides quick overview of progress against indicators in the Programme’s logical framework matrix.
Review of progress and performance

Policy and Programme context

The Government of Serbia has been formed on 11 August 2016 and this is reason why there were limited number developments in the policy domain that affect the Programme. There were however several actions that deserve consideration:

- In line with the approved fiscal consolidation measures and arrangements with International Monetary Fund, the Government of the Republic of Serbia adopted amendments to the Law on Local Self-Government Financing on 19 August 2016, which will be applicable from 01 January 2017. Adopted amendments are regulating redistribution of income tax between local and republic budget, and decrease of the share that local government is collecting for 4% on an average. These amendments are provisional solution and the Government will work on a new version of the Law on Local Self-Government Financing. The current proposal will not severely cut LSGs budgets so no negative effect on European PROGRES activities is envisaged. However, the calls for more rigorous fiscal discipline demonstrate relevance of support to local tax administration as well as for introduction of the programme budgets.

- In September, the Balkan Civil Society Development Network presented the 2015 Regional Report on Monitoring Matrix on Enabling Environment for Civil Society Development. The report stresses that it is necessary to work on improving the legal framework pertaining to freedom of assembly. Important changes in relation to the Law on Volunteering and the status of CSOs as service providers are upcoming. The Office for Cooperation with Civil Society has been recognised as the main institutional mechanism to support the dialogue between the government and civil society, indicating the need for diversification of channels of communication and working towards a comprehensive framework of cooperation rather than one mechanism.

Progress towards achieving objectives and results

The third quarter of 2016 was successful in terms of progress as the Programme fulfilled set targets. At the end of Q3 2106, European PROGRES has contracted 208 out of which 20 were completed during this reporting period and 86 or 41% in total.

The Programme is finalising collection of data for tracking of the Competitiveness Index of the Programme LSGs. Majority of LSGs have uploaded over 90% of data and improvement of the Competitiveness Index by an average 16% is recorded in sixteen 2 LSGs while five 3 kept the same index as in 2013 and a slight decrease has been recorded in three 4 LSGs.

Result 1

Strengthened local governance, planning and management capacities through introduction of new, or improvement/elimination of existing procedures and processes in line with the principles of good governance

Focus during this period was on launch of new initiatives that should strengthen local governance. First, nine municipalities have expressed interest for receiving assistance for local governance reforms related to administration, accountability, participation, and local property, while first activities have started in Prokuplje and Merošina. These local Good Governance (GG) reforms should improve performance of Local Self Governments (LSGs), through capacities strengthening and development of local policies, while respecting the relevant national frameworks.

The Programme has continued work on gender equality through signing of the contract with the UN Women for establishment of women parliamentary networks as well as with the launch of the Call for Proposals (CFPs) to support projects of the local Gender Equality Mechanisms (GEM). These activities should strengthen position of women in local political life and tackle some concrete gender issues at the community level. However, during preparations of these activities, as hinted in the previous Report, European PROGRES reconfirmed challenges in this area. While GEMs exist in 33 municipalities 5 their level of activity is inconsistent, actions remain donor driven, including local action plans (LAP) drafting, and too often support to gender equality remains declaratory. 6 The Programme will monitor developments and recommend potential remedial actions.

While development of the detailed regulation plans (DRPs) that are linked to economic activity progress in accordance with set dynamics, it was once again confirmed that early public review, and

2 The 16 LSGs who improved their overall competitiveness are: Leskovac, Svrljig, Doljevac, Vlasotince, Trgovište, Surdulica, Novi Pazar, Nova Varoš, Crna Trava, Bosilegrad, Blace, Bela Palanka, Babušnica, Aleksinac, Lebane and Žitorađa
3 The five LSGs who kept the same Index are Knjaževac, Sjenica, Raška, Prokuplje and Bojnik
4 Vranje, Prijevoj and Kuršumlija
5 Doljevac is the only municipality without GEM from 34 European PROGRES LSGs
6 Annex I, Attachment 1.1_Gender equality questionnaire
especially the Programme’s recommendation to LSGs to organise meeting with investors, are practices that contribute to quality of plans. For example, the DRP design company obtained extremely valuable information from investors in Raška related to their infrastructure needs and investment plans. This will contribute to applicability of the DRP, which in turn should enhance plausibility of investments.

Activities

1.1 Support municipalities in development of their capacities for planning and execution of capital investments

**Capital Investment Plans**

Seven out of 15 Capital Investment Plans (CIP) that have been developed with the Programme’s technical assistance (TA) have been adopted by local assemblies. The process has been delayed due to local elections and subsequent changes in local administration. The remaining eight CIPs are pending adoption in Bela Palanka, Nova Varaš, Prešev, and Bujanovac, in Merošina and Vranje will be revised to ensure better alignment with other strategic documents, while Medveđa and Brus shown lack of commitment to conduct the process. Provision of TA is completed but European PROGRES will continue to monitor and facilitate the process.

**Support to Local Tax Offices**

Fourteen grant agreements with LSGs for improvement of local taxpayers’ registries were administratively closed, while the process in Prešev and Tutin will be completed upon they return the unspent grant funds. The Programme’s further efforts will focus on monitoring effects of this activity.

1.2 Assist municipalities in setting up urban planning conditions for infrastructure development

**Development of 31 Detailed Regulation Plans (DRPs)**

Grant contracts for Sjenica and Tutin for development of three DRPs are completed in September 2016. The plans in these two municipalities are at the stage of drafts, but the Programme did not extend the implementation. This was due to the fact that municipal urban and planning directorates are developing the plans and the LSGs committed to secure their timely adoption. The Programme will continue to monitor the developments.

In addition, four LSGs completed eight early public review procedures, while in total this mandatory step in development of DRPs is finished for 24 plans in 18 LSGs. Vranje made more significant progress and completed the public viewing, while this procedure is scheduled or ongoing in seven LSGs.

**Establishment of the Geographic Information System (GIS) in 11 LSGs**

Nine LSGs adopted Decision for the Establishment of the Geographic Information System, and all 11 LSGs established GIS Working Groups, which provides legal foundation for sustainable development of this tool. Three LSGs conducted study tour and LSGs that implementing project in partnership signed inter-municipal agreement of cooperation.

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7 Local assemblies in Aleksinac, Nova Varoš, Novi Pazar, Raška, Sjenica, Vladičin Han and Vlasotince have adopted CIPs
8 The total amount that has to be returned from Prešev 1,604 Euros and from Tutin 251 Euros
9 Prijepolje, Babušnica, Gadžin Han and Raska
10 Prešev, Surdulica and Vranje
11 Merošina and Aleksinac
In this quarter, Prokuplje signed Agreement of cooperation among GIS members while three LSGs are in the process of signing. The procurements for all budget items were completed in six LSGs, while in five LSGs are in the process of completion. The trainings related to GIS establishment and usage of software were conducted in four LSGs.

1.3 Technical assistance to municipalities to improve procedures and processes for contracting, contract management, monitoring and evaluation of infrastructure projects

The Association of Consulting Engineers of Serbia (ACES), the implementing partner, organised one day training about application of the International Federation of Consulting Engineers (FIDIC) contract modality to public procurement process in Serbia. The training was delivered to 14 LSGs whose infrastructure projects are approved for funding by the Programme Steering Committee (PSC) in August 2016 and hence have started to work on organisation of public procurement deriving from these grants. In addition, the training was provided to four municipalities whose infrastructure proposals are on the reserve list for funding. Out of 52 invited trainees from 18 LSGs, 41 (32% woman and 68% men) attended and positively assessed the training.

1.4 Support municipalities to enhance their good governance capacities and to introduce structural governance reforms

The Programme visited 20 LSGs to present good governance (GG) reform packages that could be implemented in municipalities within efforts to enhance their performance. General feedback from LSGs was positive, while nine confirmed interest for this activity in writing and appointed teams that would be engaged in local GG reforms.

In addition, the Programme met with representatives of the Directorate for E-governance of the Ministry of Public Administration and Local Self-government and on the basis of discussions will consider inclusion of activities in GG reform packages that enhance quality of municipal websites and municipal e-services.

The mission of Swiss expert for GG that was held from 13 to 15 September was used for definition of further steps on implementation of GG reform packages as well to prepare approach for linking the approved infrastructure projects with GG. The third and fourth GG training will be organised on 12-14 October and in early December. Deadlines for municipality visits are set-mid-October for first round, and mid-November for revisit and reforms initiation.

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12 Leskovac, Merošina and Sjenica
13 Novi Pazar, Sjenica, Prokuplje, Merošina (in partnership with Aleksinac), Leskovac and Surdulica
14 Ongoing remaining procurements in Vranje, Preševo, Kuršumlija and Bela Palanka
15 Kuršumlija, Prokuplje, Sjenica and Surdulica
16 Training Report, with evaluation, is prepared by the ACEs and available in European PROGRES
17 Good governance reform packages are designed to enhance accountability, transparency, efficiency, participation, and non-discrimination
18 The Activity 2.5 provides more details on the agreed approach for this activity
1.5 Institutional development of local gender equality mechanisms

The Programme’s check of the status of GEMs in August 2016\(^{19}\) indicated that 33 municipalities have some form of GEM, while Doljevac was the only LSG without this mechanism. The Call for Proposals (CFPs) to support GEMs was announced on 8 September and will last until 10 October 2016. The objective of the CFP is to re-affirm the role of the local GEMs and improve their capacities to implement measures stipulated in the LAPs which would address gender-related issues in local communities.

A total of five info sessions were organised, three in the South and South East of Serbia and two for South West municipalities. Overall, 16 municipalities were present at the sessions (25 women, five men). Nine municipalities shown no interest for info sessions or the CFPs.\(^{20}\)

Social Inclusion and Poverty Reduction Team (SIPRU) identified opportunity for a synergy with the Programme, and dedicated one expert to provide support to LSGs in preparation of project applications in response to the European PROGRES CFP.

1.6 Strengthening capacities and developing advocacy skills of LSGs’ staff on Gender Equality

UN to UN contract with UN Women, for the second phase of the project related to establishment of local women parliamentarian networks, is signed in September. Activities will start in October 2016.

1.7 Gender responsive budgeting (GRB)

The Programme will follow up effects of gender responsive activities implemented previously in the Q4 2016, during preparation of municipal budgets for 2017.

\(^{19}\) The used gender equality questionnaire is available in the Annex I, Attachment 1.1

\(^{20}\) Žitorađa, Bosilegad, Preševo, Doljevac, Medveđa, Bela Palanka, Brus, Kuršumlija, Knjaževac
Result 2
Increased competitiveness of local economy through improved business environment and management/organisational capacities of small and medium enterprises/agricultural cooperatives

The Programme’s work on competitiveness produced results related to infrastructure, entrepreneurship, and Micro and Small Enterprises (MSEs). While the work on development of main designs is close to finalisation with 37 completed out of 40 approved projects, there are indicators confirming importance of technical documentation. These 37 main designs have created a pipeline of ready to construct projects worth estimated 25 million Euros.21 Besides previously reported Tutin who secured donation from the Turkish International Cooperation and Coordination Agency (TIKA) for the construction of the local primary school, Svrljig will receive 460,000 Euros from the Public Investment Management Office (PIMO) for the school reconstruction, and Bela Palanka secured 70,000 Euros for the improvement of energy efficiency in the school through European PROGRES CFPs for Local Infrastructure.

