

ANNUAL REPORT | 2015

May 2014- June 2015



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

7 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: 31 October 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: 15 July 2015

Period covered: 7 May 2014 – 30 June 2015

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

European PROGRES has advanced towards the objective to contribute to sustainable development of 34 municipalities in the South East and South West Serbia. It completes the first year of implementation with **82 approved grants** that will be used to support: 20 partnership projects of civil society organisations (CSOs) and Local Self Governments (LSGs); 16 projects for improvement of local taxpayers' registries; 40 for development of the main designs for infrastructure projects; five projects for introduction of innovations and common market approach through clusters; and one project to support the Cross-Border Cooperation Programme Serbia Montenegro.

The largest individual project, the construction of the building for **Bujanovac Department of Subotica Economics Faculty** advanced in accordance with the plan, and is 60% completed with finishing of the third slab and start of installation works. Previously, European PROGRES facilitated consultations between the Ministry of Education, Science and Technological Development, the Coordination Body for Preševo, Bujanovac, and Medveđa, the Municipality of Bujanovac, the Subotica Economics Faculty, the donors and other stakeholders that resulted in fulfilment of legal and technical conditions for the start of the works. The Programme furthermore identified areas for coordinated action by the stakeholders supporting Bujanovac, Preševo, and Medveđa, in order to use the momentum created by the construction of the building for promotion of multi-ethnic cooperation and faster sustainable development. Finally, European PROGRES will provide assistants to the teachers of the Serbian language as a non-mother tongue in the schools in Preševo and Bujanovac.

The activities related to **technical assistance** are moving forward: support in development of capital investment plans and programme budgeting is being provided to 15 LSGs; the first two modules of the trainings about the International Federation of Consulting Engineers (FIDIC) contract modality for the infrastructure projects were delivered to 100 participants from 34 LSGs; European PROGRES implementing partner for gender activities, UN Women, carried out the Gender Equality Benchmarking Assessment of the local Gender Equality Mechanisms (GEMs) in 34 municipalities and started to develop tailor made capacity building packages, to name a few examples.

The foundation for **good governance** (GG) work has been established: there were two missions by the Swiss Backstoppers for GG that helped the Programme to define approach for implementation of activities and, in particular, the methodology for establishment of GG competence centres in the LSGs; the Local Governance Assessment that will provide insight into the governance levels of the participating LSGs is in the final phase; in consultation with the Standing Conference of Towns and Municipalities, European PROGRES defined approach for vertical dimension of GG that should contribute to improved coordination between the national and local authorities.

Communications efforts included: development of Programme's Communications Strategy; organisation of seven public events and ten high profile visits; launch of the website that had 31,196 visits; development of the Quarterly Newsletter and circulation of the first issue on 1,200 addresses; conduct of competition for European PROGRES' Calendar 2015 on the theme "Discover Europe" that inspired the high school pupils from 28 schools the Programme area to submit art works; sending out 12 press releases and organisation of three media interviews; opening of Facebook and Twitter accounts; and development of visual identity and promotional materials. These efforts yielded the first results: 585 media reports were registered accurately noting funding provided by the European Union and the Government of Switzerland.

The first year, however, did not pass without **hindrances**. First, European PROGRES recorded **instabilities in** a dozen participating **municipalities**, from changes in the ruling coalitions, replacements or arrests of mayors, internal party clashes, political defections, to physical assaults

between the members of the opposed political parties. These occurrences in conjunction with generally limited municipal capacities due to continual changes of grant managers and other key European PROGRES interlocutors due to politicization of LSGs, and systemic problems, such as unresolved public ownership, negatively affected LSGs performance: often there is no continuity of development policies and projects, quality and level of municipal engagement is inconsistent, in some cases very limited, and this will likely negatively reflect on the implementation of individual projects. European PROGRES will put additional efforts to assist the LSGs whose performances were weak in the first year.

In addition, and despite the Programme's timely technical assistance, the Finance Ministry Department for Contracting and Financing of EU Funded Programmes (CFCU)¹ advertised the **Call for Local Infrastructure** Projects only in March 2015, five months later than originally planned. As further delays were registered, with at end June 2015 the submitted concept notes have not yet started to be evaluated, the feasibility of good governance activities that are linked to infrastructure is brought under question as well as timely completion of the Programme.

The Programme **organisation and management systems** are in place: the Programme Steering Committee was established during the inception period and had five meetings; systems and tools for management of finances, procurement, and human resources are in place; offices are operational in Belgrade, Niš, Novi Pazar, and Vranje. European PROGRES predominantly uses grant methodology which gives ownership over the projects to the grantees while the Programme maintains monitoring and advisory role. Significant efforts were put to develop the **Programme governance** framework in accordance with the UNOPS project management methodology that is in compliance with the Projects IN Controlled Environment (PRINCE2): the Risk Management Strategy was designed and Risk and Issue Register established and maintained; systematic approach to learning is introduced, with lessons being identified, recorded, and actioned. Since European PROGRES is implemented under the UNOPS Serbia Operations Centre (RSOC) it benefits from the framework and structures that are established to ensure the projects, meet their objectives. For example, the Project Management Office (PMO) that was established by UNOPS RSOC in November 2014 supports the projects, including European PROGRES, to apply the best global project management standards. UNOPS RSOC Quality Management Strategy and Internal Assurance Procedure are additional tools that reinforce European PROGRES approach to quality. These efforts by the UNOPS RSOC are part of the change management project that has been designed in response to the quantity of work UNOPS received due to the floods disaster, aiming at ensuring efficiency and effectiveness of the use of staff and assets funded by the donors.

There were **two audits** of **UNOPS RSOC** and its projects, including European PROGRES, in 2015. The first audit was conducted in March 2015 by the United Nations Board of Auditors (UNBOA) and was focussed on human resources management. The second was performed by the UNOPS Internal Audit and Investigations Group (IAIG) in April and May 2015 and covered the broad range of issues, from management and leadership aspects, products and services quality, finance, human resources, administration, to security. Both **audit reports** were **positive** and provide additional assurance of quality performance of UNOPS RSOC and European PROGRES.

This Annual Report covers the period from 7 May 2014 until 30 June 2015 and provides an overview of progress and performance, update on the management and coordination issues, review of the key risks and issues, quality and sustainability considerations, insights into the key milestones for the next annual period, and a section on the lessons learnt. A number of annexes provide an in depth insight into particular actions taken by the Programme.

¹ The CFCU is managing a Grant Scheme and selected infrastructure projects separate to European PROGRES to which the Programme provides technical assistance only

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Review of progress and performance

Policy and Programme Context

Policies and legislation

The Law on Amendments to the Law on Planning and Construction² was adopted on 8 December 2014, and came into effect on 1 March 2015. The Law introduced unified procedure for issuing of construction permits, including establishment of e-permitting procedure as of January 2016. Furthermore, there is a simplified procedure for the construction of buildings when the investor is from the public sector, and consequently, the municipalities will be able to issue the location conditions for public infrastructure more easily. The Law introduced the ‘financiers’, which can apply for the construction permit, but cannot acquire the ownership right based on the construction. The changes related to urban and spatial planning introduced early public viewing and enquiry³, while each municipality must have local information system for management of planning documents.⁴

The Government of the Republic of Serbia (GoS) adopted the Strategy for Supporting the Development of Small and Medium-Sized Enterprises (SMEs), Entrepreneurship and Competitiveness for the period from 2015 to 2020, whose main objectives are to increase the number of business entities, increase employment and improve the business performance of SMEs.⁵ The Action Plan for implementation of the Strategy was adopted in 2015 outlining key milestones for improved support to SMEs, including establishment of unified procedure for e-permitting. European PROGRES’ support to clusters, vocational education, business enabling environment, introduction of quality management standards, and women entrepreneurship are aligned with the Strategy.

The GoS adopted the Action Plan for implementation of the Strategy for the Public Administration Reform in March 2015.⁶ The Strategy states the need for the whole system to become more professional, decentralized and depoliticized, with improved system of strategic planning and coordination of public policies.

The GoS adopted in September 2014 “Guidelines on Involvement of Civil Society Organisations (CSOs) in Legislative Process”.⁷ The new framework requests from local self-governments to initiate dialogue and cooperation with the CSOs, which is a significant positive change compared to existing practices. The Office for Cooperation with Civil Society has published in March 2015 second draft of the Strategy for Boosting the Civil Society⁸, which is to cover the 2015-2019 period. Adoption of the document is expected before the end of the current year.

Political changes in South Serbia and South West Serbia

The political changes at the local level resulted in deceleration of developmental efforts as some local self-governments (LSG) remain strongly driven by political motives which negatively affects the continuity of projects and reduces prospects for inter-municipal cooperation.

² The Law is available at <http://www.parlament.gov.rs/upload/archive/files/cir/pdf/zakoni/2014/4326-14.pdf>

³ The Programme incorporated this in the Call for Proposals for the Detailed Regulation Plans

⁴ This change will positively affect the implementation of the Geographic Information System (GIS)

⁵ The Government of Serbia, official web presentation of [the Ministry of Economy, Strategies](http://www.mdu.gov.rs/doc/Strategija%20reforme%20javne%20uprave%20u%20Republici%20Srbiji.pdf)

⁶ <http://www.mduls.gov.rs/doc/Strategija%20reforme%20javne%20uprave%20u%20Republici%20Srbiji.pdf>

⁷ <http://civilnodrustvo.gov.rs/vesti/usvojene-smernice-za-ukljucivanje-organizacija-civilnogdrustva-uprosesizrade-propisa-zakljucak/?lng=lat>

⁸ <http://civilnodrustvo.gov.rs/izdvajamo/objavljen-drugi-nacrt-nacionalne-strategije-za-podsticajno-okruzenje-za-razvoj-civilnog-drustva-za-period-od-2015-do-2019-godine/>

The first year of European PROGRES implementation saw numerous replacements of municipal high officials including five Mayors, in Vlasotince⁹, Prokuplje¹⁰, Blace, Vladičin Han¹¹ and Medveđa.¹² The changes most often mirrored political turmoil and inter-party disagreements on the national level and have predominantly resulted in the Serbian Progressive Party (SNS) taking the lead on the local level.¹³

In South West Serbia the October 2014 elections for the Bosniak National Minority Council (BNMC) caused a power shift and the coalitions headed by the Sandžak Democratic Party (SDP) were replaced by those led by the Party of Democratic Action (SDA). This resulted in numerous administrative staff changes on all levels and some interparty altercations across the South West Serbia.¹⁴ In Sjenica, the SDA broke up the coalition with the SDP and formed the new one with the Socialist Party of Serbia (SPS) and the United Regions of Serbia (URS). In Prijepolje, the SDP led coalition has managed to secure the quorum and remain in power while Nova Varoš Assembly didn't convene for four and a half months, which almost led to the extraordinary measures.¹⁵

Shifts in power were followed by open interparty hostility evidenced in the three events of physical assaults during municipal assembly sessions in Prijepolje, Vladičin Han and Medveđa.¹⁶

Simultaneously, several former municipal high officials underwent legal processes or have been imprisoned on various charges. Two former Prokuplje Mayors¹⁷ and the current Mayor of Doljevac¹⁸ have been prosecuted on corruption charges while the Mayor of Leskovac has been accused of physically assaulting a City employee.¹⁹

National Minority Councils (NMC) elections

The elections for the National Minority Councils (NMC) took place on 26 October 2014. Over 40 per cent of the registered electors (13,980 people) voted in the elections for the Albanian National Minorities Council (ANMC). The winning coalition of the "Democratic Party - Nagip Arifi" and "The Coalition for Unified Albanians" won 56 per cent of the votes – 20 and 36 percent respectively. "The Coalition for Albanian's Rights" led by the former ANMC President Galip Beqiri, who in the previous election received over 80 percent of votes, now with 43 percent lost the majority by getting only seven out of 15 available seats.²⁰ The ruling coalition nominated Jonuz Musliu, the leader of the Party for Democratic Movement for Prosperity and the President of the Assembly of Bujanovac, also known as the former political commissar of the so-called Liberation Army of Preševo, Bujanovac and Medveđa, as the new ANMC president.²¹

Bosniak National Minority Council (BNMC), which failed to be established in 2010 NMC elections, was formed after 40 percent of the registered voters (99,259 people) cast their ballot. Two participating lists - 'For Bosniak Unity' (BU) led by the President of Party for Democratic Action (SDA) Sulejman Ugljanin and 'For Bosniaks, Sandžak and Mufti' (BSM) headed by the Chief Mufti of the

⁹ 021.rs [Unsubordinated SPS and SNS members](#) (Published 30 November 2014)

¹⁰ Juznevesti.rs [The new Prokuplje Assembly President](#); (Published 3 June 2014)

¹¹ Rtv-vranje.rs [Third National MP from Pčinja SNS](#); Danas.rs [Vladičin Han Mayor joins National Parliament](#) (Published 06 October 2014);

Blic.rs [Vladičin Han gets a new Mayor](#); Okradio.rs [New Han mayor](#); Kurir.rs [SNS Han Administration](#) (Published in November 2014);

¹² Mondo.rs [Medveđa mourns its Mayor](#) (Published November 2014);

¹³ Toplickevesti.com [SNS takes over Blace Administration](#); Blic.rs [Interim Administration in Medveđa](#) (Published 20 June 2014);

¹⁴ Zlatarinfo.rs [Nova Varoš accept elections budget adoption](#); (January 2015); RTVNP [SDP representative attacked](#) (March 2015) Novosti.rs [Sandžak Power shifts](#) (Published in November 2014)

¹⁵ Zlatarinfo.rs [Adopted budget rather than election results](#) (Published in January 2015);

¹⁶ RTV NP [Attack on the PM](#) (Published in March 2015)

¹⁷ Juznevesti.com [Retrial for Lepojević](#) (Published 12 September 2014); Juznevesti.com [Retrial for Arsović](#) (Published 12 September 2014);

¹⁸ Juznevesti.com [Mayor in jail over brothers escape](#) (Published 16 June 2014);

¹⁹ Blic.rs [Leskovac Mayor assaults an employee](#); Jugpress.com [Assault charges against the Mayor](#) (Published in September 2014);

²⁰ B92 (2014) [Preliminary results of the national minority councils election](#); [5 election lists for Albanian Council](#); Presheva.com, Tutulli.com [Preliminary election results](#); [Election results](#) (Published in November 2014)

²¹ KT.gov.rs [Jonuz Musliu – new president of the Albanian National Council](#) (Published in November 2014)

Islamic Community in Serbia, Muamer Zukorlić won 19 and 16 mandates respectively.²² Even though the polling was repeated at three stations after the general elections and although the election results triggered political shifts and intra-party disputes in the area, the establishment of the BNMC is considered a success and has the support from the general public in the South West Serbia.²³

About 28 percent of the registered Roma voters took part in the elections for the Roma National Minority Council (RNMC). Out of 35 available seats, the list "Roma for a Better Future" won nine followed by the "Roma Voice for Europe" with six seats. Professor Vitomir Mihajlović was elected the RNMC President for the fourth time in the row. "This is Us" received majority of votes in the elections for the Bulgarian National Minority Council, while its leader, Vladimir Zaharijev, who has been Bosilegrad Mayor since 2001, was elected the President, with the support of 98,25 % registered voters.

Overall, the establishment of the NMCs is considered a positive development but continuous support and supervision from the national level is necessary to ensure proper functioning.

Minority Languages in Schools

In December 2014, the Ministry of Education, Science and Technological Development (MESTD) declared that one of its strategic goals regarding the minorities in Serbia is the introduction of bilingual education. The Ministry started a project to establish new standards for Serbian as the second language programme.

The new law on school textbooks, which should pass parliamentary procedure in 2015, stipulates that the NMCs should select one textbook per subject every four years. The law should be in place for 2017/18 school year.²⁴

In South Serbia the issues with education in Preševo, Bujanovac and Medveđa were addressed as the Republic of Serbia Coordination Body for Preševo, Bujanovac and Medveđa (CB) in cooperation with the MESTD, the British Embassy and the Office of the High Commissioner on National Minorities, completed a comprehensive Study²⁵ on the Possibilities of Improving Teaching and Learning Serbian as a Second Language in the Municipalities of Preševo, Bujanovac and Medveđa. Based on the recommendations from the study, European PROGRES will provide teaching assistants to teachers of Serbian as non mother tongue in four primary schools in Preševo and Bujanovac.²⁶ As the CB continues to work with the ANMC to provide adequate school books and accessories for the Albanian children the Council for Human Rights of Bujanovac reprimanded the MESTD for politicising the rights of children and the local Albanian leaders for allowing for the delivered books in Albanian, produced in Belgrade, to be used in the local schools.²⁷ The Kosovo* Minister of Education, Science and Technology visiting Preševo and Bujanovac in May 2015 stated that Kosovo is ready to provide the required textbooks to Preševo and Bujanovac.²⁸ The Serbian MESTD reminded that there is a legal procedure in place, which allows only the books published in Serbia, and officially approved by the MoESTD, to be used in schools in the country.²⁹

In South West Serbia the MESTD introduced bilingual lectures in the schools of Novi Pazar, Tutin, Sjenica and Prijepolje with a condition that a class can be formed only if 15 or more students

²² Radioplus.com [New Bosniak election winner](#) (Published in October 2014)

²³ Blic.rs [Historical Day for BNMC](#) (Published in October 2014)

²⁴ Sandzacke.rs [Bilingual classes MoESTD goal](#) (Published in December 2014)

²⁵ Coordination Body for Bujanovac, Preševo and Medveđa [Annual Report](#) (2014)

²⁶ Rts.rs [Young Albanians learn Serbian](#) (Published 24 May 2015)

²⁷ Blic.rs [Verbić visits Bujanovac amongst the demonstration](#) (September 2015)

²⁸ Rtv.rs [Kosovo Education Minister visiting South Serbia](#) (Published 25 May 2015)

²⁹ Novosti.rs [Priština supplements textbooks in Serbia](#) (Published 27 May 2015)

* This designation is without prejudice to positions on status, and is in line with the UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence

participate. In May 2015 BMNC and MESTD identified priorities to ensure realisation of the rights to bilingual education of minorities.

Preševo, Bujanovac and Medveđa

Besides the regular visits from the GoS officials there were several visits to Preševo, Bujanovac and Medveđa by the high and mid-level politicians from both Kosovo* including Kosovo Minister for Dialogue. Topics discussed during the visits include education,³⁰ alleged neglect of human rights of ethnic Albanians in Serbia and legalising free flow of goods between the three municipalities and Kosovo. Opening of additional two border crossings in Medveđa has been continuously discussed both locally³¹ and in Brussels negotiations between Belgrade and Priština.³² The visiting and local Albanian officials concluded that the ethnic Albanian representatives of the three municipalities should be included in the Brussels negotiations.

