

# FINAL REPORT

May 2014 – March 2018



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

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

**Total budget:** 24.46 million Euros - European Union provides 19.6 million Euros and the Government of Switzerland 4.86 million Euros

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

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

**Start date:** 8 May 2014

**End date:** 30 March 2018

**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:** 28 September 2018

**Period covered:** 8 May 2014 – 30 March 2018

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## Acronyms

ACES	Association of Consulting Engineers of Serbia
APG	Agricultural Producer Group
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
MEI	Ministry of European Integration
MCTI	Ministry of Construction, Transport, and Infrastructure
MSE	Micro and Small Enterprises
MSP	Managing Successful Programmes
MTTT	Ministry of Trade, Tourism and Telecommunications
MPALSG	Ministry of Public Administration and Local Self-government (MPALSG)
NGO	Non-governmental Organisation
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
SME	Small and Medium Size Enterprises
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

Although the South East and South West Serbia remain less developed parts of the country, the development programme European PROGRES facilitated improvements and established solid foundation for accelerated economic growth of the area. With funding support of the European Union and the Government of Switzerland, while contributing to implementation of national policies at the local level, this Programme from May 2014 to March 2018 encompassed implementation of 254 projects that contributed to local governance, business enabling environment, infrastructure development, and social inclusion in 34 municipalities that were covered by the Action.

Work on **local governance** produced tangible results: management of municipal finances has been enhanced through implementation of 16 grants for update of taxpayers' registries that enabled beneficiary Local Self-governments (LSGs) to increase tax revenue by 1.35 million Euros; provision of technical assistance for programme budgeting and capital investment planning enabled 15 beneficiary LSGs to improve identification and development of capital projects, enhance access to donors' funds, while ensuring stronger citizens' participation in the budgeting process.

LSGs' **good governance** (GG) capacities have been strengthened: 23 municipalities established GG Competence Centres that will address GG issues in local policies and projects; 13 LSGs conducted reforms that included development and adoption of 21 regulations to strengthen internal planning, accountability mechanisms, public property and human resource management; 27 municipal representatives completed GG capacity building programmes; and, finally, two publications on GG, which provide insight into practices that may be useful for future GG work have been published.

European PROGRES supported development of 36 **detailed regulation plans** (DRPs) that create preconditions for infrastructure development of industrial and business zones and for tourism development. Four DRPs already enabled infrastructure development of covered locations, while the plan for the industrial zone in Vlasotince complemented LSG's effort to facilitate industry investment that should enable opening of 300 jobs. Three plans received awards at Niš International Urban Planners Exhibition, while work on the development of Nature Park Golija, whose core was design of five DRPs for infrastructure corridors, will be presented to the Council of Europe as the Serbia's best practice model for the management of nature parks.

Efforts to enhance LSGs performance also included introduction of **Geographic Information System** (GIS) in 11 municipalities Assistance included equipment, trainings, establishment of institutional framework for GIS operations, and development of specialised GIS applications, which focused on promotion of investments and tourism. The Programme recorded cases where GIS reduced costs or facilitated negotiations with investors.

**Infrastructure interventions** were effective as 45 developed designs enabled LSGs at the time of writing of this Report to access ten million Euros of donors' funding, while 21 construction projects directly improved quality of life. Construction of the building for the Bujanovac Department of the Subotica Faculty of Economics, which is used by 400 students, is an example of contribution to efforts of the Government of Serbia to improve the position of national minorities.

Contribution has been provided to creation of friendlier **business environment and more competitive small and medium sized enterprises (SMEs)**. For example, European PROGRES contributed to reduction of the average time needed for issuance of a construction permits in the Programme LSGs from eight to five days and to the drop of the negatively resolved applications from 40% to 16%. Provision of equipment to 14 and introduction of international quality and food safety standards in 16 SMEs, and five grants to clusters for introduction of innovations, facilitated opening of 192 jobs and enabled beneficiaries to reduce costs, enhance revenues, and access new markets.

European PROGRES contributed to **social inclusion**, while focusing on employment of the vulnerable. Ten grants related to vocational training benefited 336 and facilitated employment of 184 persons. Start-up schemes to support self-employment of women, youth, and vulnerable facilitated opening of 134 full time jobs. Sixteen projects for social inclusion of Roma, while addressing employment, education, health, social protection, and housing issues, benefited 3,634 persons. Forty three partnership projects of civil society organisations and LSGs contributed to economic empowerment of the vulnerable, while also enabling over 500 persons to access some of their fundamental rights. The Programme also developed the methodologies and tools for mapping the needs of vulnerable and provided assistance to three LSGs to set up home care assistance for the elderly.