The PSC approved funding of 14 local infrastructure projects, for which the European Union and the Government of Switzerland earmarked 1.5 million Euros.22 The social/health infrastructure projects will improve the living conditions of vulnerable groups and the social services extended to them in Brus and Lebane, environmental infrastructure will improve energy efficiency and contribute to reduced pollution in Kuršumlija, Prijepolje, Bela Palanka, Bosilegrad and Surdulica, water supply will be improved in Bojnik, Sjenica and Ivanjica. Economic infrastructure projects in Doljevac, Priboj, and Vranje are aimed at improving the local business environment, while the last two should contribute to investments.

In addition, the PSC approved the project related to development of Golija Nature Park, which includes formulation of detailed regulation plans for infrastructure corridors and development of study for the management models for Golija Nature Park. The project will enable creation of preconditions for the resolution of property issues and issuing of location permits. The Study on Management Models will provide framework for sustainable tourism development of the Golija National Park, which is among key Serbia’s touristic and natural assets.

Significant progress was made regarding entrepreneurship. Twenty one (21) businesses have been registered through women entrepreneurship activities, in addition to 14 in the previous quarter. A total of 20 out of 35 registered business have been fully supplied with the equipment and operational, and started to generate income. In addition to 35 jobs for female business owners, this activity facilitated full time employment of ten persons and temporary work engagement of two.

The PSC approved projects of 17 Entrepreneurs and MSEs as a result of the CFPs for Enhancing Competitiveness through Creation of Jobs in the Private Sector. The assistance will lead to

21 The list of all projects is available in Annex II, Attachment 2.1
22 The results of the CFP for Local Infrastructure Projects are available at http://www.europeanprogres.org/konten/en/509/Results-of-the-Cal-for-Proposals-Local-Infrastructure-Projects/
immediate creation of 43 new jobs and implementation of 17 Corporate Social Responsibility (CSR) projects that will benefit local communities.

Within efforts to enhance business environment, the PSC approved the project that will support 34 LSGs and other holders of public authority to implement electronic building permitting system (EBPS). This action will be implemented in partnership with the Ministry of Construction, Traffic, and Infrastructure and the National Alliance for Local Economic Development (NALED), while the key expected results are reduction of the number of days for issuing building permits in the 34 LSGs by 15% and decrease in rejected requests for issuance of permits by an average 5%.

The Public Private Partnership (PPP) Projects in Raška, Knjaževac and Surdulica, whose development has been initiated, if realised, will increase of quality of public service through replacement of public lighting system. In addition, theses PPP actions have potential to generate savings of 1.7 million Euros for the three beneficiary LSGs in the period of ten years from the start of the projects.\(^{23}\)

The Programme’s endeavours to enhance coordination and cooperation between national and local authorities on implementation of environmental and social protection policies, through Vertical Dimension of GG, produced some findings. The first workshop on social policy implementation, for example, resulted in identification of the challenges related to the social protection planning, development of non-institutional services, and regulations on work activation. It was concluded that communication between two levels of authority is crucial to address challenges, that there was a need to additionally sensitise municipal decision makers, as well as that external service providers should be recognised.

The second workshop on implementation of environmental policy pointed out challenges related to waste separation and recycling facilitates, data collection/sharing, capacities of inspectorates, and local waste management planning. It was concluded horizontal coordination, capacity building and proactive attitude of LSG’s is also needed to overcome challenges in environmental protection policy implementation as well that legal framework is improved but that it can be additionally strengthened.

\(^{23}\) The data on savings is taken from elaborates that were provided by the LSGs within their applications.
Activities

2.1. Technical assistance for municipalities to improve business-enabling environment

The PSC at its meeting of 10 August 2016 approved the project submitted by the Ministry of Construction, Traffic, and Infrastructure whose objective is to support 34 LSGs in application of EBPS. The project activities\textsuperscript{24} include: strengthening capacities of LSGs and Public Utility Companies (PUC) for EBPS through training and mentorship; development of recommendations for LSGs’ organisation improvements; support for upload of planning documents into the national Central Register; and collection of inputs that could facilitate future improvement of the planning and construction policy. The project will be implemented by the National Alliance for Local Economic Development (NALED).

In addition, the Programme will provide equipment to LSGs for implementation of the EBPS. On the basis of findings from the European PROGRES Needs Assessment from February 2016, and technical requirements of the e-permitting system\textsuperscript{25} and for e-submission of documents\textsuperscript{26} prescribed by the line ministry, European PROGRES developed two packages of equipment\textsuperscript{27} that could be provided to LSGs. Thirty-three participating LSGs\textsuperscript{28} provided information, with justification, on the preferred equipment options. The Programme will procure the requested equipment in Q4 2016.

European PROGRES has continued to provide TA to LSGs to collect and upload information needed for calculation of their competitiveness levels to the Competitiveness Portal with over 20 meetings. Progress in data collection and upload has been registered in all LSGs, except in Vlačin Han and Preševo. Majority of LSGs have uploaded over 90% of data, of which 11 have entered 100%. The biggest challenge for completion of data gathering and upload are information on active businesses which should have been made available by the Serbian Business Registries Agency.

2.2. Support preparation of technical documentation and tender packages for two selected inter-municipal and at least 35 local economic/social infrastructure projects

The implementation of grants for the main/detailed designs is ending: out of 40 approved grants, 37 are finished, 17 during this reporting period. The remaining three will be finished in October 2016.\textsuperscript{29}

Contracts for the development of technical documentation for the construction of the anti-erosion protection of Jablanica, Pčinja and Vlasina Rivers Watersheds and the General Design with Pre-feasibility study for South Morava Flood Protection were signed with the Institute Jaroslav Černi, in the total amount of 212,000 Euros, in July 2016. The Contractor has completed all site investigation activities during August – September 2016.

At its meeting in August 2016, the PSC approved project related to development of Golija Nature Park, estimated at 350,000 Euros, of which 50,000 Euros will be provided by the project partner, the

\textsuperscript{24} The project addresses issues identified in the Assessment of Needs of Local Self-Governments for Implementation of Electronic Building Permitting, conducted by European PROGRES in February 2016

\textsuperscript{25} Minimum system requirements are available at http://gradjevinskedozvole.rs/Files/00299/minimalni-sistemski-zahtevi.pdf

\textsuperscript{26} Instructions for formats for electronic documents and their submission to the Central Registry are available at http://gradjevinskedozvole.rs/Files/00341/Uputstvo-Formati-elektronskih-dokumenata-i-njihovo-dostavljanje-u-CEOP-u-dopunjeno.pdf

\textsuperscript{27} The two options of equipment offered to LSGs are: (1) Photocopier and (2) Multifunctional device and desktop computer with monitor and UPS device

\textsuperscript{28} All Programme LSGs but Brus provided feedback on the needs for technical equipment

\textsuperscript{29} End dates are: Blace 15 October, Kuršumlija 29 October and Novi Pazar 3 October 2016
Ministry of Trade, Tourism and Telecommunications. The action has two key components: the development of detailed regulation plans for infrastructure corridors and development of management models study for the Golija Nature Park. The tenders for DRP formulation and management models study were advertised in September 2016. The City of Kraljevo will be included in project, since it partially covers the territory of the Golija Nature Park.

2.3 Financially and technically support implementation of at least two projects contributing to the socio-economic development (at least one to be implemented by the Programme and one by CFCU each)

The Programme assisted the Department for Contracting and Financing of EU Funded Programmes of the Ministry of Finance (CFCU) in replying to comments from the Delegation of the European Union Ex-ante Control of the tender packages for Vranje Hospital and Novi Pazar Emergency Ward. The assistance was provided right upon request, in September 2016. The budget for the technical supervision was also discussed and agreed in principle with the European Integration Office of the Government of Serbia (SEIO). The CFCU plans to advertise the tenders for works in November 2016 latest. The Programme remains available to provide TA to the CFCU and SEIO during the clarification and evaluation period.

The works on Pusta Reka watershed on 13 barriers started in August 2016. The contracted value of works is 167,000 Euros. The works on Raška river watershed on five barriers and the forestation of 75 ha, worth 214,000 Euros, and started in September 2016. All works will be finished by end 2016. The beneficiary Public Water Management Company Srbijavode could not provide the building permits for the works on Trgoviški Timok until end July 2016 and this procurement was cancelled.

2.4 Technical assistance for implementation of grants for local infrastructure projects

The evaluation of local infrastructure projects that were submitted in response to CFPs that is managed by the CFCU is not finished yet. No official information is available regarding when the evaluation will be completed.

The evaluation of 31 applications received through the CFPs for Local Infrastructure Projects, closed on 23 May 2016, was completed in July 2016. Fourteen (14) projects were approved by the PSC in August 2016, while four projects, ranked from the 15th to 18th place were put on the reserve list that could be activated if funding becomes available. The total budget of 14 approved projects is 1,843,576 Euros, including contributions from the municipalities amounting to 336,703 Euros (18%).

2.5 Support municipalities in development of local policies and/or administrative regulations

The Programme, with support from Swiss experts for GG defined approaches for linking approved 14 infrastructure projects with GG. The projects were grouped in three categories based on their importance and relevance from the GG point of view. The more relevant interventions will include more substantial GG intervention. The first group of municipalities will be visited by the end of November in order to launch the GG intervention within the infrastructural projects.

30 The grant scheme introduced in January 2016, within modifications of the Programme, and managed by UNOPS
32 Leskovac, Tutin, Babušnica and Crna Trava
33 Group A, most relevant: four projects (Priboj, Bojnik, Vlasotince and Bosilegrad); Group B, medium relevance: three projects (Brus, Doljevac and Lebane); Group C, least relevance – seven municipalities (Sjenica, Prijepolje, Vranje, Ivanjica, Bela Palanka, Surdulica and Kuršumlija.)
2.6 Develop policies and/or administrative regulations addressing vertical coordination between the Government and local self-governments in cooperation with line ministries and stakeholders

The first workshop that is part of the Programme endeavours to facilitate coordination and cooperation of LSGs and state administration bodies in implementation of social protection policies was held from 11-13 July in Aranđelovac. The workshop was attended by 44 participants (21 women, 23 men): 31 participant from 21 municipalities and nine representatives from government institutions, associations and relevant national stakeholders and experts.

Second workshop related to coordination and cooperation of local governments and state administration for environmental policy implementation, with focus on “Waste management”, was held in the period from 13-15 July, on Kopaonik. The workshop gathered 34 participants (16 women, 18 men).

Discussions with the Swiss GG expert confirmed that the overall approach to this activity is good. It was recommended that two sets of conclusions should be developed, that address both, national and local level. SCTM should continue to play an active role, and the Programme should consider development of a joint statement or similar document outlining identified recommendations.