In November 2014 the Prime Minister of Albania, Edi Rama visited the three Municipalities and emphasised that unified approach of all Albanians in Serbia is crucial for the successful promotion of their rights in the Preševo Valley. Rama stated that Government of Serbia should extend the same rights to local Albanians secured for the Serbs of North Mitrovica.³³ He reiterated this opinion during the visit of Serbian Prime Minister, Aleksandar Vučić to Tirana on 26 May 2015.³⁴

In May 2015 some 700 Albanians from Kumanovo took temporary refuge in Preševo³⁵ after ethnic Albanian self-proclaimed National Liberation Army clashed with the police forces in the Former Yugoslavia Republic of Macedonia's (FYROM) town of Kumanovo on 9 May, leaving eight policemen dead and 30 injured.³⁶ Serbian and some international media saw the attack as the attempt to destabilise the whole region while the FYROM blamed Kosovans for the clashes.³⁷ Serbian Army³⁸ and the local political leaders³⁹ estimated that the situation in the Ground Safety Zone bordering with Macedonia is stable and will not affect the three areas.

South Serbia Population Count

In March 2015 the representatives of the GoS and the local authorities from Preševo, Bujanovac, and Medveđa began discussions on overcoming the problem with estimating the number of residents in the three areas⁴⁰, which emerged following the boycott of the 2011 Census by the ethnic Albanian population.⁴¹

On 12 June the methodology of the population count, was established by a team of international experts hired by the Organization for Security and Co-operation in Europe (OSCE), the European Union Delegation (DEU) through European PROGRES and the Mission to Serbia United States (US) Embassy and approved by all parties including the local ethnic Albanian leaders and the Government of Serbia officials. The exercise should be completed by July 2015.

³⁰ B92.net [Kosovo officials in Bujanovac](#) (Published 10 March 2015)

³¹ Titulli.com [Medveđa two more border crossings with Kosovo](#) (Published March 2015)

³² Titulli.com [Agreement reached, Medveđa opens border](#) (Published 22 May 2015)

³³ Titulli.com [Edi Rama in political visit](#) (Published in 2015)

³⁴ Titulli.com [Vučić: Rama and I know who was behind the drone incident](#) (Published 25 May 2015)

³⁵ Titulli.com [Hundreds of Albanians from Kumanovo flee to the Preševo Valley](#) (Published 09 May 2015)

³⁶ Presheva.com [We will not stop until the Government falls](#) (Published 09 May 2015)

³⁷ Bbc.com [Macedonia blames Kosovo for the deadly clashes](#) (Published 10 May 2015)

³⁸ Titulli.com [Riza Halimi: No escalation of the situation in the Valley](#) (Published 13 May 2015)

³⁹ Titulli.com [Situation calm and stable](#) (Published 13 May 2015)

⁴⁰ KTS.rs [Cooperation between LSU and GoS is important](#) (Published in March 2015)

* This designation is without prejudice to positions on status, and is in line with the UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence

⁴¹ Danas.rs [Expert estimate instead of Census](#); Okradio.rs [Compromise on number of ethnic Albanians in the South](#); Novosti.rs [Estimate instead of Census](#); Akter.co.rs [There will not be census in the South](#) (Published 22-24 May 2015)

Migration in Preševo

Preševo became a hub for international migration as approximately hundreds to thousands migrants mainly from Syria and Iraq enter the municipality every day on their way to the EU countries⁴² with the support from well paid “guides”.⁴³

The majority of newcomers have gathered at Bujanovac bus station intending to move north unaware that the Hungarian Government is planning to raise a wall on the border with Serbia. The illegal immigrants are mostly men in their thirties but there are a lot of women and children as well.⁴⁴

The local self-government has so far been providing all necessary help but the food supplies are slowly running out. The Municipality is also pushing with the adaptation of the ex-tobacco processing company administration building to accommodate the migrants.⁴⁵

Meanwhile, the Serbian Red Cross (SRC) and the United Nations High Commissioner for Refugees (UNHCR) have set up two registration tents at the Sports Stadium in the centre of Preševo which now doubles as a transit facility for the refugees. As the police have limited registry capacity the newcomers can spend up to three days in the registration centre. The accumulation of population presents a health hazard⁴⁶ due to potential spread of communicable diseases. The Municipality of Preševo is negotiating with Vranje Institute of Public Health, the SRC and the Local Health Centre, to relocate the registration services and transit tents to the border crossing. The Municipality expressed readiness to provide basic food and drinkable water to the refugees but needs support from the humanitarian sector while also calling for support from the the Serbian Commissariat for Refugees and Migration.

Floods in South and South East Serbia

Medveđa, Vladičin Han, Aleksinac, Žitorađa, Blace, Prokuplje, Svrljig and Bujanovac Spa were struck by heavy rains and floods during July and late November 2014 that caused extensive damage to agricultural crops and flooded tens of houses and agriculture fields resulting in number of citizens filing claims for recovery of damages from municipal administration.⁴⁷

Economic

Privatisation of some of the largest public companies in the Programme municipalities continued and in February 2015, after several attempts, Vojin Popović from Novi Pazar was bought for a million Euros, which was half of the estimated value, by a consortium of M.N. Petrol Company from Novi Pazar and Turkish businessman, Kenan Gunay.⁴⁸ Similarly, Car Factory Priboj (FAP) was privatised by the only bidder for the tender the Finish company SISU auto. In July 2014, the GoS has relinquished its part of FAP ownership and signed it over to Priboj Municipality.⁴⁹

Leskovac and Knjaževac are amongst six Serbian municipalities that fulfilled 12 criteria and over 80 sub-criteria and received Business Friendly Certification in favourable business environment in South East Europe from National Alliance for Local Economic Development (NALED). The certification

⁴² Juznevesti.rs [Migrants in the train near Preševo](#); Rtv.rs [28 illegal migrants in vicinity of Surdulica](#) (Published 22 May 2015);

⁴³ Rts.rs [Lines of migrants on the road to Belgrade](#) (Published 22 June 2015)

⁴⁴ Vesti-online.com [Lines of immigrants wonder around Serbia](#) ; Danas.rs [Immigrant attack on Serbia](#) (Published 22 June 2015)

⁴⁵ B92.net [Preševo the Immigrant town](#) (Published 23 June 2015)

⁴⁶ OKradio [Alarming numbers of migrants](#); Telegraf.rs [Epidemics unavoidable](#) (Published 23 June 2015)

⁴⁷ Blic.rs [Houses flooded in Bujanovac](#) (Published 31 July 2014); Juznevesti.com [250 requests for flood rehabilitation](#) (Published 07 August 2014); Okradio.rs [Bujanovac spa flooded](#) (Published 20 November 2014);

⁴⁸ Radiostoplus.com [Vojin Popovic finally sold](#) (Published 11 February 2015)

⁴⁹ Vesti.mojauto.rs [SISU the only bidder for FAP](#) (Published 30 April 2015) Blic.rs [GoS hands over FAP](#) (Published 21 June 2015)

promotes the standards of efficient and transparent local administration and allows the evaluation of the quality of service and information the municipalities provide to investors and businesses.⁵⁰

In 2014 textile enterprise “Sanatex” from Sjenica received subsidies from Nova Varoš municipality for job creation and had since employed 31 local women. This successful company is considered the largest exporter in Zlatibor District and currently employs around 500 workers, mainly women from the region.⁵¹

The CB provided RSD 52 million to support employment generation activities of 21 SMEs from the three municipalities. Bujanovac SMEs were the most successful as 15 local businesses received incentives worth RSD 37 million to employ 69 people. Five companies in Preševo will employ 13 people, and two companies from Medveđa should add three more new jobs.⁵²

The Municipality of Žitorađa, in cooperation with the German company Leoni, allocated RSD 6.5 million to open 150 new jobs in the new Malošite facility for production of cables. The company should provide 150 families with income while these subsidies should be returned to municipal budget in two years, through taxes and contributions.⁵³

During April 2015 the Fruits and Berries (FB) Programme – a joint Serbian-Danish venture supporting berry fruit producers in South Serbia achieved one million Euros export value increase and 190 new jobs - half of which engage women. The project supports small farms through purchase of equipment, new processing facilities and irrigation systems creating a solid basis for sustainable berry fruit production as well as cooperation in other areas of agriculture in South Serbia. The FB programme is developed on the basis of bilateral and special implementation agreements and funded by the Governments of the Kingdom of Denmark and Serbia with 5.35 million Euros and 3.9 million Euros respectively.⁵⁴

Social infrastructure funding

In February 2015, Serbia Waters and the City of Novi Pazar received 1.5 million Euros from the World Bank for continuation of flood prevention efforts on the Raška river bed in the industrial zone of Novi Pazar. The project is complementary to the previous EU PROGRES efforts in the Municipality and aims to further reduce the threat of flooding in the industrial zone of Novi Pazar.⁵⁵

On 20 March the Prime Minister of the Republic of Serbia, Aleksandar Vučić visited Novi Pazar to mark the start of the construction of the Diagnostics Centre, a school and a kindergarten. The three projects are funded by the Government of the United Arab Emirates with seven million Euros.⁵⁶ In 2014 the Government of Serbia allocated one million Euros and announced provision of additional million in 2015 for the development of the City’s infrastructure.⁵⁷

⁵⁰ Rtv.rs [BFS standard signed by 11 Municipalities](#) (Published 04 July 2014)

⁵¹ Danas.rs http://www.danas.rs/dodaci/sandzak/posao_za_31_novovarosanku.42.html?news_id=290924 (Published in October 2010)

⁵² Radio Television of Serbia [Subsidies for the South Serbia](#) (Published 29 November 2014)

⁵³ Toplickevesti.com [Žitorađa invests in the new jobs](#) [online] (Published 25 February 2015)

⁵⁴ B92.rs [Fruit and Berries a receipt for success](#) (Published 18 March 2015)

⁵⁵ Sandzakhaber.net [Flood prevention continues in Novi Pazar](#) (Published in March 2015)

⁵⁶ Blic [In Novi Pazar we can only advance together](#) (Published in April 2015)

⁵⁷ Radioplus [Novi Pazar receives substantial funds for infrastructure development](#) (Published in February 2015)

Progress towards achieving objectives

The first year was about **setting foundations** for the implementation in the next two and a half years as well as about making **initial progress** towards the overall objective - enhanced competitiveness and sustainable development of 34 LSGs in the South East and South West Serbia. There are few indicators that European PROGRES is on the right track.

Out of 29 Programme activities, **22 or 76%** have been progressing in accordance with the initial plan and **5 or 17%** are moving forward with small but manageable delay. Two activities that are linked to the CFCU grant scheme for local infrastructure are critical because the delays in the conduct of the respective CfP have already reached seven months.⁵⁸

The Programme conducted **six calls** for proposals (CfP): to support partnership projects of the CSOs and LSGs, through the Citizens' Involvement Fund; for improvement taxpayers' registries; to provide technical assistance for capital investment planning (CIP) and programme budgeting (PB); for development of main designs for infrastructure projects; for supporting clusters in innovations and common market approach; and for development of detailed regulation plans. **Two more CfPs** are open: the CfP for Introduction and Development of Geographic Information Systems (GIS) and for Supporting Women Entrepreneurship with Start-up Grants. In addition, the Department for Contracting and Financing of EU Funded Programmes (CFCU) of the Ministry of Finance, with European PROGRES' technical assistance, published **the CfP for Local Infrastructure Projects**.

Status of European PROGRES Calls for Proposals

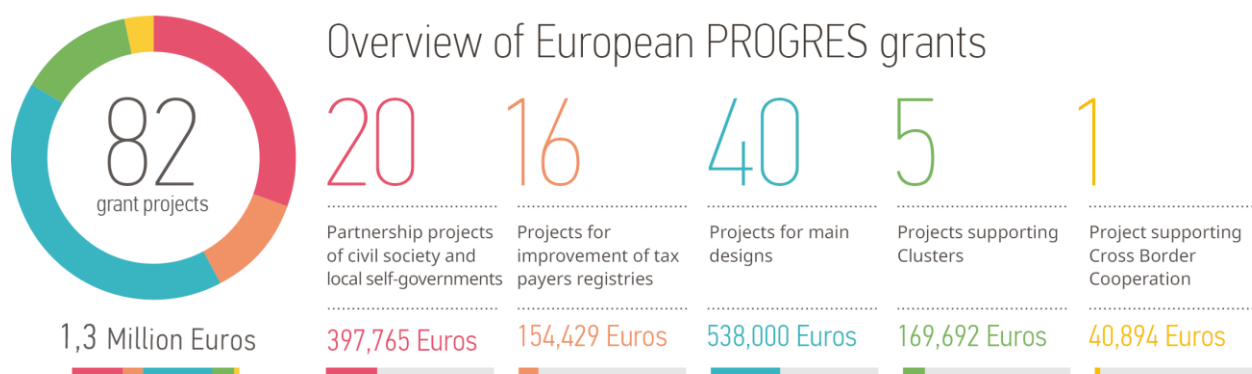
Call for Proposal	Applications	Municipalities	Approved projects	Approved funding
CIF: Partnership projects of the CSOs and LSGs	77	32	20	397,765 Euros
Development of Main Designs for Local Infrastructure	53	28	40	538,000 Euros
Improvement of the Tax Payers Registry	30	30	16	154,429 Euros
Provision of support to clusters	9	n/a	5	169,692 Euros
Technical Assistance in Capital Investment Planning and Programme Budgeting*	15	15	15	Technical Assistance
Formulation of Detailed Regulation Plans	38	27	pending PSC decision	pending PSC decision

Analysis of four closed CfPs (excluding calls for clusters and CIPs and PBs, as the level of LSGs engagement is not directly comparable) shows that on an average **29 LSGs or 85%** respond to opportunities to obtain grants through European PROGRES. This is encouraging and signals high relevance of the Programme. It is, however, necessary to note that interest for so called "softer" support is lower. The best example is provision of technical assistance for CIPs and PB - although some LSGs introduced these previously and did not need European PROGRES support, even after

⁵⁸ The Progress against Indicators in the Logical Framework Matrix that is provided in the Annex VI, which is the integral part of this document

extension of the CFP deadline, only 15 municipalities applied for assistance. It is of concern that some LSGs did not apply because there was no support from the mayors. In addition, there are several municipalities whose engagement on a whole was very limited.⁵⁹

The four completed CFPs resulted in endorsement by the European PROGRES Steering Committee of recommendations for issuing of 82 grants, worth in total 1.3 million Euros.



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

European PROGRES activities within this Result primarily were aimed at enhancing management of public finances at the local level. Provision of technical assistance (TA) for development of Capital Investment Plans (CIPs) in ten LSGs will help them to better plan budget spending for major projects and will increase the chances for accessing external funding, especially grants. Support to development of Programme Budgets (PBs) to 15 beneficiary municipalities is in compliance with the Serbian Budget System Law and Law on Local-Self Government, and will contribute to greater transparency in usage of public funds. PBs also establishes clear links between policies and programmes, on the one, and resources and results, on the other hand.

The Programme's support for improvement of taxpayers' registries in 16 LSGs will increase the number of taxpayers by estimated 16.5%, and will contribute to increased local revenues from tax collection by projected average 19% per project proposals.⁶⁰

Provision of a comprehensive, two year training in the use of International Federation of Consulting Engineers (FIDIC) contract modality for infrastructure projects, to the LSGs, European Integration Office of the Government of the Republic of Serbia (SEIO), and the CFCU, should improve their performance in management of construction, which may be instrumental for implementation of future projects that are funded by the European Union (EU).

Within this result, European PROGRES has started to work with 34 LSGs on establishment of so called good governance (GG) competence centres. The objective is not to establish a separate

⁵⁹ Overview of activities in LSGs and analysis of their engagement is provided in the Annex V, Attachments 5.7 and 5.8

⁶⁰ The targets set in the European PROGRES Description of Action and Logical Framework Matrix is for at least 15 LSGs to increase revenue from tax collection by at least 15%

structure to the existing ones, but to ensure that LSGs can have sustained benefits from knowledge and experience in GG.

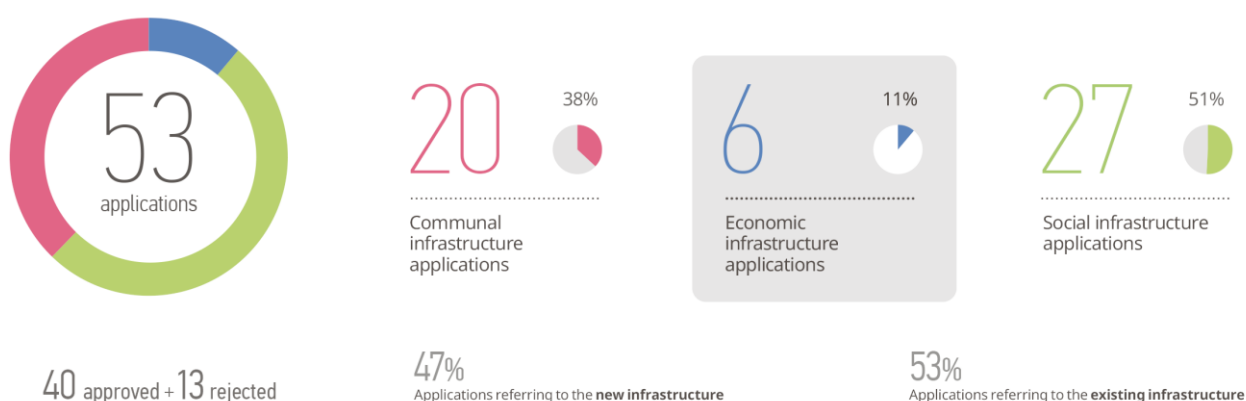
Result 2

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

The most significant progress was made within the efforts to support SMEs through clusters and enhanced preparedness of projects in the field of infrastructure. The Programme provided five grants to clusters, three from the South West, and two from the South East, and it is expected that these projects will increase turnover or export of 28 benefiting SMEs by at least 5% and generate cost savings due to enhanced energy efficiency. The projects should also generate at least 15 new jobs.

The CfP for the Development of the Main Designs, although satisfactory in terms of response from the LSGs, brought very limited number of projects that have potential to contribute to increased economic activity. Specifically, six of 53 received applications, or 11%, related to the creation of conditions for development of economic infrastructure. In addition, 53% applications focussed on the preparation of the main designs for the reconstruction of the existing buildings. If this trend continues within the conduct of other relevant CfPs, European PROGRES will not be able to provide full contribution to investments and employments in the area.