**Gender equality** actions included establishment of two local Gender Equality Mechanisms and development of 12 Local Gender Equality Action Plans, while advocacy efforts facilitated endorsement of the European Charter for Equality of Women and Men in Local Life by 32 LSGs. In addition, ten Local Women Councillors Networks gathering 97 female councillors implemented ten initiatives that improved the position of women at the local level. Eighteen local gender equality projects positively affected 1,589 people (1,291 women and 298 men).

Implementation could not have passed without **issues**. There were changes in municipal management that were primarily triggered by local political regroupings, which reduced efficiency of some projects. The Programme kept negative effects to a minimum, through close monitoring and stronger engagement. However, analysis showed that municipalities which were not politically stable had limited benefits from European PROGRES. Furthermore, the delay of 18 months in implementation of the grant scheme for local infrastructure and two regional projects that were managed by the Department for Contracting and Financing of EU Funded Programmes affected European PROGRES, which was not able to conduct inter-dependent activities. This was the main reason for introduction of another scheme for local infrastructure and for the extension of the Programme's duration until 31 March 2018 –this enabled the Programme to assist the CFCU in the launch of the scheme and to contract projects for construction and equipping of the surgical block of the Vranje Hospital and of the building for emergency services in Novi Pazar Health Centre.

**Communication activities** contributed both to implementation and the promotion of support that the donors, the European Union and the Government of Switzerland provide to the area. Activities included organisation of 33 high profile visits and 24 large events, support to 15 local festivals, issuing of 111 press releases, publishing of ten quarterly Newsletters, conduct of four calendar competitions, implementation of two year campaign to promote the European values, extensive use of website and social media, and production of promotional materials. These efforts generated 5,047 positive media reports about the Programme, of which 2,156 or 42% were in the national media, website was visited over 200,000 times, while Facebook page attracted 10,000 followers.

While the Programme covered a broad spectrum of development activities, the initial indicators of **aggregated effects are encouraging**: the Programme's work already complemented efforts of the Government and municipalities to attract investments in Priboj, Vlasotince, Ivanjica, while developed plans and designs created significant potential for investments into infrastructure, industry, and tourism; 703 full time jobs were facilitated through support to SMEs, entrepreneurship, self-employment, and economic empowerment of vulnerable; analysis of municipal competitiveness 2016-2017 compared to the baseline 2013-2014 indicate that 31 LSGs improved their index, while making biggest advancements in finance management, public procurements, urbanism, and local economic development; finally, 2017 Citizens Satisfaction Survey showed that citizens have more trust in local institutions and more positively assess the work of municipal administration.

This Final Report covers the period from 7 May 2014 until 31 March 2018 and provides an overview of performance, management elements, risks and issues, quality and sustainability considerations, and a section on the lessons learnt. A number of annexes provides deeper insight into particular actions taken by the Programme.

# Review of progress and performance

## Policy and programme context progress

The key assumptions related to the Programme's context that were made during the development of European PROGRES were accurate. Serbia maintained political stability and continued to strengthen relations with the European Union, which was confirmed by organisation of seven inter-governmental conferences and of opening twelve negotiating chapters<sup>1</sup> - two chapters relating to competitiveness: Chapter 20 - Enterprise and Industrial Policy in February 2017 and Chapter 6 related to company law in December 2017. The Government of Serbia (GoS) has remained committed to implementation of public administration and competitiveness reforms, which was of relevance for European PROGRES.

### *Competitiveness*

Efforts of the Government to enhance business environment and competitiveness were productive. In 2018, Serbia was ranked 47<sup>th</sup> out of 190 assessed economies in the World Bank's Doing Business Report<sup>2</sup> and highlighted as one of ten economies with the biggest improvements in business regulations. This was improvement by 50 places compared to 2014,<sup>3</sup> while issuance of construction permits and tax payments were identified as areas with the most significant advancements.

Improvements have also been recognised in the Global Competitiveness Report 2017-2018 of the World Economic Forum,<sup>4</sup> which ranked Serbia on 78<sup>th</sup> position out of 137 economies that were assessed, improvement by 23 places compared to 2014.<sup>5</sup> The Report recorded progress in ten out of twelve competitiveness index pillars with significant improvements in macroeconomic environment and financial market development.

In March 2015, the GoS adopted the Strategy for Supporting the Development of Small and Medium-Sized Enterprises (SMEs), Entrepreneurship and Competitiveness for 2015 – 2020. The Strategy aims to increase the number of businesses, employment, and improve performance of SMEs.<sup>6</sup> The Action Plan<sup>7</sup> 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, provision of equipment to micro and small enterprises, vocational education, business enabling environment, introduction of quality management standards, and women entrepreneurship were aligned with the Strategy.

The year 2016 was announced as the "Year of Entrepreneurship" and the GoS allocated more than 14 million Euros to support projects in this field. The three main pillars of support were improving the business environment, direct support to entrepreneurs and development of entrepreneurial spirit. Besides the state support, considerable assistance has been provided through COSME Horizon 2020, EDIF and APEX programmes. The initiative was subsequently transformed into a "Decade of Entrepreneurship" indicating the Government's long term commitment to support SME sector.

