

ANNUAL REPORT | 2017

July 2016 - June 2017



CRIS Number: 2014/342-561, IPA 2013, Serbia

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 - European Union provides 19.6 million Euros and the Government of Switzerland 4.86 million Euros

17.46 million Euros - implemented by the United Nations Office for Project Services – UNOPS

Seven million Euros - implemented through the Ministry of Finance's Department for Contracting and Financing of EU Funded Programmes

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 Svrlijig 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: 25 July 2017

Period covered: 1 July 2016 – 30 June 2017

Acronyms

ACES	Association of Consulting Engineers of Serbia
AoR	Area of Responsibility
CAS	Citizens' Advisory Services
CB	The Government of Serbia Coordination Body for Preševo, Bujanovac, and Medveđa
CIP	Capital Investment Plan
CFCU	Department for Contracting and Financing of EU Funded Programmes
CFP	Call for Proposal
CIF	Citizens' Involvement Fund
CSO	Civil Society Organisation
DEU	Delegation of the European Union
EU	European Union
FIDIC	The International Federation of Consulting Engineers
GEM	Gender Equality Mechanism
GG	Good Governance
GI	Geographical Indication
GoS	Government of Serbia
HR	Human Rights
LSG	Local Self Government
MESTD	Ministry of Education, Science, and Technological Development
MSP	Managing Successful Programmes
NGO	Non-governmental Organisation
NMC	National Minority Council
OHCHR	Office of the High Commissioner of Human Rights
OSCE	Organisation for Security and Cooperation in Europe
OSS	One Stop Shop
PPF5	Project Preparation Facility 5
PPP	Public Private Partnership
PRINCE 2	PRojects IN Controlled Environment
PB	Programme Budget
PSC	Programme Steering Committee
RFP	Request for Proposals
RSOC	UNOPS Serbia Operations Centre
SCTM	Standing Conference of Towns and Municipalities
SDC	Swiss Agency for Development and Cooperation
SEIO	European Integration Office of the Government of the Republic of Serbia
SIPRU	Social Inclusion and Poverty Reduction Unit
SME	Small and Medium Enterprise
TA	Technical Assistance
ToR	Terms of Reference
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
USAID	United States Agency for International Development

Executive summary

Three years after the launch of the Programme, with 198 (79%) completed projects out of 251 that have been funded, European PROGRES has made strong progress towards the set objectives, while contributing to implementation of national policies at the local level, promoting national ownership, and ensuring direct benefits for the population of 34 participating municipalities from the South East and South West Serbia. From 1 July 2016 to 30 June 2017, period covered by the Annual Report, 132 projects were completed and the Programme successfully finalised ten Calls for Proposals through which funding of 97 new projects was provided. More importantly, the first outcomes of the European PROGRES interventions have started to show.

Significant results were achieved in the domain of **local governance**. Primarily, 16 grants for update of taxpayers' registries enabled beneficiary Local Self-Governments (LSGs) to increase 2016 property tax revenue by 158 million Dinars or by 93% compared to the baseline from 2013. The fifteen LSGs that benefited from the Programme's technical assistance (TA) for development of Capital Investment Plans and Programme Budgets allocated almost three times higher amounts for implementation of capital investments and conducted three times more actions to facilitate citizens' participation in budgetary process compared to 19 Programme LSGs that had no TA.

Furthermore, progress was made towards institutionalising **good governance (GG)** resources in LSGs: 27 municipal employees completed comprehensive GG learning programme, which included six trainings and a Study Tour to Switzerland, while five LSGs established municipal bodies that are responsible to address GG issues when municipal policies and projects are developed. Local GG reforms also yielded the first results: four LSGs adopted six regulations that should improve human resource management, while three municipalities introduced 17 new E-government services.

Work on **planning documentation** is nearing an end as 24 out of 31 supported Detailed Regulation Plans (DRPs) are adopted or are in the process of adoption. By insisting on organisation of effective early public views in accordance with national regulations, and encouraging LSGs to consider inputs received from the stakeholders, especially investors, the Programme contributed both to the quality of the process and to the quality of the final products. Bojnik already received a donation of 1.5 million Dinars from the Ministry of Economy for communal infrastructure equipping of the Agro-Business Zone on the basis of the DRP developed through the Programme. Grants for introduction of the Geographic Information Systems (GIS) in seven LSGs were also completed: GIS systems are operational, while the beneficiary LSGs have technical, institutional, and legal foundation for sustainable development of this important tool for municipal transparency and efficiency.

There are encouraging results related to municipal **competitiveness**. The project supporting the application of the Electronic Building Permitting System in 34 Programme LSGs that was implemented in partnership with the National Alliance for the Local Economic Development contributed to reduction of the average time needed for issuance of a permits in the Programme LSGs from eight to five working days, which makes the European PROGRES area more efficient than Vojvodina and Belgrade that need nine days. Furthermore, this intervention contributed to reduction of the share of negatively resolved applications from 40% to 16%, Brus was awarded as the LSG that made the highest increase in e-permits issuance.

Support to **small and medium enterprises** was productive: equipment was provided to 16 out of 17 supported SMEs and enabled opening of 39 jobs, reduction of operational costs, and signing of (new)

commercial contracts worth 976,000 Euros; 14 SMEs were certified for the International Quality Management or Food Safety Standards, which enabled them to access new markets.

This Programme contributed to **social inclusion**, in particular with regard to enhanced access to employment for the vulnerable. Ten grants related to vocational training worth 100,000 Euros benefit 336 people and already facilitated employment of 88 people. Start-up schemes to support self-employment of women, youth, and vulnerable facilitated opening of 189 jobs. Sixteen projects for social **inclusion of Roma** were completed and, while addressing employment, education, health, social protection, and housing issues, directly benefited 3,634 persons. Twenty out of 24 partnership projects of **civil society** organisations and LSGs were finalised and contributed to economic empowerment of the vulnerable, while also enabling over 500 persons to their access some of their fundamental rights. Work on **gender equality** resulted in establishment of ten Local Women Councillors Networks and implementation of eighteen local gender equality projects.

Forty **main designs** developed with the Programme's support worth 300,000 Euros already enabled the beneficiary LSGs to access donations of 3.3 million Euros and created a pipeline of "ready to build" projects worth 29 million Euros. The construction of anti-erosion structures on critical sections in Raška and Pusta Reka watersheds reduced the consequences of floods that hit the region in November 2016. Implementation of 18 local infrastructure projects is on track and will contribute to economic development, improved health and education, while also ensuring enhanced energy efficiency of reconstructed public buildings.

With the Programme's TA, the Department for Contracting and Financing of the EU Funded Programmes of the Ministry of Finance (**CFCU**) contracted in June 2017 projects for construction and equipping of the Vranje Hospital and Emergency Ward in Novi Pazar worth 3.4 million Euros and signed grant agreements for local infrastructure projects with 14 LSGs worth 3.2 million Euros. While this is good news, the delays in implementation of the CFCU grant scheme activities, are among key reasons for the Programme's request of **no cost extension (NCE)** until 31 March 2018. First, because of the CFCU delays, European PROGRES is not able to provide planned assistance for monitoring of infrastructure projects, while progress of dependent GG activities was hindered. Furthermore, there were changes in municipal personnel in the first months after April 2016 parliamentary election that at least temporarily reduced efficiency, while activities that were added in February 2016 (i.e. support to SMEs) are condensed and depend in some cases on factors beyond European PROGRES' control. The NCE would allow the Programme to address these risks and issues.

While adhering to the revised, the second version of the **Communications Strategy**, the Programme used the following tools to reach out to its audiences: seven high profile visits and 19 public events, 42 media releases and 13 interviews, four issues of newsletter, three award based competitions were organised for media and youth, six festivals supported, and 687 news posted on social media and website. These activities generated 2,000 media reports with steady rise of national media coverage - now reaching 44% of overall coverage. This year major focus was placed on increasing the knowledge about benefits of EU integrations for media and youth and to further increase visibility of support that the European Union and the Governments of Switzerland and Serbia provide to the area. The Programme has also been recording increasing number local officials' statements confirming commitment to European values.

This Annual Report covers the period from 1 July 2016 until 30 June 2017 and provides an overview of progress and performance, management issues, review of the key risks and issues, quality and sustainability, insights into the key milestones for the next reporting period, and a section on the lessons learnt.

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Review of progress and performance

Policy and Programme Context

Competitiveness

The World Bank's Doing Business Report for 2017¹ highlighted Serbia as one of the ten economies making the biggest improvements in its business regulations. Serbia has improved its overall ranking by 7 places² taking 47th place out of 190 assessed economies. Ranking for dealing with construction permits has improved by 116 places (from 152 in 2016 to 36 today) and for tax payments by 20 places.

The Global Competitiveness Report 2016-2017 of the World Economic Forum³ put Serbia on 90th position out of 138 economies that were included in the assessment, which is improvement by four places compared to the previous year. The Report records progress against ten out of twelve global competitiveness index pillars. Advancements are significant in the pillars related to macroeconomic environment, goods and labour market efficiency, and financial market development.

The Ministry of Economy (ME), in cooperation with the Development Fund and the Development Agency of Serbia (DAS) published several significant Public Calls for Proposals (CFP): for projects supporting development of business infrastructure and technical documentation; for improvement of local and regional infrastructure; for development of entrepreneurship; for business start-ups; and for provision of incentives for direct investments. The CFPs have been designed to stimulate economic activity, while shifting the focus towards domestic investors and entrepreneurs, and supporting smaller investment projects, in particular in underdeveloped areas.⁴

In February 2017 Serbia has opened Chapter 20 of EU Accession – Entrepreneurship and Industrial policy, which will provide further alignment of Serbian industry and SME policies with EU policies and improve mechanisms for the creation of business enabling climate.

According to the European Attractiveness Survey 2017, conducted by the company Ernst & Young, Serbia is on the sixth place in Europe measuring the number of new jobs created through direct foreign investments. Only in 2017 nine foreign investors have signed the contracts with plans to invest 60 million Euros and open more than 4,000 new jobs.⁵

Local Self-Governments

The Government of the Republic of Serbia has started to apply as of January 2017 the amended Law on Financing of Local Self-Governments⁶ that reduced the percentage of income tax that belongs to cities and municipalities from 80% to 77% and 74% respectively. Lower revenues of local self-governments (LSGs) are partially compensated through increased funding of the local development projects from the Republic budget. The cuts in LSGs' budgets had no significant effect on European PROGRES as municipalities generally fulfilled their co-funding obligations.

¹ The World Bank's Doing Business Report 2017 is available at <http://www.doingbusiness.org/reports/global-reports/doing-business-2017>

² The last year's ranking (Serbia being at the 59th place) has been adjusted to allow for data corrections

³ The Global Competitiveness Report 2016–2017

http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf

⁴ Details of Public Calls available at the Ministry of Economy official web presentation:

<http://www.privreda.gov.rs/kategorija/aktivnosti/javni-pozivi/>

⁵ The 2017 Survey is available at: [http://www.ey.com/Publication/vwLUAssets/ey-attractiveness-europe-2017/\\$FILE/ey-attractiveness-europe-2017.pdf](http://www.ey.com/Publication/vwLUAssets/ey-attractiveness-europe-2017/$FILE/ey-attractiveness-europe-2017.pdf)

⁶ The Law on Amendments to the Law on Financing of LSGs is available at:

<http://www.parlament.gov.rs/upload/archive/files/cir/pdf/zakoni/2016/1856-16.pdf>

Social Inclusion

The Republic Statistical Office and the World Bank published in October 2016 "The Map of Poverty in Serbia" which disclosed that Tutin has the highest poverty rate in Serbia (66.1%). Preševo (63.6), Bojnik (63.4), Lebane, and Bujanovac (54.6%) follow while in Babušnica, Bosilegrad, Vladičin Han, Gadžin Han, Doljevac, Žitorađa, Medveđa, Trgovište and Crna Trava over 50% of population live in poverty. The findings should help formulation of relevant policies towards lower territorial units, in order to respond adequately to the issues of equal development and poverty reduction.⁷

In June 2017, the Government of Serbia adopted the National Action Plan for Roma Inclusion 2017-2018⁸ and established the Coordination Body for Monitoring of the Roma Social Inclusion Strategy Implementation that is composed of high Governmental officials and headed by the Deputy Prime Minister and Minister of Construction, Transport and Infrastructure.⁹

The Law on the Prevention of Domestic Violence¹⁰ entered into force on 1 June 2017. Article 7 states that local gender equality mechanisms are also involved in preventing violence, initiating cooperation among all actors, reporting, as well as providing support to victims of violence.

The Social Protection and Poverty Reduction Unit (SIPRU) published the research "Mapping of Social Protection Services under the Jurisdiction of LSGs in the Republic of Serbia". The main obstacles identified pertained to lack of funds for development of sustainable social protection services, lack of licensed service providers, and limited access to social services, especially in the rural areas. Improvement of criteria for allocation of earmarked funds within the existing legal framework was identified as crucial precondition to improve social protection system in Serbia.¹¹

In March 2017, the Ministry of Labour, Employment, Veterans, and Social Affairs signed contracts with 123 LSGs on earmarked transfers aimed at developing existing and establishing new social protection services. The Government allocated 700 million Dinars i.e. over 50% more than in 2016 for this purpose.¹²

The European Commission's (EC) 2016 report¹³ on Serbia's progress records advancement in establishing an enabling environment for the development and financing of civil society. However, further efforts are needed to ensure systematic inclusion of civil society in policy dialogue and help develop its full potential. At many levels, civil society participation in policy-making is still to a large extent *ad hoc*. In addition, the National Strategy for an Enabling Environment for Development of CSOs in Serbia 2015-2019 (produced in 2015) has still not been adopted and the Council for Civil Society Cooperation remains to be set up.

The adoption of Serbia's first employment and social reform programme marked an important step in addressing policy challenges in these areas which continue to be affected by deficient public finances and limited institutional capacity. The EC's report underlines that in the following period Serbia should ensure that financial and institutional resources for employment and social policies more systematically target young and long-term unemployed persons, increase the efficiency of social benefits for people below the poverty threshold and strengthen social dialogue at all levels, including consultations on draft legislation.

⁷ The Report is available at <http://www.worldbank.org/en/country/serbia/publication/poverty-map-of-serbia>

⁸ <http://www.ljudskaprava.gov.rs/sr/press/saopstenja/vlada-usvojila-akcioni-plan-za-primenu-strategije-za-socijalno-ukljucivanje-roma-i>
⁹ <https://goo.gl/PwBcGD>

¹⁰ http://www.paragraf.rs/propisi/zakon_o_sprecavanju_nasilja_u_porodici.html adopted in November 2016 by the Serbian National Parliament adopted

¹¹ <https://goo.gl/2P9iD9>

¹² <http://www.minrzs.gov.rs/cir/aktuelno/item/7936-ugovori-o-namenskim-transferima-iz-oblasti-socijalne-zastite>

¹³ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_serbia.pdf

Progress towards achieving objectives

European PROGRES made strong progress towards its specific objective to enhance local governance and capacities, improve conditions for infrastructure development, create more conducive environment for business development and enhance social inclusion. The Programme has supported 251 projects contributing to enhanced local governance, competitiveness, and social inclusion, out of which 198 or 79% were completed, and 132 only during this reporting period.



Indicators of outcomes, however, provide more realistic insight into the Programme's contribution. Primarily, the **competitiveness index** of 27 out of 30 LSGs that were included in the Municipal Competitiveness Assessment 2015-2016 has increased¹⁴, where 21 municipalities recorded improvement higher than 10%¹⁵. The LSGs made biggest advancements in categories falling under the "Municipal Management Capacities"¹⁶ and the "Economic Policy"¹⁷ sub-indexes. Key improvements were registered in management of finances, culture and sport, project development, urban planning and permitting process, quality of municipal services, cooperation with other institutions, and in subsidies policies – European PROGRES supported projects in these areas and recorded results, which means that part of positive change can be at least partially attributed to the Programme.

The Programme is also part of positive **employment trends** in the European PROGRES LSGs area: the number of employed persons at the end of 2016 was 190,298, which is an increase of 1% compared to 2015 and over 9% compared to 2014¹⁸; in the same period, number of unemployed has decreased by 4%, from 156,694 to 150,176 in 2016. The Programme through support to entrepreneurship, self-employment, vocational trainings, economic empowerment, and small and medium enterprises facilitated full time employment of 298 persons (210 women and 88 men), temporary employment 257 (46 women, 211 men), while over 500 people benefit from income generation activities. European PROGRES support to entrepreneurship enabled registration of 95 businesses, which demonstrates contribution to the overall increase in the number of registered businesses in the Programme AoR from 30,943 in 2013 to 34,364 in 2016, which is rise of 11%.¹⁹

¹⁴ The overall Competitiveness Index is comprised of four categories: I Comparative Advantages, II Management Capacities, III Economic Policy and IV Financial Capacities. More details on municipal competitiveness trend is available in Annex II, Attachment 2.1 – Competitiveness Index Tracking

¹⁵ Objectively verifiable indicator for this activity is 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

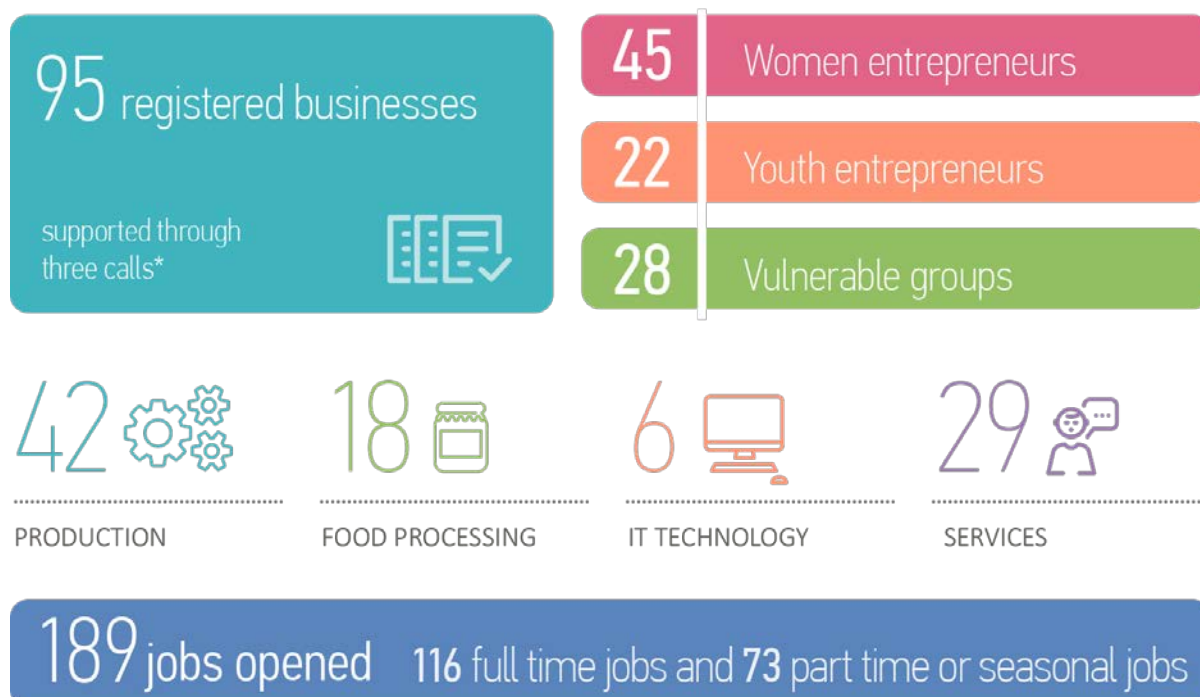
¹⁶ 29 municipalities improving their sub-indexes compared to 2013 data by an average 46%

¹⁷ 27 municipalities improving their sub-indexes by an average of 40%.

¹⁸ European PROGRES calculation on the basis of data from the Statistical Office and the National Employment Service

¹⁹ Source: Serbian Business Registers Agency <http://pretraga2.apr.gov.rs/APRMapePodsticaja/>

Support to Entrepreneurship



There is evidence that the Programme's work will facilitate **investments** into infrastructure and production: pipeline of "ready to build" projects worth 33 million Euros has been created while LSGs developed, detailed regulation plans cover areas with potential to generate economic activity, primarily industrial zones, while several infrastructure projects such as is works on Vranje Free Zone also complemented or facilitated further investments by the Government. European PROGRES recorded the first case in which LSG assessed donors' funds on the basis of developed plan - on the basis of Detailed Regulation Plan Bojnik received donation worth 1.5 million Dinars from the Ministry of Economy for development of technical documentation for infrastructure equipping of the Agro-Business Zone.