The Call for Development of Main Designs:
few economic projects and limited investments into new infrastructure



The Programme prepared an analysis to explain the low number of economic projects as well as why 53% are for reconstruction rather than for new infrastructure.⁶¹ The results showed that there were two groups of reasons for the absence of high-impact projects. Primarily, there are systemic problems, such as unresolved public property issues or conflicting laws and regulations. Secondly, the political leadership tends to seek quick and visible gains rather than work persistently on the realisation of long-term and strategic development concepts that would bring larger, lasting benefits. The analysis recommends conduct of another CfP in this field and what the criteria should be.

The largest European PROGRES individual project is the Construction of Bujanovac Department of Subotica Economics Faculty goes according to the plan, with 60% works completed already. This action is priority of the Government of Serbia for the South of the country and it should contribute

⁶¹ Analysis of CfP for main designs results is available in the Annex II, Attachment 2.2

to integration of the Albanian minority but has a strong business environment dimension as access to high education can in the long run be a vehicle for recovery of the area.

Women empowerment including economic, remains as one of the key Programme's focuses in this period. The Programme is currently carrying out a grant scheme to provide equipment/durable goods needed for starting the business for approximately 40 new business women from 34 municipalities

Experience with implementation of public-private partnership (PPP) projects in Serbia had poor results with only one project fully implemented to date. Thus, the set goal of two PPP projects developed and implemented might be too ambitious. The Programme will, however, in cooperation with the Government of Serbia Commission for the Public Private Partnership, initially engage with the LSGs in order to enhance their understanding of the PPP concept. Subsequently, it will confirm interest of LSGs and private partners and potential projects for the activity.

The Programme also made progress in definition of support to implementation of the Law on Planning and Construction – the focus will be on provision of TA to LSGs to implement unified procedure for issuing of construction permits, especially part related to e-permitting. This should directly contribute to improvement of local competitiveness of levels. Finalisation of actions to support agricultural producer groups and to introduce quality standards in SMEs should also positively affect competitiveness landscape of the Programme area.

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

Social inclusion activities were versatile. The implementation of the first cycle of the Citizens' Involvement Fund (CIF) is well underway with 20 projects being funded. These initiatives will contribute to the social inclusion and economic empowerment of the vulnerable and marginalised groups, as some first results are demonstrating. For example, sixteen impoverished and socially excluded women were equipped through a CIF project with greenhouses and seedlings for vegetable production which should generate income for them and **70 members** of their families in near future.

Furthermore, the Muscular Dystrophy Association of Jablanica District project contributed substantively to the quality, efficiency and availability of a very specific health service in Jablanica and Pčinja Districts, when the group of **33 doctors were trained** how to use - application of the Non-Invasive Ventilation (NIV), for the persons with neuromuscular dystrophy. A group of 33 doctors from the Districts were trained how to use the NIV with people with severe disabilities. In addition, **24 people with disabilities** and their family members were trained on how to use the NIV device at home. This project will contribute to decrease in number of deaths of neuromuscular patients as well as to improvement of their health condition.

Also, the CIF intervention continues to provide both the LSGs and CSOs with insights on how to improve their cooperation. European PROGRES will research the effects in this respect within development of criteria for the second CIF CfPs.

The Programme has also developed concept for the provision of expert support to the municipalities to assess the needs of vulnerable and marginalised, to review, create and/or update new or existing relevant local policies important for these groups, to build capacities of relevant local organisations/institutions, and then to pilot new policies in a practical way. The implementation of the activities is expected to start early in September 2015.

Efforts to support learning of Serbian as non mother tongue in Preševo and Bujanovac advanced. The Programme, in coordination with the MESTD and the CB, is in the final stage of selecting an entity that will provide teaching assistants to Serbian language teachers in four primary schools in Preševo and Bujanovac. This intervention will start in September 2015 and will help approximately **3,000 Albanian school children** to improve their level of knowledge of the Serbian language and contribute to integration of this community.

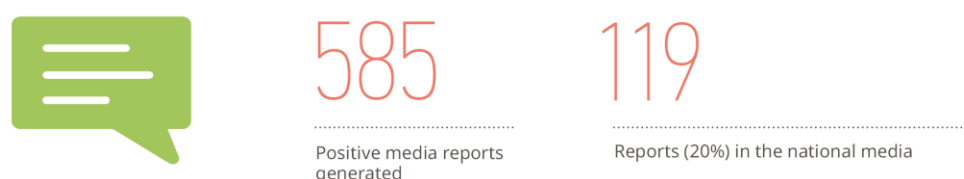
Result 4

Effects of Serbia's European accession communicated to general public

European PROGRES made the first steps towards the communication of the benefits of the Programme and European values through the partnership of the European Union (EU), the Government of Switzerland, and the Government of Serbia. While following the Communications Strategy, the Programme used a variety of tools to reach out to its audiences: from high profile visits and public events, work with media, website, newsletter, social media, art competition, to publications and visual materials. These activities started to show effectiveness: additional public space was created for consideration of important societal themes that are often linked to European integration, and increased visibility of donors' financial support.

European PROGRES communication activities generated **585 media reports** of which 119 reports or 20% were in the national media.⁶² This is a solid starting result in comparison with 500 reports that were recorded during the first year of the predecessor Programme, EU PROGRES, which was widely recognised as a key vehicle for donors' visibility at the local level. Media generally showed interest for tangible actions, such as infrastructure projects, CfPs or grants. They followed closely visits involving senior officials, especially of the DEU and the Swiss Ambassadors, confirming once again that their presence in the Programme area is important for the visibility of their financial assistance but also that provides opportunity to encourage reforms, especially those related to the EU accession.

European PROGRES coverage in the media



The largest number of media reports, over 70, was registered about European PROGRES' support to women entrepreneurship. This theme also attracted 12,498 visits to the website in two weeks after advertisement of the CfP, which is a record number, confirming how communications can contribute to the successful implementation of an activity.

European PROGRES website⁶³ attracts on average **2,658 unique visitors** monthly and registered the total of **31,196 visits**. This is almost triple in comparison with the first seven months of EU PROGRES' website which had 928 unique visitors in average per month and total of 10,674 visits.⁶⁴

⁶² Media Coverage Table is available in the Annex IV, Attachment 4.1

⁶³ www.europeanprogres.org

⁶⁴ European PROGRES Website Statistics are provided in the Annex IV, Attachment 4.2

Number of visits to the Programme website



31,196*

* Since the launch of the website on 8 December 2014

2,658

Unique visitors monthly in average

It is positive that local officials in their public speaking identify the EU and the Government of Switzerland as their key development partners and express commitment to adopt European standards.⁶⁵ In many instances, the Programme recorded that local officials welcome activities such as development of planning and technical documentation, which is a positive change also signalling their increased awareness about development process.⁶⁶

There are two issues that the Programme needs to address. First, European PROGRES current design encompasses significant technical assistance (TA) and limited number of projects that will be visible to general public. Hence, the communications objectives may be negatively affected. Small modifications that would provide additional visibility opportunities for the Government of Serbia and the donors should therefore be considered. In addition, despite certain limitations, European PROGRES must continue to strive to enhance exposure to the national media.

Activities

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

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

Technical assistance for capital investment planning (CIPs) and programme budgeting (PB) is underway for 15 LSGs, including five⁶⁷ previously assisted through the EU PROGRES and additional ten⁶⁸ selected through a public call for proposals⁶⁹ conducted in November 2014. Two technical experts have been recruited to provide comprehensive technical assistance to LSGs in development of the multi-year Capital Investment Plans (CIPs) for 2016-2020 period and Programme Budgets (PBs) for 2016. The TA is being provided to elevate the municipal governments' financial management operations through a mentoring process and trainings delivered to appropriate elected and appointed local officials.⁷⁰

Even though the initial interest of the LSGs for the call was moderate, with only 15 applications received, the interest of the selected municipalities for assistance is witnessed to be significant with

⁶⁵ European PROGRES had insight into interviews given by the mayors of Novi Pazar, Vranje, Trgovište, and Babušnica.

⁶⁶ Novi Pazar Mayor at the April PSC in Prijepolje spoke about importance of small projects, including development of technical documentation with the EU and Swiss funding support, that enabled the City to access significant donor's funding. This was contrary to earlier criticism of such type of support.

⁶⁷ Through EU PROGRES, Raška, Nova Varoš, Vlasotince, Vladičin Han and Medveđa were supported for development of five-year Capital Investment Plans (2014-2018) and programme budgeting for year 2014

⁶⁸ Through the public call published in December 2014 and closed in February 2015, the following ten LSGs were selected: Aleksinac, Bela Palanka, Blace, Brus, Bujanovac, Merošina, Novi Pazar, Preševo, Sjenica and Vranje

⁶⁹ [CfP for Developing CIPs and PBs](#)

⁷⁰ The assistance is outlined in the Inception Report provided as an Annex I, Attachment 1.1

high level local representatives leading the process, i.e. municipal/city councillors and assistant mayors appointed as coordinators of local teams. During the reporting period, all participating LSGs have developed thorough action plans for the activity which have been verified by local councils.

The interest of LSGs for improvement of the taxpayers' registries has been extremely high as 30 Programme LSGs applied for grant support.⁷¹ Upon completion of the selection process through a public call procedure conducted in November-December 2014, the Programme Steering Committee (PSC) has approved support to 16 best projects of LSGs. The selected LSGs currently implement activities which contribute to expansion of the taxpayers' databases, completion of property census, and taking actions contributing to transparency of the taxation process. A two-three months delay was registered for implementation of some grants due to issues regarding the procedure for the payment of donors' funds and municipal financial participation. European PROGRES, with the SEIO's assistance, is working to resolve the issues raised by several LSGs.

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

In October and November, 2014, the Programme carried out the assessment of the Planning Documents and the Geographic Information System (GIS) which showed that LSGs needed support for the development of detailed regulation plans (DRPs) and confirmed that LSGs had interest and potential for GIS improvement.⁷²

Following the February PSC approval, the CfP for the Development of Detailed Regulation Plans (DRPs) was open from 5 March until 7 April 2015 with the total allocated budget of 280,000 Euros.⁷³ European PROGRES organised three information sessions to introduce the CfP, from 10 to 12 March, with 69 participants (31 women or 45%), from 27 LSGs, to nearly 100% acclaim in evaluations.

The Programme received applications from 24 LSGs with 38 DRPs. The Evaluation Committee recommended 23 applications with 35 DRPs for funding. Fourteen DRPs are for the improvement of public infrastructure, ten are for the development of conditions for new investments, two for the rehabilitation of brownfield sites and nine for the revitalisation of deprived urban areas.

The funding requested from the Programme is 321,518 Euros, more than the amount initially made available for the Call. However, with the savings that can be made in the budget for this activity, mostly from the envisaged consultants' fees, the sector proposed to fund all 35 DRPs. The PSC consideration is expected in July 2015.

The final set of criteria for the CfP for introduction of the Geographic Information System (GIS) was approved at the PSC meeting of 28 April.⁷⁴ The GIS training, in preparation of the Call publication was held from 11 to 21 May 2015 for 28 municipalities with 55 participants (5 women or 9%). The CfP was advertised on 26 May and will be open until 13 August 2015.

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

A Memorandum of Understanding (MoU) was signed with the Serbian Chambers of Engineers (SCoE) in October 2014⁷⁵, in preparation of the delivery of trainings on the FIDIC contract modality in

⁷¹ The interest of LSGs was boosted with informative sessions held at four locations with a total of 89 representatives of 33 LSGs and a follow-up Q&A page posted at the Programme's website

⁷² The Assessment of the Planning Documents and the Geographic Information System (GIS) is provided as an Annex I, Attachment 1.2

⁷³ [The CfP for Development of Detailed Regulation Plans](#)

⁷⁴ [The CfP for Introduction and Development of Geographic Information System](#)

⁷⁵ The Memorandum of Understanding (MoU) was signed with the Serbian Chambers of Engineers is provided as an Annex I, Attachment 1.3

implementing infrastructure projects. The SCoE is providing the institutional support and the training curricula will be embedded in its continuous education of licensed engineers.

In January 2015, the Programme signed the contract with the Association of Consulting Engineers Serbia (ACES) for the delivery of trainings on the FIDIC contract modality for participants from local self-governments and staff from the CFCU and the SEIO. Five modules will be delivered in 12 months: introduction to FIDIC, practical use of FIDIC, management of claims and disputes, dispute adjudication board and management and administration of FIDIC contracts, followed by 12 months of on-job trainings.

After the needs assessment, the ACES identified 100 municipal employees, 62 men and 38 women, from all 34 LSGs that will participate in the training. Five staff from the CFCU and the SEIO who are responsible for management of infrastructure contracts and projects will also benefit from the trainings. The first two modules were completed as of 30 June 2015.

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

The Programme conducted two cycles of visits to 34 municipalities to present framework for Good Governance (GG) activities. Despite limited interest for GG by some LSGs that was noted during the inception period, after these visits the majority of municipalities expressed support to the planned interventions, and each of them assigned a local official that will be contact point for GG specifically.

The induction workshop for the appointed officials was organised in December 2014, with 36 participants (11 women and 25 men). The capacity building concept for this activity has been developed and the training curriculum is currently under development, with close collaboration with the Swiss GG back-stopping experts. The very activities are to start in September 2015 and will be linked to implementation of their respective municipal projects.

The main idea behind this intervention is to support municipalities to create a permanent technical capacity and expertise on GG, without creation of new administrative structures, a new permanent technical asset which will be in essence an added-value to other Programme's interventions, such as implementation of municipal infrastructure projects.

To enhance mutual understanding and clarify commitments and duties of each party involved in the Good Governance related processes, the Programme has developed a no-cash Memorandum of Understanding (MoU), which is expected to be signed with the Municipalities in September 2015.

At the same time, numerous actors in 34 municipalities, including local self-governments, their organisations and institutions, representatives of local civil sector and other interested parties, took active participation in Local Governance Assessment, which has been carried out in their communities.

The Assessment field work ended in May and is currently in data compilation and analysis phase. The findings and recommendations from this Assessment are expected to be ready by mid-July. They will be used as the basis for planning next steps in planning and conducting local governance reforms in municipalities. The activities are expected to start by October.

The Swiss Agency for Development and Cooperation (SDC) continues in this Programme as well to provide outsourced expert support for Good Governance aspects of the activities. There were two visits of the Swiss GG back-stoppers (April and May), and the next is planned for early September.⁷⁶

⁷⁶ The Swiss Back-stoppers Report is provided in the Annex I, Attachment 1.5

1.5 Institutional development of local gender equality mechanisms

This and the Activity 1.7 were designed to be implemented in parallel and synchronisation. Following the October PSC approval, their implementation has been outsourced to UN Women. The main idea behind this intervention was to scan existing capacities of local Gender Equality Mechanisms (GEMs), develop capacity development and institutional strengthening interventions, and later-on provide small grants for funding of gender projects in the municipalities.⁷⁷

To that end, the Gender Benchmarking Assessment of the Institutional Capacities of GEMs in 34 municipalities has been finalised in June 2015.⁷⁸ The gaps identified in the Assessment will be then addressed with tailor-made capacity development activities.

Out of 34 established GEMs, five will initiate the process of change in the existing structure: two municipalities are to improve the existing structure in terms of a transfer from the appointed contact person to establishing a Council, whereas three municipalities are to carry out changes with regard to the membership of the mechanism in order to remain a permanent and active municipal body. Vranje so far has successfully completed this process by replacing members of the existing mechanism and activating it.

Thirteen municipalities do not have yet local GE LAPs action plans and they will be provided with technical support for drafting thereof. This process will include establishing working groups, defining priorities through consultations with competent institutions and women in the local community, gathering gender sensitive data based on which LAP activities are to be defined (on healthcare, population, education, decision-making, economic status etc.), and submitting guidelines and decisions with regard to drafting and adoption of LAPs. It is expected that the remaining 13 municipalities will make decisions and adopt LAPs by the end of 2015.

Fifteen out of 34 municipalities have adopted the European Charter for Equality of Men and Women in Local Life. An initiative has been launched to start the process of adopting and signing thereof. The municipalities have been forwarded model decisions on adoption and signing the European Charter and their signing is expected by the end of the year.

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

In the second stage of the gender equality related activities, which are planned for the post-local elections period in 2016, the Programme will support establishment of network of women members of Assemblies and will be working on linking them to the network of Women Members of the National Assembly, for stronger gender equality advocacy and lobbying.

1.7 Gender responsive budgeting

UN Women, implementing partner for this activity, on the basis of the Gender Benchmarking Assessment of Institutional Capacities of Local GEMs developed criteria for the selection of municipalities that will receive assistance to introduce Gender Responsive Budgeting (GRB). The criteria for the selection of the municipalities have included: level of development and institutional disaggregation of the local GEM, status and level of activity of the local GEM, so-far support to realisation of activities in this area, level of trainings completed, composition of local GEMs and commitment thereof and so-far activities of the GEM. In addition, geographic distribution of the selected municipalities has also been taken into account.

⁷⁷ UN Women gender project proposal is available in the Annex I, Attachment 1.6

⁷⁸ The Gender Benchmarking Assessment of the Institutional Capacities of GEMs in 34 municipalities is provided in the Annex I, Attachment 1.7

Based on the defined criteria and assessments, the following eight municipalities have initiated the process of mainstreaming GRB: Aleksinac, Bujanovac, Vlasotince, Vladičin Han, Sjenica, Prijepolje, Priboj and Nova Varoš. In May and June 2015, four trainings on GRB were delivered to a total of 23 participants (20 women and three men). The trainings were aimed at strengthening capacities of local mechanism for implementation of gender analysis, identifying priority areas for implementation of GRB in municipalities, as well as mainstreaming GRB in the annual budgetary cycle practice.

The development of guidelines for implementation of GRB is in progress. In addition to this, GRB Teams have been established in all eight municipalities that participate in this process and these teams consist of local GEMs and representatives of finance departments. They will be crucial for advancement of GRB processes in later stages.

The relevance of the GRB activities is additionally underlined with the Ministry of Finance impending instruction to the LSGs to amend their local budgetary processes in order to ensure that gender aspect will be taken into consideration, thus effectively mainstreaming GRB.

Result 2

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

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

Updated policy on planning and construction slowed down the implementation of this activity. Namely, the amendments to the Law adopted in December 2014 have institutionalised a framework for e-permitting and full implementation of the Law is yet to be initiated as the key element of the system – its software – is to be developed by the end of 2015. Thus, the Programme went through a stagnation period in anticipation of the new legislation, and is currently re-designing the activity to allow for synchronisation with the Government's efforts. On the other side, the modernised policy could lead to multiplied impact of the activity as it is now backed-up with appropriate legislation. Within efforts to identify areas that would be the most relevant for support, the Programme met key stakeholders in this field, including the Ministry of Construction, Transport, and Infrastructure, the SCTM, USAID Business Enabling Programme (USAID BEP), the National Alliance for Local Economic Development (NALED), and the Centre for Good Governance OPTIMUS. Consultations indicated that the Programme should provide support to LSGs for implementation of e-permitting procedure which will include, but not be limited to, analysis of current capacities in relation to legal requirements, provision of technical assistance and training to the key LSG personnel and provision of technical equipment as needed.