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<sup>1</sup> By the end of the Programme, 31 March 2018

<sup>2</sup> The 2018 Doing Business Report is available at

<http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Profiles/Country/SRB.pdf>

<sup>3</sup> The 2014 Doing Business Report is available at

<https://openknowledge.worldbank.org/bitstream/handle/10986/18884/829550Serbia0SRB0Box0382126B00PUBLIC0.pdf?sequence=1&isAllowed=y>

<sup>4</sup> The Global Competitiveness Report 2017-2018 is available at [http://reports.weforum.org/global-competitiveness-index-2017-2018/countryeconomy-profiles/?doing\\_wp\\_cron=1518167942.7495989799499511718750#economy=SRB](http://reports.weforum.org/global-competitiveness-index-2017-2018/countryeconomy-profiles/?doing_wp_cron=1518167942.7495989799499511718750#economy=SRB)

<sup>5</sup> The Global Competitiveness Report 2013-2014 is available at [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf)

<sup>6</sup> The Strategy is available at <http://www.privreda.gov.rs/wp-content/uploads/2015/06/Strategija-mala-i-srednja-preduzeca.pdf>

<sup>7</sup> The Action Plan is available at <http://www.privreda.gov.rs/wp-content/uploads/2015/06/Akcioni-plan-mala-i-srednja-preduzeca.pdf>



### *Local Self-Governments*

The Government adopted the Strategy for the Public Administration Reform<sup>8</sup> in 2014 followed by the Action Plan for implementation from 2015 - 2017<sup>9</sup> in March 2015. The Strategy aims at reforming the system to become more professional, decentralized and depoliticized, with improved system of strategic planning and coordination of public policies. According to the assessment of implementation, the progress was made in all five Strategy objectives and particularly in improvement of public finance management and public procurement as well as increasing legal security and improving the quality of business environment.<sup>10</sup>

The amendments of the Law on Planning and Construction<sup>11</sup> were 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.

In October 2015, the National Assembly adopted Law on Investments<sup>12</sup> that regulated equal status of foreign and local investors. In line with the law, the National Agency for Regional Development and the Serbian Investment and Export Promotion Agency were replaced with the Development Agency of Serbia in January 2016.

The Ministry of Public Administration and Local Self-government in partnership with the Standing Conference of Towns and Municipalities (SCTM) has developed 188 models of administrative procedures at the local level in nine areas, standardising procedures and enabling better efficiency of LSGs and better services for citizens.

### *Good Governance*

The rule of law remained a challenging area for Serbia. This is recognised in the Commission Staff Working Document for 2016,<sup>13</sup> and the new EU-Western Balkans Strategy<sup>14</sup> from 6 February 2018 indicating that the rule of law weaknesses hamper further expansion of the private sector, while political influence over the judiciary still remains high.

In 2017, Transparency Serbia conducted the second survey of Local Transparency Index (LTI) of towns and municipalities in Serbia<sup>15</sup> based on 86 indicators. After the first assessment in 2015, which covered all municipalities in Serbia, 2017 ranking included only a sample of 15 LSGs (including seven LSGs from the Programme area).<sup>16</sup> The survey indicated that there were improvements in most municipalities but with considerable room and need for further improvements of transparency. Even towns that have been most favourably assessed in this cycle, attained the set standards only under two thirds of criteria, and the average score was under 50% of the maximum score (47.2 out of 100). Political will continued to be a decisive factor for the improvement of transparency of municipalities.

The Open Budget Index (OBI) for 2017, as the world's only independent, comparative measure of central government budget transparency, ranked Serbia 62 out of 115.<sup>17</sup> Compared to the OBI for 2015, Serbia regressed due to poor scoring in the area of public participation. There are few

<sup>8</sup> The Strategy is available at <http://www.mduls.gov.rs/doc/Strategija%20reforme%20javne%20uprave%20u%20Republici%20Srbiji.pdf>

<sup>9</sup> The Action Plan is available at [http://www.mduls.gov.rs/doc/AP\\_PAR\\_final\\_version19.03.15%20\(1\).pdf](http://www.mduls.gov.rs/doc/AP_PAR_final_version19.03.15%20(1).pdf)

<sup>10</sup> The Report is available at: [http://www.mduls.gov.rs/doc/RJU\\_izvestaj\\_17082017.pdf](http://www.mduls.gov.rs/doc/RJU_izvestaj_17082017.pdf)

<sup>11</sup> The Law is available at <http://www.parlament.gov.rs/upload/archive/files/cir/pdf/zakoni/2014/4326-14.pdf>

<sup>12</sup> The Law is available at <http://www.parlament.gov.rs/upload/archive/files/lat/pdf/zakoni/2015/2402-15%20lat.pdf>