2.7 Provide support for establishment of at least two PPP for exploitation of the municipally owned land or facilities

As a result of the CFPs for Provision of Technical Support for Establishment of Private Public Partnership in Delivering Public Services, the PSC through e-voting on 1 July approved provision of TA for three projects: Surdulica, Knjaževac and Raška. The support includes provision of technical, legal, and finance experts that will be developing the full PPP projects, with feasibility studies, for reconstruction and modernisation of public lighting systems. The inception meetings with the three LSGs were held: Raška and Knjaževac demonstrated strong commitment to the process, whereas Surdulica expressed some reservations. A contingency plan is created to ensure commitment of the LSGs with deadlines for activities which need to be led by LSGs.

2.8 Facilitate establishment of the new SME clusters, and support existing SME clusters in common market approach and internationalization through introduction of international quality management

Introduction of international quality and food safety standards has commenced in the nineteen beneficiary Small and Medium Enterprises (SME). Initial field visits were conducted by the contracted service providers. The process should be completed for majority of beneficiaries by April 2017, except for an SME introducing Global Good Agricultural Practice standard (Global GAP) for which the process has to be partially conducted during the harvesting season in August.

The Programme assistance to clusters is being finalised. Three grant agreements have been administratively closed whereas the remaining two are organising their final activities: ‘NP Shoes Cluster’ conducted three trainings on design and modelling of footwear models for eight

34 Annex II, Attachment 2.2_Workshop evaluation report, Aranđelovac 11-13 July
35 Annex II, Attachment 2.3_Workshop evaluation report, Kopaonik 13-15 July
37 The PSC approved award to 22 SMEs out of which two have withdrawn their applications in the previous reporting period. Procurement of services is pending for one SME requesting German standard for prefabricated materials (RAL-GZ) due to limited market.
38 Grant Agreements with ‘Stara Planina Tourism Cluster’, ‘South Serbia Fruit Cluster’ and ‘Pešter Agro Cluster’ are completed on 15 June 2016
representatives of five member SMEs. As a result, 40 new shoe models have been designed in line with the high industry standards. The final event of the project – a footwear fair, is planned for early November to ensure higher visibility and promotion of products. 'Priepolje Textile Cluster' prepares visit to Munich Textile Fair on 16-17 November when a number of business to business (B2B) meetings are to be organised. The cluster terminated contract with a company who was tasked with organisation of the visit due to their poor performance and has engaged a consultant to support the process.

The PSC approved funding of 17 projects benefiting Entrepreneurs, Micro and Small-sized Enterprises (MSE) as a result of the CFPs for Enhancing Competitiveness through Creation of Jobs in the Private Sector. The Programme will provide €253,880 for provision of equipment to beneficiaries that should enhance their productivity. Beneficiaries include two engineering and design companies, six food production companies, six companies from the textile industry, two metal processing companies and one furniture producer. Procurement of equipment has been initiated and beneficiaries promoted at a ceremony held in Vranje on 30 September with participation of the State Secretary from the Ministry of Economy and the Head of Operations II of the Delegation of the European Union.

2.9 Support agricultural producers in reaching common markets through establishment of cooperatives, introduction of new production techniques, and international standards on food safety

Work on protection of geographic origin Sjenica stelja, Ivanjica potato, Vlasina honey, and Sjenica cow cheese has been initiated. Certification of authorised users for Sjenica cow cheese and Sjenica lamb will be conducted through a company contracted for provision of services whereas development of Elaborates for Protected Designation of Origin (PDO) for Sjenica Stelja and Protected Geographical Indication (PGI) for Ivanjica potatoes and Vlasina honey is to be conducted by consultants.

First phase assistance to 32 Agricultural Producer Groups (APG) is being finalised. Four workshops have been implemented in July 2016 – two on Instrument for Pre-Accession Assistance for Rural Development (IPARD) and business plan development and two on management, finances and marketing for APGs. In total, 114 representatives from 32 producers’ groups participated, out of which 15 (13%) were women and 99 (87%) men. The remaining activity under the Phase-one assistance is a study visit which is being organised in consultation with the Ministry of Agriculture and Environmental Protection for France in early November.

Restricted CFPs for the Second Phase Assistance to APGs has been approved by the PSC and conducted from 29 August to 27 September 2016. As a result, 30 out of 32 eligible APGs submitted applications which are being evaluated.

2.10 Support to women entrepreneurship

European PROGRES finalised great majority of procurements related to provision of equipment in support of women entrepreneurship. Out of 45 beneficiaries, 41 have received full set or larger part of needed equipment. The procurement of equipment for the remaining four beneficiaries, whose businesses are related to children’s playrooms, is more complex and lasts longer, as the required kit has to be produced in accordance with the specific design, but will be finalised in Q4 2016


40 Selected under the Call for Proposals for Provision of support to APGs
In total, 16 tenders and four shopping procedures have been completed, and three tenders and one small shopping have been contracted and now are in the process of execution.

**Result 3**

Improved access to employment, offering equal opportunities to both men and women, and social inclusion of most vulnerable and marginalised groups through development and implementation of local policies resulting in reduced migration from South East and South West Serbia.

The Programme launched several initiatives that should benefit the most vulnerable, primarily Roma, unemployed, and youth. Implementation of 16 projects that were approved for funding within the CFPs for Piloting Measures from the Strategy for Social Inclusion of Roma will primarily enhance employability of Roma, in addition to addressing community issues related to education, health, social protection, housing, and human security. New activities benefiting Roma also include continuation of project for introduction of globally recognised El Sistema methodology of inclusive music education in music school in Vranje and three primary schools. This intervention will benefit around 180 children, out of which at least 20% of children will be Roma.

The CFPs for LSGs to Implement Vocational Training in Accordance with Local Employment Action Plans resulted with applications from 18 LSGs for implementation of active labour measures primarily intended for the unemployed educated youth up to 30 years of age. This activity has potential to exceed the set target of 100 trainees as well as to generate tens of employments.

European PROGRES also launched procurement of medical equipment relevant for protection of women reproductive health. Support will focus on the nine new LSGs and will include replacement of equipment items that are often older than 30 years. This intervention will contribute to improved quality of health services to women, as the beneficiary health centres organise annually almost 60,000 check-ups for women.

The Centre for Social Policy completed analysis of mechanisms for social inclusion and employment of the vulnerable. This research, among other, shown that: 31 LSGs have adopted Local Employment Action Plans (LEAP); 20 municipalities have local development strategies; most municipalities have local councils for employment, while five municipalities have local socio-economic councils; employment measures have been implemented in 23 LSGs in cooperation with National Employment Service (NES), while five municipalities implemented measures using their resources and without cooperation with the NES; most municipalities have limited information about the local labour market and insufficient capacity to design local labour policies. Furthermore, 14 out of 34 LSGs have or working on development of the social protection strategies. The largest number of the social welfare users are entitled for cash payments. Social protection services are provided in 31 municipalities, but they are often underdeveloped and unevenly accessible.

In addition to analysis, the CSP delivered several concrete products: the methodology for mapping the needs of vulnerable groups for social services and inventory of employment measures for the most vulnerable were designed and can help municipalities to establish more innovative social...
protection and employment related services; Bosilegrad, Merošina and Žitorađa were selected for the establishment of homecare services that would address the needs of elderly and persons with disabilities, and enable employment of women with low qualifications; the Assessment Report also includes guidelines for the improvement of institutional capacity in municipalities related to strategic management, organisation and partnership.

Activities

3.1 Citizens’ Satisfaction Surveys conducted in the last year of programme implementation

The Citizens’ Satisfaction Survey will be conducted in Q2 and Q3 of 2017.

3.2 Citizens’ Advisory Services enable citizens to access their rights and entitlements

No activities were planned for the reporting period. Since official announcements indicate that adoption of the Law on Free Legal Aid is not expected in 2016, while application is being announced for 2018, this activity is not relevant. The Programme will prepare recommendation to address this issue.

3.3 Develop and deliver vocational training programmes according to identified local economy needs

The CFPs for LSGs to Implement Vocational Training was approved by the PSC in August 2016 and conducted from 17 August to 22 September 2016. The Call was designed to support LSGs to implement their Local Employment Action Plans (LEAPs) through conduct of three measures prescribed by the National Employment Strategy: (1) training for known employer, (2) professional practice and (3) acquisition of specific practical knowledge. To support the process, three info sessions were held in Novi Pazar, Niš and Leskovac from 24 to 26 August 2016 respectively. A total of 40 representatives of 20 LSGs, out of which 22 or 55% were men and 18 or 45% women participated. As a result, 18 applications were submitted and evaluated. The PSC will consider the recommendations by e-voting procedure in the first half of October.

3.4 Support preparation and implementation of local strategies/action plans for employment and social inclusion

CSP, the implementing partner, has submitted second progress report and the Final Initial Assessment Report on Institutional Capacities, Social Inclusion and Employment of Vulnerable and Marginalised Groups in 34 Programme Municipalities. In forthcoming period, the CSP will focus on implementation of the recommendations and methodologies through peer reviews and mentorship support.

3.5 Promote active inclusion and improved integration of social and employment services in underdeveloped municipalities

Support to Youth Self-employment

Three-day training about the business plan development to the candidates selected for the second

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45 The eighteen LSGs which applied for the Call are Sjenica, Ivanjica, Raška, Novi Pazar, Priboj, Prijepolje, Vranje, Trgovište, Bujanovac, Leskovac, Babušnica, Aleksinac, Medveđa, Doljevac, Prokuplje, Bojnik, Bela Palanka and Blace

46 The Progress Report is available in the Annex III, Attachment 3.1

47 The training aimed to: 1) build capacities in business plan writing, SME’s management, legal framework and business running 2) provide technical assistance to participants to finalise full project application 3) provide information and advice about real life business management in Serbia, procedures, registration of business and taxation.
phase of the CFPs for Support to Youth Self-employment was organised on 20-22 July on Kopaonik. Training was attended by 27 candidates (three women, 25 men) out of 34 shortlisted. Production and manufacturing were dominant business activity among the shortlisted candidates for over 80% of them (29 applicants).

By 26 July, which was a deadline for full applications, 26 candidates submitted their project proposals arrived. The Evaluation Committee recommended and the PSC approved in August 2016 for funding 22 projects (10 South West and 12 South East) worth 183,307 Euros. Out of 22 candidates, there are two women.

Plan for procurement of equipment that will be donated to selected youth is developed in September, and six tenders have been announced so far, covering approximately half of the approved budget. It is expected that by the end of the year up to 50% of the equipment will be delivered to the beneficiaries.

In addition, the consultancy ENECA has been contracted in September for the provision of a training and mentorship support to the beneficiaries from Woman Entrepreneurship and Youth Self-Employment activities. The beneficiaries will be educated and assisted on legal framework for small businesses in Serbia, business running, marketing, management skills, finances and other areas according to specific beneficiary needs.

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48 Annex III, Attachment 3.2, Evaluation of business plan writing training
49 18 from South West and 16 from South and South East of Serbia
50 The results of the CFPs is available at http://www.europeanprogres.org/konten/en/500/Results-of-the-Cal-for-Proposals-Suport-to-Youth-Self-Employment/
Piloting Measures from Strategy for Social Inclusion of Roma at the Local Level

The CFPs for Piloting Implementation of Measures from the Strategy for Social Inclusion of Roma at the Local Level was closed on 4 July. A total of 39 applications were submitted. PSC approved ranking list of 25 recommended projects for the second phase at the meeting in Vranje held in August.