The four LSGs⁷⁹ supported to establish One Stop Shops within the EU PROGRES have the upper hand compared to other LSGs as the software developed for them has been taken into account for current development of the software which will be standardised for all LSGs in Serbia. The software provided by EU PROGRES will still have its usefulness even when the transition is made to the new software, as it contains thoroughly developed system for document tracking thus goes beyond e-permitting scope.⁸⁰

⁷⁹ Novi Pazar, Leskovac, Vranje and Ivanjica were assisted in establishment of One Stop Shops for construction permitting and support to business with a package of assistance which included adaptation of premises, procurement of hardware, development of the software and training of appropriate personnel

⁸⁰ National Alliance for Local Economic Development (NALED) tasked with software development by the GoS and supported by GIZ has conducted an assessment of existing software and confirmed that the software developed by the EU PROGRES Programme lacks vertical dimension for inclusion of all relevant stakeholders which is needed per new legislation, but it can serve the purpose of document tracking system at the local level

Usage of the Baseline Competitiveness Study developed at the end of the EU PROGRES is yet to come to its effect as the Programme puts efforts into its promotion and collection of data for year 2014. Technical support will be provided to LSGs for collection and analysis of data. A retainer Competitiveness Analyst was recruited to assist the LSGs and support Programme in finding durable solution for institutionalization of the system. The pace of this sub activity was slower than initially because of need to reduce burden that European PROGRES could impose on LSGs with ongoing activities.

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

In August and September 2014, the Programme conducted the Infrastructure Needs Assessment⁸¹ that provided the bases for the development of the criteria for the CfP for Development of the Main Designs for Economic and Social Infrastructure. Following the October 2014 PSC approval, the CfP was advertised from 3 November to 16 December⁸² and 28 LSGs submitted 53 applications.⁸³ European PROGRES visited all LSGs and organised information sessions to present the CfP in Prokuplje, Vladičin Han, and Novi Pazar from 23 to 25 November 2014, attended by 29 out of 34 municipalities.

Following applications' evaluation, European PROGRES recommended the funding of 40 projects in the total amount of 609,000 Euros, 538,000 of which will be provided by European PROGRES, endorsed by the February 2015 PSC. Four proposals (10%) relate to economic projects while 36 will create conditions for improvements of communal and social infrastructure. The grant contracts were signed with the LSGs in May 2015.

European PROGRES met the Public Enterprise Serbia Waters and identified the need for development of 15 designs and studies for anti-erosion and flood protection on the river sheds in the Programme area. This could be one area to utilise possible unspent funding of this activity.

On the basis of recommendations from the DEU and SEIO, and after September 2014 PSC approval, the Programme issued a Grant to support operations of the Joint Technical Secretariat of the Instrument for Pre-Accession Assistance Cross-Border Programme Serbia-Montenegro. It included assistance to LSGs for the identification and development of project proposals and will enhance opportunities for the municipalities from the South West Serbia to access IPA funding.

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)

During the inception period, European PROGRES facilitated consultations between the Municipality of Bujanovac, the Coordination Body for Preševo, Bujanovac and Medveđa (CB), the DEU and the OSCE High Commissioner for Minorities on the content of the project proposal for the construction of Bujanovac Department of Subotica Economics Faculty and the building permit. They resulted in agreement ensuring that the proposal and the permit clearly reflected the purpose of the project and included reference to the relevant legal documents.

Following the issuance of the building permit for the construction of Bujanovac Department of Subotica Economics Faculty in December 2014, European PROGRES engaged the contractor on 15 January 2015, for the amount of 755,000 Euros. The total value of works is 900,000 Euros. Bujanovac and Coordination Body for Preševo, Bujanovac and Medveđa will co-fund this project with 176,000 Euros (RSD 22 million, VAT included). The works started on 3 February 2015 and the building will be ready to welcome its first students in October 2015 to six modern teaching halls accommodating 60

⁸¹ The Infrastructure Needs Assessment is available in the Annex II, Attachment 2.1

⁸² [The CfP for the Main Designs for Local Infrastructure Projects](#)

⁸³ Each LSG had right to submit up to three applications

to 80 people each, an amphitheatre, student parliament rooms and an administration block, with 2,300 sq. m of floor space.

In November 2014, the Programme also established relations with the Project Preparation Facility 5 (PPF5), designed to develop a single pipeline of the national priority projects for funding. Since the approved pipeline has not yet been set up, the Programme has started consultations with the key stakeholders about the selection of the second infrastructure project for the implementation through the CFCU. The aim is to propose the second project for funding at the July 2015 Annual PSC.

2.4 Technical assistance for implementation of grants for local infrastructure projects

European PROGRES, in line with the agreed time framework, during June - July 2014, provided technical assistance to SEIO in development of the Guidelines for Applicants for Local Infrastructure Projects and accompanying documentation. The Draft Guidelines were submitted by the SEIO to the CFCU in mid-July 2014 for their consideration and review.

The CFCU published the Call for Local Infrastructure Projects, five months later than planned, on 10 March 2015 and closed it on 28 April with 52 concept notes from all municipalities. In order to present the CfP to beneficiaries, European PROGRES, with participation of the CFCU and SEIO representatives, organised three informative sessions from 31 March to 2 April 2015, with 87 participants, 54 men and 33 women, from 34 municipalities, reaffirming high interest in this activity. The Programme provided municipalities with technical assistance during preparation of concept notes, visited each LSG at least once during the CfP, advertised for four persons to evaluate of applications to CFCU and recommended the four top-ranking ones for the positions. The confirmation from the CFCU about the candidates' eligibility check, which has to come from the DEU, before contracting for these services is also delayed for two months.

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

The dynamics of this activity is intrinsically linked to the timeframe of the CFCU managed grant scheme for local infrastructure projects, which is already running some seven months behind the planned schedule. In the meantime, the Programme has prepared the first inputs on GG-related aspects of the concepts and is preparing to work with the municipalities whose concepts are approved on the development of full project proposal from the GG stand point of view. This is to happen in the period August-October this year.

Once the details of the infrastructure project concepts become public, the Programme will select, in concordance with the Swiss Back-stoppers for Good Governance, show-case, focus projects, which will be used for illustrating the GG-intervention, both on policy and practice/implementation levels. Other projects, outside of the focus batch, will be addressed in GG regards as well, wherever pertinent.

The trainings for the GG Competence Centre (Activity 1.4) assigned staff are planned to coincide, as much as possible, with the implementation of municipal infrastructure projects, so that hands-on, on-the-job approach could be maximised.

A free networking e-outlet, for exchanging knowledge and practices on future every-day GG cases, is planned to be developed and functional by the end of this intervention. It is to serve as a common platform for those who participated in the process, but also for everyone else who is keen to start or is working on GG aspects of projects financed through public funds in Serbia.

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

An initial concept for implementation of this activity was developed in March 2015. It foresees a participative approach to identifying impediments in vertical coordination and cooperation between the state administration bodies and LSG units. The concept includes participation of all stakeholders, including relevant ministries, national institutions and organisations and representatives of local self-governments and local institutions. Stage two of this activity will include organising workshops, which are expected to be followed by submission of all gathered findings to competent institutions thus further resulting in amendments to regulations and policies.

In the two consultative meetings with the SCTM, it has been agreed that environment protection and social protection are the two thematic areas where currently the Programme could contribute the most. The consultations with relevant national-level stakeholders (the SCTM, the Ministry for Public Administration and Local Self-Governments, the State Secretariat for Public Policies, Social Inclusion and Poverty Reduction Team, etc.) will continue throughout the summer, and the first workshop is planned for early October 2015.

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

With only one public-private partnership (PPP) project successfully implemented to date in Serbia four years after the Law on Concessions and PPP came into effect, the Programme had some restraints as to whether the expected results from this intervention are too ambitious. Thus, a contingency plan for the activity was made to allow for scenario of not having the LSGs ready for entering into the PPP contracts. The revised plan includes support on two levels: (1) implementation of awareness-raising activities and (2) assessment and confirmation of interest of both sides (public and private) for entering into partnership. If feasible projects are identified, the Programme will proceed as planned and support development of the two projects with the highest potential. However, if the assessment shows the lack of capacities or political will on either side, the Programme will consider expanding on capacity raising activities and avoid investment of resources into high-risk projects. Contributing to this approach, the Government of Serbia Commission for PPP has requested the Programme's support with development of manuals which will be used to promote the concept of PPP.

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

The activity was initiated with provision of support to the existing clusters through a public call in common market approach and introduction of innovation.⁸⁴ The Programme organized a two-level application process for the selection of clusters: (1) pre-qualification of clusters based on submitted concept notes and provision of technical assistance to the pre-selected clusters for development of full project proposals conducted in December 2014 – January 2015, and (2) evaluation of full project proposal and selection of grantees conducted by mid-March 2015. Nine clusters have initiated the procedure out of which seven were pre-selected for provision of technical assistance for development of full application. Finally, the April PSC approved issuing of five grant agreements worth 193,880 Euros to clusters for implementation of the best project proposals. Grant agreements have been signed in June 2015 and are planned to be implemented within a one-year period.

⁸⁴ [The CfP for Provision of Support to Clusters in Common Market Approach and Introduction of Innovative Practices](#)

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

An Assessment of Agriculture Producer Groups and Geographic Indication⁸⁵ was conducted from December 2014 to May 2015 to obtain inputs for the Programme's intervention in the agribusiness sector.⁸⁶ Wide-ranging data on capacities of agricultural cooperatives and associations in Programme's area of responsibility has been collected and evaluated. The Assessment identified active agriculture producer groups and provided inputs on their issues and challenges, i.e. marketing and financial issues, property and legal issues, organisational issues and challenges related to policy. It also recommended provision of support for capacity building activities, development of plans and documents, introduction of standards, and assistance with storage and warehouse capacities.

In addition, the assessment targeted organisations and products dealing with geographic indication (GI) and provided options for support the process of protection of GI, i.e. development of elaborated studies for protection of GI, certification of products with the study, improved marketing approach and raising capacities for utilisation of GI. The Programme is designing a call for applications in line with the assessment results and will seek endorsement from the PSC during the Q4 2015.

In terms of Local Action Groups⁸⁷ (LAGs), as tool to enhance development in rural communities, the assessment shows that it is not yet relevant for the Programme to support establishment of LAGs because of inadequate legal framework.

2.10 Support to women entrepreneurship

Through this activity the Programme is contributing to the process of creating perspectives for socio-economic advancements of one of the most vulnerable and marginalised groups in the AoR – the unemployed women. The Programme provided an opportunity for the unemployed women to develop and apply for a grant in form of equipment/durable goods, which would be necessary for starting up a business entity. To that end, the Programme organised seven information sessions in March-April, covering the whole AoR. A total of 422 participants attended the information sessions (405 women and 17 men). The purpose was to familiarise the interested candidates, as well as a broader public, with the process of awarding grants for start-up businesses owned by women.

In addition to the information sessions, the Programme also organized nine training sessions for drafting business plans. These sessions were attended by 147 women.⁸⁸ The training aimed at preparing future women entrepreneurs from 34 municipalities for the public call for awarding grants, while training them for individual preparation of business plans for their start-up businesses.

At its meeting in April, the PSC approved the public call for awarding grants for start-up businesses owned by women. The CfP was announced on 15 June and it will close on 24 July 2015.⁸⁹

⁸⁵ The Assessment of Agriculture Producer Groups and Geographic Indication is provided as an Annex II, Attachment 2.3

⁸⁶ The Agriculture Producer Groups and Geographic Indication Assessment was conducted between December 2014 and May 2015 by retainer Junior Agribusiness Analyst PhD Senad Hopić

⁸⁷ Per Programme's Description of Action, where relevant, support to forming LAGs was planned in accordance to the LEADER (Links between actions of rural development) approach

⁸⁸ The evaluation questionnaires from the trainings are available with European PROGRES

⁸⁹ [Supporting Women Entrepreneurship with Start-up Grants](#)

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

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

The Citizens' Satisfaction Surveys will be conducted in the last year of the Programme implementation, using the surveys prepared through European PROGRES' predecessor – EU PROGRES - in 2010 and 2013, as the baseline.

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

This activity is planned to start in Q4 2015, including its detailed development.

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

The desk research for the activity has been conducted and the Skills Gap Analysis⁹⁰ and the National Survey of Employers⁹¹ have been examined to identify a training programme based on local economy needs. The greatest needs are noted for the shoemakers, sewers, electric welders, carpenters, plastic processors, machinists etc. To conduct the activity, the Programme is aiming at establishment of partnership with the National Employment Service (NES).

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

A comprehensive intervention for addressing the requirements from these the activities 3.4 and 3.5 has been designed and the Request for Proposal was announced in May 2015.⁹² The main idea behind this intervention is to provide expert support to the municipalities to assess the needs of vulnerable and marginalised, to review, create and/or update new or existing relevant local policies important for these groups, to build capacities of relevant local organisations/institutions, and then to pilot new policies in a practical way. The intervention will offer start-up grants to local vulnerable and marginalised, who submit their applications and fulfil other defined criteria.

The implementation of the activities is expected to start early in September.

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

This activity is designed to be carried out embedded with A3.4

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

A fact-finding meeting with an expert on medical equipment, coming from the Ministry of Health, attested that there is a dire need for supporting local medical centres with selected medical equipment that would help addressing women health, especially those from the nine "new" municipalities of the South Serbia.

The first meetings are planned for early autumn 2015. The procurement of medical equipment will be coupled with soft, awareness raising activities pertained to women health.

⁹⁰ Skills Gap Analysis in South and South-West Serbia, International Labour Organisation (2014)

⁹¹ The analysis and forecasts of labour market needs in Republic of Serbia (2014), National Employment Service funded by the EU

⁹² [Request for Proposals for Supporting Municipalities in Improving Social Inclusion Through Employment of Vulnerable and Marginalised Groups](#)

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

This activity will be developed in cooperation with the CB. During the first year, European PROGRES visited the three municipalities in the South (Preševo, Bujanovac and Medveđa) and four in the South West (Novi Pazar, Sjenica, Nova Varoš and Prijepolje) and met with local officials dealing with cultural issues. The compiled views and opinions on issues pertaining to local cultural issues were discussed with the representatives of the CB focusing mostly on the municipalities within their mandate.

One of the conclusions from the filed visits was that most of the municipalities would like to see their technical capacities to organise and produce contents of a cultural nature being upgraded or, in some cases, re-introduced altogether. The CB, on its part, has put forward several proposals, such as to fund the staging of the “Romeo and Juliet” play in Bujanovac, with mixed Serbian-Albanian troupe; then, to organise a festival to promote the life and work of the late Bekim Fehmiu (one of the greatest Serbian actors of Albanian origin), as a way to promote inter-ethnic dialogue between Albanians and Serbians; and to organise music, dance and theatre workshops for local youth.

The CB emphasised however that their mandate is strictly confined to the three municipalities in the South, but they are nevertheless supporting similar activities in other municipalities with significant multi-ethnic mix.

The Programme will prepare a more detailed proposal, which is then, if approved internally, to be circulated for additional consultations to other interested parties, including the CB.

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

The First Citizens’ Involvement Fund (CIF) Call for Proposals lasted from the end of September until mid of November 2014.⁹³ In total, 77 applications were submitted from 32 municipalities (no applications were received from Sjenica and Preševo), and 20 were approved for funding.

The main topics of the Call were social inclusion and employability of vulnerable and marginalised groups, with particular focus on women, Roma and people with disabilities; inter-ethnic dialogue and inter-cultural cooperation, and migration issues. For the first time, the so called “2+2” partnership project was introduced, providing for two municipalities to establish a partnership with two CSOs that are not located in the same municipality. The initiation of such a partnership is significant when it comes to participation and success of less capacitated municipalities, with poorly developed civil sector. For example, this enabled Trgovište to receive a CIF grant for the first time (if the predecessor programme is taken into account).

Most of the project proposals were focussed on addressing social exclusion. Thematic areas of inter-ethnic dialogue and migration issues were far less represented within proposed projects.

⁹³ [The First Call for Proposals through the Citizens' Involvement Fund](#)

Type of support provided through CIF projects



The beginning of implementation of the awarded projects was preceded by two workshops, where the grantees got detailed information about management of the projects in line with the Programme's procedures.

3.9 Support young people from Albanian community to learn Serbian language

The Programme initially looked for a strong commitment from the MESTD, before proceeding with developing a framework for addressing the recommendations from the Study on Improving Learning Serbian as a Non-Mother Tongue that was produced by the CB. Several meetings with the CB and the MESTD were organised to reconfirm whether the Ministry was supportive of this initiative. As a result, the Ministry took ownership and lead by establishing the Working Group (WG)⁹⁴ in mid-December 2014.

The WG that is steering and monitoring mechanism for the improving learning Serbian language as a non-mother-tongue in schools in Preševo, Bujanovac, and Medveđa. It has 17 members that are coming from the MESTD, Regional School Boards from Jablanica and Pčinja District, State Institutions for Education Improvements and Evaluation, the CB and elementary schools from Preševo, Bujanovac and Medveđa. The Chair of the WG is the Aid to the Minister, and the representatives of the UK Embassy, OSCE in Belgrade, High Commissioner for Minority Rights, and European PROGRES participate in the WG as observers.

The WG developed the Action Plan for improving the learning of Serbian and this was a key step for unlocking the process of providing support to Albanian elementary school pupils in improving their Serbian language skills, according to the CB's Study recommendations.

In June 2015, European PROGRES advertised the tender for hiring an entity that will provide the Teaching Assistants to Teachers of Serbian as non mother tongue in four primary schools in Preševo and Bujanovac. The Assistants should start working at the beginning of the school year, in September 2015.

In addition, the Programme launched the procurement of the textbooks, teachers' manuals and auxiliary educational material (the list provided by the CB-engaged experts), on the basis of needs assessment that European PROGRES conducted for the 16 elementary schools from Preševo, Bujanovac and Medvedja. The procurement is expected to be finalised by the end of July.

⁹⁴ The ToR for the Working Group is available in the Annex III, Attachment 3.1

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

An assessment of the number of established local Migration Councils and adopted Local Actions Plans related to migration showed that 15 municipalities have established and have active Migration Councils, while 21 have adopted the LAPs for migration (five already expired). The assessment was followed by a string of meetings with the representatives of the Migration Councils with the goal to quickly evaluate their capacities and needs for potential involvement in the migration activities. It was concluded that the Councils are mostly directed toward refugees and IDPs issues, while seasonal migration and returnees are usually not in the focus of their work.

Meetings were also held with the key national-level actors working on migration issues. Based on the converging inputs obtained both from the Commissariat for Refugees and Migrants and local International Organization for Migration branch, the Programme will start working on detailing approach for this activity in August 2015.