<sup>13</sup> The Document is available at [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2016/20161109\\_report\\_serbia.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_serbia.pdf)

<sup>14</sup> The Document is available at [https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf)

<sup>15</sup> Summary of LTI for 2017 in English is available at [http://www.transparentnost.org.rs/images/dokumenti\\_uz\\_vesti/LTI\\_2017\\_English\\_summary.pdf](http://www.transparentnost.org.rs/images/dokumenti_uz_vesti/LTI_2017_English_summary.pdf)

<sup>16</sup> Raška, Novi Pazar, Leskovac, Bujanovac, Vranje, Tutin and Preševo

<sup>17</sup> Results of the survey are available at <https://www.internationalbudget.org/open-budget-survey/results-by-country/country-info/?country=rs#transparency>



opportunities for the public to engage in the budget process, while neither the ministries use these mechanisms.

Rating of Serbia with respect to the corruption remained mostly unchanged since 2008. The Corruption Perception Index for 2017 ranked Serbia as 77<sup>th</sup> (out of 180 countries) with relatively low score of 41 points, indicating high level of corruption (<50 points, countries with high corruption). In 2014, Serbia also scored 41 points and was ranked as 78<sup>st</sup> out of 175 countries.<sup>18</sup>

### *E-Government*

The Directorate for e-Government was transformed to the Office for Information Technologies and Electronic Administration, under the auspices of the Prime Minister in July 2017. Two important newly adopted Laws are regulating this area, Law on Electronic Administration,<sup>19</sup> adopted in January 2018, and the Law on Electronic Document, Electronic Identification and Trust Services for Electronic Transactions,<sup>20</sup> adopted in October 2017.

### *Gender Equality*

Serbia progressed in terms of setting institutional, strategic and legal framework as well as in harmonising legislation with the international and the EU standards and increasing efforts to mainstream gender through all sectors at all levels.

Major accomplishments were achieved with introduction of gender responsive budgeting for all budget users to be gradually implemented by 2020 through amendments of the Budget System Law from December 2015,<sup>21</sup> implementation of the Strategy for Gender Equality 2016-2020 and the accompanying 2016-2018 Action Plan. Prevention of violence against women and girls, as one of the most important priorities in gender equality area, was tackled through preparation and adoption of the Law on the Prevention of Domestic Violence<sup>22</sup> that entered into force on 1 June 2017. In addition, the GoS adopted Gender Equality Index, becoming the first country outside the European Union to build and adopt this progress evaluating tool<sup>23</sup> that will serve as a baseline for measuring progress.

### *Social Inclusion*

The progress has also been made in social inclusion area, particularly in terms of employment policy, Roma inclusion, and non-discrimination. The adoption of Serbia's first Employment and Social Reform Programme (ESRP)<sup>24</sup> in May 2016 marked an important step in addressing policy challenges in the employment and social areas, which continue to be affected by scarce public finances and limited institutional capacity.

The overall labour market slightly but steadily improved over the past four years. The employment rate of 15-64 years age group increased from 42.9% in the last quarter of 2014 to 46.3% in the last quarter of 2017 while unemployment declined from 17% to 14.7% in the same period. In 2017, the highest employment rate was in Belgrade Region 48.3% and the lowest in South and East Serbia 43.1%. The unemployment rate was the lowest in Vojvodina Region (13.2%) and the highest in South and Eastern Serbia 16.4%.<sup>25</sup>

<sup>18</sup> Corruption Perception Index for Serbia for each year is available at <http://www.transparentnost.org.rs/index.php/sr/istraivanja-o-korupciji/indeks-percepcije-korupcije-cpi>

<sup>19</sup> The Law is available at <http://www.srbija.gov.rs/vesti/vest.php?id=126075>

<sup>20</sup> The Law is available at <http://www.pks.rs/Documents/Udru%C5%BEenje%20informati%C4%8Dke%20delatnosti/zakon-o-elektronskom-dokumentu-sgrs-51-2009.pdf>

<sup>21</sup> <http://www.parlament.gov.rs/upload/archive/files/lat/pdf/zakoni/2015/3208-15%20lat.pdf>

<sup>22</sup> The Law is available at [http://www.paragraf.rs/propisi/zakon\\_o\\_sprecavanju\\_nasilja\\_u\\_porodici.html](http://www.paragraf.rs/propisi/zakon_o_sprecavanju_nasilja_u_porodici.html)

<sup>23</sup> [Gender Equality Index Report](#) (01 February 2016)

<sup>24</sup> The Programme is available at <http://socijalnoukljucivanje.gov.rs/en/employment-and-social-reform-programme-esrp-adopted/>

<sup>25</sup> Information based on the Labor Force Survey for Q4 2017 available at [http://www.stat.gov.rs/WebSite/repository/documents/00/02/78/39/Saopstenje\\_ARS\\_2017Q4\\_45.pdf](http://www.stat.gov.rs/WebSite/repository/documents/00/02/78/39/Saopstenje_ARS_2017Q4_45.pdf)

The fourth Survey on Income and Living Conditions (SILC),<sup>26</sup> conducted by the Statistical Office of the Republic of Serbia in 2016, shows that at-risk-of-poverty or social exclusion rate is still very high in Serbia (38.7%) and the current system of social benefits does not effectively help to reduce poverty. The households consisting of two adults with three or more dependent children, persons under 65 years who live in single-person households and children and youth up to 24 years have the highest risk of poverty.