Two consultants were hired to deliver training on capacity strengthening of Roma CSOs. Capacities of organisations are being previously assessed with the aim to address needs and to prepare training programmes. The representatives of all 25 CSOs selected for the second phase successfully passed the training on project management that was held from 3 until 6 August in Niš.51

Deadline for the full project proposals was 17 August and 23 proposals were received. The PSC endorsed by email recommendation of the Evaluation Committee for funding of sixteen proposals in the total amount of 150,000 Euros.52 Out of 16 approved projects, grant agreements were signed with 15 grantees while one applicant is still in the process of the budget revision.

Music Art Project

Based on positive results of the project “Orchestras and choirs of hope”, which successfully introduced inclusive methods into music education, the PSC at the meeting held on 10 August in Vranje approved further financing of this project in the value of up to 30,000 Euros. The project will be implemented in Vranje, Vranjska Banja and Surdulica by the NGO Music Art Project in the period of seven months, starting from October 2016.

3.6 Improved Technical Capacities of Local Medical Centres in Addressing Women Health

Assessment report53 on required medical equipment provides insight into needs of medical centres in nine new European PROGRES partner municipalities. Mostly gynaecology examination tables and equipment, colposcopy and ultrasound equipment are identified as a priority. All health centres sent official letters of interest and the tender for procurement of medical equipment is announced in September. Overall estimated value of the tender is 100,000 Euros. It is expected that the equipment will be delivered to the medical health centres by the end of year.

3.7 Improvement of working conditions and management of local cultural institutions in multi-ethnic municipalities

The confirmation of approach to this activity has been postponed for Q4 2016 due to heavy workload deriving from conduct of the CFPs and launch of issuing of large number of new projects.

3.8 Two rounds of calls for proposals under Citizens’ Involvement Fund (CIF) for partnership projects of civil society organisations and local government institutions

The PSC through e-voting procedure that was concluded on 1 July approved financing of 24 projects coming from 20 municipalities54 in the value of up to 320,000 Euros, and co-funding of up to 44,300 Euros. The majority of projects improve position of the vulnerable, one proposal is focused on the promotion of inter-ethnic and inter-cultural dialogue among young people in Bujanovac, Medveđa

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51 Annex III, Attachment 3.3, Report on training to Roma CSOs
53 Annex III, Attachment 3.4, Assessment Report on medical equipment
54 Bela Palanka, Babušnica, Bosilegrad, Bujanovac, Vladinčin Han, Vranje, Ivanjica, Knjaževac, Lebane, Leskovac, Medveđa, Novi Pazar, Prijepeļje, Surdulica, Prokuplje, Priboj, Tutin, Božnik, Vlasotince, Kuršumlija
and Preševo, while two projects will be addressing the issue of transparency in allocation of municipal funding to local CSOs sources in four LSGs.

After completion of standard procedure of clarifications and corrections of the applications and budgets, the total value of 24 projects was reduced to 305,000 Euros. One project, submitted by the Municipality of Bela Palanka, is pending grant agreement issuance until the partner organisation, the Society for Assistance to Persons with Mental Disabilities "Youth", obtains licence for providing social service required by the Law. If the Ministry of Labour, Employment, Veteran and Social Policy doesn’t approve the CSO’s application for licensure, the project will be cancelled.

The implementation has started in September, when three info sessions for the grantees on the Programme’s programmatic and administrative requirements were conducted. A total of 32 participants (17 women and 15 men) attended the info sessions held in Niš, Novi Pazar and Vranje. The info sessions were evaluated positively by the participants and their overall relevance for forthcoming implementation of the projects were evaluated with the highest mark.

3.9 Support young people from Albanian community to learn Serbian language

Following positive results of the project intervention, the Coordination Body for Bujanovac, Medveđa and Preševo (CB) proposed continuation of support and engagement of teaching assistants (TAs) in 2016/2017 school year. At the beginning of July, the extension of the project for one more school year was approved and contract was amended.

The Regional Centre for Professional Development in Education (the RC) will continue to carry on implementation of the activity, while the engagement of the assistants will start from October 2016 and last until June 2017. They will continue working in the same schools and with the same classes, hence they will now work with fifth and eighth-grade students. Additional fourth grade classes will be assigned to the assistants without full time engagement in order to meet requirement for their maximum engagement.

In September, two teaching assistants withdrawn due to the personal reasons. One assistant was replaced by the candidate from the reserve list, but the other wasn’t, as the remaining reserve list candidates did not show interest for engagement. In cooperation with the CB, the RC and the Ministry of Education, Science and Technological Development, the Programme is currently considering possible solutions and the decision will be made in October 2016.

3.10 Design and implement targeted measures to reduce migration from South, South East and South West Serbia

No activities were planned for this reporting period.
Result 4
Effects of Serbia’s European accession communicated to general public

The Programme continues to generate visibility for donors as over 450 affirmative media reports were accurately listing the support provided by the European Union (EU) and the Government of Switzerland. Comparing to the same reporting period in 2015, the number of reports increased by 350. This is primarily the result of the mature implementation stage and wealth of activities to promote.

Furthermore, a significant growth has been recorded in the national media coverage. Threefold increase, amounting to 200 reports, in national media reports has been registered in the previous period comparing to the sixth quarter of EU PROGRES. The interest of the national media (Radio Television of Serbia, Fonet, and Tanjug) has been attracted mainly by the topics of support provided to economic and infrastructure projects.

The media has showed increased interest in the topics of social importance, namely social inclusion, as one of the basic European principles. Over 80 media reports focused on improving socio-economic positions of vulnerable groups and 16 projects aimed at improving social inclusion of Roma population at local level.

The economic themes remain one of the priority regarding the media and general population, thus over 70 stories reported on the creation of new jobs through the EU, Swiss, and Serbian Government support to youth self-employment and micro and small enterprises in the Programme municipalities.

Coverage in local and national media

Activities

4.1 Communicate actions, results and impact of the programme activities with the link to Serbia’s overall European integration efforts

56 The overview of media coverage is available in the Annex IV, Attachment 4.1
Visits and events

Three high profile events were organised. In August The Annual (Ninth) Programme Steering Committee (PSC) has been successfully organised in Vranje on 10 August with the presence of over 80 representatives of the donors, Government, LSGs, civil society organisations and the media, including eight Mayors and four Deputy Mayors. New Ambassador of Switzerland for Serbia and Montenegro and the new Head of SDC visited Novi Pazar on 26 August 2016 while the DEU Head of Operations, Sector II visited Bojnik, Lebane and Vranje 29-30 September.

Media work

Ten press releases have been distributed to the media informing about the support to Community Partnerships through the second Citizen Involvement Fund CFPs; PSC; Flood Protection Works in the Pusta Reka River; Young Entrepreneurs; MSEs and infrastructural projects; Gender equality; Roma; and two on the DEU visit to South Serbia.

Media activities included statements for B92 and Prva TV regarding the Programme support to entrepreneurship, and to RTS about approved projects at the Annual PSC. The Programme also facilitated visit for Studio B TV crew to Sjenica Regional Centre for Agriculture Development, Pešter Agro Cluster and agricultural producers in order to present the European support to agriculture in Serbia and debunk the myths about the negative effects of the EU membership.

Four festivals were supported - The Bosilegrad Folklore Festival (28 July-3 August), Nušićijada Festival in Ivanjica (25-28 August), Knjaževac Youth Festival (05-10 August) and Nishville (11-14 August). The high visibility standards set for the Festivals were fully respected and the EU/SDC/Programme emblems were featured on the promotional material. The donors received an honorary mention during the opening events and at numerous relevant activities including press events.

The digital media engagement has been steady. Namely the Programme’s website attracted 5,733 unique visitors with 9,757 registered visits. The tenders and public calls, as well as results, remain the most visited pages on the website.

Web and social media

<table>
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<tr>
<th>Visits in reporting period</th>
<th>Visitors in reporting period</th>
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<tr>
<td>9,757</td>
<td>5,733</td>
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Social media usage for the promotion of the European Union and the Government of Switzerland’s is growing more efficient as the number of Facebook followers has reached 3,021, and number of followers on Twitter has reached 416. Subsequently during the reporting period Facebook posts reached as many as 29,564 people and 32 Tweets were regularly retweeted by various beneficiaries, including the popular EU Info Centre. EU Weekly overview published by EU Info Centre published
eight stories of which three are on European PROGRES activities, including a success story on Bujanovac Student Coop.57

All thirty four Municipal profiles have been developed and the new interactive profiles created and published. Similarly Info sheets on all of the approved results of CFPs have been developed and timely posted on the website corresponding to Press Releases allowing for transparency in the announcements of results.

Tools and visuals

Implementation of the Internal Communication Strategy continued and several key tools relevant for internal and external communication have been developed or updated including Event calendar and Overview of all European PROGRES Projects.58

4.2 Implementation of advocacy/awareness campaigns in partnership with civil society with attention to European values

Selection process of the implementing partner for the Campaign has been completed. The contract will be signed during the first week of October 2016.

57 http://eud.superbdesigns.org/newsletter/euic-newsletter-25-08-2016.html
58 All newly developed tools are available with European PROGRES
Management and coordination

Programme Steering Committee
The second Annual PSC meeting was held in Vranje on 10 August 2016 and, among other, resulted in the approval of the Annual Report 1 July 2015 – 30 June 2016. The PSC also used electronic voting procedure in two situations: to consider projects recommended for funding through the second CIF CFPs and PPP and this procedure was finished on 1 July 2016; to consider final recommendations related to the CFPs for Piloting Measures from the Strategy for Roma Social Inclusion at Local Level that was concluded on 2 September 2016. Using electronic voting was important as waiting for the (regular) PSC meeting would endanger timely completion of the activities that were subject of the procedure.

The next PSC meeting is planned for early November 2016.

Finance
The following are the key indicators of European PROGRES financial performance:

- The delivery for the reporting period is 2,249,330.39 Euros
- The delivery of the Programme as of 30 September 2016 is 9,357,175.38 Euros or 53.59% of the European PROGRES budget
- The forecast delivery for Q4 2016 is 2,561,889.86 Euros

Third instalment in the amount of EUR 4,630,981.58 is requested from DEU and sixth instalment of 720,000 Euros from the SDC.

Procurement and grants
European PROGRES procurement activities were focused on provision of equipment in support of women entrepreneurship, youth self-employment, and SMEs.

In particular, procurement activities included: advertisement of five tenders exceeding the estimated value of 50,000 US Dollars, of which two were contracted; 44 tenders from 5,000 US Dollars to 50,000 US Dollars of which 23 were contracted for purchase of various goods, services and works; and eight shopping procedures, below 5,000 US Dollars, out of which three were contracted respectively. No formal complaints on any of the conducted procurement processes were placed.