European PROGRES activities directly **benefited 9,000 vulnerable people**, primarily women and Roma, by economically empowering them or facilitating their employment, enhancing their access to health and education, improving access to public services or enabling them to exert some of fundamental rights. This demonstrates the Programme's positive contribution to social inclusion.

Progress towards achieving results

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

The Programme's contribution to enhancing management of **municipal finances** has already shown tangible results. Primarily, sixteen grants for update of taxpayers' registries, led to registration of

24,995 tax eligible properties and 11,242 new tax payers²⁰, and enabled beneficiary LSGs to increase 2016 property tax revenue by 158 million Dinars or by 93% compared to the baseline from 2013. The property tax income growth ranges from 14% (2,911,349 Dinars) in Prijepolje to 402% (27,812,119 RSD) in Blace.²¹

Support to local tax administration



In addition to the increased local income, the sixteen LSGs now possess highly accurate databases. In some cases (i.e. Gadžin Han and Trgovište) the number of issued tax invoices has decreased due to decrease in population. Likewise, the value of issued tax invoices have decreased in Prijepolje and Vladičin Han due to the decreased value of assessed properties. Despite the lower invoiced tax in these four cases, due to the improved collection all 16 LSGs recorded increased incomes.

There are indicators that the Programme's technical assistance (TA) for development of Capital Investment Plans (CIP) and Programme Budgets (PBs) for 2016 in 15 LSGs was effective. The analysis of LSGs' Programme Budgets for 2017²² showed that 15 beneficiary municipalities allocated over 120.4 million Euros for implementation of projects from their CIPs over a three-year period. This allocation represents 72% out of the total amount allocated for capital investments by all 34 LSGs. This shows that LSGs with CIPs were more effective regarding identification, development, and funding of capital projects.²³

The analysis also demonstrated that 15 LSGs that had TA for preparation of Programme Budgets for 2016 were more effective in ensuring citizens' participation in development of Budget for 2017 compared to other 19 municipalities. Specifically, 15 LSGs conducted 45 or 69% of total number of actions that 34 municipalities implemented to involve citizens in the budget planning process, plus they used more versatile approaches, including Internet and Budget Surveys.

The Programme's work on strengthening institutional framework for **good governance (GG)** resulted in the establishment of bodies in five LSGs that are responsible to address GG issues when municipal policies, processes, and projects are developed.²⁴ These bodies should also facilitate horizontal learning about GG concept and its practical implementation, while the position and responsibilities

²⁰ Figure provided on the basis of data provided by local self-governments

²¹ The increased revenues cannot be completely attributed to Programme's assistance in updating the registries but is also partially due to improved collection of debts and interest rates from previous years. The Overview of results is available in the Annex I, Attachment 1.1.

²² Conducted by European PROGRES

²³ The Analysis of the Programme Budget 2017 is available in the Annex I, Attachment 1.2 of the Report.

²⁴ Vranje, Vlasotince, Bela Palanka, Doljevac (established a Working Group for GG) and Blace (established Advisory Body for GG).

of the municipal GG contact persons that underwent comprehensive European PROGRES training in this field will be strengthened. Five more municipalities are expected to establish municipal GG bodies in Q4 2017.

Furthermore, 27 municipal employees (five women, 22 men) completed six trainings on GG²⁵, out of which 25²⁶, with a representative of the Ministry of the Public Administration and the Local Self Government, participated in a study tour to Switzerland in June 2017. Over 95% of Study Tour participants positively assessed this initiative, while the interaction during trainings, the evaluation of the individual sessions, and results of the GG exam indicate that 27 LSGs' employees enhanced their knowledge. The Programme will continue to provide mentorship support for the implementation of GG in the participating municipalities.

European PROGRES assistance to LSGs to conduct local GG reforms also yielded the first results: four²⁷ LSGs adopted six regulations that should improve human resource management in accordance with the new Law on Employees in Autonomous Provinces and LSGs; with efforts to enhance transparency, three municipalities²⁸ have developed 17 new e-services.²⁹ The Programme will continue to work with LSGs on the adoption of new or revision of existing municipal regulations.

The Programme contributed to positive changes in the domain of **gender equality**. In partnership with the UN Women, European PROGRES supported the establishment of ten Local Women Councillors Networks (LWCN)³⁰ that gathered 97 female councillors. Through workshops and mentoring, the LWCNs have produced ten Annual Work Plans and 25 recommendations on improvements of local policies that would enhance participation of women in decision-making, strengthen support to women entrepreneurship and contribute to the improved position of women. The Programme will support the LWCN's to formally suggest policy changes on the basis of identified recommendations.

Implementation of 18 projects to support local gender equality mechanisms (GEMs) positively affected 1,481 people (1,159 women and 322 men).³¹ In the domain of economic empowerment: 149 women enhanced knowledge about entrepreneurship; 28 women received material for agricultural production; 15 women initiated certification of organic production; and five women³² will receive grants for business start-up. In the area of public health: 306 women underwent different medical examinations, and 284 people raised their awareness on the importance of regular medical examinations and the improvement of reproductive health for women. Within efforts to combat violence against women, 71 women from rural areas increased their knowledge on domestic violence and more than 300 people received information on prevention and legal steps to combat domestic violence. Finally, 182 people, including senior municipal officials, expanded their general knowledge about gender equality.³³

²⁵ The training cycle referring to capacity building in municipal centres for good governance was implemented in the period between November 2015 and April 2017, conducting training on five GG principles and final test.

²⁶ Two municipal employees who underwent trainings were not able to participate in the Study Tour

²⁷ Vlasotince, Prijepolje, Crna Trava, Svrlijig (adopted Decision on the establishment of Human Resource Management Working Group, Plan for the professional development of staff (Crna Trava), annual Action Plan (Prijepolje)).

²⁸ Medveđa, Novi Pazar and Raška.

²⁹ Evaluation was made by the Directorate for E-Government based on established criteria for evaluation of websites and e-services, in accordance with Guidelines for the development of websites in state administration and introduction of e-services, and it was conducted on a sample of 13 municipalities which participated in trainings for application of Guidelines. More detailed information about the process are presented in Activity 2.6

³⁰ Aleksinac, Brus, Babušnica, Knjaževac, Medveđa, Merošina, Surdulica, Svrlijig, Priboj and Prijepolje

³¹ This number can vary depending on the received final grantees' reports.

³² In partnership of Municipality of Blace and local GEM, a call will be published for the support to women entrepreneurship for self-employment of five women in this municipality.

³³ Overview of results achieved in GEM projects is available in the Annex I, Attachment 1.4

The Assessment of Programme Budgets for 2017 demonstrated that 15 LSGs formulated projects with explicit gender-responsive component. All 34 LSGs defined 28 gender-responsive projects, allocating 1.2 million Euros for their implementation. The average share of these projects in total budgets remains relatively low, and it amounts to 0.47%.

The development of 31 **detailed regulation plans (DRPs)**³⁴ in 21 LSGs is near to an end as twenty four DRPs are adopted or in the process of adoption covering the area of 695 hectares and including 18 DRPs for development of industrial zones³⁵ and six DRPs that provide foundation for valorisation and preservation of natural and cultural heritage and tourism development³⁶. European PROGRES provided support to LSGs throughout the process of development of plans and promoted participatory approach in the early stages of plans development. This helped LSGs to build internal capacities to work with the developers, investors, and citizens to resolve issues in early stages of the process and therefore reduce the time required for adoption of DRPs. In addition, European PROGRES ensured that developed plans include “the Programme for infrastructural equipping of the construction land within DRP coverage”, which outlines technical and financial elements for the investments into infrastructure. Given important experiences and results generated through implementation of this activity, the Programme team will provide recommendations for strengthening of the existing legal framework.

The project related to development of Golija Nature Park currently under implementation, which includes formulation of detailed regulation plans for infrastructure corridors and development of management model, will enable creation of preconditions for the resolution of property issues and issuance of location permits and provide framework for sustainable tourism development of one of Serbia’s key touristic areas.

Support for development of Geographic Information Systems (GIS) is completed in seven LSGs and will result in more efficient and transparent municipal services. All supported GIS systems are operational and the beneficiary LSGs now have technical and institutional capacities and legal foundation for sustainable development of GIS. In order to secure the sustainability of newly developed systems, the Programme assisted LSGs to develop GIS Action Plans and will continue to monitor their implementation. The draft Rulebook for the use of GIS equipment was developed to provide guidelines to LSGs for transparent, efficient, and sustainable use of this tool. Cooperation between the Programme and the Republic Geodetic Authority (RGA) in this area enabled LSGs to obtain access to cadastre data needed for GIS free of charge.

Continuing efforts to increase municipal capacities to handle contracting, contract management monitoring and evaluation of infrastructure projects, the Programme organised a series of trainings on the International Federation of Consulting Engineers (FIDIC) contract modality and Practical Guide to Contract Procedures for EU External Actions (PRAG) for municipal representatives. Participants evaluated these trainings highly positive due to extensive use of practical and concrete examples and connecting trainings to implementation of concrete infrastructure projects.

Result 1 – Activities

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

Capital Investment Plans and Programme Budgets

³⁴ The list with the current status of Detailed Regulation Plans is available in Annex I, Attachment 1.3

³⁵ Babusnica, Blace, Bela Palanka, Ivanjica, Leskovac, Raska, Svrlijig, Tutin, Vlasotince, Vranje

³⁶ Ivanjica, Knjazevac, Brus, Merosina Lebane, Surdulica

Out of 15 Capital Investment Plans (CIPs) that were developed with the Programme's TA twelve have been adopted by municipal assemblies.³⁷ Medveđa, Preševo and Vranje indicated they would adopt CIPs in the Q3 2017.³⁸ Within efforts to facilitate the adoption, the Programme provided additional expert support to Brus and Preševo to adjust the initially developed Plans, and had 11 meetings with LSGs to support the process.

The European PROGRES has also conducted analysis of the LSGs Programme Budgets for 2017 to assess initial effectiveness of TA previously provided for development of the Programme Budgets and whether the beneficiary municipalities allocate funding for implementation of projects identified in the CIPs.³⁹

Support to Local Tax Offices

The sixteen grants⁴⁰ for improvement of the taxpayers' registries have been administratively closed. The Programme conducted analysis of local tax income for the 16 beneficiary LSGs in order to assess the effectiveness of the intervention.⁴¹

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

Detailed Regulation Plans (DRPs)

The Programme monitored and facilitated implementation of 21 grants to LSGs for development of 31 DRPs. The following is the status as of end of June 2016:

- sixteen DRPs adopted by municipal assemblies⁴²
- eight DRPs in adoption procedure⁴³
- two DRPs in public review procedure⁴⁴
- five DRPs in draft development phase⁴⁵

The Programme provided TA to the LSGs from the preparation of tender documentation and early public viewing throughout the public viewing and adoption procedures. Special focus was placed on promoting participatory approach and resolving issues raised by developers, investors, and citizens early in the process. For example, the Programme advised Gadžin Han to develop a Strategic Environmental Impact Study for the calcite processing plant that was included in DRP and therefore address citizens' concerns prior to entering the adoption procedure. In Prijepolje, the European PROGRES advised municipal officials on how to resolve conflicting interests of citizens and businesses in defining the traffic zones and enable resubmission of the DRP to the Planning Commission.

European PROGRES contributed to organisation of effective early public enquiry procedure. In Raška, investors provided valuable information relating to infrastructure needs and investment plans important for development of DRP. In Bojnik, redistribution of planned land use based on inputs received from investors resulted in better and more feasible planning solution. Similar results were achieved in Surdulica based on inputs received from citizens relating to Vlasina Rid settlement. In

³⁷ Local assemblies in Aleksinac, Bela Palanka, Blace, Brus, Bujanovac, Merošina, Nova Varoš, Novi Pazar, Raška, Sjenica, Vladičin Han and Vlasotince have adopted CIPs out of which Aleksinac and Vlasotince did so in the previous reporting period

³⁸ Vranje has finalised CIP document and passed it through the city council and will present it at the next city assembly meeting

³⁹ The Analysis is provided in the Annex I, Attachment 1.2

⁴⁰ Aleksinac, Babušnica, Bela Palanka, Blace, Bosilegrad, Bujanovac, Crna Trava, Gadžin Han, Ivanjica, Preševo, Priboj, Prijepolje, Raška, Trgovište, Tutin and Vladičin Han received grants for improvement of the taxpayers' registries implemented in March 2015 – May 2016 period

⁴¹ The Analysis is available in the Annex I, Attachment 1.1

⁴² Merosina, Vranje, Leskovac, Svrlijig, Bela Palanka, Knjaževac, Vlasotince, Bojnik, Novi Pazar, Tutin; one DRP in Ivanjica, one in Surdulica and in two DRPs in Babušnica and Brus

⁴³ Lebane, Ivanjica and Surdulica for one DRP; Blace for two DRPs; three DRPs in Raška

⁴⁴ Two DRPs in Bujanovac

⁴⁵ Two DRPs in Sjenica, two DRPs in Gadžin Han and one DRP in Prijepolje

Ivanjica, a broad agreement among stakeholders enabled removal of a service bridge in the inner-city. In Tutin and Novi Pazar, discussions during early public viewing initiated integrated and comprehensive infrastructure solutions for the wider area.

European PROGRES has initiated work on a report that will provide overview of results and recommendations for the possible improvements of the policy framework. The report will be shared with the Ministry of Construction, Transport, and Infrastructure.

Geographic Information System (GIS)

Eleven supported GIS systems through grants implemented by municipalities are operational. Seven grants⁴⁶ were successfully completed in May 2017 while Programme approved extension of four grants implemented by Merošina, Raška, Prokuplje, and Preševo until the end of August 2017, to enable completion of minor secondary procurements of equipment that will further enhance the GIS operations. Nine LSGs signed data exchange protocols with institutions participating in data exchange while the remaining two will sign protocols by end of August.⁴⁷ These protocols will complete institutional framework necessary for successful functioning of GIS.

LSGs were also assisted with development of action plans for further GIS development to ensure sustainability of the effort. The Programme will monitor implementation of these plans. In addition, the Programme developed a Draft Rulebook for use of GIS equipment⁴⁸ to provide LSGs with guidance on GIS implementation including conducting sensitive activities such as collection of data, data protection, privacy issues, political aspects, transparency and provision of information to the public. It also refers to accountable use of equipment and cost effective maintenance. The Rulebook was shared with all Mayors and GIS focal points in June 2017.

Golija Destination Management Project

Support for development of DRPs for infrastructure corridors and development of management models study for the Golija Nature Park was approved by the PSC in August 2016. The project is implemented in cooperation with the Ministry of Trade, Tourism and Telecommunications (MTTT) and the five LSGs: Ivanjica, Novi Pazar, Raška, Sjenica, and the City of Kraljevo. The MoU defining responsibilities of partners was prepared in October 2016, City of Kraljevo signed it in December 2016 and MTTT upon confirmation of co-funding contribution in May 2017.

The development of five DRPs⁴⁹ for infrastructure corridors has started in November 2016. The early public viewings were completed in February 2017 and finalised DRPs were forwarded to LSGs for the public viewing procedure in June 2017. Completion of this contract is expected by the end of August.

The initial tender for development of Golija Management Model from October 2017 was cancelled following receipt of bids significantly above the available budget. The Programme revised tender requirements and re-advertised in January 2017. The Consortium IDA – FUTURA - AGENDA 21 was contracted in April 2017. With the Programme's assistance, a Working Group that will be involved in definition of Golija Mountain Management Model was established in May 2017 and includes representatives from nature and monuments protection institutes, forestry and water management, the MoTTT and LSGs. Due date for completion of the study is end of October 2017.

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

⁴⁶ Sjenica, Novi Pazar, Kuršumljica, Leskovac, Vranje, Bela Palanka and Surdulica

⁴⁷ Prokuplje and Raška

⁴⁸ Draft Rule Book is Available with European PROGRES

⁴⁹ Novi Pazar, Raška, Sjenica, Ivanjica and Kraljevo.

The Association of Consulting Engineers of Serbia (ACES) continued to deliver the trainings about the FIDIC contract modality in implementation of infrastructure projects. In September 2016, following approval of 18 infrastructure projects, ACES organised one day training on application of FIDIC contract modality on public procurement process in Serbia. In January, March and June 2017, same group of participants underwent additional three rounds of one-day on-the-job trainings on practical use of FIDIC contracts, preparation of tender dossiers, and the role of the Engineer. Out of 52 invited participants from 18 LSGs, 41 (32% woman and 68% men) attended and positively assessed the trainings.⁵⁰ The feedback from the participants remained positive, primarily due to inclusion of practical examples from ongoing infrastructure projects.

In October and December 2016, the Programme organised two rounds of trainings on basic rules and procedures for contracts under PRAG for 131 representatives of 34 LSGs (72 or 55% women and 59 or 45% men).⁵¹ The trainings were focused on PRAG procurement procedures and the differences compared to public procurement regulations in Serbia. Again, the feedback from the participants was positive, due to use of practical examples.

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

Good Governance Competence Centres

The Programme finalised capacity building of municipal Good Governance (GG) Competence Centres. Three trainings were held from September 2016 until February 2017 covering principles of transparency, participation and non-discrimination, which gathered 28 GG contact persons (22 men, six women) from partner LSGs. Besides theoretical and practical work, the trainings included the plenary discussion sessions on GG principles with the representatives of relevant national institutions. Moreover, final training with testing was held on 24 - 26 April 2017 and 27 participants successfully passed the final test, meeting the criteria for study tour participation.⁵²

Study Tour to Switzerland was organised from 18 to 24 June 2017, and gathered 25 GG contact persons and one representative of the Ministry of Public Administration and Local Self-government (MPALSG). The five-day programme included theoretical lectures and visits to four municipalities near Bern. The Study Tour Evaluation showed that 82% participants thought the activity increased their understanding of GG in both Swiss and Serbian context, while visits to the Swiss municipalities were the most useful part of programme. Follow up workshop is planned in Q4 2017 where results from entire capacity building programme will be summarised.

The Programme prepared two model acts⁵³ for institutionalisation of good governance competence centres based on inputs obtained through consultation with GG contact persons.

The GG Toolkit on implementation of five GG principles in Serbian and Swiss perspective is being prepared and will be finalised in Q3 of 2017. The GG Toolkit will be presented at the final GG Event to be held in Q4 of 2017 when the award of certificates to training participants is planned.

Three⁵⁴ municipalities officially nominated new GG contact persons which successfully continued with capacity building activities.

⁵⁰ Training Report, with evaluation, is prepared by the ACES and available in European PROGRES

⁵¹ The first round of trainings was organised from 24 to 26 October 2016 in Novi Pazar, Vladičin Han, and Niš and the second from 6 to 8 December 2016 in the same municipalities.

⁵² GG Competence Centre Training Reports are available with European PROGRES

⁵³ Decision on the Establishment of Advisory Body, to be adopted by the Municipal Council, and Decision on the Establishment of a Working group for Good Governance, which is to be adopted by the Mayor. Additionally, draft Rulebook on the Work of the Advisory Body has been prepared.

⁵⁴ Aleksinac, Blace and Merošina

Four missions of Swiss GG Expert were held in the period from September 2016 until April 2017, and together with the GG Team developed and tailored the approach for capacity building and municipal reforms implementation.

Local Governance Reforms

Following the initial meetings in 33 municipalities, when plans for implementation of local governance reforms were presented, the Programme continued with the preparation of five reform packages⁵⁵: two in the area of accountability (public property management and local accountability mechanisms), and individual packages in the area of transparency, participation and efficiency. A total of 18 municipalities⁵⁶ participate in a consultative process for developing regulations for introducing the good governance principles and improving local management mechanisms.

Work on the principle of accountability included development of four model decisions: Municipal Decision of Public Property Management and Rulebook on Public Property Management, which was offered to three LSGs⁵⁷; Municipal Decision on Human Resource Management Group as well as Human Resource Management Group Action Plan are prepared and shared with six LSGs⁵⁸.