The research “Mapping of Social Protection Services under the Jurisdiction of LSGs in the Republic of Serbia” conducted by the Social Protection and Poverty Reduction Unit (SIPRU) in 2016 identified as the main obstacles lack of funds for development of sustainable social protection services, lack of licensed service providers, and limited access to social services, especially in the rural areas.<sup>27</sup>

The Strategy for the Social Inclusion of Roma for the period of 2016-2025 was adopted in March 2016<sup>28</sup> and aims to improve position of Roma through realisation of objectives in the areas of education, housing, employment, health care and social protection. In June 2017, the GoS adopted the National Action Plan for Roma Inclusion 2017-2018 and established the coordination body to monitor implementation of the Strategy, chaired by the Deputy Prime Minister.<sup>29</sup>

In March 2016, the GoS adopted the Action Plan for the Realisation of the Rights of National Minorities,<sup>30</sup> as envisaged by the Action Plan for negotiations within the Chapter 23, and the Decree on the Procedure of Allocating Funds for National Minorities from the Budget Fund. After fifteen years, the National Minorities Budget Fund<sup>31</sup> was re-activated in December 2017.

The European Commission’s (EC) 2016 report<sup>32</sup> on Serbia’s progress records advancement in establishing an enabling environment for the development and financing of civil society. At many levels, civil society participation in policy-making is still to a large extent *ad hoc*. In addition, the National Strategy for Enabling Development of CSOs in Serbia 2015-2019 (produced in 2015) has still not been adopted and the Council for Civil Society Cooperation remains to be set up.

## Progress towards achieving objectives

The South East and South West Serbia remain less developed parts of the country but European PROGRES, while supporting implementation of national policies at the local level, has contributed to positive development changes and built solid foundation for further progress. The Programme supported implementation of 254 projects that enhanced local governance, improved conditions for infrastructure development, strengthened municipal management capacities, advanced business enabling environment, and supported social inclusion.

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<sup>26</sup> The Survey is available at <http://www.stat.gov.rs/WebSite/public/PublicationView.aspx?pKey=41&pLevel=1&pubType=2&pubKey=4105>

<sup>27</sup> <https://goo.gl/2P9iD9>

<sup>28</sup> [Strategy for Roma inclusion 2016-2026](#) (11 March 2016)

<sup>29</sup> <https://goo.gl/PwBcGD>

<sup>30</sup> The Action Plan is available at

[http://www.ljudskoprava.gov.rs/sites/default/files/prilog\\_fajl/akcioni\\_plan\\_za\\_sprovođenje\\_prava\\_nacionalnih\\_manjina\\_-\\_sa\\_semaforom.pdf](http://www.ljudskoprava.gov.rs/sites/default/files/prilog_fajl/akcioni_plan_za_sprovođenje_prava_nacionalnih_manjina_-_sa_semaforom.pdf)

<sup>31</sup> <http://www.rts.rs/page/stories/sr/story/125/drustvo/2744832/aktiviran-budžetski-fond-za-nacionalne-manjine.html>

<sup>32</sup> The Report available at [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2016/20161109\\_report\\_serbia.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_serbia.pdf)



**217 or 85% of projects** have been implemented **through the grant methodology**

Major **potential for investments** into infrastructure, industry, and tourism, has been created through development of urban plans and technical designs, and enhancement of infrastructure preparedness of investment locations. There are examples that confirm this: European PROGRES' contribution to development of industrial zones in Priboj, Vlasotince, and Ivanjica, complemented Government and LSGs' efforts to facilitate industry investments that should facilitate opening of 800 jobs in the next three years, while activities related to Vranje Free Zone and Nature Park Golija should also trigger significant investments in the coming years.