The following purchases were successfully concluded and contracted:

- Purchase of automatic edge bender in support to women entrepreneurship
- Provision of anti-erosion works on Jusuf Stream
- Provision of anti-erosion forestation works in Raska river shed
- Provision of European PROGRES promo material
- Purchase of machines for textile production in support to women entrepreneurship
- Provision of consultancy services for food safety and international quality standards

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59 The draft Minutes of the PSC meeting held in Bela Palanka will be available at
http://www.europeanprogres.org/biblioteka/hr/43/4Zapisnici-sa-sastanaka-Upravnog-odbara/

60 The figures provided in this section are indicative while the final ones will be provided by UNOPS in the certified financial statement.
• Provision of consultancy services for certification in food related standards
• Provision of consultancy services for certification in international quality standard
• Provision of technical assistance to the beneficiaries of vulnerable groups
• Purchase of shoe making machines for women entrepreneurship
• Provision of video features and reportages for EP
• Provision of services for the Campaign Bringing European Integrations Closer to the Media and Youth in the South East and South West Serbia
• Purchase of office furniture in support to women entrepreneurship
• Purchase of centrifugal juicer, in support of women entrepreneurship
• Purchase of Project Management software
• Support to organisation of VD workshops for social and environmental protection
• Organisation of workshops on IPARD programme and business management for agricultural producers groups
• Organisation of training for CFP youth applicants in Kopaonik
• Organisation of training on Project management for Roma CSOs
• Organisation of Bosilegrad folklore festival
• Provision of support to Youth festival in Knjaževac
• Provision of support in organisation of the PSC meeting in Vranje
• Support in organisation of Nisville festival
• Support in organisation of three info sessions on implementation of Vocational Trainings
• Support to organisation of Swiss Embassy Delegation visit to Novi Pazar
• Support to organisation of Nušićijada festival in Ivanjica
• Provision of services for FIDIC on job training in Nis
• Support to organisation of DEU visit to Lebane and Vranje

Nineteen grants related to technical designs and DRPs were operationally closed during this period, while the following 54 grants were issued:

• 14 Grant Agreements issued for Local Infrastructure Projects
• 23 Grant Agreements issued for Citizens Involvement Fund
• 15 Grant Agreements issued for Piloting the Strategy for Roma Social Inclusion at Local Level
• Grant issued to NALED for Support Implementation of Electronic Building Permits System in Local Governments Participating in European PROGRES
• Grant issued to Udruženje Muzičke Umetnosti for Orchestras and Choirs of Hope.

Human resources

The recruitments were conducted for selection of specific expertise and language professionals required in response to the Programme’s work plans. In particular, Programme hired translators for Albanian and Roma language as well as Serbian language proof-reader. In addition, Competitiveness sector hired the Consultant for Technical Support to Public Private Partnership while Consultants for Geographical Indications will be recruited at the beginning of October 2016. In response to current ongoing activities, Programme engaged two specialists for PRAG procurement and two capacity development consultants.

European PROGRES initiated reorganisation of the Competitiveness Sector in order to ensure it has needed resources for conduct of activities, especially those targeting the MSEs. In this respect, Competitiveness Sector identified needs for the position of Programme Officer for Competitiveness, and Programme Assistants for Competitiveness of Local Self-governments and Agribusinesses. Communication sector activities are further supported by Junior Communications Assistant recruited
in September 2016. The Programme initiated recruitment of Programme Support Officer in order to enhance cooperation between the Programme and the Operations as well as to boost implementation.

Continued attention was given to performance evaluation where the Programme personnel underwent mid-year discussions of earlier set objectives. Their engagement, results achieved and constraints encountered were addressed during the exercise and summary of discussion have been recorded in the online performance appraisal tool.

The following specific, practise-related trainings have taken place or have been initiated accordingly:

- Communications Manager completed the Project Management Foundation Course, which will enhance implementation of UNOPS project management methodology in the communications sector
- UNOPS Company Approved Training (CAT) scheme is intended to support UNOPS engineers through their initial professional development and bridge the gap between academic qualification and an internationally recognised professional qualifications. Therefore, two engineers and Infrastructure Advisor are going for the certification with the ICE CATS SCHEME with the UK Institution of Civil Engineers.
- Two team members enrolled pilot with Lynda.com which is a leading online learning platform that helps anyone learn business, software, technology and creative skills on the job. This is on-going activity until the end of 2016.
- Three team members will undergo the Projects IN Controlled Environment (PRINCE2) Foundation while five will undertake Practitioner examination in Q4 2016.

Logistics

During the reporting period the following is to be reported by Logistics Unit:

- Programme’s Office premises have been maintained regularly and necessary logistics support provided for smooth running of operations
- Five of the oldest Programme’s vehicles have been disposed by donation to the Municipalities in the South West Serbia
- Vehicles are provided with proper equipment and consumables and all travel plans and trips were perfumed successfully
- Regular SMS and satellite phone communication tests were performed with maximum results. All security equipment was kept in order
- Annual UNDSS visit to Novi Pazar Office was performed, and verbally confirming that all MOSS standards are in order.
Security

No security issues or threats for European PROGRES personnel, vehicles, assets, or premises have been recorded during the reporting period.

Information communications technology

The following are the key ICT activities:

- New office copier has been provided for European PROGRES office in Niš and digital sender software has been installed on printing device in Vranje
- Staff in Niš office have been instructed to access RSPC server files via TeamViewer
- Total of four laptops used by the staff have been replaced with the new devices
- Upgrade of web hosting platform for the site Europeanprogres.org has been performed, as requested by web designer
- Regular files backup and maintenance of the ICT infrastructure performed on a regular basis
Risks and issues

The risk of delayed implementation of the Programme as a result of the elections on national and/or local level is still present with some activities that depend on local Assemblies decisions and on cooperation with appointed contact persons for specific activities. Within post-election combinatorics, in at least six participating municipalities, the key Programme contact persons, including those responsible for good governance (GG) activities have been replaced and/or transferred to other municipal departments. This may reduce efficiency and effectiveness of ongoing activities as, if nothing more, the newly appointed persons will need time to get acquainted with the European PROGRES activities and approaches. In response, the Programme will send letters to LSGs where the likelihood and potential impact of this risk are high in order to request continuity of activities, while highlighting importance of GG activities.

The Programme determined that post-election period pose risk for adoption of Capital Investment Plans, finalisation of upload of competitiveness data into the Competitiveness Portal, and adoption of Assembly decisions in support to development of public-private partnership (PPP) projects. The Programme organised visits to newly elected local governments making sure they are aware of the strategic and inclusive approach that was taken in preparation of the Capital Investment Plans involving all local stakeholders. The same approach was taken with Competitiveness portal data input as the Programme put effort to encourage LSGs to respond to this task by explaining new officials the benefits of the Portal in details. In addition, the Programme reminded the LSGs on their obligations by the way of official letter. The Programme representatives visited municipalities where this activity is implemented. As a result, two out of three PPP projects are on the way of adopting the decision. The Programme will closely monitor development of the project to ensure all steps are followed and provide additional assistance as needed.

One of the key European PROGRES’ risks in terms of magnitude of impact – delay in implementation of the CFCU managed grant scheme for local infrastructure proposals – has been partially addressed. The overall delay of the CFCU grant scheme now exceeds 12 months. However, the Programme managed to mitigate negative effects on provision of good governance intervention and on-job training component of FIDIC training by conducting the separate grant scheme for local infrastructure to enable conduct of these interventions.

While approvals of new projects are positive, part of them were not initially envisaged (e.g. youth entrepreneurship), plus some of them are pilot interventions (e.g. supporting MSEs or piloting Strategy for Roma Inclusion Measures), and therefore pose a risk. First, any serious issues in implementation in these activities, could cause delays that could not be accommodated within the Programme’s current time framework. Mitigation measures are being prepared and, for example, if LSGs fail to conduct public procurements related to approve local infrastructure projects by the end of the year, the Programme will consider direct implementation.

In addition, as a result of new activities implemented, the Programme conducts large number of procurements simultaneously in a short period of time. This is an ambitious plan and any delays would impact the timeframe for completion of these activities. Within risk responses, the Programme developed detailed procurement plan in consultation with operations colleagues, additional human resources have been engaged, responsibilities have been reorganised, and regular monitoring of progress has been agreed.
The Risks and Issues Register\textsuperscript{61} includes both initial and newly identified risks, as well as the information on the planned responses and their status. It also includes all the issues that have emerged so far as well as the status of actions done in response to these issues.

**Quality and sustainability**

**UNOPS Serbia quality assurance**

European PROGRES underwent UNOPS RSPC assurance exercise on 11 July 2016. It was reconfirmed that European PROGRES’s performance was healthy, however, there was a need to accelerate progress in Q3 2016, in particular regarding the set financial targets. The Programme responded to this recommendation and targets for this reporting period have generally been met or in some cases exceeded, which will be reviewed at the next assurance that is planned for early October 2016.

**Quality control**

The Programme has continued to implement a range of quality checks in order to ensure that set quality expectations and standards are met:

- 30 grant reviews have been conducted in order to ensure the progress is in line with programmatic and administrative requirements
- Three information sessions were organised to introduce the Programme’s requirements to the new grantees
- 16 evaluation of trainings confirmed that the beneficiaries found them effective and useful
- 13 checks of delivered equipment confirmed it was in line with the requested quality and quantity specifications.
- Four project site visits took place confirming satisfactory implementation progress.

European PROGRES established and maintains the Quality Register\textsuperscript{62} that provides a record of conducted quality checks.

**Sustainability**

The Programme continues to apply grant methodology that gives ownership over the activities to the beneficiaries remains the Programme’s approach; activities are embedded into relevant national and local development policies and this will remain the approach throughout the implementation. Continues efforts are put to identify synergies with relevant national institutions – during this period, for example, partnership project has been developed with the Ministry of Construction, Traffic and Infrastructure and NALED, while SIPRU will provide TA to potential beneficiaries to response to European PROGRES Call.

\textsuperscript{61} The Risk and Issues Register is available with European PROGRES
\textsuperscript{62} The Quality Register is available with European PROGRES
Lessons learned

Following is the overview of key lessons learned in this quarter:

- Site visits and interviews with potential beneficiaries are mechanisms that should be, where relevant and feasible, be included as part of evaluation process or conducted after the evaluation but before issuing of (grant) contracts. These efforts proven useful for some European PROGRES CFPs (e.g. women and youth entrepreneurship) as may confirm validity of the particular application and capacity of the applicant.

- Procurement of specialised services, as it is video production or medical equipment, requires specific expertise for development of quality technical specifications, which may not be available in house. It is therefore relevant, and in some cases necessary, to consider engagement of external consultants that would help development of needed specifications.

- Underdeveloped market for provision of certain services always bears a risk of delays and sometimes even of failure to fulfil Programme obligations. During complex procurement processes such as is the tender for public awareness campaign it is good practice to organise public presentations of the tender, while following relevant procurement policy and procedures. This would reduce the risk of receiving insufficient number or incompliant bids.