Within conduct of local reforms pertaining to soft participation of citizens⁵⁹ and coordinated planning that is relevant for municipal efficiency⁶⁰, the Programme initiated consultations with all LSGs and will provide recommendations for improvement on Q3 2017.

Local reforms related to transparency progressed in cooperation with the Directorate for e-Government and SIPRU Team.⁶¹ The activities were focused on the implementation of Guidelines for Development of Public Administration Websites and Establishment of Electronic Government Services, and as a result, 13 municipalities⁶² developed action plans, and more than 60% of the planned activities were carried out. Out of 13 municipalities, Vlasotince was the only one that has officially adopted the action plan for implementation of Guidelines.

1.5 Institutional development of local gender equality mechanisms

CFP for Support to Local GEM (08/2016) was open from 8 September to 14 October 2017. Promotional activities included organisation of five info sessions, with participation of 32 persons (26 women, six men). Out of 20 received applications, the PSC in November 2016 endorsed recommendations for funding of 18 projects with a total Programme contribution of 52,586 Euros.⁶³ Grant contracts were signed in December 2016, when projects implementation began. All 18 projects have been completed.⁶⁴

In addition to implementation of GEM projects, the Programme has continued to strengthen local Gender Equality Mechanisms (GEM) through drafting or revising of Action Plans in nine⁶⁵ municipalities and by promoting gender equality through mentorship support. The Programme provided support for the establishment of local GEM in the Municipality of Doljevac, as well as

⁵⁵ Municipal Reform Packages along with Model Acts Prepared are available with European PROGRES

⁵⁶ Babušnica, Vlasotince, Crna Trava, Brus, Novi Pazar, Nova Varoš, Ivanjica, Raška, Lebane, Medveđa, Surdulica, Kuršumljija, Bela Palanka, Bojnik, Merošina, Tutin, Blace and Prijepolje

⁵⁷ Merošina, Tutin, Raška

⁵⁸ Crna Trava, Blace, Bojnik, Vlasotince, Prijepolje, Nova Varoš,

⁵⁹ Babušnica. Initially held with Knjaževac, but they proved to be too advance din the area

⁶⁰ Raška, Bela Palanka

⁶¹ This intervention is also relevant for the Activity 2.6,

⁶² Babušnica, Brus, Crna Trava, Ivanjica, Kuršumljija, Lebane, Medveđa, Nova Varoš, Novi Pazar, Raška, Surdulica, Tutin and Vlasotince

⁶³ Redults of the CFP available on European PROGRES website at <http://www.europeanprogres.org/konten/en/584/Results-of-the-Cal-for-Proposals-Support-to-local-gender-equality-mechanisms/>

⁶⁴ Overview of results achieved in GEM projects is available in the Annex I, Attachment 1.4

⁶⁵ Raška, Sjenica, Nova Varoš, Doljevac, Lebane, Kuršumljija, Vranje, Vladičin Han and Prokuplje.

structural improvement of local GEM in Sjenica. In the coming period, more intensive work with local GEM is planned in establishing normative framework for the improvement and introduction of gender responsive budgeting.

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

In September 2016, a contract was signed with the UN Women to implement the project "Strengthening Women in Decision Making through Active Engagement of Local Women's Councillor Networks". Activities started in October 2016 and included a series of information sessions for councillors in municipal assemblies in order to present the project and initiate the establishment of LWCN⁶⁶. The LWCN already established in ten⁶⁷ municipalities in November 2016, which was followed by continuation of activities on strengthening the LWCN capacities.

The LWCNs developed annual work plans and implemented over ten local initiatives that, among other, included: cooperation with local institutions for the improvement of position of women at local level; outreach work with beneficiaries through distribution of leaflets and brochures on gender equality to over 300 women from 20 villages, and counselling with 150 women. The LWCNs have developed 25 recommendations⁶⁸ for further work in this area, with a special focus on the area of economic empowerment of women and participation of women in the decision-making.

The final event "Gender Equality in the Local Community" (Udružene) was held on 7 June 2017 in Belgrade, with participation of 95 participants (85 women, ten men), councillors from ten municipalities, representatives of local GEMs from 18 municipalities, members of the National and Provincial Women's Parliamentary Networks, related institutions and organisations. The final event included presentation of good practices of established LWCN and successful GEM projects, and award of certificates for successful projects in the area of gender equality at local level.⁶⁹

1.7 Gender responsive budgeting

The Programme's assessment of Programme Budgets for 2017 in 34 LSGs also included the analysis of gender-responsive projects.⁷⁰ Monitoring of the status of GRB activities will continue.

Result 2

Increased competitiveness of local economy through improved business environment and management/organizational capacities of small and medium enterprises/agricultural cooperatives

The Programme's support to LSGs and other local holders of public authority for implementation of electronic building permit system (EBPS) has been successful. The project implemented under the patronage of the Ministry of Construction, Transport, and Infrastructure (MCTI) and in partnership with the National Alliance for the Local Economic Development (NALED), contributed to the reduction of the average time needed for issuance of a construction permit from eight to five days in 34 European PROGRES LSGs. This is an improvement of 37% and makes the Programme area more efficient than Vojvodina and Belgrade that need nine days.

⁶⁶ Baseline Assessment of Institutional Framework and Capacities for Establishment of LWCNs is available in the Annex I, Attachment 1.5

⁶⁷ Aleksinac, Brus, Babušnica, Knjaževac, Medveđa, Merošina, Surdulica, Svrlijig, Priboj and Prijepolje.

⁶⁸ Elaboration of ten LWCN Initiatives, prepared by UN Women, is available in the Annex I, Attachment 1.6

⁶⁹ Final Event Overview Report is available with European PROGRES

⁷⁰ The Gender Responsive Budgeting Assessment in Serbian is available in the Annex I, Attachment 1.7

This intervention also contributed to reduction of the share of negatively resolved applications from 40% to 16%, addressing the number one challenge identified by the MCTI at the time of the project initiation. With the TA provided through this project the LSGs uploaded 51% of available planning documents into the Central Registry of Planning Documentation (CRPD), which is an improvement of 17%, while eight European PROGRES municipalities entered their complete planning documentation. Furthermore, Brus was awarded as the LSG that made the highest increase in e-permits issuance, while seven European PROGRES LSGs are among 20 municipalities in Serbia that made the biggest progress in this area.⁷¹

Finally, the analysis of legal framework governing the EBPS, which was also part of the project with NALED, showed it was necessary to establish public registry of fees, enhance inter-municipal cooperation, amend the rulebook on electronic unified procedure, and improve inspection services in order to introduce additional improvements to this process.⁷² European PROGRES and NALED shared the findings with the MCTI, which confirmed readiness to address the identified issues.

Forty main designs for local infrastructure developed with Programme support have created a pipeline of “ready to build” projects worth 29 million Euros. So far, 15 LSGs⁷³ used developed designs to apply for funding to the PIMO, the Ministry of Economy, the Ministry of Mining⁷⁴ and the CFCU worth 8,673,000 Euros. Seven LSGs received positive decisions for funding of works in the amount of 3,288,000 Euros.

Support for Development of Main Designs



The technical documentation for protection from erosion and torrents in the Jablanica, Pčinja, and Vlasina Rivers watersheds was completed in March 2017, creating preconditions for works that will reduce the risk of torrential flooding in eleven LSGs.⁷⁵ The value of works is estimated at four million Euros, including construction of 27 anti-erosion barriers, forestation of 3,250 hectares, formation of 950 hectares of grassland and 13 kilometres of bio-technical barriers.

⁷¹ Final NALED Report available in the Annex II, Attachment 2.2

⁷² The Analysis are available with European PROGRES

⁷³ The Overview of Developed Technical Designs is available in Annex II, Attachment 2.3

⁷⁴ The energy efficiency projects

⁷⁵ Lebane, Medveđa, Vlasotince, Crna Trava, Babušnica, Surdulica, Gadžin Han, Bela Palanka, Trgovište, Bujanovac and Vranje

The construction of anti-erosion structures on critical sections in Raška and Pusta Reka watersheds, and forestation of 70 ha of land was completed in December 2016. Already in the construction stage these barriers helped reduce the consequences of floods that hit the region in November 2016. Novi Pazar and Bojnik suffered minimum material damage thanks to the barriers contrary to Sjenica and Tutin that sustained estimated damage of 2.2 million Euros.⁷⁶

The Programme supported the CFCU in tendering and contracting two projects of regional importance relating to construction and equipping of the Vranje Hospital (2.8 million Euros) and emergency wards in Novi Pazar Health Centre (622,000 Euros). These two projects will improve primary and secondary health services for 500,000 citizens: Vranje action will enable introduction of new medical services, increase number of conducted medical treatments, and reduce the number of patients' referrals to the medical centres in Belgrade and Niš; Novi Pazar project will accelerate the emergency services by 50% and enhance capacities for treatment of patients in need of immediate care.

The PSC approved funding of 18 local infrastructure projects in August 2016, for which the European Union and the Government of Switzerland earmarked 1.9 million Euros.⁷⁷ The social/health infrastructure projects will improve lives of people living in South East and South West Serbia.

With the Programme's TA, Raška and Knjaževac developed two public private partnership (PPP) projects in the domain of public lighting. The proposals, which include financial analysis and PPP contract modals, envisage replacement of 8,350 streetlights with those of higher energy efficiency and create basis for private sector investment of 2,490,000 Euros. The LSGs plan to advertise tender for selecting private partner in Q4 2017.

Support to Small and Medium Enterprises (SMEs) contributed to enhanced competitiveness of local businesses and opening of jobs. Provision of equipment to 15 SMEs enabled opening of 39 new jobs, out of which 21 for women and 18 for men. This intervention enabled the beneficiary SMEs to enhance productivity and reduce operational costs, while the Programme's calculations indicate that they generated new business worth 976,000 Euros. The following are specific examples of realised benefits:

- Dairy "Veličković" from Surdulica reduced monthly transport costs by 1,000 Euros, after installation of the cooling chamber which increased storage capacities and enabled usage of larger capacities' transportation trucks;
- The donation of the automatic screen printing machine for textile top the Textile Company "Freeselection" from Svrlijig enhanced company's printing capacity of t-shirts from 125 to 5,000 units a day and facilitated signing of business contract worth 150,000 Euros with domestic textile sportswear retain shop. The company expects increase of revenue of at least 30% during 2017;
- Provision of four automatic sewing machines to textile company "Ivko" from Blace has increased its productivity by 12% due to the reduced time for sewing operations. The company produced 540 more units of dresses, skirts and trousers compared to the first six months of 2016;
- The donation of Computer Numerical Control (CNC) machine to the "Kran-Projekt" from Knjaževac enabled the company to reduce the amount of metal shack from 30% to 5%, and thus save 7.5 tonnes of steel in the first six months of 2017. The increased production capacity facilitated signing of a contract for the construction of a pipeline for the mini hydro power plant worth 800,000 Euros;

⁷⁶ Media reports on flood damage available at <http://sandzakpress.net/milionske-stete-od-poplava-u-tutinu-i-sjenici>

⁷⁷ The results of the CFP for Local Infrastructure Projects are available at <http://www.europeanprogress.org/konten/en/509/Results-of-the-Cal-for-Proposals-Local-Infrastructure-Projects/>

- Provision of IT equipment to the design company “Architectural ID” enabled introduction of new services of architectural animation and signing of the first commercial contract worth 6,000 Euros.
- Textile Company Solo international has introduced new textile products with custom full colour prints and signed 20,000 Euros worth export deal with a German partner.

In accordance with the approved projects, the beneficiary SMEs have invested 60,000 Euros of their funds into corporate social responsibility (CSR) projects hence ensuring welfare for the society and directly benefitting 9,000 vulnerable people.

Fourteen SMEs were certified for the International Quality Management or Food Safety Standards, which helped them to access new markets. “Flora” from Ivanjica, which was the first certified company with the British Retail Consortium (BRC) Standard, signed agreements in the United Kingdom for sale of frozen fruit and jams, which wasn’t possible without certification, and which will increase the company’s export by 37,000 Euros or 10% in 2017. Following the introduction of ISO 9001 standards, seven companies participated in tenders related to business on the EU market.

The Programme has continued to register outcomes of five projects with clusters: on the basis of Energy Efficiency Analysis that was conducted within project of the South Serbia Fruit Cluster, the company Strela Kljajić from Lebane replaced and installed LED lighting which generated annual savings of 4,000 Euro; small tourism households from Knjaževac, members of ‘Stara Planina Tourism Cluster’ had 39% growth in number of tourists compared to the baseline date in 2015.; compared to 2015, the members of the Novi Pazar Shoes Cluster have increased turnover in 2016 on average by 22%, partly because of the improved design capacities developed through European PROGRES grant; four textile companies, members of ‘Prijepolje Textile Cluster’, negotiated a deal worth 200,000 Euros with a German buyer whom they met during the visit to the Munich Functional Fabric Fair in November 2016, which was part of the Programme’s grant.

Linking the principles of GG and infrastructure projects resulted in the adoption of the regulations in three municipalities – the Municipality of Doljevac adopted two regulations⁷⁸ on work of green market, while Municipalities of Vlasotince and Bojnik signed the agreement on inter-municipal cooperation, regulating the rights and obligations in managing the shelter for dogs. The Programme will continue to provide support in the development of appropriate regulations, in parallel with the completion of works on infrastructure projects. By the end of the Q3 2017, it is expected that five more LSGs will adopt up to five new regulations, which will introduce GG principles and improve management of infrastructural projects.

Support to women entrepreneurship resulted in registration of 44 businesses, and one more company is expected to be registered in the Q3 2017. These companies have enabled employment of 83 people so far, out of which 63 persons (62 women and one man) are permanently employed, and 20 for seasonal jobs. These registered businesses are expected to employ 30 more people by the end of 2017, mainly on temporary basis. Mentorship support and on-the-job training included 44 women, and according to the evaluation, beneficiaries significantly deepened their knowledge about running a business.⁷⁹

Result 2 – Activities

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

⁷⁸ Decision on work of green market and Rulebook on work of green market

⁷⁹ In percentages: 33.8% before the training, and 97.9 % after the training

Competitiveness Portal

With the Programme's TA, 30 LSGs entered more than 95% of the 2015 data into the Competitiveness Portal hence enabling valid calculation of their competitiveness index.⁸⁰ The TA included close cooperation with the appointed Portal administrators from each LSG on collection and upload of data as well as on mobilisation of different LSG departments. Effort was also put to make the Portal more user friendly and to simplify data entry. Despite numerous Programme's attempts, Brus, Preševu, Tutin, and Vladičin Han failed to upload amount of data that would enable valid calculation of their competitiveness index. In addition, majority of LSGs were not able to obtain data from the Agency for Business Registries. The Programme has started to provide assistance to LSGs in collection and upload of competitiveness data for 2016, while also planning to take measures that would address at least part of the issues encountered during collection of data for 2015.⁸¹

Implementation of Electronic Building Permits System

The PSC in August 2016 approved the project supporting 34 LSGs in application of EBPS. The projects was implemented by NALED and included the following key activities: training of 191 processing officers⁸² (out of which 112 or 63.87% were men and 69 or 36.13% were women); training of 281 applicants⁸³; provision of TA for improvement of EBPS procedures in Novi Pazar, Raška, Vranje, Leskovac and Doljevac; provision of TA for upload of urban planning documents into the Central Registry of Planning Documentation; and provision of recommendations for further improvement of policy related to construction permits.

In addition, the European PROGRES provided equipment to 33 LSGs⁸⁴ to enhance their technical capacities for implementation of the EBPS: 27 municipalities received desktop computers and printers, while six municipalities received multifunction photocopiers.⁸⁵

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

Development of main designs

Implementation of 40 grants for development of main designs for local infrastructure in 23 LSGs was finalised in December 2016.

Preventing Floods in South and South West Serbia Project

Following approval of the project in November 2015, the Programme published tenders for 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. Contracts were signed with the Institute Jaroslav Černi, in the total amount of 212,000 Euros, in July 2016.

In March 2017, the Technical Documentation for Protection from Erosion and Torrents in the Jablanica, Pčinja and Vlasina Rivers was completed and handed over to Public Water Management Company "Serbiawaters". The technical documentation enables "Serbiawaters" to carry out designed works on anti-erosion protection encompassing the construction of 27 anti-erosion barriers, forestation of 3,250 hectares, formation of 950 hectares of grassland and 12.8 kilometres of bio-technical barriers. Divided by watersheds:

⁸⁰ Thirty LSGs have uploaded more than 95% of data, whereas Brus, Preševu, Tutin and Vladičin Han uploaded between 44% and 85% of data which is insufficient for accurate calculation of competitiveness index

⁸¹ Key findings of competitiveness analysis are provided in the Progress towards the Programme Purpose Section of the Report

⁸² Processing officers included employees from local self-governments and public utility companies from the 34 Programme LSGs. Additional trainings for AutoCAD were organised for 51 participants

⁸³ Participating applicants included designers, architects, engineers and investors

⁸⁴ All Programme LSGs but Brus provided feedback on the needs for technical equipment

⁸⁵ Equipment was provided on the basis of findings of the European PROGRES Needs Assessment from February 2016

- Jablanica (Lebane, Medveđa), with ten anti-erosion barriers, 500 hectares for forestation, 380 hectares of grassland and 4.7 km of bio-technical barriers, estimated value of 1,010,000 Euros
- Vlasina (Vlasotince, Crna Trava, Babušnica, Surdulica, Gadžin Han, Bela Palanka), with ten anti-erosion barriers, 1,780 hectares for forestation, 310 hectares of grassland and 3.4 km of bio-technical barriers, estimated value of 1,750,000 Euros
- Pčinja (Trgovište, Bujanovac, Vranje), with seven anti-erosion barriers, 970 hectares for forestation, 260 hectares of grassland and 4.7 km of bio-technical barriers, estimated value of 1,240,000 Euros.

Following approval of the conceptual solutions for the General Design with Pre-Feasibility Study for Regulation of Južna Morava River⁸⁶ by “Serbiawaters” in October 2016, the Preliminary Report on hydraulic analysis with description of the hydraulic model as part of the General Design with Pre-Feasibility Study for Regulation of Južna Morava River was completed in March 2017. Completion of contract is planned by the end of August 2017.

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)

Support to CFCU managed infrastructure projects

The Programme provided support to the CFCU to respond to DEU comments and finalise tender dossiers for works on construction and equipping of Vranje General Hospital and Novi Pazar Emergency Ward. Following the first DEU ex-ante control, the Programme promptly provided support to CFCU right upon request for assistance in September 2016. On 25 October 2016, the CFCU through SEIO informed European PROGRES about second DEU’s ex-ante control which resulted with additional comments. Again, the Programme provided assistance in adjusting the tender dossiers to ensure compliance with new comments. The revised tender dossiers were sent to SEIO for Novi Pazar Emergency Ward in early December 2016 and for Vranje Hospital mid-December 2016. Furthermore, the terms of reference for the technical supervision services for both projects were revised and sent back to SEIO in November 2016.

The CFCU published the tenders for works planned within Vranje Hospital and Novi Pazar Emergency Ward projects on 6 February 2017. The Programme assisted the SEIO and the CFCU in preparing the presentations for the site visits to Novi Pazar and Vranje on 23 and 24 February 2017, respectively. European PROGRES also provided support to the CFCU in the Questions and Answers period and the clarifications were published on 24 March. The tender closed on 6 April 2017. The CFCU performed the evaluation and signed the contracts for works and technical supervision on 5 June 2017.

Construction of anti-erosion structures

European PROGRES advertised tenders for works on Raška River and Pusta Reka River in April/May 2016. The beneficiary “Srbijavode” could not provide the building permits for the works on Trgoviški Timok until end of July 2016 and this procurement was cancelled.

The works on 13 barriers on Pusta Reka watershed started in August 2016 (value of works 167,000 Euros). The works on five barriers on Raška river watershed and the forestation of 75 ha, started in September 2016 (value of works 214,000 Euros). All the works were completed by the end of 2016. The commissioning of works on 18 anti-erosion barriers was also completed: five barriers constructed in Raška River Water Shed were handed over to “Serbiawaters” in February 2017 while 13 in Pusta Reka River Water Shed were handed over in April 2017.