The Programme has contributed to **positive employment trends** in the European PROGRES area: the number of employed persons at the end of 2016 was 190,298, which is an increase over 9% compared to 2014;<sup>33</sup> in the same period, the number of unemployed has decreased by 4%, from 156,694 to 150,176 in 2016. The Programme through support to entrepreneurship, self-employment, trainings, economic empowerment, and SMEs facilitated full time employment of 703 persons, temporary employment of 327, while over 450 people benefited from income generation. In addition, these activities enabled establishment of 96 new businesses and contributed to the increase of registered businesses from 30,943 in 2013 to 34,364 in 2016, which is rise of 11%.<sup>34</sup>



In line with the progress that Serbia made in global doing business and competitiveness rankings, the Programme contributed to improvements of **municipal competitiveness**. Analysis 2016-2017 compared to the baseline 2013-2014 showed that municipal competitiveness index<sup>35</sup> improved in 31 LSGs, whereas 21 municipality recorded improvement higher than 10%.<sup>36</sup> The biggest advancements were achieved in categories falling under the "Municipal Management Capacities"<sup>37</sup> and the

<sup>33</sup> European PROGRES calculation on the basis of data from the Statistical Office and the National Employment Service

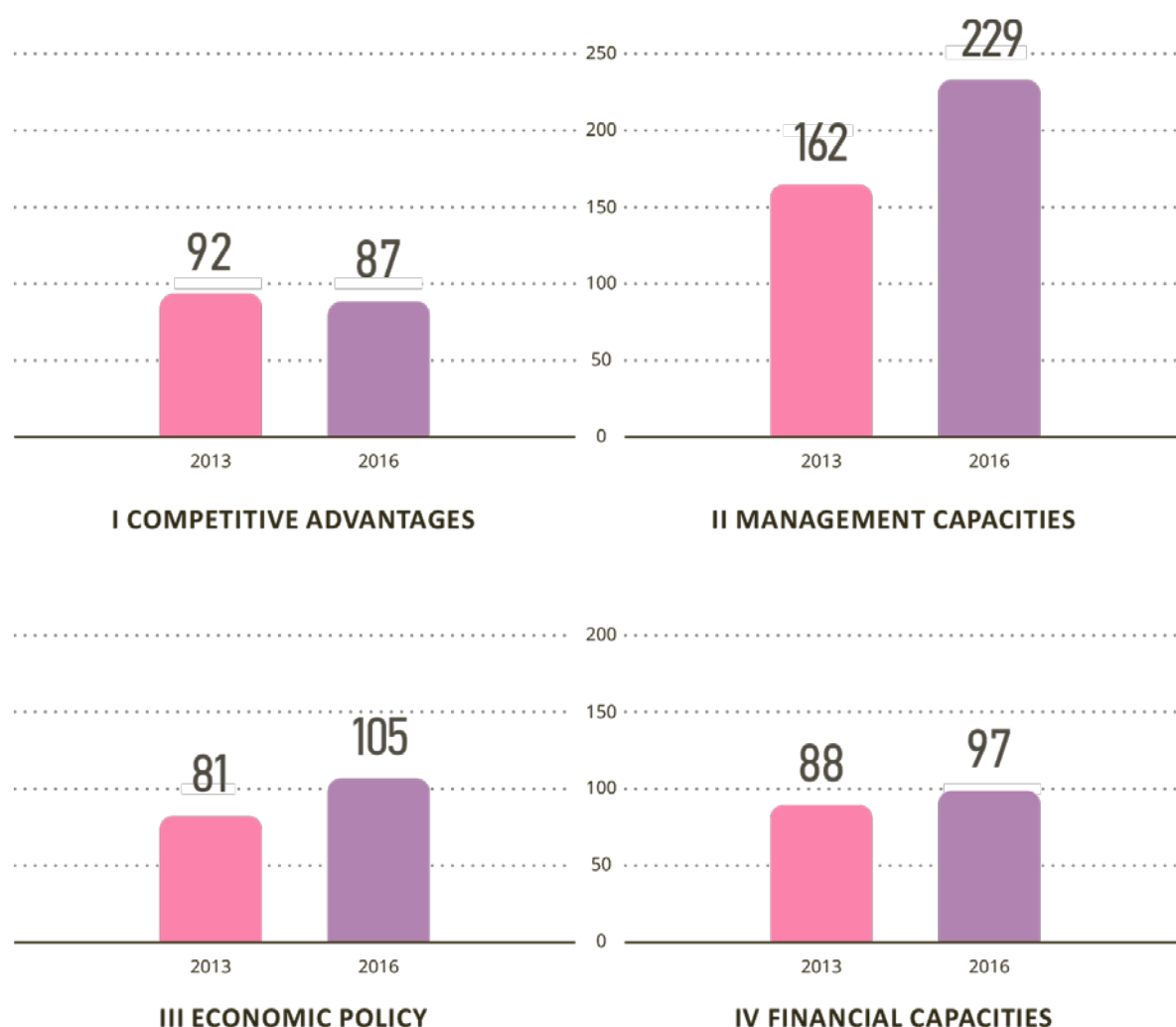
<sup>34</sup> Source: Serbian Business Registers Agency <http://pretraga2.apr.gov.rs/APRMapePodsticaja/>

<sup>35</sup> The overall Competitiveness Index is comprised of four categories: I Comparative Advantages, II Management Capacities, III Economic Policy and IV Financial Capacities

<sup>36</sup> Objectively verifiable indicator for this activity is total competitiveness index increased by at least 10% in all Programme municipalities by the end of the Programme, or at least 25% in one of the sub-indexes

<sup>37</sup> 29 municipalities improving their sub-indexes compared to 2013 data by an average 46%

“Economic Policy”<sup>38</sup> sub-indexes and include improvements in management of finances, urban planning and permitting process, project development, local economic development, municipal services, cooperation with other institutions, and better social affairs policies.