The European PROGRES Lessons Log is available in the Annex V, Attachment 5.2.
Work plan

European PROGRES Work Plan for the period from 1 October - 31 December 2016 is available in the Annex V, Attachment 5.1. The following are the key milestones for the upcoming reporting period:

Result 1
Strengthening local governance, planning and management capacities through introduction of new or improvement of existing procedures and processes respecting principles of good governance

- Activity 1.1 Monitor adoption of the remaining eight Capital Investment Plans for 2016-2020
- Activity 1.2 Monitor implementation of grants for development of GIS and DRPs
- Activity 1.3 Conduct PRAG and Public Procurement training for LSG representatives
- Activity 1.4 Third GG Training for Municipal Competence Centres on Transparency
- Activity 1.5 Implementation of local governance reforms
- Activity 1.5 Select local GEM projects for funding and issuing of contracts
- Activity 1.6 Establishment of local women parliamentarian networks initiated

Result 2
Competitiveness of local economy increased through improved business environment and management/organisational capacities of SMEs/agricultural producers

- Activity 2.1 Implementation of grant with NALED and procurement of equipment for EBPS
- Activity 2.1 Complete upload of remaining data to the Competitiveness Portal
- Activity 2.2 Follow up development of technical documentation for flood prevention and anti-erosion measures on Jablanica, Vlasina and Pčinja, and general design for Južna Morava.
- Activity 2.2 Close all grants for development of technical documentation for local infrastructure
- Activity 2.2 Golića project: contract services for development of DRPs and for the management model study
- Activity 2.3 Follow up publishing of tenders for works for Vranje Hospital and Novi Pazar Emergency Ward regional infrastructure projects (through CFCU)
- Activity 2.3 Finish works on flood prevention and anti-erosion on Pusta reka and Raška Rivers.
- Activity 2.5 Launch of GG intervention within the local infrastructure projects
- Activity 2.6 Organise two workshops: environmental protection and social protection
- Activity 2.7 Provide technical assistance to the three LSGs for implementation of PPP projects
- Activity 2.8 Conduct certification services for implementation of international quality and food safety standards; Start procurement of equipment for 17 beneficiary MSEs
- Activity 2.9 Contract services for certification of geographical indication; Organise study visit to France for APGs
- Activity 2.10 Contracting and procurement for women entrepreneurship projects

Result 3
Access to employment, offering equal opportunities to both men and women, and social inclusion of most vulnerable and marginalised groups

- Activity 3.1 Draft Terms of References for Citizens’ Satisfaction Survey
- Activity 3.2 Reconceptualise CAS activity
- Activity 3.3 Obtain PSC decision of vocational training projects and initiate implementation
- Activity 3.4 Monitor implementation of ongoing activities: Centre for Social Policies, El Sistema
- Activity 3.5 Contracting and procurement for Youth Self-Employment projects
- Activity 3.5 Monitoring implementation of the Roma CSO projects
- Activity 3.6 Contracting and delivery of medical equipment
- Activity 3.7 Concept for implementation of activity to be decided
- Activity 3.8 Monitoring implementation of the CIF-2 projects

**Result 4**
Effects of Serbia’s European integration communicated to general public

- Activity 4.1 Organise at least three high profile functions
- Activity 4.1 Distribute the sixth issue of the Newsletter
- Activity 4.1 Organise Art Competition for European PROGRES Calendar
- Activity 4.1 Produce five videos and 4 reportages
- Activity 4.2 Lunch implementation of the campaign
Annex VI
Progress against indicators in logical framework matrix

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Progress during the reporting period</th>
<th>Overall status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall objective</td>
<td>To contribute to sustainable development of underdeveloped areas of Serbia by creating more favourable environment for business and infrastructure development, integrating good governance principles, thus increasing employability and social inclusion.</td>
<td>Serbia’s ranking in the World Bank’s Doing Business Report has improved by nine places in 2016(^6), with the rank of 59 compared to 68 in 2015.</td>
</tr>
<tr>
<td>Serbia’s ranking in the World Bank’s Doing Business Report improves for at least five places</td>
<td>Serbia’s ranking in the World Bank’s Doing Business Report has improved by nine places in 2016(^6), with the rank of 59 compared to 68 in 2015.</td>
<td></td>
</tr>
<tr>
<td>Serbia’s ranking in the Global Competitiveness Report improved for at least five places</td>
<td>Serbia’s ranking in the Global Competitiveness Report 2014-2015 has improved by seven places, currently being positioned as 94(^{th}) compared to 101(^{st}) in 2013-2014.</td>
<td></td>
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</tbody>
</table>

Programme purpose
To improve local governance, and the conditions for business and infrastructure development by improving and/or strengthening planning and management capacities, and improving business enabling environment, as well as enhancing implementation of social inclusion and employment policies.

| Overall objective | To contribute to sustainable development of underdeveloped areas of Serbia by creating more favourable environment for business and infrastructure development, integrating good governance principles, thus increasing employability and social inclusion. | Projects for detailed regulation plans, technical designs, in combination with efforts to enhance planning of capital projects and introduce good practices for management of infrastructure create foundation for increased investments into infrastructure. |  |
| Overall investments in infrastructure increased by at least 10% on annual basis | Projects for detailed regulation plans, technical designs, in combination with efforts to enhance planning of capital projects and introduce good practices for management of infrastructure create foundation for increased investments into infrastructure. |  |
| At least five new investments in industry until the end of the Programme | Projects for clusters, introduction of quality standards, women and youth entrepreneurship, support to MSEs, protection of geographic indication, and partnership actions of civil society and LSGs should contribute to SMEs sector growth and facilitate employments. |  |
| Export of SME sector increased by at least 5% until the end of the Programme |  |  |
| Enabled employment of at least 1,500 people as the result of (in)direct |  |  |

\(^6\) The Doing Business Report for 2016 has been published in October 2015.
Result 1:
Strengthened local governance, planning and management capacities through introduction of new, or improvement/elimination of existing procedures and processes in line with the principles of good governance

<table>
<thead>
<tr>
<th>Activity 1.1.1</th>
<th>At least 50% municipalities participating in the Programme introduce Capital Investment Planning, by the end of the Programme implementation (baseline 2014: 23%)</th>
<th>Seven out of 15 plans have been endorsed by local municipal assemblies.</th>
</tr>
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<tbody>
<tr>
<td>Activity 1.1.2</td>
<td>At least 15 municipalities supported in development of multi – annual programme budgeting by the end of the Programme (baseline 2014: five municipalities with partial programme budgeting)</td>
<td>No activity during this period.</td>
</tr>
<tr>
<td>Activity 1.1.3</td>
<td>At least 15 municipalities increase their revenue from tax collection by at least 15% by the end of the Programme (strengthening the accountability relation through expanding the tax base and raising citizens’ tax compliance awareness). Baseline: the number of tax payers and annual income from revenue will be set for each municipality once local self-governments are selected</td>
<td>Fourteen grants have been administratively closed, while closing of grant agreements with Tutin and Preševo is pending return of unspent funds.</td>
</tr>
<tr>
<td>Activity 1.2</td>
<td>Capacities for management of geo-spatial data and/or quality of geo-spatial data enhanced in at least ten local self-governments by the end of the Programme. (baseline 2014: 33% per municipality)</td>
<td>GIS related procurements completed in six LSGs, while in five LSGs are advanced.</td>
</tr>
<tr>
<td>Activity 1.3</td>
<td>By the end of the Programme in all European PROGRES’ municipalities monitoring and evaluation mechanisms established for infrastructure projects, FIDIC contract modality is preferred model, and</td>
<td>Ten training delivered to 41 municipal employees, 68% men and 32% women, from 18 LSGs (14+4), whose applications were rated best in the CFP for local infrastructure</td>
</tr>
</tbody>
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64 Baseline Study on Competitiveness, EU PROGRES, 2014  
65 Baseline Study on Competitiveness, EU PROGRES, 2014  
66 LTA Office Annual Reports  
67 Obstacles to Infrastructure Development, EU PROGRES, 2013
<table>
<thead>
<tr>
<th>Activity 1.4</th>
<th>Training programmes on FIDIC established within the Serbian Chamber of Engineers</th>
<th>GG reform packages drafted and presented to 20 municipalities. Nine municipalities expressed interest in participating in the local GG reforms. Specific reform activities started in two municipalities. Swiss GG expert mission conducted.</th>
</tr>
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<tr>
<td>Activity 1.4</td>
<td>By the end of the Programme, institutional governance reforms initiated, developed and implemented in at least five LSGs, with emphasis on increasing accountability, transparency and efficiency in public services delivery to citizens, with development or revision of at least ten local policies or local regulations, in line with the Serbian legal framework</td>
<td>The Local Governance Assessment of the 34 municipalities is finalised. The MoU for GG interventions at local level is signed with 34 LSGs. Two trainings on GG to LSGs delivered. GG reform packages drafted. Four Swiss GG Backstoppers missions conducted. Specific reform activities started in two municipalities.</td>
</tr>
<tr>
<td>Activity 1.5</td>
<td>Local gender equality mechanisms (GEM) established and local action plans for the work of the gender equality mechanisms (GEMs) adopted in all European PROGRES municipalities by the end of 2015. At least 30 GEMs successfully implemented grants provided through European PROGRES and contributing to advancement of gender equality issues by the end of 2016. At least two thirds of municipalities provide funding for the activities of local GEMs by the end of the Programme. Baseline: 31 GEMs established and two municipalities appointed gender equality officers, 23 European PROGRES’ municipalities developed Local Gender Action Plans.</td>
<td>CFPs for Support to Local GEMs published on 8 September and will last until 10 October. A total of five info sessions conducted, three in South East and two in South West with representatives of 16 municipalities. The status check of local GEMs conducted in August 2016.</td>
</tr>
<tr>
<td>Activity 1.5</td>
<td>A total of 34 municipalities strengthened through provision of mentorship and advisory support for improvement of local GEMs and launching of gender-related initiatives at the local level. Two new local GEMs established, resulting in 33 local GEMs in total. Six LAPs adopted, resulting in 30 LAPs in total. A total of thirty two municipalities signed European Charter. Call for Proposal for support to local GEMs approved by PSC in March and was published in September 2016.</td>
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<tr>
<td>Activity 1.6</td>
<td>At least 50% of male and female councillors in ten local assemblies enhance knowledge of gender equality issues and techniques for advocacy by the end of 2015. In each of the ten assemblies, women councillors successfully advocated for at least one gender issue by the end of the Programme. Baseline: 31 GEMs established and two municipalities appointed gender equality officers, 23 European PROGRES’ municipalities developed Local Gender Action Plans.</td>
<td>Start of this activity was planned for after the local elections in 2016. Implementation of approved project will start in October and will last until June 2017. The project includes establishment of ten local women parliamentarian networks and their capacity building.</td>
</tr>
<tr>
<td>Activity 1.6</td>
<td>UN to UN contract for the second phase of the project related to establishment of local women parliamentarian networks, is signed in September. Activities will start in October 2016.</td>
<td>Overall, nine municipalities allocated app 4.5 million RSD for gender-related activities. Four municipalities introduced GRB through different municipal budget lines, ensuring gender mainstreaming within the budget.</td>
</tr>
<tr>
<td>Activity 1.7</td>
<td>At least five municipalities introduced gender sensitive budgeting procedures and practices by the end of 2016. Sustainability of the action ensured through adoption of relevant municipal decisions by the end of the Programme. Baseline: three municipalities have performed budget and local policy analyses from gender perspective.</td>
<td>Follow up activities will be conducted in Q4 2016, during the municipal annual budget preparations.</td>
</tr>
<tr>
<td>Activity 1.7</td>
<td>Follow up activities will be conducted in Q4 2016, during the municipal annual budget preparations.</td>
<td>Overall, nine municipalities allocated app 4.5 million RSD for gender-related activities. Four municipalities introduced GRB through different municipal budget lines, ensuring gender mainstreaming within the budget.</td>
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</table>