The main aspect in any approach, as advised by both institutions, is to be capacity development of local mechanisms dealing with refugees, IDPs and migration.

The activities are planned for early October.

Result 4

Effects of Serbia's European accession communicated to general public

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

The **Communications Strategy**⁹⁵ was prepared during the Inception Period and provides the framework for the activities that raise awareness about actions, results and impact of the Programme, while also bringing closer the process of European integrations. The document has been developed in consultations with the SEIO, the DEU, the SDC, and other stakeholders⁹⁶ and follows the communications guidelines of the Government of Serbia and the donors. The Strategy sets objectives, identifies target audiences, messages and communication tools, while analysing risks and providing insight into resources needed for implementation.

The Programme also developed the **Internal Communication Action Plan**⁹⁷ and the **Communication Manual**⁹⁸ that complement the Strategy and round up the systemic approach. The Internal Communications Action Plan should ensure that the personnel is aware of the roles and responsibilities, facilitates establishment of shared vision, and thus contributes to external communications and the overall performance. The Manual provides basic European PROGRES' communications requirements that should standardise some of the approaches and enhance their quality.

Seven public events were organised, including the launch of the Programme, three General Steering Committee meetings, marking of the start of the construction on the building for Bujanovac Department of Subotica Economics Faculty, the inception workshop, and award ceremony within art

⁹⁵ Communications Strategy is available in the Annex IV, Attachment 4.3

⁹⁶ Central Financing and Contracting Unit, Cabinet of the Minister without Portfolio responsible for European Integrations, EU Info Centre in Belgrade, representatives of the local self-governments, non-governmental organisations that work in the fields of human rights, inclusion of vulnerable population, gender equality, media, regional development agencies, businesses and agriculture producers

⁹⁷ Internal Communications Action Plan is consistent with UNOPS Serbia Internal Communications Strategy and available in the Annex IV, Attachment 4.4

⁹⁸ Communications Manual is available with European PROGRES

competition for European PROGRES' Calendar 2015. European PROGRES was launched in Novi Pazar, on 25 June 2014, with over 150 participants, including the Minister without Portfolio for European Integration, DEU Ambassador, Swiss Embassy Deputy Head of Mission, SDC Serbia Director, UNOPS Regional Director, representatives of the Government, 21 Mayors and nine Deputy Mayors, CSOs, development agencies and projects, and media.

The Inception Workshop was staged in Arandjelovac in October 2014 in the presence of more than 90 participants, including 15 Mayors and representatives from 33 LSGs, national institutions, the donors, and many others. This event reaffirmed the Programme's relevance and feasibility but also provided floor for the key national stakeholders, such as the SEIO, and donors, to urge beneficiaries, especially LSGs, to delink politics from development, enhance preparedness of projects, engage on good governance, and identify projects that have economic potential.

Three Programme Steering Committee (PSC) meetings were organised in Aleksinac in October 2014, Blace in February 2015, and Prijepolje in April 2015. The meetings attracted an average of 60 participants (40 men and 20 women), 24 LSGs, and 13 mayors. These functions facilitate discussions between the LSGs and national authorities about development obstacles and hence not only enable monitoring of the Programme's progress but enhance communication between two levels of authority.

This year's **art competition** theme for European PROGRES' Calendar 2015 was "Discover Europe" and inspired the high school pupils from 28 schools in the Programme area to submit 110 art works. The firstly ranked won a laptop, the runner-ups received tablets and nine other best works were awarded digital cameras. All 12 art works were featured in the Programme Calendar for 2015. The awarded works portray interesting features about Europe, important dates and historical facts, renewed figures and artefacts. The award ceremony was organised in Blace in December 2014, while 1,400 calendars were printed and distributed to the Programme stakeholders.

Ten high profile visits have been organised. The DEU Ambassador visited Bujanovac and Vranje twice - in December 2014 to meet the local leaders, encourage their engagement with the Programme and promote the EU funded projects, and in February 2015 to mark the start of the construction of the building for Bujanovac Department of Subotica Economics Faculty. The Ambassador of Switzerland visited Tutin in December 2014 to promote the Programme's ongoing activities. In March 2015, UNOPS Executive Director visited Serbia and met the representatives of the Government, donors and beneficiaries, and confirmed UNOPS' commitment to support Serbia's reforms. In May 2015, European PROGRES facilitated visit by the Swiss Government State Secretary of the Federal Department of Foreign Affairs to Novi Pazar where he met with the six mayors from the South West Serbia and visited Raška River Flood Protection project. There were four other visits involving senior officials.

The framework for the use of **digital communications**⁹⁹ was developed, in line with the Communications Strategy and guides the dissemination of European PROGRES' news through different channels: website, newsletter, Facebook, and Twitter.

The European PROGRES **website** was launched on 8 December 2014. The portal has modern design, efforts were put to ensure its simplicity, the most relevant data and materials are posted in Serbian and English. The initial external feedback about the site is positive.

The Quarterly **Newsletter**¹⁰⁰ has been developed and the first issue circulated in April 2015 to 1,200 addresses. The upgraded design of the Newsletter is user friendly and interactive and aims to cover

⁹⁹ The European PROGRES Digital Communications Framework is available in the Attachment 4.5

¹⁰⁰ [The first issue of European PROGRES Newsletter](#)

information on both the major Programme developments as well as to give insights into causes, remedies and beneficiaries behind issues addressed by the European PROGRES' activities.

The **Twitter** account was set up as well as a new Programme **Facebook** Page. These tools are being actively used as of Q2 2015 and already producing results.

The Programme has issued **22 press releases** and **11 media announcements**, and organised **three media interviews**. Furthermore, local media tend to use the press releases in full, which indicates their quality. European PROGRES also produced **24 briefing notes**¹⁰¹ for the donors or the Government representatives visiting or attending the events in the area.

The concept and design for the **Municipal Profiles**¹⁰² have been developed. These documents will be accessed through the website interactive map and will provide information about European PROGRES projects that are implemented in a particular LSG and statistical information on the competitiveness level, present local government strengths and will visually focus on the local key investment opportunities.

The Programme logo was developed and approved by the SEIO and the donors in May 2014. The logo was revised in January 2015 to place the Republic of Serbia coat of arms before those of the Programme's partners. The revised logo has been agreed with the DEU and the SDC and reflects the visibility guidelines of the Government of Serbia.

The Programme has produced the set of promotional materials: 1,100 notebooks, 1,100 folders, 2,500 plastic pens, 500 metal pens, eight roll-up banners, one pop-up banner, 500 paper bags, 400 textile eco bags, ten office wall maps, 1,000 stickers in two different sizes, 100 fluorescent vests for the construction workers and Fast Fact as one pager with basic information about the Programme (1,200 in Serbian and 300 in English language). Also a standing signboard was produced for the construction site for the Bujanovac faculty building.

In December 2014, the Programme produced seasons' greetings cards and sent them to 280 partners from the Government, LSGs, CSOs and other development stakeholders. The electronic version of the card has been sent to over 1,500 email addresses. Templates for the letterhead, Power Point presentations, email signatures, and monthly, weekly and meeting reports were also prepared.

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

The selection of the consultancy that will support European PROGRES in implementation of the first information and advocacy campaign with the theme **"Bringing European Integrations Closer to the People in the South East and South West Serbia"** is in the final phase. While following the framework provided by the Programme Document and the Communications Strategy, the theme was selected and the ToR¹⁰³ developed in consultations with the DEU, the SDC, and the Office of the Minister without Portfolio Responsible for European Integration and the SEIO it was agreed that the campaign would primarily promote the economic aspects/benefits of the European integration process. The campaign will include various activities, from raising awareness of municipalities about their responsibilities in the European accession process, providing opportunities to media to enhance knowledge about the EU, and engagement of youth. The campaign will be launched in September 2015, while the peak is expected around marking of the Day of Europe on 9 May 2016.

¹⁰¹ Detailed list of all briefing documents is available with European PROGRES

¹⁰² Example of a Municipal Profile for Aleksinac is available in the Annex IV, Attachment 4.6

¹⁰³ [ToR for European PROGRES First Campaign](#)

Management and coordination

The implementation of European PROGRES started on 7 May 2014 after signing of the Contribution Agreement between the Delegation of the European Union (DEU) and the United Nations Office for Project Services (UNOPS).¹⁰⁴ The Contribution Agreement with the second donor, the Swiss Agency for Development and Coordination (SDC) was signed on 16 June 2014.

Inception period

The Programme Inception period was extended to 16 September 2014, to allow for aligning of the reporting obligations with both donors, the DEU and the SDC, which was endorsed by the SEIO as well. During this period the Programme confirmed its coherence with the national policies and correlation with the needs of the South East and South West Serbia; established its organisation, including recruitment and conduct of initial personnel trainings, setting up of the PSC, and opening of the office in Niš¹⁰⁵; it introduced systematic approach to risk management and communications; and started work on a range of activities.¹⁰⁶

The Inception Workshop, as one of the tools for review of the Programme's design and implementation modalities was postponed to 14 and 15 October 2014. This was beyond the inception period but earlier staging would not be effective as the great majority of European PROGRES stakeholders was not available due to engagement on alleviation of the damage caused by the flooding that hit Serbia in May 2014. The Inception Workshop gathered 90 participants, 58 men and 38 women, including the representatives of 33 LSGs, national institutions, development agencies, civil society, donors, and many more. The event confirmed relevance of the Programme and resulted in amendment of several objectively verifiable indicators in order to make them more specific and relevant.¹⁰⁷

Programme Steering Committee

The Programme Steering Committee (PSC) was established during the inception period and is composed from the representatives of:

- European Integration Office of the Government of the Republic of Serbia (SEIO), whose Assistant Director chairs the Committee
- Ministry of Finance
- Ministry of Economy
- Ministry of Construction, Transportation and Infrastructure
- Ministry of Public Administration and Local Self-Government
- Ministry of Education, Science and Technology Development
- Ministry of Labour, Employment, Veteran and Social Affairs
- Ministry of Agriculture and Environmental Protection
- Coordination Body for Preševo, Bujanovac and Medveđa

¹⁰⁴ The indicative start date was 1 April 2014, but due to administrative delay in the DEU, the Programme's launch was prolonged. UNOPS, in order to maintain momentum created by the predecessor programme, EU PROGRES, provided funding to retain the core staff and keep the offices operational.

¹⁰⁵ European PROGRES continued to use predecessor's offices in Novi Pazar and Vranje, and UNOPS office in Belgrade

¹⁰⁶ [European PROGRES Inception Report](#)

¹⁰⁷ [European PROGRES Inception Workshop Report](#)

- Standing Conference of Towns and Municipalities
- Delegation of the European Union
- Swiss Agency for Development and Cooperation.

The ministries and offices of the Government of Serbia, and the SCTM have the voting right, while the DEU and the SDC do not vote but reserve veto right, if they disagree with a particular action. The Programme also has a General Committee, which gathers the Steering Committee and all mayors from the Programme area. Development agencies and programmes, leading civil society and international organisations operating in the area covered by the Programme, are invited to attend the General Committee. The Steering Committee monitors the Programme's progress and performance and acts as a decision making body.¹⁰⁸

Five PSC meetings were held: the introduction meeting was organised in Belgrade on 24 September 2014; the second one was held in Aleksinac on 28 October; the third, extraordinary meeting, was staged in Belgrade on 24 December; the fourth gathering of PSC members was in Blace on 27 February 2015; and the fifth meeting was in Prijepolje, on 28 April 2015.¹⁰⁹ The next PSC meeting is planned for the second half of July 2015.

Finance

Pursuant to the aim to implement best practices in the area of accounting and financial reporting, UNOPS, including European PROGRES, applies the International Public Sector Accounting Standards (IPSAS). These are a set of accounting standards issued for use by public sector entities around the world in the preparation of financial statements.

All European PROGRES financial and administrative records are kept in accordance with the UNOPS rules and procedures. The tax exemption procedure for the Programme funds was established, allowing for the payment of invoices without the VAT. The Programme bank account was opened through the Treasury, enabling payments through local bank account.

European PROGRES established a mechanism to plan and monitor five levels of the Programme budget: budget, expenditures, commitments, funds that are planned for the activities not yet approved by the PSC, and funds for activities that are approved by the PSC for implementation, but have not yet been contracted. These are monitored by the Programme personnel on daily, monthly, quarterly and yearly basis.

These are the key financial indicators¹¹⁰ for the reporting period:

- The first instalment from the DEU was received in the amount of 2,509,834.83 Euros and the first two instalments from the SDC, each of 480,000 Euros
- The total delivery as of 30 June 2015 is 2,302,159.00 Euros or 13.2% of the total Programme budget
- The total delivery in the first half of 2015 is 1,217,815.00 Euros. Forecast delivery for the second half of 2015 is 2,783,637.00 Euros.
- 1,460,104.00 Euros or 58% of the forecast delivery is disbursed from the EU funds and 845,055.00 Euros or 51% of the forecast delivery from the SDC funds.

¹⁰⁸ The ToR of the European PROGRES PSC is available in the Annex V, Attachment 5.1

¹⁰⁹ [Approved Minutes of the Programme Steering Committee Meetings](#)

¹¹⁰ The final financial figures will be provided in certified financial reports but information provided in this Report provides insight into the spending trends.

Procurement and grants

Procurement in European PROGRES is conducted in compliance with UNOPS procurement policies¹¹¹ that ensure respect of the four guiding procurement principles: best value for money; fairness, integrity and transparency; effective competition; and the best interest of UNOPS and its partners.

Procurement activities were intensive during the first year: 9 tenders exceeding the estimated value of 50,000 US Dollars were advertised, of which 3 were contracted; 53 tenders from 5,000 US Dollars to 50,000 US Dollars of which 53 were concluded; and there were 55 shopping procedures, below 5,000 US Dollars.¹¹² There were no formal complaints on any of the conducted procurement processes.

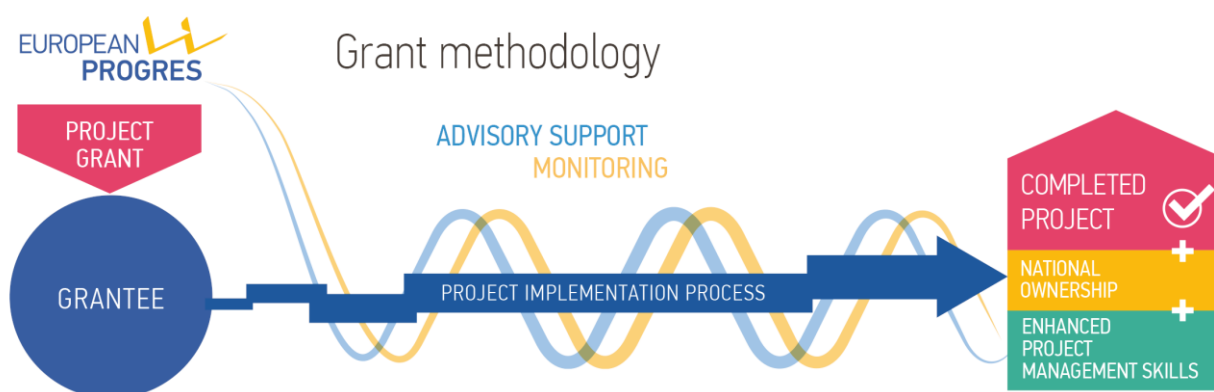
The following tenders were concluded:

- Conduct of Local Governance Assessment in 34 LSGs
- Construction of the building for Bujanovac Department of Subotica Economics Faculty and technical control of the construction work
- Contract for provision of FIDIC training to different municipalities in Serbia signed and implementation goes as planned.

The following is the status of other advertised tenders:

- Tender for the provision of services for the Campaign “Bringing European Integrations Closer to the People in the South East and South West Serbia” organised and proposals received. Evaluation in process
 - Tender for Provision of Services on Supporting Municipalities in Improving Social Inclusion Thorough Employment of Vulnerable and Marginalised organised and evaluation ongoing
 - Tender for Provision of Services on Providing Teaching Assistants for Learning of Serbian as Non-Mother Tongue organised and evaluation ongoing
- Tender for purchase of ICT equipment organised. Evaluation to be completed in July.

European PROGRES procurement and management personnel will attend the training on implementation of sustainable procurement in October 2015. This exercise will contribute to enhancement of sustainability aspect of procurement within European PROGRES.



¹¹¹ UNOPS received the Chartered Institute of Procurement and Supply (CIPS) Corporate Certification in 2011, which endorses excellence in procurement policies, procedures and practices. It also has been awarded gold level in the Sustainable Procurement Review by the CIPS.

¹¹² This data is provided in US Dollars as UNOPS uses this currency and different procurement methods are applied, among other, subject to estimated value of the goods, works, or services.

European PROGRES will predominantly use the grant methodology which gives ownership over the projects to the grantees while the Programme maintains monitoring and advisory role. The grant methodology therefore is an important capacity building tool and contributes to sustainability. The Programme issued the following grants in the first year:

- Grant Support Agreement for Supporting Cross Border Cooperation Programme Serbia – Montenegro with the SEIO
- 20 Grant Support Agreements for the Citizen's Involvement Fund
- 16 Grant Support Agreements for Improvement of the Tax Payers' Registry
- 40 Grant Support Agreements for development of main designs for local infrastructure projects
- Five projects supporting introduction of innovations and common market approach through clusters.

Human resources

European PROGRES carried out workforce planning and established recruitment plan which resulted in identification of positions, specific on-call functions and skills needed by the Programme throughout 2015 and 2016 respectively. As a start, the core project team, with one international post and 13 regular Local Individual Contractors (LICA) was directly transferred from EU PROGRES to European PROGRES. This smooth transition along with the use of UNOPS' administrative budget ensured effective start of the Programme and allowed for keeping the momentum from EU PROGRES, as well as engagement of people with significant experience in project management and local development. The Programme also regularly recruits the competitive basis, full time or on call experts that provide technical skills needed for implementation of the activities. The Programme strived to address gender equity in all of its recruitments and managed to hire between 40 and 45% of female candidates.

The performance of the Programme personnel is continuously assessed and it focuses on individual engagement, contribution and results achieved with European PROGRES. In order to obtain the highest possible input, clear individual performance objectives are set as performance indicators for annual performance cycle.