There are indicators confirming that strengthening of local **planning and management capacities**, primarily related to project management and public procurements, were effective. Analysis<sup>39</sup> showed that the average delay of municipal infrastructure grants, where public procurement was fundamental part, reduced from four months in the predecessor programme<sup>40</sup> to one month in European PROGRES. In addition, in response to the calls for proposals (CFPs) for development of business infrastructure and technical documentation that were conducted by the Ministry of Economy (ME), European PROGRES' municipalities won 27 out of 66 projects (0.8 project on an average), while the rest of Serbian municipalities won 39 projects (0.3 project on an average).<sup>41</sup>

European PROGRES social inclusion activities directly **benefited 9,200 vulnerable people**, primarily women and Roma, by economically empowering them or facilitating their employment, enhancing

<sup>38</sup> 27 municipalities improving their sub-indexes by an average of 40%.

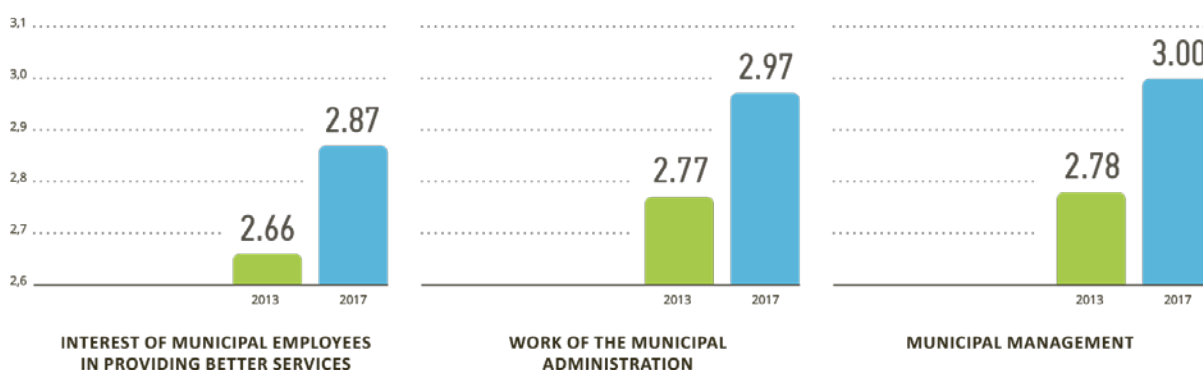
<sup>39</sup> UNOPS compared performance of LSGs in implementation of infrastructure grants in EU PROGRES and European PROGRES

<sup>40</sup> European Union Partnership with Municipalities Programme – EU PROGRES, implemented from 2010 to 2014, benefitting 25 municipalities in the South and South West Serbia

<sup>41</sup> Results of the Call available at the Ministry of Economy official web presentation: <http://www.privreda.gov.rs/ministarstvo-privrede-pomaze-26-gradova-i-opstina-u-opremanju-poslovnih-zona/> and: <http://www.privreda.gov.rs/40-lokalnih-samouprava-dobilo-podrsku-od-1399-miliona-dinara-za-pripremu-projekata/>

their access to health and education, improving access to public services or enabling them to exert some of fundamental rights.

Citizens' Satisfaction Surveys conducted at the end of 2017<sup>42</sup> in comparison with the researches from 2010 and 2013<sup>43</sup> indicate that the **citizens are more satisfied with the work of local self-governments** than when the Programme started, they trust local institutions more and recognise gradual improvement of living standard – these may be indicators of European PROGRES' contribution to some positive changes at the local level.