**Result 2**

**Increased competitiveness of local economy through improved business environment and management/organisational capacities of SMEs/agricultural cooperatives**

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68 Baseline Study on Competitiveness, EU PROGRES, 2014
69 Baseline Study on Competitiveness, EU PROGRES, 2014
<table>
<thead>
<tr>
<th>Activity 2.1</th>
<th>Total competitiveness index increased by at least 10% in all Programme municipalities by the end of the Programme, or at least 25% in one of the sub-indexes regarding: the Capacity of Local Community to Manage the Community’s Resources and Potentials, Economic Policies, Strategies and Measures, Financial Capacities of the Public and Private Sectors. 70</th>
<th>Technical support to LSGs for implementation of electronic building permits system is initiated with a grant awarded to NALED. The intervention should result with reduction of the average number of days for issuing building permits by 15% and reduction of the number of rejected requests for issuance of permits by an average 5%. The competitiveness portal for tracking the Competitiveness Index of the Programme LSGs is being finalised. Eleven LSGs uploaded 100% of data, while the rest of 21 LSGs are in range from 40 to 90%.</th>
<th>In the line with the amendments of the Law on Planning and Construction, the Programme modified approach to this activity and in cooperation with the line Ministry is providing technical support to Programme LSGs in application of unified procedure and e-permitting. In addition, the Programme will enhance technical capacities of LSGs for implementation of the Law with procurement of IT equipment.</th>
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<tr>
<td>Activity 2.2 Pipeline of at least two inter-municipal and at least 35 local priority economic and social infrastructure projects, in line with the national sector priorities, with full scale technical documentation, developed in accordance with the criteria within PPF 5 after the assessment of the existing pipeline has been done</td>
<td>Seventeen designs have been completed. Contracts for the Designs for the anti-erosion protection of Vlasina, Pčinja and Jablanica river basins and for development of General Design for Južna Morava regulation are signed. The ToRs for the development of plans for infrastructure corridors and for the management model study for Golija National park advertised</td>
<td>The CFP for Development of the Main Designs was advertised in December 2014. The February 2015 PSC approved 40 projects out of 53 applications. 40 Grant Agreements signed with the LSGs in May 2015 and 37 are finished. Contracts for the Designs for the anti-erosion protection of Vlasina, Pčinja and Jablanica river basins and for General Design for Južna Morava regulation signed. August 2016 PSC approved Golija project – development of DRPs for infrastructure corridors and management model study.</td>
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<tr>
<td>Activity 2.2 At least twenty projects developed and submitted by municipalities for financial support to programmes from other sources than European PROGRES by the end of the Programme</td>
<td>LSGs submitted 141 proposals in response to the third Cross-border Programme Serbia-Montenegro, whose development and publishing was supported through European PROGRES. This CFP attracted more interest, compared to the previous when 102 and 56 applications were submitted respectively.</td>
<td>Upon September 2014 PSC approval, European PROGRES support operations of the Joint Technical Secretariat of the IPA Cross-border Programme Serbia-Montenegro. The grant is completed.</td>
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<tr>
<td>Activity 2.3 At least one priority inter-municipal project implemented by the Programme completion</td>
<td>The construction and equipping of the facility is completed and the classes started in October 2015.</td>
<td>Activity completed. The building permit was issued on 1 December 2014. The contract for the construction of Bujanovac Department of Subotica Economics Faculty was signed in January 2015, construction completed in September 2015 and the facility is fully functional.</td>
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</tr>
<tr>
<td>Activities 2.3 and 2.4 Works supervision services provided to the CFCU as contracting authority for the priority infrastructure project implemented by it</td>
<td>Tender dossiers prepared and agreed with SEIO and CFCU.</td>
<td>The PSC in November 2015 approved the completion of the new block within Vranje General Hospital and the construction of Novi Pazar Emergency Ward projects. Tender for works still not advertised and hence this activity is not applicable at this stage as supervision will be provided upon start of the implementation.</td>
<td></td>
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</table>

70 As identified in the World Bank’s Doing Business in Serbia 2014 ranking
<table>
<thead>
<tr>
<th>Activities 2.3 and 2.4 Technical assistance provided to the SEIO and the CFCU in preparing, launching the Grant Scheme and in monitoring its implementation</th>
<th>The PSC in November approved the implementation of three flood protection, anti-erosion related projects. Works on Pusta Reka and Raska river contracted</th>
<th>Despite Programme’s timely technical assistance, the CFCU advertised the Call for Local Infrastructure only in March 2015, five months later than originally planned. As further delays were registered the initially conceptualised technical assistance is not feasible. The issue has been reported to the PSC and the Programme will require guidelines.</th>
</tr>
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<tbody>
<tr>
<td>Activity 2.4 Support provided for development of at least 12 and up to 34 local and at least one inter – municipal infrastructure projects that are submitted for funding to the CFCU Call for Proposals</td>
<td>Twenty six full applications from 23 LSGs have been sent to the CFCU by the deadline 21 March 2016. CFCU is still conducting the evaluation process. The PSC in August approved 14 projects for immediate funding and four projects are on the reserve list, from the CFP for Local Infrastructure conducted by European PROGRES. Grants for 14 projects are signed.</td>
<td>European PROGRES organised information sessions to present the CFCU Call and supported LSGs in development of concept notes. All 34 Programme LSGs and Vranjiska Banja responded to the call with submission of 52 Concept Notes. The CFCU sent the request to 25 LSGs to submit full applications for 30 projects, which passed the evaluation of concept notes in February 2016. The CFP for Local Infrastructure advertised from in March to May 2016. The August PSC approved 14 projects.</td>
</tr>
<tr>
<td>Activity 2.5 Comprehensive assessment study completed with recommendations for all municipalities, through relevant departments, to develop and adopt criteria and procedures to assess advantages and disadvantages of providing a service with own capacities or outsourcing it to the private sector/other entity, by the end of Programme and implementation supported</td>
<td>Fourteen approved Infrastructure projects have been analysed and recommendations for GG interventions and tasks were agreed. The first group of municipalities will be visited by the end of November in order to launch the GG intervention within the infrastructural projects.</td>
<td>With approval of 14 infrastructure projects for funding, European PROGRES has started this activity.</td>
</tr>
<tr>
<td>Activity 2.6 At least three impediments in vertical coordination between the Government of Serbia and the local self-governments addressed or resolved by the end of the Programme, through regular, structured and thematic consultations with the relevant ministries and institutions, and in cooperation with the SCTM, thus positively impacting accountability, transparency, effectiveness, and efficiency of LSGs</td>
<td>Second workshop dedicated to implementation of environmental protection policies was held in the period from 13-15 July, on Kopaonik. The workshop gathered 34 participants (16 women, 18 men). Inception workshop in the field of social protection was held in the period from 11-13 July in Aranđelovac. The workshop was attended by 44 participants (21 women, 23 men).</td>
<td>This activity will be divided in two main topics, in accordance with was agreed with the SCTM and SIPRU: Topic 1 will be implementation of environmental Law and accompanying regulations at local level, and Topic 2 will be implementation of Law on Social Care. Consultations were held with SCTM and SIPRU, and the plan developed for delivery of workshops. A total of three workshops were held so far.</td>
</tr>
<tr>
<td>Activity 2.7 At least two PPP models developed and implemented by the end of the Programme</td>
<td>The PSC approved provision of TA for development of PPP projects in Surdulica, Knjaževac and Raška for reconstruction and modernization of public lighting systems. Development of PPP Project Proposal is initiated and detailed road map for provision of TA presented to three LSGs.</td>
<td>The CFPs for Provision of TA for establishment of PPP in delivering public services conducted from January to March 2016. Three beneficiary LSGs have been approved by PSC in July and development of PPP Project Proposal initiated.</td>
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<tr>
<th>Activity 2.8</th>
<th>At least 30 SMEs introduced international quality or food safety standards (ISO 9000, HACCP, Global GAP, etc.) and organised in at least two new clusters and/or cooperatives</th>
<th>The Programme contracted consultancy for introduction and certification of International Food and Quality Management standards and HALAL standard in 19 SMEs.</th>
<th>The CFP for Introduction of International Quality or Food Safety Standards was approved by the July PSC, and conducted in October 2015. Twenty-two beneficiary SMEs have been approved for financing. Consultancy for implementation and certification initiated.</th>
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<tr>
<td>Activity 2.8</td>
<td>Criteria and transparent process for selection of 30 SMEs for QMS certification or recertification prepared and put in place. Process for establishment of clusters/cooperatives prepared and put in place, resulting in clearly and adequately regulated newly established legal entities.</td>
<td>The PSC approved the proposed 17 Entrepreneurs, Micro and Small Enterprises as a result of the CFPs for Enhancing Competitiveness through Creation of Jobs in the Private Sector. All procurement processes initiated.</td>
<td>The CFP for Enhancing Competitiveness through Creation of Jobs in the Private Sector approved by PSC in March and conducted in June 2016. 17 Entrepreneur Micro or Small Enterprise approved for provision of equipment.</td>
</tr>
<tr>
<td>Activity 2.8</td>
<td>At least 20 SMEs, member of clusters, introduced innovation or use innovative market development techniques, until the end of the Programme.</td>
<td>Three grants agreements with clusters are administratively closed. Grant agreements with Prijevalje textile cluster and Novi Pazar shoes cluster are extended until November 2016.</td>
<td>Following PSC approval, European PROGRES conducted the CFP for Provision of Support to Clusters in Common Market Approach and Introduction of Innovations. The PSC approved five projects for funding in the amount of 145,000 Euros. Three grant agreements are completed and two more are underway.</td>
</tr>
<tr>
<td>Activities 2.9 and 3.10</td>
<td>At least 30 agricultural producers, members of the cooperatives, use new techniques and technologies in the production until the end of the Programme.</td>
<td>The Provision of Support to Agricultural Producer Groups (APGs) continued through the organisation of four workshops with 114 participants from 32 APGs. The CFPs for Second Phase of support has been conducted and 30 beneficiaries submitted their applications. Evaluation ongoing.</td>
<td>Phase one of the Programme support to APGs is in final stage and all planned trainings are completed. Organisation of the Study Tour to one of EU countries is underway. Activities in Phase Two of the Programme support to APGs, started by implementation of the Restricted Call from 29 August to 27 September 2016.</td>
</tr>
<tr>
<td>Activity 2.9</td>
<td>At least three traditional agricultural products registered or certified with the Protected Designation of Origin mark and Protected Geographical Indication in the Programme AoR increased by at least 50% until the end of the Programme (baseline 2014: eight products with Protected Designation of Origin)</td>
<td>The tender for provision of consultancy services for certification of authorised users with protected geographical indication for Sjenički cheese and lamb completed and evaluation is ongoing. The vacancy for Geographic Indication consultants closed and selection is ongoing.</td>
<td>The Assessment of the Agricultural Producer Groups and Geographic Indication completed in May 2015. The Programme developed and conducted CFP through which four traditional products have been selected. The selection of retainers and consultancy for provision of services for development of Elaborates and certification of authorised users is ongoing.</td>
</tr>
<tr>
<td>Activities 2.10 and 3.10</td>
<td>At least 80 new jobs for women, resulting from provision of at least 40 start up business grants, by the end of the Programme</td>
<td>Twenty one business have been registered in addition to 14 in the previous quarter. A total of 20 out of 35 registered business have been fully supplied with the equipment and operational. A total of six people have been employed on permanent basis in addition to previous four, while two have been employed in temporary jobs in these small businesses.</td>
<td>The CFP approved at the April 2015 PSC and advertised in June. Seven sessions held in March–April to announce the CFP. A total of 422 participants attended the information sessions (405 women and 17 men). Nine training sessions for drafting of business plans held, benefiting 147 female participants. The CFP closed in July, 137 applications received, and the PSC supported 48 proposals. Three candidates withdraw. A total of 35 business registered so far</td>
</tr>
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</table>
and 20 business are fully equipped and operational. Entrepreneurs will receive mentorship support for introduction into business which will start in October 2016 and will last until May 2017.