⁸⁶ Covering the flow from Grdelica to Preševo

2.4 Technical assistance for implementation of grants for local infrastructure projects

Local infrastructure projects managed by CFCU

The CFCU signed grant agreements for local infrastructure projects with 14 LSGs⁸⁷ on 26 May 2017. The EU contribution amounts to 3,210,590 Euros.⁸⁸ This marked the end of the process that started in February 2015 by publishing the CFP and has continued through 2016, when the CFCU sent the request to 25 LSGs whose concept notes were positively assessed to submit full applications for 30 projects.

Local Infrastructure Projects managed by European PROGRES

The PSC approved 14 projects in August 2016⁸⁹ and additional four projects from the reserve list in October 2016.⁹⁰ The total budget of 18 approved projects is 2,276,406 Euros, including contributions from the municipalities amounting to 391,360 Euros (17%). By end of 2016, tenders for works were advertised in 17 LSGs with the exception of Tutin, where the control of the design documentation was still ongoing. By April 2017, 16 LSGs have signed contracts for works and the construction works were initiated. By end of June 2017, works are completed in Lebane, Kuršumljia, Doljevac and Bela Palanka and the technical commissioning is ongoing. Following considerable delays with tender procedures in Priboj and Prijepolje, the Programme proposed change from the grant methodology to the direct implementation. This was approved by the PSC in May 2017, and the process of contracting works is underway.

In addition, the PSC approved funding of replacement of floors in the Primary School in Blace, estimated value of 55,000 Euros, and the Programme advertised three tenders for these projects in May 2017.

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

In consultation with the Swiss experts for GG, the Programme defined the approach for linking the GG principles with infrastructure projects. The projects were grouped into three categories⁹¹ based on their relevance from the GG perspective, and the first activities started in January 2017. Intensive consultations are currently being conducted with 14 municipalities.⁹²

So far, three municipalities adopted four regulations that enhance principle of accountability.⁹³ Ongoing efforts include drafting of regulations related to the use of a newly constructed building in Brus that will be used by the Association for Children with Disabilities⁹⁴ and to use of savings deriving from increased energy efficiency through project on a primary school in Bela Palanka⁹⁵. These documents will be adopted in the Q3 of 2017.

The Programme will provided assistance to Bojnik to prepare the Rulebook for Water Connection Fee Spending and to Bosilegrad for definition of rules and regulation for using of the Cultural Centre whose building is being reconstructed also. Finally, in parallel with works on five infrastructure

⁸⁷ The list is available in the Annex II, Attachment 2.4

⁸⁸ The amount is provisional until the CFCU publishes the CFP results.

⁸⁹ The results of the Call are available on the European PROGRES website

http://www.europeanprogres.org/dokumenti/509_728699_results-of-the-cal-for-proposals-local-infrastructure-projects.pdf

⁹⁰ Leskovac, Tutin, Babušnica and Crna Trava

⁹¹ Group A, high relevance: 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 Kuršumljia).

⁹² Babušnica, Bela Palanka, Bojnik, Bosilegrad, Doljevac, Vlasotince, Crna Trava, Lebane, Leskovac, Kuršumljia, Tutin, Prijepolje, Priboj, Brus

⁹³ Vlasotince and Bojnik: Agreement on Inter-Municipal Cooperation, Dog Population Control Programme, Doljevac: Municipal Decision on green market, Regulations on green market space renting procedure

⁹⁴ Various documents regulating work of institution

⁹⁵ Agreement that defines savings to be spent by elementary school

projects that contribute to energy efficiency, the Programme will help LSGs⁹⁶ to develop regulations that will cover use of savings that will emerge through these interventions.

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

Five workshops dedicated to coordination between the Government and LSGs on social and environmental protection were held from July 2016 to June 2017. Three workshops for social protection were organised in cooperation with the Standing Conference of Towns and Municipalities (SCTM) and the Social Inclusion and Poverty Reduction Unit (SIPRU) gathered 118 participants (62 women, 56 men) from LSGs and line national institutions. Two workshops for environmental protection were attended by 57 people (31 women, 24 men), including representatives of local and national government, private and civil society.⁹⁷

In the coming period the Programme will conduct individual and focus group interviews, in order to validate initial findings and define the recommendations for possible improvements. All findings will be presented to line national authorities, in cooperation with the SCTM in Q4 of 2017.

E-government

The Programme, in cooperation with the SIPRU and the Directorate for e-Government of the MPALSG, supported LSG's to develop and implement Action Plans for Increased Transparency, based on the Guidelines for Development of Public Administration Websites and Establishment of Electronic Government Services. Three trainings were held in the period December 2016 – February 2017 that gathered 44 representatives of 28 LSG's (nine women, 35 men).⁹⁸

The Programme will continue to provide support in this area through development of Web Application for self-evaluation of government and LSG web sites. This solution will also increase efficiency of the Directorate for the e-Government and have positive impact on vertical coordination between local and national administration.

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 Establishment of Private Public Partnership (PPP)⁹⁹, the PSC approved in July 2016 provision of TA for PPP projects in Surdulica, Knjaževac and Raška. The support included provision of technical, legal, and finance assistance for development of the full PPP projects, with feasibility studies, for reconstruction and modernisation of public lighting systems in the three municipalities. Activities included inception meetings, ten visits to the field, and a workshop on risks assessments and tender procedures for PPP.

Surdulica has withdrawn from the project when they assessed the project would be more cost efficient if implemented directly by the LSG. Knjaževac and Raška, with EU PROGRES TA have developed PPP project proposals and submitted them for endorsement to the State Commission for PPP. Decision of the State Commission is expected by the end of Q3 2017, which should create legal conditions for advertisement of tender for selection of private partners for the two projects.

⁹⁶ Crna Trava, Leskovac, Surdulica, Tutin, Prijepolje

⁹⁷ VD SP and EP Workshop Reports are available with European PROGRES

⁹⁸ Training reports available with European PROGRES

⁹⁹ The Public Call is available at <http://www.europeanprogres.org/konten/en/358/Provision-of-technical-suport-for-establishment-of-private-public-partnership-in-delivering-public-services-through-investment-in-new-facilities-and-exploitation-of-the-municipaly-owned-land-and-facilities/>

Introduction of Standards

Introduction of international quality and food safety standards has been completed in fourteen SMEs: nine companies were certified to the Quality Management System ISO 9001; two SMEs to Integrated Management System (IMS); one firm to the British Retail Consortium (BRC) Standard; one to the HALAL; and one to the Hazard Analysis Critical Control Points (HACCP). Two more SMEs underwent initial certification audits for Global Good Agricultural Practices (Global GAP) and International Featured Standard (IFS) and are expected to be certified by the end of Q3 2017.

Six SMEs that have been recommended for introduction of standards withdrawn their applications: two prior to engagement of certification companies¹⁰⁰ and four SMEs discontinued their participation during the certification process – two stating that they will not be able to maintain the standard, one due to serious illness of the owner and one due to unavailability of service provider to conduct consultancy in Serbia.¹⁰¹ The lessons deriving from this activity have been recorded.

Enhancement of Competitiveness through Creation of Jobs in the Private Sector

In August 2016, the PSC approved 253,880 Euros for provision of equipment to 17 selected Entrepreneurs, Micro and Small-sized Enterprises (SMEs), as a result of the CFPs for Enhancing Competitiveness through Creation of Jobs in the Private Sector.¹⁰² Beneficiaries include two engineering and design companies, five food production companies, six companies from the textile industry, two metal processing companies and one furniture producer. One SME withdrew its application as they were not able to provide facility to accommodate the requested equipment.

The Programme delivered equipment to 15 beneficiary MSEs.¹⁰³ Efforts have been put to ensure that beneficiaries' premises are adequate for instalment of the equipment, and the process is still ongoing with one remaining beneficiary. As per approved projects, 15 MSEs implement corporate social responsibility sub-projects: ten were completed and five more projects are underway.

Support to Clusters

The Programme's assistance to clusters is completed with closure of the two remaining grants.¹⁰⁴ The final activity of the 'Novi Pazar Shoes Cluster' project was Shoe Fair that was organised in November in Novi Pazar. In the presence of 70 partners, potential buyers, business support organisations, and education institutions, the five beneficiary SMEs presented 40 new shoe models that were developed with the software and expert support provided through the project. The grant with 'Prijepolje Textile Cluster' was completed by the visit of seven beneficiary SMEs to the Munich Textile Fair on 16-17 November that was used explore new business opportunities. Within preparation for the visit, the Cluster developed promotional material, web site, and organised workshop on business communication.

The Programme has maintained communications with the beneficiary clusters and monitors/records outcomes that can be attributed to the European PROGRES support.

¹⁰⁰ The PSC approved award to 22 SMEs out of which two have withdrawn their applications in the previous reporting period

¹⁰¹ German standard for prefabricated materials (RAL GZ) requested by one of the beneficiaries is implemented by a small number of companies, not of which was interested in applying to Programme tender and taking the trip to Serbia to conduct consultancy

¹⁰² The Call conducted in April – June 2016 can be found at <http://www.europeanprogres.org/konten/en/420/Public-Cal-for-Proposals-Enhancing-Competitiveness-through-Creation-of-Jobs-in-the-Private-Sector/>

¹⁰³ For fourteen beneficiary MSEs equipment has been provided through direct procurement by the Programme and a grant agreement was signed with one beneficiary to allow for usage of the cost-share as the requested equipment could not be divided

¹⁰⁴ Grant Agreements with 'NP Shoes Cluster' and 'Prijepolje Textile cluster' are completed in November 2016

Support to Wood Processing Industry

Following-up on recommendations developed with the Action Plan for Support to Export of Solid Wood Products¹⁰⁵, the Programme recruited an international consultant to support introduction of an innovative fair concept and programme-based content of the Belgrade Furniture Fair by applying a B2B concept. The consultant conducted an initial visit in May and met with relevant stakeholders to discuss issues and opportunities for the 2017 fair. The next visit planned for September will include trainings for business support organisations (chamber of commerce and Development Agency of Serbia representatives) to provide adequate support to wood processing companies to benefit from the fair with new businesses.

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

Geographical Indication

TA for protection of geographical indication (GI) for Sjenica stelja, Ivanjica potato, Vlasina honey, Sjenica cow cheese and Sjenica lamb¹⁰⁶ selected through the CFP¹⁰⁷ is in the final phase. The GI certification to all five products was conducted through an inclusive participatory process with a large number of site visits, meetings, and workshops. Elaborates for Protected Designation of Origin (PDO) for Sjenica Stelja and Protected Geographical Indication (PGI) for Ivanjica potato and Vlasina honey are developed with expert's support provided through the programme and submitted to the Intellectual Property Office for consideration. Provision of consultancy support for certification of authorised users for Sjenica Cheese and Sjenica Lamb PGI enabled three beneficiary companies to obtain positive opinion from the Ministry of Agriculture, Forestry and Water Management and submit request for final approval to the Accreditation Body of Serbia.

Assistance to Agricultural Producer Groups (APGs)

The first phase of assistance to 32 APGs selected through the CFP¹⁰⁸ was completed in October 2016. It included four workshops, two on Instrument for Pre-Accession Assistance for Rural Development (IPARD) and business plan development, and two on management, finances and marketing for APGs. The functions were attended by 114 APG representatives, out of which 15 (13%) were women and 99 (87%) men. The study visit to France was organised in early November 2016 in consultation and with participation of the Ministry of Agriculture and Environmental Protection. The visit included meetings with agricultural producers in Gironde area with focus on organisational models and modern production techniques, and a meeting in the French Ministry of Agriculture was about functioning of agricultural cooperatives and associations in France and the support provided by the Government in this field.¹⁰⁹

The PSC approved funding of seven project of APGs that were selected as a result of CFP for the Second Phase Assistance to APGs. The call conducted in August-September 2016 resulted with applications from 30 out of the 32 eligible APGs. The key project outputs include procurement of equipment for processing and storage of fruit and vegetables, bee hiving, and cattle food production.¹¹⁰ Three grant agreements are closed¹¹¹ and four more¹¹² are in the final stage of implementation to be concluded in August 2017.

¹⁰⁵ The Action Plan is available at http://www.europeanprogres.org/dokumenti/48_494580_wodworksactionplan.pdf

¹⁰⁶ Next to the four traditional products approved by the PSC for GI support (Sjenica stelja, Ivanjica potato, Vlasina honey and Sjenica cow cheese), the Programme included one more product (Sjenica Lamb) from the reserve list respecting the PSC instructions to do so once availability of funds is confirmed

¹⁰⁷ The call conducted in September – November 2015 period can be found at

<http://www.europeanprogres.org/konten/en/306/Provision-of-Support-for-Protection-of-Geographic-Origin/>

¹⁰⁸ The Call for Proposals for Provision of support to APGs conducted in December 2015 – January 2016 can be found at <http://www.europeanprogres.org/konten/en/346/Provision-of-Support-to-Agricultural-Producer-Groups/>

¹⁰⁹ The Report on the Study Visit for APGs is available with European PROGRES

¹¹⁰ The results of the CFPs for Supporting APGs, including basic information about each of the approved project, is available at http://www.europeanprogres.org/dokumenti/581_883341_podrska-polioprivrednicima-infoshet-i-faza-eng02.pdf

¹¹¹ Grant Agreements with associations RATAR-K and Inter-municipal association of agricultural associations and cooperative Gorica have been implemented and closed during the reporting period

¹¹² Grant agreements with associations Oblačinska višnja, Babušnica, Zlatarka and Pešter Food have been approved with no-cost extensions and will end in August 2017

2.10 Support to women entrepreneurship

Out of 45 supported women entrepreneurs, 44 have registered their businesses. Complete equipment was delivered to 39 women, while delivery of the remaining equipment for six beneficiaries will be realised in the Q3 of 2017.¹¹³ Within efforts to facilitate sustainability of the newly established businesses, the Programme has been providing mentorship support and on-the-job training to all 45 beneficiaries. In the period between October 2016 and June 2017, the selected consultancy conducted 66 training sessions in addition to regular mentorship support. The trainings dealt with pricing policy, marketing, and establishment of business contacts. Support was also provided for development of short-term business plans for 44 beneficiaries.¹¹⁴

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's social inclusion interventions, and in particular effort to enhance access to employment for the most vulnerable, have been effective. Ten grants to LSGs in support of implementation of **vocational training** measures envisaged by the Local Employment Action Plans facilitated employment of 88 persons (52 men and 36 women).¹¹⁵ The supported projects have enabled vocational training of 336 unemployed (176 men and 160 women) and are expected to facilitate employment of 60 more people by the end of 2017. The majority of projects supported professional practice as an active labour measure which is primarily intended for the unemployed youth up to 30 years in order to enable them to acquire the first professional experience.

¹¹³ The delay in delivery of the equipment was caused by unsuitability of the beneficiary's business premises and by the fact that supplier who was supposed to deliver the equipment failed to meet the contracted deadline for delivery, which led to termination of the contract. The Programme repeated the procurement process, and arranged delivery of equipment for the remaining beneficiaries.

¹¹⁴ Progress Report available with European PROGRES

¹¹⁵ Outcomes of projects implemented in Doljevac, Aleksinac and Bela Palanka

Support to Vocational Training



Equipment was donated to 22 **young people** (20 men, two women) whose business ideas were selected as the best within the CFP for Support to Youth Self-Employment. So far, the support enabled registration of 15 businesses (13 men, two women), and opening of five additional jobs¹¹⁶, while the remaining seven businesses should be registered in the Q3 2017. Evaluation of mentorship support and on-the-job training that is provided to 22 beneficiaries indicate they deepen knowledge and skills needed for running a business.¹¹⁷ The Programme will continue to provide mentorship support to the beneficiaries to help them to sustainable business operations.

Through the project with the Centre for Social Policy, European PROGRES provided business start-up grants for additional 28 beneficiaries (17 men, 11 women) from **vulnerable social groups**. The grants that included provision of equipment and mentorship support enabled all 28 beneficiaries to register companies and open 84 new jobs (34 full time employment and 52 part time or seasonal employment).

Sixteen projects for piloting measures from the Strategy for Social **Inclusion of Roma** were completed and directly benefited 3,634 persons (1,588 men and 2,046 women): in the area of employment, 338 Roma completed training that enhanced their employability or were supported in income generation activities; within efforts to enhance education, 176 Roma children improved their knowledge of Serbian language and mathematics, and 65 parents were educated about the importance of educating their children; 515 beneficiaries in the area of social protection had been taught about the consequences of early marriage and regulated statuses through free legal aid; in the area of healthcare, 773 beneficiaries underwent medical checks, while three Roma families have improved their living conditions through adaptation of their houses; living and safety aspects of

¹¹⁶ One full time employment and four seasonal jobs

¹¹⁷ In percentages: 45% before the training, 98.4% after the training

1,928 beneficiaries in settlements were improved through upgrading of sanitary and hygienic conditions and installation of fire protection systems.¹¹⁸

Roma Inclusion



Twenty out of 24 partnership projects of **civil society** organisations and LSGs, supported through the second Citizens Involvement Fund (CIF2), are completed, and significantly contributed to economic empowerment of the vulnerable, while also improving their access to fundamental rights and public services.¹¹⁹ In Tutin, one woman was employed through establishment of social enterprise for providing printing services, while in Prokuplje, two Roma women got temporary employment after they underwent on-the-job training, along with other eight Roma women. In Prokuplje, ten Roma women successfully completed course for providing care to the elderly people and have better chance to find employment. In Leskovac, Babušnica, Priboj, Bojnik and Lebane, nine people with disabilities and 36 women from rural areas, have started production of consumable eggs, organic vegetable, and other agricultural products, and now generate income.

In Ivanjica, neurofeedback therapy was established within the Day Care Centre for Children and Youth with Disabilities "Sun", while access to reproductive health care of women with disabilities is improved by equipping Vranje Hospital with specialist gynaecological chair. Over 500 citizens, from the most marginalised groups in Surdulica, Tutin and Novi Pazar, with administrative and legal assistance through the CIF2 grants, received ID cards or accessed social, health or other rights. The CIF2 project in Prokuplje resulted in development of the Local Action Plan for Roma Inclusion¹²⁰ and increased knowledge and skills of 13 young Roma (eight women and five men) for civic engagement, who immediately initiated several actions targeting youth community.¹²¹

The CIF2 project implemented by the CSO Timočki Club, included Assessment of Transparency¹²² of Municipalities in Financing Programmes of Public Interest. The Assessment showed that 32 municipalities developed procedures for financing of projects of public interest through public calls but confirmed the need for improvement of the monitoring and evaluation system.

¹¹⁸ Please note that, in order to avoid double counting of beneficiaries, the total number of beneficiaries does not represent the sum of beneficiaries in each areas since some beneficiaries benefited in two areas at the same time

¹¹⁹ Overview of CIF2 projects results is available in the Annex III, Attachment 3.4

¹²⁰ Adoption of LAP is expected in the next meeting of the Municipal Assembly

¹²¹ Overview of results of individual projects related to Roma inclusion

¹²² Status of 34 LSGs on transparency in public financing of CSOs (Serbian) is available in the Annex III, Attachment 3.5

In cooperation with the Ministry of Education, Science and Technological Development and the Coordination Body of Preševo, Bujanovac and Medveđa, European PROGRES has continued to provide assistance to Albanian pupils to improve knowledge of Serbian language by renewing engagement of six teaching assistants in four schools in Bujanovac and Preševo. The number of included pupils increased by 20% from 865 in the last school year to 1,073 pupils this year. The testing showed that the eighth grade students made expected progress compared to the previous testing, while fifth-grade students generally achieved weaker results than planned. The weaker results are likely caused with changes of teachers and by transition from class to subject teaching in fifth grade. On a whole, this intervention remains successful and recommendation by experts is to continue to provide support of assistants to teachers, while also encouraging their stronger engagement.

More **inclusive education** system was also supported through the project “Orchestras and Choirs of Hope” that included 200 classes based on globally recognised El Sistema methodology.¹²³ This action included 200 children that, in addition to improved musical skills, developed interpersonal skills and raised self-esteem, which is especially important for about 100 children from the vulnerable groups. This programme should also contribute to reduced rates of school dropout and youth violence on long-term basis.