Learning activities are considered as important part of people management in European PROGRES as this enhances prospects for the Programme's successful performance. The trainings are co-funded from UNOPS administrative budget and organised for specialised skills, in the fields of project and infrastructure management, procurement, operational and human resources management. In summary, the following trainings have been arranged in the past year:

- Thirteen personnel completed PRINCE2 Practitioner Exam and one PRINCE2 Foundation
- The National Programme Manager completed Managing Successful Programmes (MSP) Foundation and Practitioner Exams
- The Sector Manager for Competitiveness, the Sector Manager for Governance and Social Inclusion and the Operations Manager completed UNOPS Foundation Project Management Course, which introduces the key UNOPS project management methodology and tools
- The Sector Manager for Infrastructure completed UNOPS Advanced Project Management Course that provides deep insight into UNOPS project management methodology
- One team member is enrolled to Stanford Advanced Project Management Certificate Programme
- Two team members are undergoing Harvard Business Publishing School Leadership Course
- The Procurement Officer and Associate completed Procurement Operations Training
- Three team members completed Infrastructure - IOSH Health & Safety Training

- Four team members completed Training on Design Planning Manual for Buildings
- The entire Programme personnel went through Standard of Conduct Workshop.

The United Nations Board of Auditors (UNBOA) visited RSOC and the Programme as part of the management audit of UNOPS for 2014. The main focus of the audit was human resources management. The report of UNBOA is positive, and the Programme contributed greatly to the overall clear auditor's opinion of UNOPS in human resources management segment.

Logistics

Logistics arrangements for the Programme are in place. The Programme offices in Niš, Novi Pazar, Vranje and Belgrade are fully operational from the day one. The new travel plan that was presented on the level of UNOPS Serbia Operations Centre (RSOC) compiles all UNOPS' projects in Serbia and as such will simplify tracking of all travels.

In efforts to create energy and cost efficiency of the Programme offices, the heating system in Vranje Office was changed from the electricity to pellet. This contributed to monthly savings of approximately 350 Euros, which is an amount three times less than earlier.

European PROGRES office in Niš was moved to a new building as of 1 March 2015. This step was undertaken with the objective to reduce office the running costs and contribute to the overall cost efficiency of the Programme. The Programme will reduce heating and office rent costs by almost 50% on a monthly base.

Security

No security issues or threats for European PROGRES personnel or the implementation have been recorded during the reporting period.

In line with the security arrangements, the Programme conducted or facilitated the following key activities:

- The Programme Security Focal Point have been appointed. Relevant briefings were provided by the Operations Manager and the Department of Safety and Security (UNDSS)^[1] Officer;
- The UNDSS Officer visited Vranje, Niš, and Novi Pazar offices in October 2014. The visits included revision of personnel and vehicle lists, fire plans and other similar documents. No security issues were identified. Security Wardens for Vranje and Niš Offices were appointed during the visits;
- Security briefing provided to newly engaged European PROGRES staff, with the focus on secure usage of vehicles;
- UNDSS delivered free-of-charge Fire Safety Training to five Programme personnel. Training attendees obtained Fire Safety Certificates that are valid for one year;
- Three mandatory security SMS Communication Test performed successfully. During the first test in February 2015 success ratio of overall RSOC improved from 85% in September 2014 to 92% in Q1 2015. Only one European PROGRES personnel did not reply, which is improvement comparing to the September test when four employees did not respond. During the second test, which was held in June 2015, the RSOC maintained very high success

^[1] The Department of Safety and Security (UNDSS) is responsible for providing leadership, operational support and oversight of the security management system, ensure the maximum security for staff and eligible dependants as well as enable the safest and the most efficient conduct of the programmes and activities of the United Nations System.

ratio of 90% but this time three European PROGRES members failed to respond. Corrective actions have been undertaken for colleagues to react on time;

- Security documents for all personnel were updated. All colleagues were reminded to get acquainted with the security policies and procedures. All personnel completed basic and advanced security tests;
- Personnel list updated and forwarded to the Department of Safety and Security (UNDSS) on the monthly basis.

Information Communications Technology

Full time European PROGRES personnel have UNOPS email accounts and access to UNOPS Intranet, which facilitates internal and external communication. The ICT hardware equipment was set up to enable the Programme's work, safe storing and back-up of data. The following are the key ICT activities:

- European PROGRES website has been operational as of 9 December 2014 and is available at: www.europeanprogres.org;
- The domain of the predecessor Programme website that was available at www.progresprogram.org has expired but its content can also be accessed via European PROGRES' portal;
- New mobile telephony provider has been contracted; new telephones were provided to relevant team members in early April 2015;
- UNOPS Serbia Intranet page is functional as of mid-February 2015. It contains the key documentation from all UNOPS projects and programmes that are implemented in Serbia, including European PROGRES.
- New UNOPS corporate Intranet page was launched in May 2015, with UNOPS Serbia data completely transferred to the new web platform;
- Backup Intranet option was installed for Belgrade office on 1 March 2015;
- Equipment for nine project members has been replaced. Replacement of obsolete computers is planned for July 2015;
- Purchase of server and network hardware equipment for European PROGRES offices shall be contracted by early July;
- Legalisation of office software licenses shall be completed until the end of July 2015;
- Backup ICT support has been established for office in Niš and Belgrade.

Reporting

European PROGRES has contractual obligation to produce the inception, the quarterly, the annual and the final reports. **The Inception Report**¹¹³ was produced and covered the period from the day one, 7 May 2014, until 16 September 2014. It confirmed relevance of the Programme and provided details on the management structure, update on activities, and revised plans. The updated LFM was provided within the Inception Workshop Report.

Two **quarterly reports** were produced during the first year, each within ten working days of the end of each reporting period and both 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.¹¹⁴ With the objective to align the quarterly reporting periods with the annual calendar, the First Quarterly Report covered the period from 17 September to 31 December 2014. The Second Quarterly Report covered the period 1 January – 31 March 2015. The quarterly

¹¹³ [European PROGRES Inception Report](#)

¹¹⁴ [European PROGRES Quarterly Reports](#)

reports provided overview of progress and performance, update on the management issues, review of the risks and issues, quality and sustainability considerations, insight into the key milestones for the next reporting period, and information about the lessons learned.

This is the first **Annual Report** and it covers the period from 7 May until 30 June 2015. It follows the structure of quarterly reports but includes a range of annexes that provide deeper insight into the Programme performance and the revised overall Work Plan.

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

UNOPS provides both governance framework and **tools** to enable tracking of the Programme's performance, such as the Management Work Space, Results Based Reporting, and Leads System etc.

UNOPS RSOC introduced in December 2014 the standard operating procedure for **Internal Quarterly Project Assurance**. This effort should ensure that UNOPS projects in Serbia, including European PROGRES, continually justify the validity of the action, monitor progress towards quarterly targets, manage risks and issues in a consistent and documented way, develops stage (quarterly) plans etc.

Furthermore, European PROGRES introduced **stage planning**¹¹⁵ with the objective to enhance control over progress. In addition to the Overall Work Plan, the Programme produces quarterly work plans that identify activities and outputs that need to be delivered within the covered period, as well as those responsible for the plan realisation.

European PROGRES developed **the Matrix** with the key socio-economic indicators¹¹⁶ of its area of responsibility. The Programme will collect relevant data on annual level to monitor major trends in the area. The initial set of data was collected within development of this Report and is available in the relevant Annex.

By the end of 2015, the Programme will establish a tool that will enable monitoring of outputs, outcomes, and impacts of all individual projects that are supported through European PROGRES.

Evaluation

In addition to the mentioned UNBOA audit, the UNOPS Internal Audit and Investigations Group (IAIG) conducted internal audit of the UNOPS Serbia Operations Centre (RSOC) that included European PROGRES. The audit covered the following main functional areas as well as their respective processes:

- Strategic management and leadership
- Partnership, and products and services quality management
- Programme and project management
- Procurement and supply chain
- Human resources
- Finance

¹¹⁵ Stage (Quarterly) Plans are available with European PROGRES and are provided for consideration and approval with Quarterly Reports

¹¹⁶ The Matrix with the key area socio-economic indicators is available with European PROGRES.

- Administration (including travel and asset management)
- ICT
- Security

The UNOPS Serbia has received a **clear auditor's** opinion from the IAIG which provides additional assurance that UNOPS projects in Serbia, including European PROGRES are managed in an accountable and efficient manner.

The Government and the donors will evaluate the Programme separately and independently, with no budget line included for that activity in the Programme. UNOPS will, albeit, provide full logistical support for evaluations.

Assumptions and Risks

Systematic approach to risk management

Following UNOPS guidelines, and in accordance with the framework for risk control recommended by PRINCE2 (PRojects IN Controlled Environment), European PROGRES established a **systematic approach** to risk management that has two key elements:

- Risk Management Strategy¹¹⁷ that defines techniques, standards, and processes that are to be applied in identification and assessment of risks, and then in planning and realisation of risk responses
- Risk and Issue Register that is used as a record of all identified risks and their status.¹¹⁸

Application of such a systematic approach should reduce negative effects that certain events could have on the delivery of the Programme's objectives, it will enhance European PROGRES capability to modify the planned interventions to ensure their continuous relevance, and enable more efficient use of resources.

Assumptions

The assumptions¹¹⁹ identified during the design of the Programme held true: political **stability on the national level** has been maintained, while the **European integration** remained the priority for the Government of Serbia; the cuts in Serbia's budget for 2015 introduced savings and reduced public investments but essentially contribute to **macroeconomic stability**, and viability of European PROGRES LSGs AoR were preserved.

There were occurrences that confirmed that **inter-ethnic distrust** exists both in the South and South West Serbia. For example, the incident with a drone carrying a flag of the Greater Albania that caused interruption of a football match between Serbia and Albania¹²⁰ and later visit by the Prime

¹¹⁷ Risk Management Strategy is available in the Annex V, Attachment 5.2

¹¹⁸ The Risk Register is available in the Annex V, Attachment 5.3

¹¹⁹ Overview of initial assumptions available in the [European PROGRES Description of Action](#)

¹²⁰ B92 (October 2014) Skandal, dron, zastava tuča! [Online] available at http://www.b92.net/sport/fudbal/vesti.php?yyyy=2014&mm=10&dd=14&nav_id=911662 (Accessed on 5 January 2015)

Minister of Albania to Serbia¹²¹ that included a call for recognition of Kosovo independence triggered negative reactions from Serbian officials and Serbian local leaders from the South Serbia. In the South West, the President of the BNMC has been accusing the Government for deprivation of Bosniak rights, using sharp language. This provoked reactions from the national and local officials who strongly condemn rhetoric and deemed accusations as politically motivated. The situation, however, has remained stable and there are indicators of gradual improvement. Establishment of the BNMC is step forward as it was not constituted after the previous, 2010 elections. While it is clear that inter-ethnic tension will remain present and that situation in the three southern LSGs will be affected by the progress of Belgrade-Pristina talks in Brussels, general situation should remain stable with potential for improvement.

Risks and Issues

In line with the Risk Management Strategy, European PROGRES identifies and assesses risks, and then plans and implements responses. The following risks and issues should be highlighted:¹²²

Delayed implementation of the CFCU managed grant scheme for local infrastructure: Despite the Programme's timely TA for the development of the Guidelines for Applicants, the CFCU advertised the call only in March 2015, five months later than originally planned. Further two month delay was registered in the selection of experts that should assess the submitted concept notes, although the Programme also timely through competitive process proposed potential candidates. The cumulative delay of seven months brings under question the feasibility of good governance activities that are dependent on the progress of infrastructure projects. Furthermore, European PROGRES will be exposed to additional pressure when supervising the implementation, since the construction works will likely be stretched throughout 2017, and any further delay will disable timely completion of the Programme. The visibility of the Government and donors' support to the area would also be reduced without promotion of tangible outputs such as infrastructure by 2017. This issue was escalated to the PSC and European PROGRES will in coordination with the SEIO, the donors, and the CFCU agree remedial actions.

Poor LSGs performance due to continuous political changes and turmoil at the local level: European PROGRES recorded five changes of mayors and arrest of three, introduction of provisional administration in one and instabilities and turmoil in at least 15 LSGs. These changes are often followed by municipal staff replacements and shifts in development priorities. The impact is negative and significant: part of the work done previously on the transfer of knowledge about project management, good governance, and some other less tangible concepts, is lost; new leadership may not be supportive of some projects started by their predecessors; despite good will, new teams do not have expertise and experience to respond to the opportunities. In response, efforts were put to (re)establish relations with the new staff and raise their awareness of the Programme and their obligations. For example, European PROGRES met the newly appointed Mayor of Brus during his first day in the office. These efforts were useful as cooperation with the Programme has continued with LSGs that underwent re-compositions. However, due to the scope of changes, some LSGs may not lift their performance to the level needed to benefit from the Programme. This risk, therefore, is one of major threats, while the local elections that are being announced for December 2015, will pose additional difficulty for the implementation.

¹²¹ RTS (November 2014) Provokacija albanskog premijera u Beogradu [Online] available at <http://www.rts.rs/page/stories/sr/story/9/Politika/1746570/Provokacija+albanskog+premijera+u+Beogradu.html> (Accessed on 5 January 2015)

¹²² PRINCE2 makes a clear distinction between risks and issues. In order to keep the reporting simple, as much as possible, this section provided integrated overview of risks and issues.

Low interest of the stakeholders for activities: LSGs traditionally show the strongest interest for infrastructure projects and these can be used as incentive to conduct “softer” reforms. As previously described, due to delays in the grant scheme for infrastructure, the construction will likely not start before 2017, hence reducing LSGs’ interest for some current activities. For example, only 15 LSGs requested TA for CIPs and PBs, mainly because the mayors did not support the participation. The Programme took upon the signals that communication with municipal leadership needs to be increased and is organising meetings with the Mayors to encourage their support for activities. In addition, European PROGRES will request approval of limited modifications from the PSC in order to include some tangible projects within the Programme’s cope as this would make it more “attractive”.

Limited capacities of LSGs: although performance of the LSGs is affected by the level of support from the municipal leadership, and depends on “attractiveness” of the offered assistance, many municipalities struggle with internal capacities. This is especially true when there are numerous personnel replacements and discontinuity in development actions. The Programme analysis show that 17 or 50% of the participating LSGs won an average of 2.5 projects¹²³ compared to 5.5 projects that benefit the other half of the LSGs. The Programme already includes activities to enhance LSGs capacities, such as FIDIC training but these will produce mid-term results. In order to address the issues immediately, European PROGRES enhanced minimum duration of calls from 30 to 40 days to give more time to weaker municipalities to develop applications and will provide stronger TA to the weakest performing LSGs.

Reduced economic impacts: The Programme has been encouraging development of economic projects through inclusion of favourable criteria in the CfPs and advocacy, and this was relatively effective approach. For example, selected tax administration, cluster and even CIF projects should produce economic outcomes. The CfP for the Main Designs for Infrastructure Projects, however, resulted in a limited number of applications with economic potential. The Programme’s analysis¹²⁴ of LSGs performance in response to this CfP showed that systemic issues, such as unresolved public ownership, is obstacle for the LSGs to develop high impact projects. In order to mitigate this, European PROGRES will continue to favour economic projects, where appropriate, and will use the PSC to advocate for actions with investment and employment potential. In addition, the Programme will strive to raise awareness of national institutions about obstacles to development at the local level.¹²⁵

Changes of legislation: Changes in Serbia’s legislation affect the Programme. The amendments to the Law on Planning and Construction introduced changes in issuing the construction permits, urban and spatial planning, management of geo spatial data, etc. European PROGRES monitored the development of the new Law and timely planned to incorporate relevant provisions in its activities, as described in the previous sections. The mitigation in future should include regular communication with the key Government stakeholders, monitoring of policy changes, and adjustment of approaches, as necessary and feasible.

The transfer of donor and beneficiary funds: European PROGRES, in line with the grant methodology used also by the predecessor, transfers funding to the designated municipal sub account after the municipality paid its co-funding. Upon approval of the first grants to the LSGs for upgrading tax administration and development of main designs, the Programme started to transfer funds. Several municipalities, however, following requests from the Treasury or their financial departments, suggested different flow of funds. In addition, some of them were not able to provide

¹²³ Projects in this analysis include grants and or package of technical assistance

¹²⁴ The Analysis is available in the Annex 2, Attachment 2.3

¹²⁵ Efforts to raise awareness of obstacles for development fit into vertical dimension of good governance.

co-funding before the public procurement is completed in accordance with the Serbian Law.¹²⁶ This delayed some payments and hence postponed activities of several projects. The Programme, with the support from the SEIO, approached the Ministry of Finance to obtain the legal opinion, in order to address the issues raised by the LSGs and ensure the grant methodology is valid.

Reduced visibility: The Programme's current design mainly encompasses technical assistance (TA), while a limited number of projects will be visible to general public. Hence, the objective of communicating European values while building up on the results of the predecessor Programme, which generated 3,200 positive media reports highlighting donors' support, may only be partially successful. The probability that this risk will materialise is high when knowing that the implementation of the local infrastructure projects through the CFCU will start in 2017. In order to mitigate this risk it is necessary to consider realisation of visible projects and activities, with small modifications but within the existing European PROGRES framework.

The Risks and Issues Register¹²⁷ provides overview of initial and newly identified risks and of issues that emerged.

Quality and Sustainability

Quality

The approach to quality in European PROGRES has three pillars: first, UNOPS globally provides framework for quality management and helps the projects to realise expected benefits; second, UNOPS Serbia Operations Centre (RSOC) has structures and regulations that should also ensure that the projects meet quality expectations; finally, the Programme and its PSC monitor progress and performance, including whether the outputs met the quality expectations and quality acceptance criteria.

UNOPS global project management methodology is compliant with PRINCE2 that means that the quality is one of the key themes for the management. For example, one of the mandatory UNOPS global mechanisms is **Assurance Tool** that captures information about the key aspects of projects' performance on quarterly basis and assures that they are performing in a way that is contributing to the objectives. If that is not the case it triggers development of remedial actions.

UNOPS, within efforts to enhance project management standards, conducted capacity assessment of UNOPS RSOC, including European PROGRES, in mid-2014. In accordance with the key recommendation of the Capacity Assessment, UNOPS RSOC started with the establishment of the **Project Management Office** (PMO) by hiring the Office Supervisor in November 2014. The PMO helps with the promotion of the best global project management standards, capacity building, assisting with execution, reacting proactively to potential problems and tracking results using centralised and visible manner. The Office contributes to the efficiency, effectiveness and sustainability of individual programmes and projects, including European PROGRES. Therefore, the PMO is a part of quality management in European PROGRES.

Furthermore, UNOPS RSOC introduced several procedures to enhance the Programme's performance. During Q1 2015, for example, UNOPS Serbia launched Standard Operating Procedure

¹²⁶ When the grantee is public institution, European PROGRES also insists on application of Serbian Public Procurement Law.

¹²⁷ The Risk and Issues Register is available in Annex V, attachment 5.3

(SOP) for **Internal Quarterly Project Assurance** that provides the instructions on how to undertake appropriate quality checks with the aim of ensuring that RSOC projects, including European PROGRES, are managed in compliance with the UNOPS project management standards and that they meet clients' and donors' expectations. In addition, European PROGRES will benefit from the UNOPS RSOC **Quality Management Strategy** that was developed in May 2015 as this document sets guidelines and requirements for the Programme regarding quality standards and techniques as well as for defining various responsibilities for achieving the required quality levels.