### Result 3:
**Improved access to employment, offering equal opportunities to both men and women, and social inclusion of most vulnerable and marginalised groups through development and implementation of local policies resulting in reduced migration from South, South East and South west Serbia**

<table>
<thead>
<tr>
<th>Activities 3.4 and 3.10 Employment and social inclusion action plans, targeting equally both genders, developed and integrated in the medium term municipal budget planning in all European PROGRES municipalities by the end of the Programme (baseline 2014: four municipalities with Social Inclusion Strategies)</th>
<th>Assessment Reports on institutional capacities, social protection and employment of vulnerable and marginalised groups, as well as several recommendations related to institutional capacity improvement have been completed.</th>
<th>The implementing partner is selected and contracted. Support will be provided to the LSGs to assess the needs of vulnerable and marginalised, to review, create and/or update new or existing relevant local policies, to build capacities of relevant local institutions, and then to pilot new policies. The intervention will offer start-up grants to local vulnerable and marginalised. Assessment Reports on institutional capacities, social protection and employment of vulnerable groups including criteria for selection of municipalities have been completed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity 3.5 At least 50% of unemployed Roma are included in active labour market measures by the end of the Programme (baseline 2013: 38%)</td>
<td>A part of this activity is incorporated in the approach for the activity 3.4. <strong>Youth Self-Employment</strong> Three-day training for business plan development was organised in July on Kopaonik for 27 shortlisted candidates. PSC approved 22 projects in August. Procurement plan defined, and six tenders have been announced. ENECA contracted in September for the Provision of a Training and Mentorship Support to the beneficiaries from Woman Entrepreneurship and Youth Self-Employment projects. <strong>Roma CSOs</strong> Thirty nine applications were submitted within the CFPs. PSC approved ranking list of 25 projects in August. Training on project management held in August for capacity development of Roma CSOs and preparation of full proposals. Twenty three full project proposals were received. Sixteen proposals were approved for funding. The PSC in August approved further financing of Music Art Project, which will be implemented in Vranje.</td>
<td>A part of this activity is incorporated in the approach for the activity 3.4. CFPs for Support to Youth Self-Employment approved at the PSC meeting in March and it was published from 28 March until 11 May. Nine info sessions were held in May and June with 201 participants. A total of 93 applications were received and 50 interviews held in June. Three-day training organised for business plan development for 27 recommended candidates for the second phase. A total of 22 projects have been approved at the PSC in Vranje, on 10 August. CFPs for Piloting Implementation of Measures from Strategy for Social Inclusion of Roma at the Local Level was closed on 4 July. A total of 39 applications were submitted. PSC approved ranking list of 25 recommended projects in Vranje on 10 August. The PSC finally approved 16 projects. PSC at the meeting held on 10 August in Vranje approved further financing of Music Art Project.</td>
</tr>
</tbody>
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73 Baseline Study on Competitiveness, EU PROGRES, 2014
### Activities 3.8 and 3.10 At least 40 projects resulting from partnerships of local self-governments and civil society organisations supported by the end of the Programme. At least half of the municipalities who have benefited from those projects develop and adopt criteria for transparent and non-discriminatory allocation of funds in the local budget for civil society organisation by the end of the Programme.

<table>
<thead>
<tr>
<th>Activity</th>
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<th>Indicators</th>
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<tbody>
<tr>
<td>3.8</td>
<td>At least 40 projects resulting from partnerships of local self-governments and civil society organisations supported by the end of the Programme.</td>
<td>At least half of the municipalities who have benefited from those projects</td>
<td>During the first CIF CFP, 77 applications were received from 32 municipalities. The December 2014 PSC approved 20 projects for funding in the amount of 397,765 Euros. Twenty projects contracted, two cancelled and 18 completed. Public Call for CIF 2 approved at the PSC meeting in March. Public Call for CIF 2 was published on 21 March and last until 12 May. Four info sessions were held with participation of 129 persons. A total of 48 applications were received, and financing of 24 projects was recommended in total amount of 320,000 Euros.</td>
</tr>
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<td>3.10</td>
<td>At least 40 projects resulting from partnerships of local self-governments and civil society organisations supported by the end of the Programme.</td>
<td>At least half of the municipalities who have benefited from those projects</td>
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### Activity 3.1 Citizens’ satisfaction with municipal services, performance of the local government and municipal assemblies increased by 10% by the end of the Programme

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<tbody>
<tr>
<td>3.1</td>
<td>Citizens’ satisfaction with municipal services, performance of the local government and municipal assemblies increased by 10% by the end of the Programme.</td>
<td>No activities were planned during this period.</td>
<td>The Citizens’ Satisfaction Surveys will be conducted in the last year of the Programme implementation.</td>
</tr>
</tbody>
</table>

### Activities 3.3, 3.5, and 3.10 At least 100 unemployed successfully completed vocational training was open from 17 August until 22 September 2016. Three info sessions held in Novi Pazar, Niš and Leskovac in the period from 24 until 26 August 2016 and total of 40 representatives (22 men and 18 women). Eighteen applications received and evaluation ongoing.

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<td>At least 100 unemployed successfully completed vocational training was open from 17 August until 22 September 2016. Three info sessions held in Novi Pazar, Niš and Leskovac in the period from 24 until 26 August 2016 and total of 40 representatives (22 men and 18 women). Eighteen applications received and evaluation ongoing.</td>
<td>No activities were planned during this period.</td>
<td>The Call for Proposal for vocational training conducted in August-September conducted and evaluation being finalised. The proposals will be implemented from October 2016 to June 2017.</td>
</tr>
<tr>
<td>3.6</td>
<td>Efficiency and effectiveness of at least three medical centres improved through procurement of new medical equipment supporting women’s health, by the end of the Programme.</td>
<td>Assessment report on required medical equipment completed. All health centres sent official letters of interest and the tender for procurement of medical equipment is announced in September. The equipment will be delivered by the end of year.</td>
<td>Assessment report on required medical equipment completed. All health centres sent official letters of interest and the tender for procurement of medical equipment is announced in September. It is expected that the equipment will be delivered to the medical health centres by the end of year.</td>
</tr>
<tr>
<td>3.7</td>
<td>At least four cultural centres in multi-ethnic municipalities (e.g. for intercultural music, theatre and art productions) upgraded</td>
<td>No activities were planned during this period.</td>
<td>The Coordination Body for Preševo, Bujanovac, and Medveđa submitted concept for this activity. The approach will be developed and decided in the next quarter.</td>
</tr>
<tr>
<td>3.9</td>
<td>Up to 400 young and unemployed citizens of Serbia of Albanian ethnic origin in areas covered by the Programme improve Serbian language skills during the Programme implementation</td>
<td>The Regional Centre for Professional Development in Education will continue to carry on implementation of the activity, while the engagement of the assistants will start from October 2016 and last until June 2017.</td>
<td>The implementing partner for engaging and managing the Teaching Assistants in four elementary schools in Preševo and Bujanovac teaching Serbian as a non-mother tongue contracted in August 2015. The textbooks, teachers’ manual and auxiliary educational materials have been procured and delivered to 16 municipalities.</td>
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75 The baseline for the Citizens’ Satisfaction is the survey conducted in 2013, while the new Survey will be conducted in 2017, at the end of the Programme.
76 The assessment of needs of the medical centres will enable the Programme to establish the baseline indicators for the evaluation of the increase in efficiency that will be organised at the end of the Programme.
77 This indicator will change to incorporate findings and recommendations of the Coordination Body Feasibility Study, whose results are presented in August 2014.
Third test cycle was held which demonstrated that knowledge of Serbian language has been improved significantly among pupils that benefit from the action. Coordination Body for Bujanovac, Preševo and Medveđa submitted request for extension of the project for one year. At the beginning of July, the extension of the project for one more school year was approved.

### Result 4:
**Effects of Serbia’s EU accession communicated to general public**

| Percentage of citizens that associate European integration with lower unemployment and better living conditions, as well as with ordered state and impartial administration increased by 10% by the end of the Programme. | **Key outputs/outcomes:**  
- Three high profile visits organised, two Ambassadorial  
- Three large events organised of which one PSC meetings  
- Four local festivals supported  
- Ten press releases prepared  
- 450 positive media reports have been generated  
- Seven comprehensive briefing notes prepared  
- Programme website attracted 9,757 unique visitors, average of 3,252 visits a month  
- Facebook page attracted 220 new likes and Twitter account amassed 65 new followers  
- Programme and additional Sector activity promotional materials produced |  
- Communications Strategy developed and Mid-term evaluation completed  
- Twenty high profile visits organised, eleven Ambassadorial  
- Nineteen large events organised of which five PSC meetings  
- Fourteen local festivals supported  
- Six press releases prepared  
- 2095 positive media reports have been generated  
- 51 comprehensive briefing notes prepared  
- Five issues of the Newsletter published  
- Since establishment Website is regularly maintained and attracts an average of 9,000 unique visitors monthly and a total of 82,447 visits overall  
- Facebook page attracted 3020 likes and Twitter account amassed 415 followers  
- Programme promotion material is regularly produced;  
- Two Art competitions for European PROGRES success fully organised |

| Two advocacy/awareness campaigns promoting European values conducted within the Programme implementation | The tender procedure conducted and the implementing partner for the Campaign has been selected. | Implementing partner for the campaign has been selected. Pending signing of the contract. |

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78 As indicated in the findings of the Citizens’ Satisfaction Survey 2017 and compared to 2013 Citizens’ Satisfaction Survey results