The Programme provided **medical equipment** for protection of women reproductive health for healthcare centres and hospitals in nine municipalities.¹²⁴ The equipment enhances access to health services to women, especially when it comes to regular health checks pertaining to the prevention of malignant and other diseases. The Programme will conduct a public campaign in the Q3-Q4 2017 in order to increase public awareness about the importance of preventive checks and improvement of women's health.

The assessment of LSG's institutional capacities, employability of the vulnerable groups, and the status of social protection services in 34 LSGs, that was done in cooperation with the CSP confirmed that social protection services were underdeveloped, and the unemployment of vulnerable groups was high (especially of hard to employ categories).¹²⁵ This Assessment provided basis for development of methodologies and tools that should enable LSGs to: map the needs of vulnerable; establish (new) community based services; introduce mechanisms to support employment, especially of vulnerable; institutionalise local mechanisms for social inclusion. Furthermore, with expert support provided through the Programme, Bosilegrad, Bujanovac and Merošina established new social services - assistance at home, benefiting for the elderly population, while through peer reviews with LSGs the developed methodologies and tools were presented to 34 LSGs.

The evaluation¹²⁶ of the project showed that 22 LSGs¹²⁷ had already applied or are planning to apply methodologies and or tools developed through this intervention, while European PROGRES will share the findings with the Social Inclusion and Poverty Reduction Unit and the Ministry of Labour, Employment, Veteran and Social Affairs in order to encourage actions that could improve social inclusion at the local level, including through development of policies and programming of new actions.

¹²³ Three more schools in Srdulica and Bujanovac are included, while the programme continued in Vranje school

¹²⁴ Aleksinac, Bela Palanka, Babušnica, Brus, Doljevac, Gadžin Han, Knjaževac, Merošina and Svrlijig.

¹²⁵ The Assessment is available in the Annex III, Attachment 3.1

¹²⁶ For measuring the effects of the project, a survey was conducted at the end of the project in May 2017

¹²⁷ Babušnica, Bela Palanka, Blace, Bojnik, Bosilegrad, Bujanovac, Ivanjica, Kursumlija, Lebane, Leskovac, Medvedja, Merosina, Nova Varos, Novi Pazar, Presevo Priboj, Prokuplje, Raska, Srdulica, Tutin, Vlasotince and Vranje.

Result 3 – Activities

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

The Terms of Reference for the conduct of the Citizens' Satisfaction Surveys was developed in Q2 2017. The Survey launch was prolonged and will be implemented in the Q3 2017 as data on citizens' satisfaction will be more relevant towards the end of the European PROGRES implementation.

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

Since the Law on Free Legal Aid that was providing foundation for this intervention, the Programme within no cost extension request proposed reallocation of funds planned for this activity to other actions that improve the position of vulnerable people. In addition, the Programme activities 3.8 and 3.5, included projects that enabled over 550 people to access some of their fundamental rights – ensuring that indicators for this activity are met to a good extent.

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

The Programme conducted the CFP for Proposals of LSGs to Implement Vocational Training¹²⁸ in August - September 2016. The Call was designed to support LSGs to implement their Local Employment Action Plans (LEAPs) through conduct of four measures prescribed by the National Employment Strategy: (1) training for known employer, (2) professional practice, (3) acquisition of specific practical knowledge and (4) training for labour market. To support the process, three info sessions were held¹²⁹ with a total of 40 representatives of 20 LSGs, out of which 22 or 55% were men and 18 or 45% women. As a result, 18 applications were submitted¹³⁰, evaluated and ten projects¹³¹ were endorsed by the PSC for implementation. The ten grant agreements are in final stages of implementation with completed trainings for 177 out of 336 beneficiaries.

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

The Centre for Social Policy Project

The project implemented by the Centre for Social Politics (CSP) that was designed to enhance social inclusion and in particular access to employment for the vulnerable was completed¹³² in June 2017. Key actions included: organisations of six peer reviews, with participation of over 100 local actors for social inclusion and employment, that were used to help LSGs to enhance their capacities in this domain; provision of expert support and mentoring throughout of the process of establishment of new services and development of strategic plans; development of different tools, methodologies and materials, including methodology for mapping the needs of vulnerable groups and for tailor-made plans for establishing community based services in three selected LSGs.

The methodology for mapping the needs ensures the evidence based framework for planning in the social protection area and proved to be useful tool for strategic planning and prioritizing the services that will be financed from earmarked transfers for social services. Eight LSGs have already applied or are in the process of applying the methodology. Vlasotince produced Social Welfare Strategy, based on the tool, Bela Palanka and Ivanjica are in the process, while four¹³³ LSGs are in the initial planning stages of Social Welfare Strategy development. Eight¹³⁴ LSGs reported that they will be using this tool for planning earmarked transfers from the national budget.

¹²⁸ The Public Call is available at <http://www.europeanprogres.org/konten/en/505/Public-Cal-for-Proposals-for-Local-Self-Governments-to-Implement-Vocational-Training-in-Accordance-with-Local-Employment-Action-Plans/>

¹²⁹ Info sessions are held in Novi Pazar, Niš and Leskovac from 24 to 26 August 2016 respectively

¹³⁰ 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

¹³¹ The ten beneficiaries are: Aleksinac, Babušnica, Bela Palanka, Doljevac, Ivanjica, Prijepolje, Prokuplje, Sjenica, Trgovište and Vranje. Overview of CFPS details is available at http://www.europeanprogres.org/dokumenti/577_998279_vocational-training-eng-02.pdf

¹³² CSP Final Report Available in the Annex III, Attachment 3.2

¹³³ Presevo, Prokuplje, Blace and Priboj

¹³⁴ Presevo, Bujanovac, Babusnica, Vranje, Surdulica, Leskovac, Raska, Medvedja

On the basis of several criteria¹³⁵, Bosilegrad, Merošina and Bujanovac were selected for establishment of social protection services, homecare for elderly. All three LSGs adopted decisions on service establishment and allocated funds. It is expected that service providing will start in July 2017.

Additionally, the intervention included piloting of new employment policies through awards of small grants to vulnerable and marginalised groups. The CSP in partnership with the Educational Centre Leskovac (EC), has advertised the CfPs for Self-employment of Vulnerable and Marginalised Groups from 1 November to 9 December 2016¹³⁶ and seven info sessions have been held in November with 147 participants (104 women, 43 men), while support has been provided to 168 potential beneficiaries (106 men and 62 women) for development of applications. A total of 139 applications were received from 30 municipalities¹³⁷, while 28 proposed business plans (17 men, 11 women) from 16 municipalities, with total contribution of 78,730 Euros have been approved. The most common businesses are in the area of production (15), while the most represented target group are people younger than 30 (12 beneficiaries) and older than 50 (ten beneficiaries).¹³⁸ Procurement of equipment and contract issuing were finalised in April 2017 while regular monitoring of beneficiaries is continued.

The final event “Improvement of Social Inclusion at the Local Level” was held on 29 June in Niš, where CSP presented main findings from the Assessment of Institutional Capacities, Employability of Vulnerable Groups and Social Protection in 34 Municipalities in Serbia along with certificate awarding ceremony for all 28 beneficiaries. The participants were representatives of the relevant ministries, donors and local self-governments.

Yurom Centre project

Yurom Centre successfully finalised project for improving fire prevention and safety in Roma settlements. In total, ten Voluntary Fire Brigades in ten municipalities, where the project was implemented, were registered. Second phase of the project was supported through CfP for Piloting of Measures from the Strategy for Social Inclusion of Roma at Local Level, which included implementation of fire safety measures in additional municipalities. Further, newly established Voluntary Fire Brigades from Vranje received grant within the same Call.

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

Support to Youth Self-employment

The Call for Proposals for Support to Youth Self-employment through Start-up Grants was conducted from 18 May to 14 July 2016, and resulted in recommendation of 34 candidates (four women, 30 men) for the second phase of the action.

After the training for business plan writing¹³⁹, which was held on 20-22 July 2017 for 27 shortlisted candidates (three women, 24 men), the Programme received 26 full project proposals. The Programme Steering Committee (PSC) approved 22 recommended business proposals (20 men, two women) for further financing in Vranje on 10 August 2017. Five supported businesses are in the area of IT and specialised design activities, while remaining 17 cover various manufacturing/production area.

¹³⁵ Less developed LSGs, without established or sustainable social protection services which do not allocate funds for the development of social services that already received funds for the development of social protection services according to the criteria defined in the Regulation on allocation of earmarked funds in social protection.

¹³⁶ The CFPs was open for unemployed persons that are registered with the NES and belong to the following vulnerable groups: younger than 30, older than 50, redundancy, persons with disabilities, Roma, and low qualified.

¹³⁷ Nine applications from the South West Serbia and 21 from the South East Serbia

¹³⁸ CSP Self-employment Evaluation Overview with Breakdown is available with European PROGRES

¹³⁹ Evaluation report of training for business plan writing is available with European PROGRES

Official ceremony of award of certificates to 22 youth entrepreneurs took place 02 November in Novi Pazar, as part of the official visit of the Head of Delegation of European Union to South-West of Serbia.

The Programme delivered equipment for all 22 beneficiaries, while 15 beneficiaries registered their businesses and two are in the registration process. In parallel with the delivery of equipment, mentorship support and individual trainings have been provided for all beneficiaries.

Piloting Measures from Strategy for Social Inclusion of Roma at the Local Level

The CFP for Piloting Measures from the Strategy for Social Inclusion of Roma at the Local Level was opened from to on 4 July 2016 and attracted 39 applications from Roma CSOs. Upon completion of evaluation, the PSC in August 2017 recommended 25 projects for the second phase that included capacity building programme and development of full applications.

The Programme's consultants delivered training in Niš from 3 until 6 August¹⁴⁰ to 25 recommended Roma CSOs in order to strengthen their organisational and project management capacities. All Roma CSOs successfully completed the training and were invited to submit their full project proposals from 1 to 17 August. In response, 23 Roma CSOs proposals were received. The PSC endorsed recommendations for funding of 16 proposals in the total amount of 150,000 Euros.¹⁴¹

The implementation of projects has started in October 2016 with staging of two sessions about European PROGRES project management standards and requirements. The Programme has also been providing support to the grantees during implementation through consultations, field visits, and review of their reports. For several organisations whose projects were delayed due to their low capacities, the Programme organised two additional project management workshops in December 2016. The functions gathered for 15 participants (eight men, seven women) and facilitated completion of projects.

All 16 projects are operationally closed.¹⁴²

Music Art Project

Based on positive results of the project "Orchestras and choirs of hope", which successfully introduced inclusive methods into music education, on the basis of globally known methodology El Sistema, the PSC in August 2016 approved further financing of this project in the value of 30,000 Euros. In February 2017, the PSC also approved extension of the intervention until the end of the school year and additional funding of 17,740 Euros.

The project was implemented from October 2016 until mid-June 2017 in four schools in Vranje, Bujanovac and Surdulica by the NGO Music Art Project. They continued implementation of El Sistema programme in music school, and introduced the inclusive programme in three primary schools in cooperation with four Roma CSOs.

Over 250 hours of classes based on inclusive EL Sistema methodology, four concerts, and several master classes with national and international experts, were carried out with participation of around 200 children, where more than 20% of them are Roma children. Overall more than 50% of all children are coming from vulnerable groups.

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

¹⁴⁰ Report on training to Roma CSOs is available with European PROGRES

¹⁴¹ Results of the CFPs is available at <http://www.europeanprogres.org/konten/en/540/Results-of-the-Cal-for-Proposals-Suport-to-Civil-Society-Organisations-in-Piloting-Measures-for-Improving-Social-Inclusion-of-Roma-at-the-Local-Level/>

¹⁴² Overview of results of individual projects related to Roma inclusion is available in the Annex III, Attachment 3.3

The Programme assessed the needs for equipment for reproductive health protection, of local health centres in nine¹⁴³ municipalities that did not participate in EU PROGRES Programme. Based on this assessment the Programme procured and delivered equipment in the value of 109.500 Euros. Complementary public health campaign “Find the time” that focuses on awareness raising of prevention and public health of vulnerable women in rural areas, will start in Q3 of 2017.

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

This activity will be reconceptualised within No Cost Extension Request.

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

In July 2017, the PSC approved financing of 24 projects¹⁴⁴ within the Second Call for Citizens Involvement Fund Proposals, coming from 20 municipalities and in the value of up to 320,000 Euros, and co-funding of up to 44,300 Euros.

The projects implementation started in September, when three info sessions for the grantees on project management were conducted. A total of 32 participants (17 women and 15 men) attended the info sessions held in Niš, Novi Pazar and Vranje.

The project by the Municipality of Bela Palanka was contracted in December, due to the prolonged procedure for obtaining licence for providing social protection service within the Day Care Centre for Youth with Disabilities. The contract is issued with the condition, where the LSG formally committed that they will register the Club for People with Disability, if the partner NGO’s application for licensure get rejected by the line ministry. In April 2017, after the license was not approved, the Club was established.

Twenty projects are successfully completed, contributing to economic empowerment and employment of the most marginalised and vulnerable citizens and improvement of availability and efficiency of public services to the mentioned groups¹⁴⁵. Remaining four projects are on-going, and all projects are expected to be completed until end of August 2017.

3.9 Support young people from Albanian community to learn Serbian language

Considering positive results of the project for provision of teaching assistants for learning of Serbian as non-mother tongue in schools in Bujanovac and Preševo in the school year 2015/2016, the Coordination Body for Preševo, Bujanovac, and Medveđa (the CB) proposed extension of this action in the school year 2016/2017. The PSC agreed with this request in July 2016 and European PROGRES extended the contract with the Regional Centre for Professional Development in Education (RC), the implementing partner of this activity.

The extension included provision of six teaching assistants to four schools from October 2016 until mid-June 2017, while coving the same classes.¹⁴⁶

The intervention facilitated participation of Albanian pupils, for the second year in a row, in the competition from Serbian as Non-Mother Language for the seventh and the eighth graders. Out of 82 participants, 53 pupils participated in the district level of competition. Despite that no one qualified for the national level this remains positive development knowing that no Albanian pupil participated in this competition before this project.

¹⁴³ Aleksinac, Babušnica, Bela Palanka, Brus, Doljevac, Gadžin Han Merošina, Knjaževac, Svrlijig

¹⁴⁴ http://www.europeanprogres.org/dokumenti/491_289789_fond-za-ucescje-gradjana-2-infoshet-eng2.pdf

¹⁴⁵ Overview of CIF2 projects results is available in the Anne III, Attachment 3.4

¹⁴⁶ Hence working with fifth and eighth-grade students

A cooperation with some teachers remained to be the challenge for the assistants. The new Director of the school “Muharem Kadriu” in Bujanovac did not demonstrate full support to the project, as he assigned two underqualified teachers to work with teaching assistants. After several request sent by the Ministry of Education, Science and Technological Development (MoESTD), the Programme, and the Albanian National Minority Council, one of the teacher was replaced.

The Working Group (WG) for implementation of recommendations for improving teaching of Serbian as non-mother tongue in elementary schools monitored implementation of the project. At the meeting in May 2017, the WG provided recommendation for further engagement of the assistants.

Testing of pupils’ performance in Serbian as Non-Mother Tongue was conducted in May. Around 600 pupils, included in the project from its start, were examined in order to evaluate effects of two-year engagement of the teaching assistants.

3.10 Design and implement targeted measures to reduce migration from South, South East and South West Serbia
European PROGRES monitored situation related to migrations in the participating municipalities. No additional actions were taken

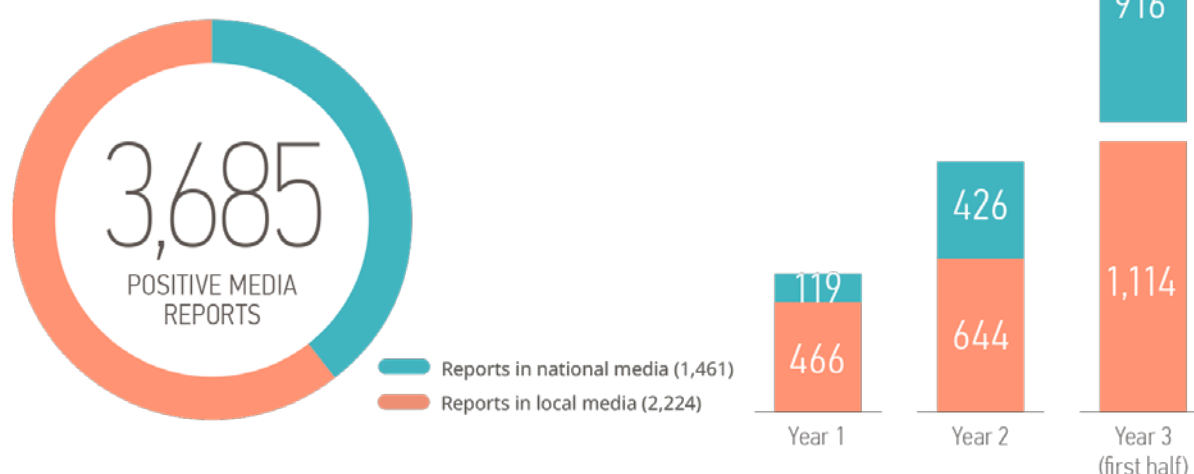
Result 4

Effects of Serbia’s European accession communicated to general public

European PROGRES has continued to communicate the benefits of the Programme, the European values, and contribution that the European Union (EU) and the Government of Switzerland add to the development of the South East and South West Serbia.

Communication activities generated 2,030 media reports during the reporting period, of which 916 reports or 44 percent were in the national media.¹⁴⁷ This is a twofold increase in the number of reports, and a threefold rise in the national media coverage in comparison to coverage recorded during the third year of the predecessor Programme, EU PROGRES, which was widely recognised as a key vehicle for donors’ visibility at the local level. Since the beginning of implementation, European PROGRES attracted 3,685 media reports.

Positive media reports



¹⁴⁷ Media Coverage Table, as well as other statics related to communications work, are available in the Annex IV, Attachment 4.2

Emphasis on human stories generated by smaller projects resulted in media focussing on the Programme benefits for the citizens - economic empowerment, employability and social inclusion of the most vulnerable, particularly Roma population.¹⁴⁸ In line with this, the activities related to social inclusion and good governance attracted almost 500 reports. The gender projects such as women entrepreneurship and increasing the role of women in political and social spheres of life have been presented in over 120 reports, which means the Programme strongly promoted gender equality.

Over 300 media reports on boosting local economies and creation of new jobs with the EU, the Swiss, and the Serbian Government support to SMEs, vocational training and agricultural producers confirms that the economic themes remain high priority for both the media and general population.

However, the donors' support to realisation of the local infrastructure projects, including those supported through the CFCU, attracted by far the most media coverage, almost a quarter of total number i.e. 420 reports. It shows that these "quick win" - large investment, high visibility projects with immediate results continue to generate most media and public interest.

In addition, the Programme activities tailored specifically for the youth and the media, such as the Calendar and Media Competition and "You are Europe" Campaign events, contributed to bringing the EU and the integration process closer to the population in the South East and South West Serbia, and increasing the presence of these topics in the media resulted in almost 200 media reports.

European PROGRES information and advocacy campaign themed "Bringing European Integrations Closer to the People in the South East and South West Serbia"¹⁴⁹ commenced in October 2016.¹⁵⁰ The campaign is focussed on improving the understanding of relevant European values and the EU accession process and its effects and benefits for youth and media while concurrently promoting existing, relevant initiatives for the Youth and Media offered by the EU and the Swiss Government. So far 12 school visits, three media seminars, five stand-alone events and one student competition were organised.

¹⁴⁸ Two stories that attracted the most media coverage - [Social enterprise „Ruža“](#), and [El Sistema music project](#), while the projects aimed at enhancing social inclusion of Roma population at local level were presented through 70 stories in all regional and local media, thus raising awareness of their needs and capacities.

¹⁴⁹ [ToR for European PROGRES First Campaign](#)

¹⁵⁰ "Dokukino Foundation" and "Olaf&Mcateer" consortium

Result 4 - Activities

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

The Programme Communications Strategy¹⁵¹ was revised in December 2016 and encompasses inputs collected during the mid-term assessment in April 2016. The changes include focussing of the key messages, adjustments in usage of various communication tools and stakeholder analyses. All are intended to further improve the Programme's tailored support to municipal needs and good governance approach.