Sustainability

Sustainability has been high on the European PROGRES agenda during the first year. First, the Programme's activities are embedded into relevant national and local development policies and this will remain the approach throughout the implementation. To name a few examples, improvement of local tax administration is in line with Serbia's Fiscal Strategy, work on gender supports implementation of the National Strategy for Gender Equality and Improvement of Position of Women, the construction of the building for Bujanovac Department of Subotica Economics Faculty is the top priority of the Government for the South Serbia. Second, sustainability is always among the key criteria for the selection of the projects for funding through European PROGRES.

Furthermore, European PROGRES uses the grant methodology that gives ownership over the activities to the beneficiaries, which is the key ingredient of sustainability. In cases when the Programme provides TA it will require a formal municipal decision confirming their commitment or it will sign the Memorandum of Understanding (MoU). This is not a guarantee but contributes to sustainability.

The prospects of financial sustainability of European PROGRES are generally positive. The majority of planned activities should result in short or long terms economic benefits that should outweigh investments. For instance, development of planning and technical documentation should facilitate investments in the future, supporting implementation of the Law on Planning and Construction should enhance LSGs' competitiveness that is also part of efforts to enhance economy and create employments, support to SMEs should help exports and winning of new markets etc. European PROGRES will also carefully consider sustainability aspect of social inclusion activities as these sometimes may become financial burden on LSGs and public institutions.

The Programme developed a cross cutting tool¹²⁸ for good governance, gender equality and social inclusion/human rights. This tool will help the Programme to address these three cross cutting elements in all European PROGRES projects and activities implemented through European PROGRES. Hence, it is clear that this tool will contribute significantly to the social dimension of sustainability.

European PROGRES work on good governance also contributes to sustainability as, among other, it should contribute to enhanced LSGs efficiency or increase citizens' participation into local decision making. Both, efficiency and citizens' participation, are integral elements of sustainability.

The Programme also invests efforts to enhance personnel understanding of sustainability. For example, core team members attended the training on the Sustainability Marker, which is UNOPS' global tool for analysis of social, environmental and economic aspects of projects. This and future learning opportunities should ensure that European PROGRES meets sustainability criteria.

Sustainability of the Programme's activities implemented through direct engagement of technical consultants instead of provision of support through grant agreements has been ensured with requirement for formal appointment of local teams and adoption of action plans by local councils.

¹²⁸ Cross Cutting Tool is available in the Annex I, Attachment 1.3

For example, commitment of LSGs for active participation in support for development of Capital Investment Plans and Programme Budgeting provided by the Programme's retainer technical experts is ensured with institutionalisation of teams for development of documents (appointment confirmed by mayor and local councils and/or assemblies) and institutionalisation of action plan through endorsement of local councils.

Sustainability and impacts of the predecessor Programme

European PROGRES has been monitoring progress of several projects that were implemented during the **predecessor Programme**, but did not reach the full potential during its life cycle. The following is the status of the several key monitored actions:

In the South West Serbia, the EU and the Government of Switzerland invested through EU PROGRES 421,249 Euros into **River Raška Flood Protection Project** to secure the regulation of the watercourse and prevention of sessional floods. The funds provided for the development of the technical documentation and the construction of nine barrages on the river tributaries in Novi Pazar and Raška. As a result where in 2013 flood damage in Novi Pazar was estimated at a million Euros after completion of work in 2014 the floods were completely prevented. Additionally In March 2015 Novi Pazar received 1.5 million Euros from the World Bank to complete the remaining five dams envisioned by the EU PROGRES main design to reduce the flood threat in the area.

The Blaževo Roma Settlement Project in Novi Pazar aimed to enhance the living conditions of 50 Roma and Internally Displaced Persons (IDP) resident households. The EU and the Government of Switzerland invested 276,086 Euros to ensure legalisation of the informal Roma settlement through the development of the main design, securing the provision of potable water and the construction of the water supply system which should be connected to the City water supply by the end of the 2015. The project enabled development of the follow-up interventions by various investors including the reconstruction of the Blaževo Health Centre, construction of the Recycling Centre and the ongoing construction of 32 houses.

The EU and the Government of Switzerland funded four projects worth 92,000 Euros to address the lack of residential facilities and services arising from the growth of population in Novi Pazar municipality. The project funded **development of main designs** which would enable the construction of the Social Welfare Centre and Housing building, the Diagnostics Centre within the Health Centre as well as the kindergarten and primary school in the Erozijska area. In March 2015 the construction of the Diagnostics Centre was funded by the United Arab Emirates and the infrastructure commenced in June pending completion by the end of 2015. For the design of the Diagnostic Centre EU PROGRES provided 25,000 Euros.

The EU and the Government of Switzerland allocated 255,690 Euro for the establishment of the Sjenica based **Regional Agriculture Development Centre** intended to facilitate increase in production for 200 agricultural households in Novi Pazar, Tutin and Sjenica. The Programme supported the development of the Feasibility Study and the Business Plan, construction of the main and supporting facilities, purchase of the agricultural machinery, the computer equipment and furniture as well as the organisation of the work of the Centre. Although the project envisaged the chemical and microbiological laboratory, warehouse for agriculture machinery and premises for educational services and was meant to employ 21 people, by July 2015 due to the lack of funding caused by political disagreements, only the Centre's laboratory officially started working in April 2015 and has employed four laboratory staff. Contrary to the Municipal Assembly decisions, Novi Pazar and Tutin did not provide any funding to support the Centre, while Sjenica allocated only a part of the predicted amount.

In 2012/2013 EU PROGRES allocated 238,870 Euros to support the construction of a regional sanitary **landfill** is at the location “**Banjica**” in Nova Varoš. The funds were used to support the Regional Waste Management Plan 2011-2020 for Prijepolje, Nova Varoš, Priboj and Sjenica including the establishment of the joint (inter-municipal) management mechanism for the landfill, the re-designing of the existing technical documentation for construction, designing and equipping of the Nova Varoš Recycling Centre and acquiring the containers for solid waste for Prijepolje and Priboj. There was no significant progress in terms of implementation of this project from early 2014 onwards. The Ministry of Agriculture and Protection of the Environment and the four municipalities formed a Work Group in June 2015 to agree on the way forward. Two options are currently considered – Public Private Partnership or capacitating Banjica LLC to plan out and lead the remaining work. The Work Group should agree the desired option by the end of July 2015.

During 2012 EU PROGRES provided 100,000 Euros for the reconstruction of the future **pellet factory** premises in **Medveđa** while the Municipality, the Government of Serbia and the Government of Slovenia provided the additional 960,000 Euros for the necessary equipment. Newly established factory “EKO Jablanica” opened in March 2014 and employed 50 people. In November 2014, after the sudden death Medveđa Mayor the political discrepancies in the Municipal Assembly paralysed decision making and subsequently, faced with numerous financial problems, internal sabotage and the chronic lack of materials - the factory closed. In the absence of municipal administration the factory incurred over ten million dinars debt in the rent of premises and the workers sued the Municipality for not receiving their salaries since November 2014. The Interim Administration in Medveđa was formed only in June 2015 and has since addressed a letter to Ministry of Construction and Infrastructure asking for the financial support to restart the factory it is most likely that the issue will be addressed only after the local elections.

The Coordination Body for Preševo, Bujanovac and Medveđa, the Ministry of Health and the Municipality of Preševo funded the construction works on **Preševo Maternity Ward** with 923,000 Euros. The Coordination Body provided additional 130,000 Euros for a part of the medical equipment, while EU PROGRES contributed with 255,197 Euros, for the medical equipment. The project was completed and the handover ceremony was organised in January 2014 however it will only become operational in July 2015 when the necessary medical staff will, after a long delay, be included in the Ministry of Health (MOH) staffing plan and fully recruited.

Through the project aimed to contribute to the growth of the **fruit production in Pčinja district** worth 280,000 Euros, 373 growers received 202,129 seedlings to cover approximately 200 hectares of land. The demonstration orchard with modern equipment, technology and mechanisation was constructed on the land allocated by the Vladičin Han municipality to serve for continuous farmer education while the local self-government (LSG) allocated two million dinars for the maintenance cost. Project monitoring shows that although over 95% of seedlings have been successfully planted and utilisation of the LSG owned mechanisation saved 11,000 Euros for fruit producers in 2014 the demonstration orchard was used to provide practical education for only 30 fruit producers. Currently LSG is exploring the partnership with State Agriculture Advisory Service to ensure continuous implementation of the education programs for fruit producers.

In 2012, EU PROGRES supported the development of **the Leskovac Green Zone** project intended to establish an agro-business centre for the production, storing and distribution of agricultural produce. The Programme provided 338,772 Euros for the construction of two roads with lighting, water supply and sewerage network resulting in 42 out of 98 hectares available in the Green Zone being prepared for use.

Following the completion of works, in order to help the City to use the potential of the Zone, EU PROGRES and Leskovac prepared a 'road map', detailing activities necessary to create conditions for the realisation of the investments into the Zone. In 2015, after almost no progress during two years, the City of Leskovac changed the purpose of the land for 98 hectares, has started the process of the removal of the illegal constructions in the Zone, while the planned construction of the roundabout was reinitiated by completing the expropriation of the necessary land. After the planned Call for Proposal issued in December 2013 the feasibility study was developed to accommodate the potential Iraqi investor "Al Rafideen" interested to establish a vegetable processing factory in the Zone. The approval of the study by the City Council has been pending since March 2015. It is necessary to ensure there is stronger engagement and coordination by different City departments. It would be also beneficial to designate a person who will be responsible for the management of the Green Zone project.

Despite some positive developments, the status of the above noted projects shows that complex actions, involving numerous local players and national stakeholders progress slowly or can be completely left aside if there is no follow up. Therefore, it is necessary to consider whether and how European PROGRES should build on some key strategic initiatives started by the predecessor programmes.

Lessons learned

European PROGRES established **systematic approach** to learning which included efforts to integrate experiences originating from the predecessor Programme as well as identification, recording, and application of lessons learned during the first year of the implementation.

Learning from previous experiences

European PROGRES applied the key recommendations from the EU PROGRES Final Evaluation, primarily by endeavouring to **encourage** implementation of **economic projects**.¹²⁹ Significant weight was given to economic impact criteria in all seven CfPs that were conducted so far. In principle, this was relatively successful, especially with the CfP for the DRPs was focussed only on the projects with economic potential. The only exception was the CfP for the Main Designs which, as described in the previous sections, resulted in limited number of economic projects due to systemic problems.

In addition, **sustainability** is always among the key criteria for the selection of the projects for funding and the Programme strived to **reinforce** it in a number of thematic areas that were addressed by the predecessor Programme, such as work with clusters and with the vulnerable groups.

Furthermore, European PROGRES invested **additional efforts** to assist nine LSGs that were not part of the previous Programme (Brus, Aleksinac, Gadžin Han, Doljevac, Merošina, Svrlijig, Babušnica, Bela Palanka, and Knjaževac). For example, colleagues who provide project management assistance for development of applications paid more visits to the nine new municipalities. Although the Programme encountered different challenges in different LSGs, there were indicators that this effort has good results: the average number of projects or requests for the TA submitted by these nine municipalities is 6.77, just below the average of 7.02 for the whole Programme, while 57.81% of their proposals were approved comparing to the Programme's average of 60.87%. This approach should continue in the second year, while the focus should shift towards the LSGs whose performance was weak.

¹²⁹ [European PROGRES Final Evaluation Report](#)

The Programme also strived to address the lessons identified in the Final EU PROGRES Report.¹³⁰ For example, **access to information** about European PROGRES activities, has been further enhanced, especially for those related to provision of grants. This meant that promotion of each CfP included visits to each LSGs, information sessions, on line and phone consultations, and in some cases staging of the capacity building workshops prior to the launch of a particular call. This approach proved effective because the beneficiaries have shown interest and positively assessed information sessions, while the average number of seven received applications per municipality is generally satisfactory.

Learning during implementation

The following are the key lessons identified and actioned during the implementation:

Realistic planning - The analysis of the progress in the first nine months pointed out there was a need for more realistic planning. For example, the quarterly work plans did not allow time for unexpected events and problem solving. In addition, the first several CfPs showed it was necessary to consider more carefully LSGs' capacities when developing plans in order to ensure they are not overburdened. In response, European PROGRES in the fourth quarter of its implementation introduced more rigour when developing plans, enhanced internal coordination when rolling out activities, and increased the duration of the CfPs from a minimum of 30 to 40 days. The performance against plans in the fourth quarter has improved confirming the effectiveness of the response and continuing need for timely and strong planning.

Flexibility - The present Programme has predominantly been using public calls for provision of assistance. While this approach provides high transparency and facilitates competition which in turn enhances beneficiaries' capacities, it leaves no room for European PROGRES to respond to emerging development opportunities or challenges. For example, following devastating floods that hit Serbia in May 2014, it is of high relevance to help LSGs in the area to enhance flood protection. Furthermore, in order to respond to new or revised national policies, while also considering preliminary consultations with relevant stakeholders and Programme's experience obtained during the first year of implementation, European PROGRES should provide more focussed and stronger support to the Small and Medium Enterprises (SMEs), Roma and youth. It is therefore necessary to discuss these issues with the SEIO, donors, and the PSC, and possibly agree limited modifications in the current implementation framework.

Promoting best practices - The Programme's events outlined that the beneficiaries want to learn from the practical examples and best practices. European PROGRES now regularly includes presentations of successful projects in its informative and capacity building events. In addition, promotion of the best practices from 34 beneficiary and other Serbian LSGs will be done through newsletter, municipal profiles, and other communication tools.

Early engagement and buy-in of stakeholders, especially Mayors - The first Programme's year reaffirmed that the early engagement of relevant stakeholders is important for generating interest, avoidance of overlapping and maximising quality of the designed interventions. For example, in order to engage the beneficiaries for activities about which they have limited knowledge, the Programme organises capacity building actions before the launch of the CfP. This approach was applied for GIS, women entrepreneurship and cluster related activities. In addition, there were cases when some LSGs did not respond to the opportunities because there was no support from the Mayors and other key municipal staff. European PROGRES now approaches the Mayors in order to

¹³⁰ [EU PROGRES Final Report](#)

inform them about a particular activity. Subsequently, if a municipality decides to participate, the Programme calls on the Mayors to ensure engagement of relevant municipal departments.

Formalise provision of technical assistance - Financial assistance for implementation of projects is generally provided through Grant Agreements that stipulate responsibilities of the grantee, hence providing assurances that the project will be realised within the set targets. European PROGRES, however, also includes TA (e.g. experts providing support to the LSGs in a specific area), generally provided without formal agreements. It turned that this can be a serious issue as, despite verbal commitment, beneficiaries in some cases failed to engage and complete their responsibilities. In response to this, European PROGRES will use two approaches: for smaller TA interventions, LSGs will need to make a formal decision confirming their commitment; for more comprehensive TA packages, the Programme will insist on signing of Memorandum of Understanding (MoU) that defines responsibilities. The model for the MoU is developed for good governance activities.

Making applications better – European PROGRES conducted eight CfPs from October 2014 to June 2015, under which LSGs were eligible to seek assistance from the Programme's team for development of project applications. The assistance included visits to municipalities, discussions with municipal staff, and provision of online and phone assistance. The overall quality of received applications was lower than expected and this, among other, indicated that the Programme's assistance was not always effective. Analysis shows that a majority of LSGs requested assistance just couple of days before the end of CfPs deadlines. Therefore, with quite a few requests within limited time, the Programme was often not able to provide the quality support. In order to address this, European PROGRES has started to set the time frame in which LSGs can seek assistance. In addition, the Programme personnel will double check applications of the LSGs asserting that they do not need help, as they proved to submit weak proposals. The Programme also identified that English was/remains a problem for the LSGs. There were cases in which projects in Serbian were satisfactory but poor translation into English reduced their quality. European PROGRES hence advises the LSGs to plan the time needed for the translation as well as to consider using external translators when internal experts are not available.

More time for project preparatory phase – in most cases, European PROGRES grantees, plan one month for project preparatory phase, that includes forming of project team, opening of the sub accounts, provision of co-funding etc. Experience from this year confirmed that the grantees often need more than 30 days to finish the preparatory phase. In the case of CIF grants, almost half of the projects were delayed between 30 to 45 days due to opening of sub accounts and the transfer of co-funding. European PROGRES will, as of July 2015, ensure that, where relevant, more time is allowed for the preparatory phase. The Programme's work plans will also reflect this lesson.

Consistent communications of calls for proposals - Following completion of the CfPs, there were cases in which unsuccessful applicants requested additional information or objected results. While the Programme strived to respond efficiently, with argumentation, in some cases unsuccessful applicants had different demands, such as the request to get insight into the complete evaluation documentation. This showed that the Programme needs to adopt clear guidelines regarding the way it will address complaints, with the objective to ensure transparency but also to preserve the integrity of the process. European PROGRES obtained the advice from the donors and the SEIO and will develop the Protocol for Communicating Calls for Proposals in July 2015.

Direct support vs. open call – European PROGRES has predominantly been using public calls for provision of assistance. While this approach provides high transparency and facilitates competition, which in turn enhance beneficiaries' capacities, it leaves no room to respond to emerging development opportunities or challenges. In addition, in some cases, the number of potential beneficiaries is limited, as it was the case with the CfP for Clusters when only 13 entities were

eligible to apply. It is possible that identifying and supporting cluster projects directly would result in stronger outcomes. The Programme will continue to use the CfPs as clearly the best mechanism in most cases, but finds that having flexibility to respond to some pressing issues or high impact project opportunities is equally important. This will be discussed with the SEIO, donors and other PSC members in Q3 2015.

Having clear threshold in each CfP – European PROGRES should not support projects that do not meet minimum criteria, even when funding is available. The Programme has been including threshold in the criteria for all CfPs except one. There were no negative effects but understanding that quality of individual projects eventually determines the success of the Programme, the practice to include minimum criteria for approval of the projects, within the CfPs and beyond, should be continued and enhanced where possible.

The European PROGRES Lessons Log is available in the Annex V, Attachment 5.4.