Fourteen high-level visits were carried out, of which seven were attended by the highest donors' officials. Two visits of the Deputy Head of Missions of the EU countries to South West and South Serbia in June 2016 and 2017 respectively; the DEU Ambassador attended two and the Swiss Ambassador and the Head of Swiss Cooperation Office (SCO) three different field visits relevant to the Programme's projects.

Additionally, 13 events were organised, including four Programme Steering Committees (PSC); four Award Ceremonies in Novi Pazar - 2017 Calendar Competition, Local Media Competition, Youth Entrepreneurship and Agricultural Producer Groups equipment handover were held in Novi Pazar in November and December 2016 and March and May 2017 respectively; in June 2017 Gender Equality in the Local Community Event organised in cooperation with the UN Women took place in Belgrade while Support to Local Inclusion on local level Event was held in Niš.

This annual art competition theme for European PROGRES' Calendar 2017 was *"Europe: A Wise Choice"* and inspired the pupils from the record 30 high schools in the Programme area to submit 120 art works depicting themes from the European Diary – a youth focussed publication prepared by the EU Info Centre. The first ranked won a laptop, the runner-up contestants received tablets and nine other best works were awarded with smart mobile phones. All 12 art works were featured in the Programme Calendar for 2017. The award ceremony was organised in Novi Pazar in December 2016, while 2,000 calendars were printed and distributed to the Programme stakeholders.

Four Programme Steering Committee (PSC) were organised. The ninth annual PSC¹⁵² took place in August 2016 in Vranje followed by meetings in Priboj in November 2016, in Belgrade in February 2017¹⁵³ and Kuršumljija in May 2017. The meetings attracted an average of 70 participants and seven mayors each.

Six local festivals were supported – Bosilegrad Folklore Festival (29 July-4 August 2016), Nušićijada Festival in Ivanjica (28-30 August 2016), Nashville Festival (11-14 August 2016), 31st Roma Cultural Day in Surdulica (20-21 October 2016), Knjaževac Youth Festival (21-23 August 2016) and Novi Pazar Youth Creativeness Festival (March 2017). In addition the Programme supported Bujanovac Faculty Department Enrolment Campaign to ensure visibility of the Faculty amongst the potential students in the South Serbia. The high visibility standards set for the all of the events were respected and the EU/SDC/Programme emblems were featured on the promotional material including 15 billboards, websites, three stage banners, and various print and video materials.

The Programme issued 11 media announcements and 42 press releases which were in 42 percent of cases published verbatim. Number of organised interviews almost doubled to 13 in the past year, of which nine were published in the national media. The Programme Manager's interviews on the

¹⁵¹ The Mid-term Evaluation of the Communications Strategy is available in the Annex IV, Attachment 4.1

¹⁵² The Minutes of the Programme Steering Committee are available on [European PROGRES website](#), in Serbian and English.

¹⁵³ Due to severe weather conditions

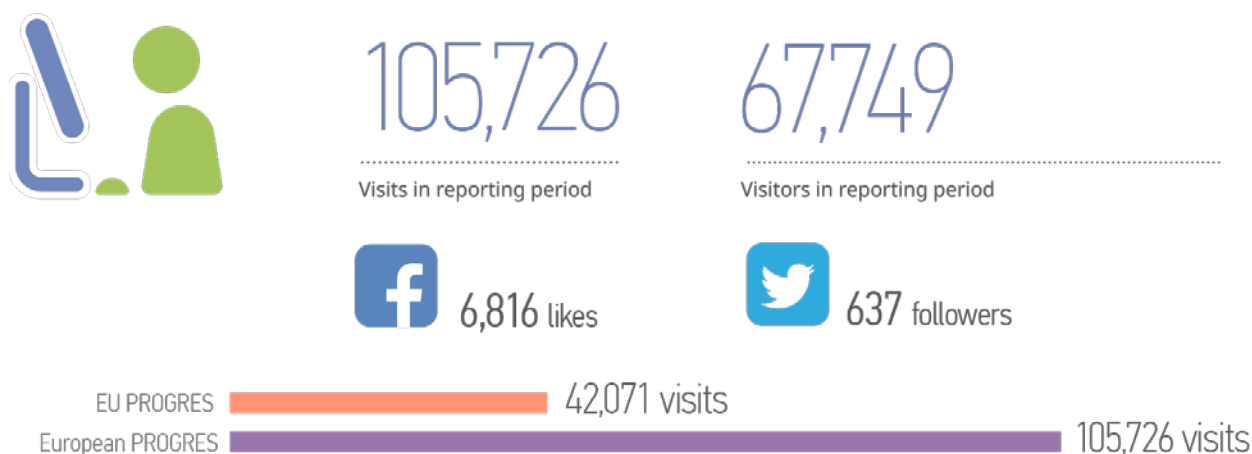
Programme activities were published in regional media outlets: Jugpress, Nova Naša Reč, Radio Sto Plus and the national media, namely Radio Belgrade, Danas Weekly, Ekonometar, business magazine, B92 and Prva TV.¹⁵⁴

The national media, mainly the Radio Television of Serbia (RTS), expressed particular interest in the Programme support to local infrastructure¹⁵⁵, micro and small enterprises¹⁵⁶, and youth self-employment¹⁵⁷, which resulted in four interviews, and press statements of the Programme Manager and the National Programme Manager, broadcast on the RTS.

The developed digital communications is implemented in full, in line with the Communications Strategy and guides the dissemination of European PROGRES' news through different channels: website, newsletter, Facebook, and Twitter.

During the reporting period, 238 Facebook posts reached 310,727 people, while 324 Tweets were liked 1,839 and retweeted 1,217 times by various stakeholders, including the highest officials of the Delegation of European Union to Serbia. The European PROGRES website has remained the main channel for distributing information to Programme beneficiaries. Namely, there has been a notable upsurge in the overall statistics - compared to the previous reporting period, the total number of visits has increased by 41%¹⁵⁸ and the number of visitors by 63%¹⁵⁹. The largest peak in the website traffic¹⁶⁰ was recorded in August 2016, owing to the PSC meeting in Vranje, at which 2.5 million Euros worth of new projects were approved. This being said, a tendency of gradual decrease in website traffic is expected as the Programme enters into its final stages and the most popular pages - Tenders, Calls for Proposals and Job Postings will not be updated.

Web and social media



So far, nine quarterly Newsletter¹⁶¹ were issued, four of which during the past year. The Programme Newsletters covered the key quarterly achievements and are distributed to close to 2,500 stakeholders in the Government, media and non-government sector through email. Twitter and

¹⁵⁴ B92.net [Ajvar bringing the taste of hope](#) (20 July 2016)

¹⁵⁵ RTS.rs [More than 400 million Euros invested in local infrastructure](#) (13 June 2017)

¹⁵⁶ RTS.rs [EU funds for the production improvement](#) (19 June 2017)

¹⁵⁷ RTS.rs [Donations and self-owned business decrease the unemployment](#); Europe.rs [Young unemployed- Madrid and Vranje \(1 April 2017\)](#)

¹⁵⁸ 105,726 visits during July 2016 – June 2017, compared to 74,697 visits during July 2015 – June 2016

¹⁵⁹ 67,749 visitors during July 2016 – June 2017, compared to 41,494 visitors during July 2015 – June 2016

¹⁶⁰ 12,922 recorded visits in August 2016, which is 32% more than in the following month of September, and 121% more than in July 2016

¹⁶¹ [The first issue of European PROGRES Newsletter](#)

Facebook are also used as dissemination channels where the Newsletter has a reach of well over 10,000 people per issue.

Conversely to the website, the Programme social media channels have been rapidly growing in popularity, with no indication of declining in the near future. The number of Facebook page likes has more than doubled - since July 2016, the number of individuals following the Programme activities through the Facebook page has increased by 3,921 or 135%. Similarly, the number of Twitter followers increased by 82% - from 350 in July 2016 to 637 in June 2017. This increase can be linked to an upsurge of youth-oriented content generated by the “You are Europe” campaign.

Increase in the Programme YouTube channel use is noted as the new Programme video material is being promoted. Two Programme video features are completed - Programme support to education and social inclusion.

The Programme has developed ten new info sheets on the CfP results, four new factsheets on various areas of support that European PROGRES provides in its AoR municipalities¹⁶², as well as updated three existing factsheets.¹⁶³

A total of 80 wall plaques and 18 standing signboards have been procured for the purpose of marking the donors’ support to projects, including 18 important capital infrastructure projects.

European PROGRES also produced 26 briefing notes¹⁶⁴ for the donors or the Government representatives visiting or attending the events in the area.

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

European PROGRES information and advocacy campaign themed “Bringing European Integrations Closer to the People in the South East and South West Serbia”¹⁶⁵ commenced in October 2016.¹⁶⁶ In the first stage of campaign implementation a set of key messages and all print/audio/video material was prepared while campaign implementation plan was finalised in consultation with the Programme.

The implementation of activities commenced in late November 2016 with lectures at **two universities**¹⁶⁷ and **visits to ten schools** (for the duration of two school classes per each school), during which close to 400 students from four high schools in South and South West Serbia¹⁶⁸ and 200 students had the opportunity to familiarise themselves with the European Union, the European values and the Serbia’s European integration path as well as to learn about the relevant EU on-going study and work programmes.

Three media seminars were held for local and national media in Novi Pazar, Niš and Belgrade during February and March 2017. Attended by a total of 47 journalists the seminars were intended to improve understanding and facilitate reporting on both accessions and donation methods within the EU integration process. A media seminar for the national media, in Belgrade, was successfully held in cooperation with the SEIO while the Chief Negotiator for Serbia’s accession negotiations participated as a special lecturer. Evaluation showed that 89.4% of attendees found the seminar it very useful.

¹⁶² Dedicated to the [Programme support to Youth and Sport, Entrepreneurship, Social Inclusion and Infrastructure](#)

¹⁶³ Support to [Education](#), [Health](#) and the [Roma Community](#)

¹⁶⁴ Detailed list of all briefing documents is available with European PROGRES

¹⁶⁵ [ToR for European PROGRES First Campaign](#)

¹⁶⁶ “Dokukino Foundation” and “Olaf&Mcateer” consortium

¹⁶⁷ Novi Pazar State University and Bujanovac Department of the Subotica Faculty of Economics

¹⁶⁸ Kuršumlja Grammar School, Technical school “Prota Stevan Dimitrijević” from Aleksinac, Grammar School “Vuk Karadžić” in Babušnica, Technical School “Vožd Karađorđe” in Lebane, Technical school “Milentije Popović” in Crna Trava, Technical school “Nikola Tesla” in Surdulica, Subotica Economics Faculty, Bujanovac Department

Five stand-alone campaign events took place in Prokuplje, Novi Pazar, Priboj, Aleksinac and Leskovac. Each event was attended by approximately 100 students invited through local secondary schools and up to 200 walk-on visitors and were officially opened by the Mayor, the SEIO and the European PROGRES representatives. The events offered a variety of engaging activities and tools to inspire youth to take action and improve their education, opportunities and communities.

"You are Europe" contest for the best ideas to improve lectures and/or student life in their respective high schools was launched in January and concluded in March 2017. The competition attracted 25 submissions from 17 municipalities and 20 high schools and subsequently a total of 9,500 people voted via online community polling for their favourite idea. The second phase of the competition included semi-finals and finals of the "Europe and You" knowledge quiz on the EU integration process where the two winning teams¹⁶⁹ - received 100,000 Dinars each to implement the nominated projects.

The Programme activities were **actively covered by the social media** with a special focus on topics relevant to youth including trivia and fun fact posts about the EU, personal stories and the communication regarding the ongoing school competition. A separate, closed Facebook group was created for youth organisation admins in 34 Programme municipalities in order to share Campaign relevant materials with youth organisations. Additionally a designated tab was created on European PROGRES Facebook page and was used for promotion of the content and events of the campaign "Evropa to si ti".

The three-month long Competition for the Best Media Reports on European Integration in the South East and South West Serbia, organised in the partnership with the DEU and the SEIO, officially concluded on 1 March 2017. Sixty-seven (67) out of 70 submitted media reports were eligible for the Competition. The submitted reports covered topics from flood and environment protection, support for the development of agriculture to self-employment of people with disabilities and fighting gender and ethnic prejudices.

The Competition Jury, consisting of the representatives from the EU Delegation, the Swiss Office for Cooperation, the SEIO, the UNOPS and the European PROGRES, selected eight winners out of 67 submissions.¹⁷⁰ The winning outlets will be awarded equipment intended to improve technical quality of reporting. The jury members reviewed one official complaint and assessed that there were no basis to accept the complaint. According to the media representatives interviewed, this was the first competition aimed to raise their technical capacities.

The competition was synergy initiative with of the SEIO and the DEU, which also organised two study tours for the awarded journalists on reporting on the EU integrations, for journalists who produced awarded reports, to Belgrade and Brussels.

The procurement of equipment that will be awarded is initiated and will be completed in Q3 2017.

¹⁶⁹ Ambassadors, Gymnasium from Novi Pazar and Team HUMT, Gymnasium from Raška

¹⁷⁰ The results available: <http://www.europeanprogres.org/konten/en/631/Results-of-the-Competition-for-the-Best-Media-Reports-on-the-European-Integration-in-the-South-West-and-South-East-Serbia/>

Management and coordination

Programme Steering Committee

There were four regular meetings of the PSC: on 10 August in Vranje; 3 November in Priboj, 28 February in Belgrade, and 16 May in Kuršumlja.¹⁷¹

The PSC, in addition, used the electronic voting procedure: for consideration of recommendations for funding of projects related to the CFP for Supporting Local Self Governments in Implementation of Vocational Training Measures; for funding of four infrastructure projects from the earlier approved reserve list; for consideration of recommendations for funding of 24 partnership projects of civil society organisations and local self-governments; for confirmation of in principle approved projects contributing to Roma inclusion; and for provision of technical assistance for development of Public Partnership Projects (PPP). Electronic voting resulted in approval of all Programme's recommendations.¹⁷² The Programme also used electronic procedure to ask the PSC to consider the request related to procurement of water pump for the Temporary Reception Centre for Migrants in Preševo but this proposal was withdrawn after confirmation that supporting documentation was not complete.

European PROGRES also used email to inform the PSC on extension of project for the Provision of Teaching Assistants to Local Teachers in Elementary Schools of Preševo and Bujanovac for Teaching of Serbian as Non-Mother Tongue, upon receiving positive assessment of this action from the Coordination Body of the Government of Serbia for Preševo, Bujanovac, and Medveđa as well as on issuing of contract with UN Women for implementation of the project Strengthening Women in Decision Making whose concept was previously supported by the PSC at its meeting of 3 November.

There should be at least two more PSC meetings until the end of the European PROGRES.

Finance

The key financial indicators for the reporting period are the following:

- The total expenditure as of 30 June 2017 is 14,683,655 Euros or 84.10 % of the total Programme budget;
- The total expenditure in period July 2016 – June 2017 is 7,570,165 Euros
- The donors' funds were spent evenly and in line with approved project budgets: 10,573,027 Euros or 72.01% of the total expenditure was disbursed from the EU funds while 4,110,628 Euros or 27.99 % of the total expenditure was disbursed from the SDC funds.
- The total delivery in the first half of 2017 is 2,449,633 Euros. The forecast delivery for the second half of 2017 is 1,851,651 Euros.
- The third instalment in the amount of 4,630,981.58 Euros from the DEU was received
- The sixth and seventh instalments from the SDC, totalling 1,270,000 Euros, were received.

European PROGRES' financial and administrative records are kept in accordance with the UNOPS rules and regulations. The Programme monitors budget performance on daily basis. The tax exemption procedure has been regularly applied in line with the relevant legal provisions.

¹⁷¹ Minutes of the four PSC meetings are available at <http://www.europeanprogres.org/biblioteka/en/43/>

¹⁷² Relevant documentation available with European PROGRES

Procurement and grants

Procurement activities reached peak during this period in terms of number, value, complexity and versatility of conducted solicitation processes for the required goods, works and services. Specifically, European PROGRES administered 163 procurement processes amounting to the value of 1,753,902 Euros¹⁷³ and conducted:

- 59 shopping processes¹⁷⁴
- 88 request for proposals¹⁷⁵
- 16 Invitation to Bids and RFP processes.¹⁷⁶

European PROGRES has continued to predominantly use grant methodology, which gives ownership over the projects to the grantees while the Programme maintains monitoring and advisory role. The Programme issued 96 grants worth 2,804,655 Euros¹⁷⁷ including for:

- 18 local infrastructure projects
- 24 projects supported through CIF2
- 16 projects for Roma social inclusion at local level
- Ten projects for vocational trainings
- 18 projects to support local gender equality initiatives
- Seven projects of the Agricultural Producer Groups
- Three grants were issued through pre-selection process.

Human resources

In line with the work plan for the final implementation year, effort was put to ensure the Programme had access to adequate workforce. In that respect, European PROGRES used short-term consultants with specialised expertise in the following areas: good governance (two positions), environmental protection policy, gender equality, public private partnerships, geographic indications (three positions), wood furniture sales and marketing, PRAG procurements in infrastructure, as well as assessments of technical capacities of media. The Programme team was strengthened through hiring: the Programme Officer for Competitiveness, Programme Assistants for Competitiveness (two positions), Junior Communication Assistant, as well as the Programme Support Officer responsible for coordinating of activities and operational issues.

The performance of the personnel has been assessed through the calendar-year evaluation cycles. The performance reviews for 2016 have been completed in the Q1 2017 and individual performance related objectives for 2017 were established.

While establishing performance objectives for 2017, personnel worked on their development plans using the opportunity to undertake trainings available from the UNOPS corporative funds. Throughout the period, the Programme personnel went through trainings focussed on project management, engineering, FIDIC contract modality, and general management. The most relevant learning efforts are the following:

- The Communications Manager completed UNOPS Project Management Foundation Course, which introduces the key UNOPS project management methodology and tools

¹⁷³ Changed into Euros in accordance with the UNOPS Exchange Rates as of 30 June 2017

¹⁷⁴ Small value procurements up to 5,000 US Dollars

¹⁷⁵ Procurements between 5,000 and 50,000 US Dollars

¹⁷⁶ Procurements exceeding 50,000 US Dollars

¹⁷⁷ Changed into Euros in accordance with the UNOPS Exchange Rates as of 30 June 2017

- Three personnel successfully completed PRINCE2¹⁷⁸ Foundation and additional three PRINCE2 Practitioner Level Exam. In this way, the Programme's capacity to apply UNOPS project management methodology, which is based on PRINCE2, has been strengthened.
- Three Programme Engineers completed FIDIC On-the-Job training which provided greater understanding of how the FIDIC contracts are applied for infrastructure projects
- Sector Manager for Competitiveness completed managing underperformance, the online course developed to support supervisors in identifying underperformance
- Competency Based Interviewing training designed to strengthen the capabilities and ensure greater consistency for recruitment interview panels was attended by ten personnel
- Newly recruited personnel completed mandatory and recommended courses.

Logistics

The Programme's Office in Belgrade moved from 78/80 Šumatovačka Street to the new premises in 4 Skerlićeva Street. Also, the field office in Vranje moved from 52 Kneza Miloša Street to the new premises in 29 Generala Belimarkovića Street in January 2017. These changes contributed to establishment of more productive working environment.

Disposal of six obsolete Programme vehicles was completed during the second half of 2016 in accordance with the procedures, including the confirmed approval by donors.¹⁷⁹ The remaining 12 Programme vehicles are regularly maintained and in good running condition.

Reporting

This is the third Annual Report and it covers the period from 1 July 2016 until 30 June 2017. It provides the overview of progress and performance, the management issues, review of the risks and issues, quality and sustainability, and information about the lessons learned. The Report also includes a range of annexes that provide deeper insight into the Programme performance and the revised overall Work Plan.

Three quarterly reports were produced from July 2016 to June 2017, and were unanimously adopted by the PSC. The Reports were presented to the key beneficiaries at the PSC meetings, and are available to general public at European PROGRES website.¹⁸⁰

European PROGRES' personnel produces weekly and monthly reports. The Programme also prepares monthly reports for UNOPS Serbia and although not a contractual obligation these could be provided to the SEIO and the donors upon request.

Monitoring

In addition to the Overall Work Plan, European PROGRES has used stage (quarterly) planning while aiming to maintain close control over implementation progress. The quarterly work plans identify activities and outputs that need to be delivered within the covered period, in addition to setting of

¹⁷⁸ PRINCE2 stands for PROjects IN Controlled Environment, which is widely considered as the leading method in project management

¹⁷⁹ These vehicles were transferred from the predecessor programme, EU PROGRES to this Action. The list of disposed vehicles is available in the Annex V, Attachment 5.1

¹⁸⁰ The European PROGRES Quarterly Reports are available at <http://www.europeanprogres.org/biblioteka/en/44/Quarterly-Reports/>

financial targets and activities related to procurement and human resources. The Programme also prepares annual learning plans and quarterly leave plans.

The progress is also monitored against the planned targets within the Logical Framework Matrix, and the status of individual activities/indicators of achievement are presented in an Annex to Quarterly and Annual Reports.

European PROGRES developed the Matrix with the key socio-economic indicators of its area of responsibility. The Programme collected relevant data for 2016 to development trends relevant for the Action, such as is employment and LSGs budgets.¹⁸¹

The Programme has been using the software based tools to record basic data, implementation status, outputs, outcomes, and impacts of all individual projects that are supported through European PROGRES. Furthermore, the Programme is able to conduct simply analysis of performance on the basis of entered data in tools as well as to conduct effective visual presentations. This is one of innovations introduced within this Action that enhances monitoring and therefore contribute to overall efficiency.

Risks and issues

European PROGRES has been putting continuous efforts into identification and assessment of risks, and then into planning and implementation of responses.

The key Programme's risk and issues have been linked with the CFCU managed activities: conduct of grant scheme for local infrastructure proposals and contracting of regional projects for construction of Vranje Hospital and Novi Pazar Emergency Ward. First, this period confirmed that European PROGRES response to delays of the CFCU grant scheme accumulated during the previous reporting period reduced negative effects on the Programme – the introduction of another grant scheme for local infrastructure projects enabled the Programme to work on “linking of good governance with infrastructure” activity as well as to conduct on-the-job training component of FIDIC training.

The CFCU activities, however, progressed slower than planned even during this period, bringing the accumulated delays to 18 months, and there was a risk that the projects will not be contracted by the deadline in early June. In order to mitigate this, European PROGRES has been providing timely TA to the CFCU to address comments related to tenders for Vranje and Novi Pazar project and supported presentation of tenders to potential bidders. This eventually contributed to timely contracting of Vranje and Novi Pazar projects, while the CFCU also signed grants for local infrastructure projects before within the set time framework.

The national and local elections of April 2016 affected the Programme as in the months that followed the key Programme contact persons, including those responsible for good governance (GG) have been replaced and/or transferred to other departments in at least six participating municipalities. In addition, there were changes in ruling political coalitions in Preševo, Novi Pazar and Sjenica in 2017. These occurrences have reduced efficiency. For example the adoption of the Capital Investment Plans has been prolonged in several LSGs due to decision of the newly elected officials to modify the documents, progress of GIS project in Preševo slowed down due to internal municipal changes, while effects of work with GEMs have been reduced as their composition

¹⁸¹ The short analysis of key socio-economic trends in the European PROGRES AoR is available in the Annex V, Attachments 5.3

changed in several LSGs. European PROGRES, however, kept the negative effects to a minimum through visits to LSGs, swift establishment of cooperation with the new contact persons, and sending of letters to mayors to encourage LSGs engagement.

This period brought implementation of activities (i.e. support to SMEs, youth entrepreneurship, social inclusion of Roma, local infrastructure) that were added to the Programme through modifications of February 2016. While this positively affected the Programme's relevance and effectiveness, these activities were not initially envisaged, introduced conduct of numerous procurements, and increased the number of grants that need to be monitored, hence posing a risk in particular in terms of timely completion of the Programme.

Within risk responses, the Programme developed detailed procurement plans, engaged additional human resources, strengthened internal accountability lines, and enhanced monitoring of projects. This proven effective as most of the newly introduced activities progress in accordance with the plan and are on target to be completed in Q3 2017. However, these activities have no float and in some cases depend on circumstances beyond the Programme's direct influence. For example, public procurements of works for Priboj and Prijepolje infrastructure projects were delayed due to bidders' complaints, and the Programme in response shifted from the grant methodology to direct implementation of these projects.

The Programme has also encountered issues related to individual projects: three beneficiary SMEs did not have adequate premises for installation of donated equipment while several withdrawn applications for introduction of quality standards – the Programme resolved this on case by case basis but this indicated the need to enhance evaluation process¹⁸²; most municipalities failed to obtain data about SMEs from the Business Registry Agency needed for the conduct of Municipal Competitiveness Assessment – this negatively affected efficiency of the process as well as to some extent findings, and the Programme will put effort to address this in Q3 2017; cooperation among different local stakeholders, especially with public companies was not sufficient to facilitate smooth implementation of projects, to name a few examples. On a whole – the number of issues remained relatively small while knowing that European PROGRES supported 251 projects.

While the Programme's strength has been national ownership, including cooperation with the ministries, one trend was negative – out of ten national institutions that participate in the work of the Steering Committee only five to six attended meeting on an average, several ministries did not attend a single session, while most of the representatives have been replaced. This did not have significant negative impact on the Programme's performance but may indicate that the PSC should gather only institutions that have strong and continuing interest for the Action.

Having in mind that several Programme's interventions would benefit from additional as well as some of the risks related to time framework for the completion of the Programme, European PROGRES, following in principle agreement from the PSC obtained at the meeting that took place in Belgrade in February 2017, submitted a formal request for no cost extension (NCE) until 31 March 2018. The donors provided positive feedback and formalisation of this request is expected by end August 2017.

¹⁸² This lesson was recorder in the European PROGRES Lessons Log and appropriate action taken. More details available in the Lessons Learned section of this Report.

The Risks and Issues Register¹⁸³ 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

Quality

UNOPS Serbia Quality Assurance

European PROGRES underwent the following UNOPS RSPC Quality Assurance (QA): on 11 July 2016 for Q2 2016; on 10 October 2016 for Q3 2016; on 12 January 2017 for Q4 2016; on 28 March 2017 for Q1 2017. These reviews generally reconfirmed that European PROGRES's performance was healthy and in accordance with the plan, with recommendations to enhance financial delivery in Q3 2016 and Q2 2017, which have been addressed.

Quality control

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

- 132 grant reviews have been conducted in order to ensure the progress is in line with programmatic and administrative requirements
- 122 project sites visits has been conducted by the Programme Engineers in order to ensure that quality, quantity and time for the construction works defined by the contracts has been respected accordingly.
- After the final check of all grant related documentation during the administrative verification visits, 82 grants have met the requirements for closure.
- Eight on-site verifications conducted for delivery of equipment for "Support to Youth Entrepreneurship through Start-Up Grants", nine on-site verifications of delivery of medical equipment to local women health care centres, fifteen on-site verifications conducted for delivery of equipment for "Support to increase competitiveness of local economy through improved business environment for micro and small enterprises (MSEs)", fourteen on-site verifications conducted for delivery of equipment for "Support to Women Entrepreneurship through Start-Up Grants" and thirty-two on-site verifications conducted for delivery of equipment for "Support to increase the technical capacity of the LSGs" (26 delivery of IT equipment and 6 delivery of Photocopier machine). In total 78 on-site verifications conducted during the reporting period.

European PROGRES established and maintains the Quality Register¹⁸⁴ that provides a record of conducted quality checks.

In addition to the above mentioned data solely related to reporting period covered by this Annual Report it is important to notice that after the adoption of the Quality Management Strategy and establishment of Quality Register procedures, European PROGRES Programme has started with active implementation of it and accordingly various defined activities has been conducted. Precisely, these are the actions taken:

¹⁸³ The Risk and Issues Register is available with European PROGRES

¹⁸⁴ The Quality Register is available with European PROGRES

- 82 evaluation of trainings
- 253 grant reviews
- 90 checks of equipment delivery
- 129 project sites visits
- 2 technical inspections
- 12 reviews by the PSC
- 6 UNOPS RSPC Assurances
- 1 External assurance (Results Oriented Monitoring Mission - ROM)
- 2 UNOPS Audits (United Nations Board of Auditors and UNOPS Internal Audit and Investigation Group)

In total 577 actions taken in order to ensure the good quality of the Programme delivery.

Sustainability

European PROGRES approach to sustainability is based on five dimensions: national ownership, good governance, social, economic, and environmental.

National Ownership

The Programme has been striving to ensure national ownership at several levels. Primarily, European PROGRES activities **stream out of the existing national and local development policies**. For example: interventions related to the SMEs have followed the Strategy for Supporting Development of the Small and Medium Enterprises, Entrepreneurship and Competiveness 2015-2020; support to electronic building permit system derived from the Action Plan of the Government of Serbia for Establishment of Electronic Building Permit System; grants to Roma CSOs supported implementation of the Strategy for Social Inclusion of Roma 2016-2025; vocational training activities were aligned to the National Employment Action Plan and directly supported the Local Employment Action Plans; selected infrastructure projects were recognised as priorities in the Local Sustainable Development Strategies,.

Furthermore, the Programme has predominantly used **the grant methodology**, which gives the ownership over the project to grantees while the European PROGRES maintains monitoring and advisory role. Out of 154 projects for LSGs, 137 or 89% has been implemented through the grant methodology. When beneficiaries were individuals, as it was the case with women and youth entrepreneurs, the Programme included “mentorship” activities in the first year of their start-ups in order to enhance chances for sustainability of their operations.

Efforts are put to ensure **institutional sustainability** – establishment of GIS, in addition to equipment and trainings, included support for adoption of municipal decisions and signing of internal protocols that should contribute to sustainable usage of the tool.

The national ownership is also ensured through **participation of key national stakeholders** in the work of the Programme Steering Committee, regular consultations, and through formalised cooperation in some cases. For example, European PROGRES signed the Memorandum of Understanding with the Ministry of Trade, Tourism and Telecommunications about cooperation on development of the National Park Golija Mountain.

Part of the activities will be implemented with **co-funding** from the beneficiaries as this enhances their ownership and commitment and hence additionally contributes to sustainability.

Good Governance

European PROGRES work on infrastructure projects includes good governance component. This means that the Programme, in parallel with the construction works, provides technical assistance to beneficiary LSGs to develop new or revise existing local regulations in order to create foundation for accountable, efficient, effective, transparent, and non-discriminatory manner. This approach will enhance the outcomes, but essentially contributes to sustainability of a particular project.

The Programme has also used available GG expertise, to contribute to development of rulebooks that facilitate use of particular project benefits (e.g. granted equipment). For example, GG team participated in the development of the Rulebook on Joint Usage of the Equipment among the members of Agricultural Producer Groups, which clearly should contribute to sustainability of benefits.

Social

This Programme includes a range of activities that address the needs of the vulnerable population and there are numerous indicators that they positively affected beneficiaries' position and human rights principles. In this context it is most relevant to mention support to inclusion of Roma, empowerment of women, and support to employment of youth and the most vulnerable, which positively and directly affected 9,000 beneficiaries.

In addition, numerous projects improve the living conditions and contribute to social development. Ongoing infrastructure projects will improve conditions for education, health protection, water supply, access to public services.

There are two additional important social factors: the Programme remains in the field, which is beneficial for understanding the needs and providing every day assistance; the European PROGRES team is composed of local experts, who benefit from work in international organisations and had the opportunity to enhance professional knowledge through numerous trainings - which in the longer run will benefit the local communities.

Economic

The Programme has so far facilitated opening of 298 full time and 257 temporary jobs, while also enabling over 500 people to participate in generate income, which is important indicator of economic sustainability.

Furthermore, European PROGRES activities contributed to enhanced municipal efficiency. For example, support to tax administration enabled LSGs to enhance local incomes, work on Good Governance regulations in the domain of public property should also contribute to efficiency, and there are indicators that TA for development of the Capital Investment Plans and Programme Budgets contributed to establishment of stricter fiscal discipline. The development of main designs already enabled beneficiary LSGs already to accessed 3.2 million Euros of donors' funds, while developed detailed regulation plans for zones with economic potential as well as several economic infrastructure projects means municipalities are more attractive for investments – these also clearly indicate that these interventions are financially sustainable.

Geographic Information System is example of the tool that requires maintenance, which means the beneficiary LSGs will have to bear these costs in the future. While being aware of this risk, the Programme developed Manual for GIS Usage that among other provides guidelines for efficient maintenance. In the longer run, if used adequately, GIS will enhance LSGs efficiency, ensuring that economic benefits deriving from improved decision-making outweigh the GIS investment and maintenance costs.

This Report also provided insight into examples of SMEs that reduced costs, accessed new markets, reached new deals, and opened new jobs, therefore indicating affordability of “benefits”. The exception may be quality standards, for which beneficiary SMEs will need to be ready to cover recertification costs – this is why several companies withdrawn their applications. However, this development is from sustainability point of view positive.

Environmental

The Programme considers what effects the projects may have on environment protection and through particular interventions provided positive contribution. Primarily, all interventions that may affect the environment are implemented in accordance with the relevant national legislation as well as the UNOPS Environmental Management Policy for Infrastructure in 2013, hence ensuring that possible environmental hazards are assessed and adequate measures taken.

Positive contribution is provided through: six local infrastructure that contribute to enhance energy efficiency of public buildings; development of PPP projects that create foundation for enhancement of energy efficiency of public lighting in three LSGs; two projects include replacement of old asbestos water pipelines and hence will contribute to use of cleaner and healthier water, several DRPs deal with creation of conditions for revitalisation of brownfield sites and touristic area, while in particular considering the environmental impacts. Good example are projects for the development of the Nature Park Golija, where the Programme insists on participatory approach and respect of international environmental standards. It is also important to note that the Programme in several cases insisted on implementation of Environmental Impact Assessment through grants related to DRPs, in order to ensure that risk have been adequately assessed and addressed.

Finally, through development of designs related to flood protection and construction of flood protection structure, the Programme will increase LSGs resilience to natural disasters.

Lessons learned

European PROGRES has continued to systematically identify, record, and apply lessons learned during the implementation. Out of 44 lessons in the Lessons Log, 11 were identified and recorded during this reporting period and the Programme has made significant progress in addressing them. The following is the overview of the key lessons identified and addressed:

- Site visits and interviews with potential beneficiaries are mechanisms that should 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. youth entrepreneurship) as may confirm validity of the particular application and capacity of the applicant. In cases where evaluation process did not include site visits, the number of issues that occurred in implementation was on an average higher.

For example, the control of SME's applications for donation of equipment included thorough analysis of extensive documentation that was required from applicants but no site visits. In several cases it was confirmed that the beneficiary premises did not provide conditions for instalment of the requested equipment. The Programme addressed the issues on a case by case basis but this indicated that a two-phase application process should be considered for similar interventions: phase one could be based on easier application form while phase two should include more thorough application with mandatory site-visits and confirmation of the actual

status of the beneficiary. Experiences from other European PROGRES Calls showed that interviews with beneficiaries can also be useful for an effective evaluation process. Furthermore, this lesson has been shared and relevant standard operating procedure (SOP) of UNOPS Serbia Operations Centre has been revised to include as obligatory provision conduct of “application verification”.

- 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 implementation of grants for DRPs showed that the duration of 12-15 months is not enough for their completion. In some cases preparation of tenders took longer than planned, members of the planning commission did not want to meet unless the LSG pays them debts for work not related to the Programme grants, or the municipalities did not plan funds for obtaining conditions from PUCs and without them being paid, some contractors were not able to complete the plans in time. The duration of grants for similar intervention should be minimum 15 - 18 months. UNOPS standards for minimum quality that the service providers must fulfil should also be enhanced and stated in the guidance for applicants. Also the Strategic Environmental Impact Assessment must be part of the plans as the environmental and social corrective factor. The costs for obtaining all planning conditions from PUCs must be borne by LSGs.¹⁸⁵
- Engagement of media for dissemination of information relevant for the Programme is an important task from the visibility point of view and the personnel should be able to provide media statements, with prior approval from the Programme and or Communications Manager. In order to ensure the relevant personnel has a minimum of needed knowledge and skill, the media seminar should be organised for all Programme personnel at the beginning of each new projects/programme.
- Outreach to target audiences, such as MSEs and APGs, proved challenging and the success rate differed from one municipality to another but in general LSGs with fewer local media were more challenging for conveying messages regarding Programme activities. In context of the outreach to specific target groups, the cooperation or a partnership with Serbian national broadcaster as one of the most viewed media channels should be established at the beginning of the Programme, as well as advertisements in magazines targeting specific audiences.
- As a part of Donors' visibility, in addition to plaques, Beneficiary LSG's are obliged to mention the Programme donation on their websites – Additional donors' visibility of private sector beneficiaries should also be considered by obliging private sector beneficiaries who have their websites to mention the Programme donation on their websites.

Work Plan

Within development of the Annual Report, European PROGRES revised its Overall Work Plan¹⁸⁶ and developed plan for the Q3 2017.¹⁸⁷ The following are the key deliverables until the end of the Programme:

¹⁸⁵ The detailed Lessons Log is available with European PROGRES

The Overall Work Plan is available in the Annex V, Attachment 5.4 It is extended until 31 March 2018 in line with the No Cost Extension Request from May 2017.

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

- Advocate for adoption of three remaining CIPs

Activity 1.2

- Finalise implementation of remaining four GIS grants
- Complete five DRPs for Golija infrastructure corridors and Golija destination management study
- Prepare a publication about investment potentials of DRPs developed with Programme support

Activity 1.4

- Establish institutional framework for Municipal Good Governance (GG) Competence Centres in at least five additional LSGs
- Facilitate adoption of at least four GG regulations
- Organise the GG Event to promote the results in Q4 2017
- Finalise the Good Governance Toolkit
- Contribute to development of the good governance index for performance assessment of LSGs

Activity 1.5

- Support establishment of normative framework for introduction of gender responsive budgeting and development of Local Action Plans for Gender Equality in nine LSGs.

Activity 1.6

- Provide mentorship support to ten LWCNs for development of local policies for improvement of gender equality in local communities

Activity 1.7

- Monitor introduction of GRB in European PROGRES 34 LSGs

Result 2

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

Activity 2.1

- Upload competitiveness data for year 2016, present the Competitiveness Portal to key stakeholders, and prepare an overview of key findings related to municipal competitiveness

Activity 2.2

- Finalise general design for the regulation of South Morava River

Activity 2.3

- Provide assistance to the CFCU for the implementation of Vranje Hospital and Novi Pazar Emergency Ward projects

Activity 2.4

¹⁸⁷ Work Plan for Q3 2017 is available in the Annex V, Attachment 5.5

- Complete implementation of 16 local infrastructure projects implemented by LSGs
- Complete infrastructure projects in Priboj, Prijepolje and Blace (direct implementation)
- Assist LSGs in implementation of CFCU grants for local infrastructure projects

Activity 2.5

- Support five LSGs in development of local policies and/or administrative regulations

Activity 2.6

- Organise focus group meetings to confirm conclusions and define recommendations relating to vertical coordination in the field of social and environmental protection
- In cooperation with the SCTM, present findings and recommendations to national institutions
- Develop a self-assessment web application for the Directorate for e-Government

Activity 2.7

- Monitor the status of two PPP projects by the State Commission, finalise tender documentation for these projects and initiate promotion of projects to potential private partners

Activity 2.8

- Monitor remaining CSR activities implemented by beneficiary SMEs and capture business results of companies; resolve procurement of equipment for one remaining beneficiary
- Complete certification for quality and food safety standards for remaining four beneficiaries

Activity 2.9

- Monitor implementation of the remaining four grants with the APGs
- Complete certification of three GI authorised users for two traditional products and GI certification of three traditional products

Activity 2.10

- Finalise delivery of equipment to remaining five women entrepreneurs, finalise mentorship support, and develop recommendations for similar activities in Q4 2017.