Work Plan

Within development of the Annual Report, European PROGRES revised its Overall Work Plan¹³¹ and developed plan for the Q3 2015¹³². The following are the key deliverables for the next year:

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

- Develop Capital Investments Plan for ten LSGs and provide support for development of Programme Budgets for 15 selected municipalities
- Complete implementation of grant agreements for improvement of taxpayers' registry in 16 LSGs

Activity 1.2

- Sign grants with LSGs for the development of DRP and start implementation of at least ten projects for development of GIS

Activity 1.3

- Develop ToR for the procurement of services for trainings on Practical Guide to Contract Procedures for EU External Actions (PRAG) and public procurement of Serbia procedures

Activity 1.4

- Support municipalities to enhance their good governance capacities
- Design an approach to Municipal Governance Reforms according to the Local Governance Assessment findings
- Sign Memorandum of Understanding with municipalities on Good Governance interventions
- Develop the curricula and initiate trainings of the Good Governance Municipal Competence Centres

Activity 1.5 and 1.7

- Continue with institutional and capacity development of local gender equality mechanisms and introduce Gender Responsive Budgeting
- Introduce Gender Responsive Budgeting processes in eligible municipalities

¹³¹ The Overall Work Plan is available in the Annex V, Attachment 5.5

¹³² Work Plan for Q3 2015 is available in the Annex V, Attachment 5.6

- Conduct the CfP for local GEMs, provide grants to selected projects and monitor implementation

Activity 1.6

- Start with strengthening capacities and developing advocacy skills of the LSGs' personnel on Gender Equality

Result 2

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

Activity 2.1

- Provide support to LSGs for implementation of e-permitting procedures

Activity 2.2

- Identify at least two inter-municipal projects for the development of technical documentation
- Follow up on implementation of grant projects for development of main designs for local infrastructure
- Publish the second CfP for development of main designs for local infrastructure projects

Activity 2.3

- Finish the construction of the building for the Department of Faculty of Economics from Subotica in Bujanovac
- Identify the second infrastructure project that will be contracted through the CFCU and provide assistance to the implementation

Activity 2.4

- Follow up on the CFCU evaluation of Concept Notes for local infrastructure projects
- Assist the LSGs in developing full applications for local infrastructure projects

Activity 2.5

- Support municipalities in development of local policies and/or administrative regulations
- Provide support for the cross-cutting aspects of the municipal infrastructure projects in accordance to the process dynamics

Activity 2.6

- Develop policies and/or administrative regulations addressing vertical coordination between the Government and LSGs in cooperation with line ministries and stakeholders
- Organise the first GG Vertical Dimension workshop and collect inputs from the key national stakeholders

Activity 2.7

- Organise three info sessions and four workshops for PPP

Activity 2.8

- Implement five grant agreements with clusters

Activity 2.9

- Advertise the CfP for introduction of international quality and food standards
- Select consultancy for protection/certification of geographic origin and initiate technical support to clusters

Activity 2.10

- Finalise selection and start implementation of projects in support to women entrepreneurship

Result 3

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

Activity 3.2

- Organise initial consultations with the municipalities on provision of free of charge legal assistance to vulnerable and marginalised groups

Activity 3.3

- Formalise relationship with the National Employment Service and initiate trainings for vocational education programme

Activity 3.4 and 3.5

- Sign a contract with the implementing party and start providing support in preparation and implementation of local strategies/action plans for employment and social inclusion

Activity 3.6

- Organise first meetings with medical centres

Activity 3.7

- Develop concept for improvement of working conditions and management of local cultural institutions in multi-ethnic municipalities

Activity 3.8

- Complete all projects within the first call under the Citizens' Involvement Fund (CIF)
- Develop and advertise the second CfP under the CIF

Activity 3.9

- Sign a contract with the implementing partner for provision of support to young people from Albanian community to learn Serbian language
- Select and engage the teaching assistants
- Procure and deliver educational material

Activity 3.10

- Develop concept and start implementation of targeted measures to reduce migration from South, South East and South West Serbia

Result 4

Effects of Serbia's European integration communicated to general public

Activity 4.1


- Organise art competition for European PROGRES Calendar 2016
- Prepare Municipal Profiles and an interactive map for the website
- Distribute four quarterly newsletters
- Organise at least three high profile visits to the area
- Organise four Steering Committee meetings
- Organise support to at least three local summer festivals
- Publish the CfP for support to local and regional media

Activity 4.2

- Implement the first campaign from September 2015 - September 2016

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

Objectively verifiable indicators	
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	Not applicable.
Serbia's ranking in the Global Competitiveness Report improved for at least five places	
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	The Programme has been encouraging development of economic projects through inclusion of favourable criteria in the CfPs and through advocacy, and this was relatively effective approach. For example, the selected tax administration, cluster, and even CIF projects should produce economic outcomes. The CfP for the Main Designs for infrastructure projects, however, resulted in a limited number of applications with economic potential and if this becomes a trend, European PROGRES economic impacts could be reduced. In order to address this, only proposals with economic potential will be eligible in the CfP for planning documentation. The projected outcome of the five projects supporting clusters is increase of beneficiary SMEs turnover or export by 5% on average and creation of 15 new jobs.
At least five new investments in industry until the end of the Programme	
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	
Activity 1.1.1 At least 50% municipalities participating in the Programme introduce Capital Investment Planning, by the end of the Programme implementation (baseline 2014: 23%) ¹³³	European PROGRES initiated provision of assistance to 15 LSGs in development or update of the Capital Investment Plans (CIPs). The group includes ten newly selected LSGs and the five LSGs assisted through the predecessor programme, EU PROGRES.
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) ¹³⁴	The Programme provides assistance to the selected 15 LSGs (ten newly selected and five previously assisted through EU PROGRES) in introduction of Programme Budgets for 2016.
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 ¹³⁵	The Programme provided grants for 16 projects worth 154,000 Euros for improvement of the taxpayers' registry. The support should result in the increase of the number of taxpayers by estimated 16.5%, and will contribute to growth of local revenues from tax collection by projected average of 19%.
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) ¹³⁶	European PROGRES conducted the Needs Assessment that confirmed that the LSGs have interest and potential for improvement of the GIS. ¹³⁷ The CfP for Introduction and Development of Geographic Information System was approved at the April PSC and published on 27 May 2015. The closing date is 13 August 2015.
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 Assessment of Planning Documents showed that all LSGs need support for development of detailed regulation plans (DRPs). ¹³⁸ The CfP criteria, focussing on economic potentials, were approved at the February 2015 PSC. The Call was publicised on 5 March and was open until 7 April 2015. Evaluation committee recommended 35 DRPs, from 23 LSGs for approval.
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	The Association of Consulting Engineers of Serbia (ACES) was selected to deliver the trainings on the use of the International Federation of Consulting Engineers (FIDIC) contract modality in implementation of infrastructure projects. The two year trainings will be delivered to 100 municipal employees, 62 men and 38 women, from all 34 LSGs, and five representatives from the SEIO and the CFCU, three women and two men. The first of four modules have been delivered in April and May 2015.

¹³³Baseline Study on Competitiveness, EU PROGRES, 2014

¹³⁴Baseline Study on Competitiveness, EU PROGRES, 2014

¹³⁵LTA Office Annual Reports

¹³⁶Obstacles to Infrastructure Development, EU PROGRES, 2013

¹³⁷Annex I, Attachment 1.2, _Assessment Report on DRP's and GIS, November 2014

¹³⁸Annex I, Attachment 1.2, Assessment Report on DRP's and GIS, November 2014

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	All 34 LSGs appointed focal points for good governance (GG). Introductory workshop for GG focal points was held in December 2014. The Local Governance Assessment of the European PROGRES LSGs started in February 2015, the field work has been completed, and presentation is planned for July 2015. European PROGRES developed the MoU that will define responsibilities of the parties in the implementation of GG activities, which should be signed with the LSGs starting from September 2015.
Activity 1.5 Local gender equality mechanisms (GEM) established and local action plans for the work of the gender equality mechanisms (GEMs) adopted in all European PROGRES municipalities by the end of 2015. At least 30 GEMs successfully implemented grants provided through European PROGRES and contributing to advancement of gender equality issues by the end of 2016. At least two thirds of municipalities provide funding for the activities of local GEMs by the end of the Programme. Baseline: 31 GEMs established and two municipalities appointed gender equality officers, 23 European PROGRES' municipalities developed Local Gender Action Plans ¹³⁹	Following the October 2014 PSC approval, European PROGRES signed the contract with the implementing partner, UN Women, for gender equality activities. The Gender Equality Benchmark Assessment was carried out for 34 LSGs. Five municipalities were supported to enhance local gender mechanism, resulting in established GEMs in all 34 municipalities. Furthermore, the Programme provided support to the LSGs in developing planning documents, which currently records total of 21 adopted Local Gender Equality Action Plans (LAPs). The remaining ten municipalities have been given guidelines for drafting the GE LAPs. Support to GEMs resulted in adoption of the European Charter for Equality of Men and Women in Local Life in 15 LSGs.
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	This activity is planned for after the local elections in 2016.
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 perspective ¹⁴⁰	UN Women, the implementing partner for this activity, based on the Gender Benchmarking Assessment findings, initiated introduction of Gender Responsive Budgeting in eight LSGs.
Result 2 Increased competitiveness of local economy through improved business environment and management/organizational capacities of SMEs/agricultural cooperatives	
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 Sectors ¹⁴¹	The amendments of the Law on Planning and Construction introduced unified procedure for issuing construction permits, including for e-permitting, which delayed the European PROGRES intervention. The Programme is modifying approach to this activity in cooperation with the Ministry and relevant stakeholders in order to ensure relevance and enhance potential outcomes.

¹³⁹Baseline Study on Competitiveness, EU PROGRES, 2014

¹⁴⁰Baseline Study on Competitiveness, EU PROGRES, 2014

¹⁴¹As identified in the World Bank's Doing Business in Serbia 2014 ranking

Activity 2.2 Pipeline of at least two inter municipal and at least 35 local priority economic and social infrastructure projects, in line with the national sector priorities, with full scale technical documentation, developed in accordance with the criteria within PPF 5 after the assessment of the existing pipeline has been done	The CfP for Development of the Main Designs was advertised in December 2014. The February 2015 PSC approved 40 projects for the development of the main designs for local infrastructure out of 53 applications. The Programme's contribution is up to 538,000 Euros. 40 Grant Agreements signed with the LSGs in May 2015.
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	Upon September 2014 PSC approval, European PROGRES issued grant to support operations of the Joint Technical Secretariat of the Instrument for Pre-Accession Assistance Cross-border Programme Serbia-Montenegro. This effort will enhance opportunities for the municipalities from the South West Serbia to access IPA funding.
Activity 2.3 At least one priority inter-municipal project implemented by the Programme completion	The building permit was issued on 1 December 2014. The contract for the construction of Bujanovac Department of Subotica Economics Faculty was signed in January 2015. The progress of the construction goes according to the plan, with 60% works completed already.
Activities 2.3 and 2.4 Works supervision services provided to the CFCU as contracting authority for the priority infrastructure project implemented by it	Not applicable at this stage as works supervision will be provided upon start of the implementation of infrastructure projects.
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	Despite Programme's timely technical assistance, the CFCU advertised the Call for Local Infrastructure Projects only in March 2015, five months later than originally planned. As further delays were registered, the feasibility of good governance activities that are linked to infrastructure is brought under question, while any further delay will hinder timely completion of this activity and the whole Programme. The issue has been reporting to the Programme Steering Committee and the Programme will discuss ways to mitigate effect of delay in consultations with the CFCU.
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	European PROGRES organised initial information sessions for LSGs to present the CFCU Call and supported LSGs in development of concept notes. All 34 Programme LSGs and Vranjska Banja as one of the city municipalities responded to the call with submission of 52 Concept Notes.
Activity 2.5 Comprehensive assessment study completed with recommendations for all municipalities, through relevant departments, to develop and adopt criteria and procedures to assess advantages and disadvantages of providing a service with own capacities or outsourcing it to the private sector/other entity, by the end of Programme and implementation supported	The activity will be developed in Q3 2015.
Activity 2.5 All projects are organised with clear responsibilities in the procurement, contract management, monitoring and evaluation; at least 20 new local policies and/or administrative regulations linked to infrastructure projects are elaborated in a participatory manner, approved by councils, implemented and monitored, clearly indicating who invests, owns, decides upon, maintains, benefits from and monitors the new infrastructure, by the end of Programme	The concept and the approach for applying Good Governance aspects of the municipal infrastructure projects have been developed. Its implementation will start after the CFCU announces the Call for Full Project Applications (the first phase included concept notes), which is expected by the end of August. Already generated delays in implementation of the grant scheme negatively affect this activity and further delays would bring into question its completion. The issue has been reported to the Programme Steering Committee and the Programme will discuss ways to mitigate effect of delays in consultation with the CFCU.

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	The approach to this activity has been defined in cooperation with the Swiss Back Stoppers for GG. In accordance with the approach, the Programme in collaboration with relevant national stakeholders, primarily the SCTM, identified environmental and social protection as two areas to address through involvement of relevant ministries, national institutions, and local self-governments, with the objective to contribute to addressing of impediments in implementation of policies and regulations. Initial workshops are planned to take place as of October 2015.
Activity 2.7 At least two PPP models developed and implemented by the end of the Programme	The criteria for the CFP were developed and approved by the PSC in February 2015. Two PPP technical experts recruited to support implementation of the activity. The next action, organisation of sessions to raise understanding of LSGs about PPP, is planned for Q3 2015.
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	Draft criteria for the CfP for Introduction of International Quality or Food Safety Standards developed and will be presented to the July 2015 PSC meeting.
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	Draft criteria for the CfP for QMS certification or recertification prepared and will be presented to the July 2015 PSC meeting.
Activity 2.8 At least 20 SMEs, member of clusters, introduced innovation or use innovative market development techniques, until the end of the Programme.	Following October 2014 PSC approval, European PROGRES advertised the CfP for Provision of Support to Clusters in Common Market Approach and Introduction of Innovations. The April PSC approved five projects for funding in the amount of 145,000 Euros. Grant agreements issued.
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 Assessment of the Agricultural Producer Groups and Geographic Indication completed in May 2015. The Programme is to develop the criteria for the CfP for the PSC that is planned for October 2015, in line with the Assessment findings.
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) ¹⁴²	The Assessment of the Agricultural Producer Groups and Geographic Indication (GI) was completed in May 2015. It included analysis of eight products and identified possible assistance: development of studies on protection of GI, certification of products with approved elaborated study on protection of GI, improvement of marketing approach, and awareness raising of GI.
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 was approved at the April 2015 PSC and was advertised in June 2015. Seven sessions were held in March-April to announce the CfP to potential beneficiaries. A total of 422 participants attended the information sessions (405 women and 17 men). Nine training sessions for drafting of business plans held, benefitting 147 female participants.
Result 3:	

¹⁴²Serbian 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/inidications-of-geographical-origin/list-of-igo.91.html> (1 February 2014)

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) ¹⁴³	The Programme advertised tender for the consultancy support for this activity in May 2015 and evaluation of offers is in the final phase. Support will be provided to the LSGs to assess the needs of vulnerable and marginalised, to review, create and/or update new or existing relevant local policies, to build capacities of relevant local institutions, and then to pilot new policies. The intervention will offer start-up grants to local vulnerable and marginalised. The implementation will start in September 2015.
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%) ¹⁴⁴	This activity is incorporated in the approach for the activity 3.4.
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.	During the first CIF CfP, 77 applications were received from 32 municipalities. The December 2014 PSC approved 20 projects for funding in the amount of 397,765 Euros, primarily contributing to social inclusion and employability of vulnerable population. Twenty projects contracted and implementation is underway.
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 ¹⁴⁵	The Citizens' Satisfaction Surveys will be conducted in the last year of the Programme implementation.
Activities 3.2 and 3.10 Citizens' Advisory Services provided in eight municipalities, to at least 1,000 people during the Programme implementation; sustainability ensured by at least four municipalities providing budget for running costs after the Programme ends, documented by a relevant municipal decision	This activity will be developed in Q3 2015.
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	The Programme examined Skills Gap Analysis ¹⁴⁶ and the National Survey of Employers ¹⁴⁷ in Serbia and identified the training needs for the shoemakers, sewers, electric welders, carpenters, plastic processors, machinists etc. To conduct the activity, the Programme is aiming at establishment partnership with the National Employment Service (NES).
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 ¹⁴⁸	Initial preparations (such as consultations with line experts) have been finalised, and later in October site assessments of local medical centres will start.

¹⁴³Baseline Study on Competitiveness, EU PROGRES, 2014

¹⁴⁴Report on Employment of Roma, Ministry of Labour, Employment and Social Welfare, Belgrade, 2013

¹⁴⁵ 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

¹⁴⁶Skills Gap Analysis in South and South-West Serbia, International Labour Organization (2014)

¹⁴⁷The analysis and forecasts of labour market needs in Republic of Serbia (2014), National Employment Service funded by EU

¹⁴⁸ 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.

Activity 3.7 At least four cultural centres in multi-ethnic municipalities (e.g. for intercultural music, theatre and art productions) upgraded	A framework for addressing this activity has been discussed with the Government of Serbia Coordination Body for Municipalities of Preševo, Bujanovac and Medveđa and local cultural actors in the multi-ethnic municipalities. The activity will be developed in Q3 2015.
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 ¹⁴⁹	<p>The tender for selection of the legal entity which will be engaging the Teaching Assistants to Teachers of Serbian as non mother tongue in primary schools in Preševo and Bujanovac has been closed and the contracting is expected by end of July 2015.</p> <p>In addition, the specification for the procurement for textbooks, teachers' manuals and auxiliary educational material has been prepared. The delivery is expected before the beginning of the school year 2015/16.</p>
Result 4: Effects of Serbia's EU accession communicated to general public	
Percentage of citizens that associate European integration with lower unemployment and better living conditions, as well as with ordered state and impartial administration increased by 10% by the end of the Programme. ¹⁵⁰	<p>Key outputs/outcomes:</p> <ul style="list-style-type: none"> • Communications Strategy developed • Ten high profile visits organised, four on Ambassadorial level • Seven large events organised • Three high profile interviews and 15 statements for the media organised • 24 comprehensive briefing notes prepared • 22 press releases prepared • 585 positive media reports have been generated • Quarterly Newsletter has been created and the first issue distributed to 1,200 addresses • Website developed and launched attracting 2,658 unique visitors monthly in average with a total of 31,196 visits • Art competition for European PROGRES' Calendar 2015 has been successfully organised • Initial set of promo materials produced
Two advocacy/awareness campaigns promoting European values conducted within the Programme implementation	The December 2014 PSC approved the concept for the first campaign that primarily promotes economic aspects/benefits of European integrations process. The ToR has been finalised and advertised in April 2015. The selection of consultancy for the first campaign in progress. The campaign will last for a year with culmination around marking of the Day of Europe on 9 May 2016.

¹⁴⁹ This indicator will change to incorporate findings and recommendations of the Coordination Body Feasibility Study, whose results were presented in August 2014.

¹⁵⁰ As indicated in the findings of the Citizens' Satisfaction Survey 2017 and compared to 2013 Citizens' Satisfaction Survey results