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

- Conduct citizens' satisfaction survey and present findings

Activity 3.3

- Complete implementation of ten vocational training programmes and assess results

Activity 3.4

- Monitor work of three LSGs in implementation of social protection services established with Programme's support; monitor operations of 28 start-ups established through grant support to vulnerable groups

Activity 3.5

- Finalise mentorship support provided to young entrepreneurs and develop recommendations report. Monitor progress of business registration of remaining seven entrepreneurs

Activity 3.6

- Implement public awareness campaign on protection of women's reproductive health

Activity 3.8

- Complete eight remaining projects from the Citizens' Involvement Fund (CIF) call

Activity 3.9

- Monitor the impact of teaching Serbian as non-mother tongue

Result 4

Effects of Serbia's European integration communicated to general public





Activity 4.1

- Support organisation of eight summer festivals in Programme LSGs, deliver equipment to eight awarded media outlets; ongoing communication support to promote Programme achievements and organise events. Organise Programme's Closing Event

Activity 4.2

- Monitor media campaign implementation and evaluate results

Annex VI Progress against indicators in logical framework matrix

	Activity completed and outputs delivered in accordance with the set targets
	Activity generally progresses in accordance with the plan
	Activity progresses with manageable delay
	Activity is critical

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.	
Serbia's ranking in the World Bank's Doing Business Report improves for at least five places	Serbia's ranking in the World Bank's Doing Business Report for 2016 has improved by nine and by additional seven places for 2017, presently positioned as 47 th country compared to 68 th in 2015.
Serbia's ranking in the Global Competitiveness Report improved for at least five places	Serbia's ranking in the Global Competitiveness Report 2014-2015 has improved by seven places, and additional four in the Report 2015-2016, currently positioned as 90 th compared to 101 st in 2013-2014.
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 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 SMEs, protection of geographic indication, vocational training, and partnership actions of civil society and LSGs have contributed to creating of 600 jobs, while this number should exceed in the next one to three years.
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 activities within the Programme	
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	

Objectively verifiable indicators	Overall status
Activity 1.1.1 At least 50% municipalities participating in the Programme introduce Capital Investment Planning (CIP), by the end of the Programme implementation (baseline 2014: 23%) ¹⁸⁸	Activity completed. Assistance provided to 15 LSGs (ten newly selected LSGs and five LSGs assisted through the predecessor programme) in development of the CIPs. All 15 beneficiary LSGs developed CIPs. Twelve LSGs' Assemblies adopted CIPs.
Activity 1.1.2 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) ¹⁸⁹	Activity completed. Assistance provided to 15 LSGs (ten newly selected and five assisted through the predecessor programme) in introduction of Programme Budgets for 2016. All LSGs timely adopted 2016 Programme Budgets.
Activity 1.1.3 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 ¹⁹⁰	Activity completed. Assistance provided to 16 LSGs to improve tax payers' registries. Based on 2016 LTAs Annual Reports, the supported LSGs had, on average, increased the number of registered taxpayers by 10%, and there was 93% average increase in revenues from the tax collection compared to 2013 baseline data. ¹⁹¹ The EU and SCO provided 154,000 Euros to support the 16 projects, while LSGs increased tax income by 1.4 million Euros.
Activity 1.2 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) ¹⁹²	The CfP for introduction of Geographic Information System (GIS) was published in May 2015 and the PSC approved eleven projects in November 2015. GIS equipment was delivered to all 11 beneficiary LSGs in Q4 2016, legal foundation for GIS development established in all 11 LSGs. Nine LSGs signed data exchange protocols with institutions participating in local GIS. Seven projects are completed while remaining are in the final stage of implementation.
Activity 1.2 At least 15 municipalities developed detailed regulation plans (DRPs) or higher level planning documents that facilitate development of economic projects by the end of the Programme.	The CfP for development of DRPs was conducted in April 2015. The PSC approved 21 applications for development of 31 DRPs. All 21 grant contracts are closed and the process of approval by municipal assemblies is underway (16 DRPs adopted, eight DRPs in procedure, two DRPs in public viewing phase, five DRPs in draft phase). The contract for development of five DRPs for infrastructure corridors on Golija was signed in November 2016 and the implementation is ongoing.
Activity 1.3 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 training programmes on FIDIC established within the Serbian Chamber of Engineers	Activity completed. The Association of Consulting Engineers of Serbia (ACES) delivered trainings on FIDIC contract modality. Five training modules delivered to 102 municipal employees (62 men and 38 women) from all 34 LSGs, and five representatives from the SEIO and the CFCU (three women, two men). In addition, four on-the-job trainings delivered to 41 participants (25 men, 16 women) from 18 LSGs which received grants for local infrastructure projects.
Activity 1.4 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	The Local Governance Assessment of 34 municipalities was finalised. The MoU for good governance (GG) interventions at local level signed with 34 LSGs. Six good governance capacity building trainings and one study tour conducted for 27 designated GG contact persons (21 men, six women). This resulted in initiation of institutional set up in LSGs and five LSGs established institutional framework for GG. Local governance reforms initiated in 18 LSGs and four LSGs adopted six local regulations in the field of accountability and efficiency. Four Swiss GG Backstoppers' missions conducted.
Activity 1.5 Local gender equality mechanisms (GEM) established and local action plans for the work of the gender	Through mentorship and advisory support, the Programme strengthened capacities of 34 LSGs to address gender-related

¹⁸⁸ Baseline Study on Competitiveness, EU PROGRES, 2014

¹⁸⁹ Baseline Study on Competitiveness, EU PROGRES, 2014

¹⁹⁰ LTA Office Annual Reports

¹⁹¹ The impact assessment of the assistance, available in the Annex I, Attachment 1.2 provides data on individual LSGs

¹⁹² Obstacles to Infrastructure Development, EU PROGRES, 2013

<p>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 Plans¹⁹³</p>	<p>initiatives at the local level. Thirty three local GEMs established, 30 local action plans adopted, and 32 LSGs signed European Charter for Equality of Women and Men in Local Life. The CfP for support to local GEMs was published in September 2016. The PSC approved 18 projects, which were implemented from December 2016 until June 2017. The projects positively affected 1,481 persons (1,159 women and 322 men) through activities relating to economic empowerment of women, public health, capacity building as well as increased knowledge about gender equality among decision-makers and improved roles of local GEMs.</p>
<p>Activity 1.6 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</p>	<p>Activity completed. The project relating to strengthening women decision making through active engagement in Local Women Councillors Networks (LWCNs) was implemented from October 2016 until June 2017. In November and December 2016 ten LWCNs were established, gathering 97 women councillors. All ten local LWCNs adopted the annual work plans for 2017. LWCNs produced 25 recommendations for local policies, programmes and regulations primarily focusing on increasing the participation of women in decision making process.</p>
<p>Activity 1.7 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 perspective¹⁹⁴</p>	<p>Four municipalities introduced gender responsive budgeting through different municipal budget lines, ensuring gender mainstreaming within the budget.</p>
<p>Result 2 Increased competitiveness of local economy through improved business environment and management/organisational capacities of SMEs/agricultural cooperatives</p>	
<p>Activity 2.1 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 Sectors¹⁹⁵</p>	<p>Based on 2015 competitiveness data (available for 30 LSGs which uploaded more than 95% of data needed for calculation of the index), 27 LSGs registered improvements compared to baseline year 2013 whereas the remaining three are approximately at the same level. Twenty one LSGs achieved increase of more than 10% of total competitiveness index. The highest improvements were registered in management capacities (22 LSGs advanced by over 25%) and economic policy (20 LSGs advanced by over 25%) sub-indexes. Following adoption of the new Law on Planning and Construction, technical assistance was provided to 34 LSGs for implementation of the electronic building permits system including procurement of necessary IT equipment in the period from June 2016 to June 2017. The average time for issuance of building permits in supported LSGs was reduced by 37% (from eight to five days); 93% of received requests resolved (improvement of 13%); share of negatively resolved requests reduced from 40% to 16%; and, 51% of planning documents entered into the central registry (improvement of 17%).</p>
<p>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</p>	<p>The CfP for Development of the Main Designs for Local Infrastructure was advertised in December 2014. The PSC approved 40 applications in February 2015. Grant agreements with LSGs were implemented from May 2015 until October 2016. The developed designs have created a pipeline of</p>

¹⁹³Baseline Study on Competitiveness, EU PROGRES, 2014

¹⁹⁴Baseline Study on Competitiveness, EU PROGRES, 2014

¹⁹⁵As identified in the World Bank's Doing Business in Serbia 2014 ranking

been done	<p>“ready to build” projects worth 29 million Euros. So far, on the basis of designs, 15 LSGs accessed 3.3 million Euros of donors’ funds.</p> <p>In June 2016, the Programme contracted two inter-municipal projects relating to flood protection measures. The contract for the designs for the anti-erosion protection of Vlasina, Pčinja and Jablanica river basins have been completed. Development of the General Design for Južna Morava regulation is ongoing.</p>
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	<p>Activity completed. Upon September 2014 PSC approval, European PROGRES supported operations of the Joint Technical Secretariat of the IPA Cross-border Programme Serbia-Montenegro (CBC SRB-MON). The grant was completed in November 2015 and facilitated submission of 48 applications from eligible European PROGRES LSGs in response to CBC CfP. In addition, on the basis of designs developed through European PROGRES, LSGs submitted 14 applications for financial support to other sources than European PROGRES.</p>
Activity 2.3 At least one priority inter-municipal project implemented by the Programme completion	<p>Activity completed. The building permit issued on 1 December 2014. The contract for the construction of Bujanovac Department of Subotica Economics Faculty was signed in January 2015, the building was completed in September 2015 and the facility is fully functional.</p>
Activities 2.3 and 2.4 Works supervision services provided to the CFCU as contracting authority for the priority infrastructure project implemented by it	<p>The PSC in November 2015 approved projects to complete the new block within Vranje General Hospital and to construct Novi Pazar Emergency Ward. The Programme assisted the CFCU to prepare tender dossiers in the first half of 2016. The CFCU advertised tender for works and for the Supervision in February 2017. The contracts were signed in June 2017. This activity is not deliverable in the initially conceptualised format. Approval of the NCE will address this to some extent.</p>
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	<p>Despite the 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 exceeded eighteen months, the initially conceptualised technical assistance is not feasible. The issue has been reported to the PSC. In November 2015 the PSC approved the implementation of three flood protection, anti-erosion related projects. Two were completed in May 2017 and one was cancelled because of unclear property.</p>
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	<p>European PROGRES organised information sessions to present the CFCU Call and supported LSGs in development of concept notes. All 34 Programme LSGs responded to the call with submission of 52 Concept Notes. The CFCU requested 25 LSGs to submit full applications for 30 projects, which passed the evaluation of the concept notes in February 2016. Twenty six full applications from 23 LSGs were sent to the CFCU by the deadline 21 March 2016.</p> <p>The grant contracts were signed with 14 LSGs in May 2017. The CfP for Local Infrastructure projects managed by the Programme (UNOPS) was advertised in March 2016. The PSC approved 14 projects in August 2016 and additional four in October 2016. Sixteen grants are ongoing, while implementation modality in Priboj and Prijepolje, due to significant delays in implementation, have been changed from grants to direct implementation in April 2017.</p>

Activity 2.5 The 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	With approval of 18 infrastructure projects for funding, European PROGRES started with implementation of activities in January 2017. Three LSGs adopted three local regulations related to linking GG with infrastructural projects. Wider consultations with LSGs were held and support was provided in development of relevant regulations.
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	This activity is divided in two main topics, in consultation with the SCTM and the SIPRU: Topic 1 - implementation of environmental policies, and Topic 2 - implementation of social protection policies. Eight consultative workshops were held and, in agreement with the SCTM, all collected findings will be presented to the relevant national authorities. In addition, the Programme supported capacity building of LSGs for development of public administration websites and establishment of e-government services. Three trainings were held from December 2016 to February 2017 for 44 representatives (35 men, nine women) from 28 LSG's. The LSGs recorded improvement in transparency of websites of 9.2%, three municipalities ¹⁹⁶ developed 17 new e-services ¹⁹⁷ and 13 LSG developed action plans for improvement of e-services and LSGs web-sites.
Activity 2.7 At least two PPP models developed and implemented by the end of the Programme	The Programme provided technical assistance for development of PPP projects to two beneficiary LSGs selected through a public call (Knjaževac and Raška). Project proposals were submitted to the State Commission for PPP for endorsement – if no major issues tenders for selection of the private partner should be advertised in Q3 2017.
Activity 2.8 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	The CfP for Introduction of International Quality or Food Safety Standards was conducted in October 2015. Out of 22 approved applications, six beneficiaries withdraw from the process. Fourteen SMEs completed certification process, and two are in the final phase.
Activity 2.8 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	The CfP for Enhancing Competitiveness through Creation of Jobs in the Private Sector was conducted in June 2016. The PSC approved funding of equipment for 17 MSEs. Following withdrawal of one company, the Programme procured equipment for 16 MSEs. Delivery of equipment to 15 MSEs has been completed. The companies are implementing CSR activities as planned as their cost-share.
Activity 2.8 At least 20 SMEs, member of clusters, introduced innovation or use innovative market development techniques, until the end of the Programme.	Activity completed. The CfP to support clusters in introducing innovative practices and a common market approach was published in December 2014. The PSC approved five projects worth 145,000 Euros in April 2015. Through the five implemented grants, 87 SMEs were included in the intervention out of which 62 directly benefited from implemented innovations.
Activities 2.9 and 3.10 At least 30 agricultural producers, members of the cooperatives, use new techniques and technologies in the production until the end of the Programme	The phase one of the Programme support to 32 agriculture producers groups (APGs) consisting of trainings and a study visit was completed. The trainings included management, finances and marketing for APGs whereas the study visit was specially designed to provide insights into modern techniques and technologies in the agricultural production. The second phase assistance started by publishing a call in August 2016. The PSC approved seven projects in November 2016. Activities were completed as planned by three APG.

¹⁹⁶ Medveđa, Novi Pazar and Raška.

¹⁹⁷ Evaluation was made by the Directorate for E-Government based on established criteria for evaluation of websites and e-services, in accordance with Guidelines for the development of websites in state administration and introduction of e-services, and it was conducted on a sample of 13 municipalities which participated in trainings for application of Guidelines. More detailed information about the process is presented in the Activity 2.6

Activity 2.9 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) ¹⁹⁸	The Assessment of the APGs and Geographic Indication (GI) was completed in May 2015. The Programme conducted the CfP through which five traditional products have been selected for GI protection. European PROGRES is providing TA for development of elaborates for protection of products and authorised users. Elaborates for three products Sjenička stelja', 'Vlasinski med' and 'Ivanjički krompir' are completed and submitted to the Intellectual Property Institute. Certification of authorised users for 'Sjenički sir' and 'Sjenička jagnjetina' is underway.
Activities 2.10 and 3.10 At least 80 new jobs for women, resulting from provision of at least 40 start up business grants, by the end of the Programme	The CfP for support to women entrepreneurs was advertised in June 2015 and the Programme trained 147 women in writing business plans. The PSC approved 48 project proposals for funding. Following withdrawal of three applicants, the Programme funded procurement of equipment for 45 women entrepreneurs. Forty four businesses are registered and 39 beneficiaries received all equipment to start business activities. The newly established companies employ 83 persons (44 self-employed women and 39 employees). Entrepreneurs continually receive mentorship support.
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	
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) ¹⁹⁹	The activity was implemented in cooperation with the Centre for Social Policy from October 2015 until June 2017. LSGs were supported to assess the needs of vulnerable and marginalised groups, 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 offered start-up grants to local vulnerable and marginalised groups. Assessment Reports on institutional capacities, social protection and employment of vulnerable groups finalised and presented in June 2017. Three LSGs established social protection services while 28 beneficiaries received financial support and started businesses that enabled employment or temporary engagement of 84 persons.
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%) ²⁰⁰	<p>A part of this activity is incorporated in the approach for the activity 3.4.</p> <p>The CfP for Support to Youth Self-Employment was published in March 2016. Out of 93 applications, 27 applicants were short listed and trained in business plan development. The PSC approved 22 projects for procurement of equipment for youth self-employment in August 2016. All 22 beneficiaries received equipment required to start businesses, while 15 registered businesses. Five new jobs created.</p> <p>The CfP for Piloting Implementation of Measures from Strategy for Social Inclusion of Roma was published in May 2016. Out of 39 received applications, the PSC approved 16 projects implemented by Roma CSOs in August 2016. All 16 projects were successfully completed benefiting 3,634 Roma (1,588 men and 2,046 women)</p> <p>The Music Art Project was implemented in four schools in</p>

¹⁹⁸Serbian Intellectual Property Office (2014) *The List of Indications of Geographical Origin Registered in the Intellectual Property Office* Available at: <http://www.zis.gov.rs/intellectual-property-rights/indications-of-geographical-origin/list-of-igo.91.html> (1 February 2014)

¹⁹⁹Baseline Study on Competitiveness, EU PROGRES, 2014

²⁰⁰Report on Employment of Roma, Ministry of Labour, Employment and Social Welfare, Belgrade, 2013

	Vranje, Bujanovac and Surdulica from October 2016 until June 2017. Over 250 hours of classes based on inclusive EL Sistema methodology, four concerts, and several master classes with national and international experts, were carried out with participation of around 200 children (over 50% from vulnerable groups).
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 benefitted 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.	The first CfP for Citizen Involvement Fund (CIF) grants, i.e. partnership projects between civil society organisations and local administration, was advertised in September 2014. Out of 77 applications, the PSC approved 20 projects for funding in December 2014. Eighteen projects were successfully completed and two were cancelled. The second CfP for CIF grants was advertised in March 2016. Out of 48 received applications, the PSC approved funding of 24 projects. Twenty projects were completed while remaining four projects are in the final stage of implementation.
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 ²⁰¹	The Terms of Reference for selection of service provider to conduct the Citizens' Satisfaction Survey was developed in Q2 2017 and procurement will be initiated in Q3 2017.
Activities 3.3, 3.5, and 3.10 At least 100 unemployed successfully completed vocational trainings organised by the end of Programme and sustainable follow up courses in place beyond the duration of the Programme to increase the employment chances of participants in trainings	Ten LSGs are selected through a public call conducted in August 2016 to implement vocational training activities in line with Local Employment Strategies. A total of 177 (90 men and 87 women) unemployed persons completed the trainings; 145 (77 men and 68 women) persons received certificates for successful completion; 88 persons (60 men and 28 women) are employed. Ongoing are trainings for 159 participants.
Activity 3.6 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 ²⁰²	Assessment report on required medical equipment completed. All health centres sent official letters of interest and the tender for procurement of medical equipment was announced in September 2016. The delivery of equipment to nine medical health centres was finalised in January 2017. The ToR for public campaign relating to women health developed and will be launched in the quarter 3 2017.
Activity 3.7 At least four cultural centres in multi-ethnic municipalities (e.g. for intercultural music, theatre and art productions) upgraded	The funding from this activity was reallocated to support the Activity 3.9 that proven to be very effective.
Activity 3.9 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	The Programme provided funding for teaching assistants from August 2015 until June 2017. During the first school year, 865 pupils participated in the programme while the number increased to 1,073 pupils during the second school year (20% increase in participation). The textbooks, teachers' manual and auxiliary educational materials have been procured and delivered to 16 elementary schools in Preševo, Bujanovac and Medveđa. The change in the approach was addressed within the NCE.
Result 4: Effects of Serbia's EU accession communicated to general public	

²⁰¹ 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

²⁰² 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.

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. ²⁰³	<ul style="list-style-type: none"> • Mid-term evaluation completed and Communication Strategy was updated accordingly • 31 high profile visits organised, sixteen Ambassadorial • 21 large events organised of which 12 Programme Steering Committee meetings; additional seven organised within the Programme campaign • Sixteen local festivals supported • 92 press releases prepared and distributed • 14 high profile interviews for the media organised • 3,655 positive media reports generated • 70 comprehensive briefing notes prepared • Nine issues of the Newsletter published • Website regularly maintained and attracts 4,326 unique visitors monthly and total 142,446 visits so far • Facebook page attracted 6,816 likes and Twitter account amassed 637 followers • The Programme promotion material is regularly produced; • Three art competitions for European PROGRES successfully organised
Two advocacy/awareness campaigns promoting European values conducted within the Programme implementation	<ul style="list-style-type: none"> • 12 visits – ten to schools and two to faculties concluded • Three seminars for local and national media concluded • Five stand-alone campaign events concluded • "You are Europe" contest concluded • Social media campaign on track

²⁰³As indicated in the findings of the Citizens' Satisfaction Survey 2017 and compared to 2013 Citizens' Satisfaction Survey results