## Progress towards achieving results

### Result 1

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

The Programme's contribution to management of **municipal finances** has shown tangible results. Primarily, updates of taxpayers' registries in 16 LSGs, led to registration of 24,995 tax eligible properties, while the number of taxpayers increased by 11,242<sup>44</sup> which is an average increase of 10% compared to the baseline. This enabled beneficiary LSGs to increase 2016 property tax revenue by 1.3 million Euros or by 93% compared to the baseline from 2013. The property tax income growth ranges from 14% (25,000 Euros) in Prijepolje to 402% (235,696 Euros) in Blace.<sup>45</sup>

There are indicators that the Programme's technical assistance (TA) for development of **Capital Investment Plans (CIP) and Programme Budgets (PBs)** for 2016 in 15 LSGs was effective: 15 beneficiary municipalities allocated over 120 million Euros for capital projects over a three-year period, which represents 72% out of the amount allocated by all 34 LSGs; Nova Varoš is implementing 11 out of 14 identified projects in CIPs while Vranje secured ten million Euros to initiate 32 out of 64 identified projects; CIPs helped LSGs to access funding for project implementation through the Ministry of Finance as one of preconditions was existence of mid-term strategic action plan. This confirms CIPs may be useful tool for identification, development, and funding of capital projects.<sup>46</sup>

<sup>42</sup> The Survey Report is available at [http://www.europeanprogres.org/dokumenti/48\\_309033\\_cesid-eu-progres-final-2017-srb.pdf](http://www.europeanprogres.org/dokumenti/48_309033_cesid-eu-progres-final-2017-srb.pdf)

<sup>43</sup> Conducted within the predecessor programme, EU PROGRES

<sup>44</sup> Figure provided on the basis of data provided by local self-governments

<sup>45</sup> The increased revenues cannot be completely attributed to Programme's assistance as improvements are also achieved due to improved collection of debts and accrued interest from previous years. The Overview of Results is available in the Annex I, Attachment 1.1.

<sup>46</sup> The Analysis of the Programme Budget 2017 is available in the Annex I, Attachment 1.2

The analysis also demonstrated that 15 LSGs that had TA for preparation of PBs for 2016 were more effective in ensuring citizens' participation in development of 2017 Budget compared to the other 19 municipalities. Specifically, 15 LSGs conducted on an average three actions to involve citizens in the budget planning, compared to 19 LSGs that took one action. Beneficiary LSGs also used more versatile approaches, including Internet and surveys.

Provision of training to designated local staff from 27 LSGs and working with the municipalities on establishing permanent **good governance** (GG) expertise and resources, resulted in establishment of 23 GG Competence Centres within the local administrations.<sup>47</sup> Assistance to local GG reforms yielded the following results: 13 LSGs<sup>48</sup> adopted 21 regulations that should improve planning, accountability mechanisms, public property and human resource management as well as transparency through development of new e-services.<sup>49</sup> Within efforts to enhance human resources management, Vlasotince introduced working objectives for every employee as the baseline for performance evaluation system; Bojnik conducted training needs assessment of municipal employees in order to take more systematic approach to professional development; Babušnica adopted the Rulebook on Public Consultations, which regulates the subject, process, responsibility, methods and outcomes of public consultations. The Standing Conference of Towns and Municipalities (SCTM) praised the adopted Rulebook on Public Consultations and will use it as a template of good practice.

All 36 developed **detailed regulation plans** (DRPs),<sup>50</sup> covering the area of 2,038 ha, have potential to stimulate economic growth: 13 relate to improvement of conditions for the existing businesses, nine to establishment of conditions for investments, eight to revitalisation of deprived areas, five for protected areas, and one for revitalisation of brownfield sites.

The Programme helped the LSGs to engage with the developers, investors, and citizens in early phase of plans development. As a result, the plan developers in numerous cases incorporated investors' and or citizens' comments which in turn enhances DRPs feasibility.<sup>51</sup> This approach also contributed to reduction of average time for plans adoption from 21 months, recorded during the predecessor programme, to 16 months.

In addition, 24 plans include "the Programme for Infrastructural Equipping of the Construction Land within DRP Coverage", which outlines technical and financial elements for the investments into infrastructure worth 56.2 million Euros.<sup>52</sup> The approach has proven to be beneficial: Bojnik, based on the DRP, received funding from the Ministry of Economy for development of the detailed design for infrastructure equipment of the Business Zone in Kosačič; in Ivanjica, based on the DRP for the Tourist-Recreational Zone "Jakovića Polje" the municipality invested in development of the detailed design for the sports hall, while the DRP for Business-Production Zone "Senjak" facilitated investment into design and construction of the secondary gas network, which should create preconditions for the construction of facility of the textile company Proleter and opening of 250 jobs; in Vlasotince, the DRP for the industrial zone enabled development of the design and start of

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<sup>47</sup> Overview of Institutionalisation of Good Governance competence Centres available in Annex 1\_Attachment 1.3

<sup>48</sup> Babušnica, Bela Palanka, Blace, Bojnik, Crna Trava, Lebane, Merošina, Medvedja, Nova Varoš, Prijepolje, Raška, Tutin and Vlasotince

<sup>49</sup> Local GG reforms results available in Annex I, Attachment 1.4

<sup>50</sup> The publication that includes overview of developed DRPs is available at

[http://www.europeanprogres.org/dokumenti/48\\_742348\\_publikacija-drp.pdf](http://www.europeanprogres.org/dokumenti/48_742348_publikacija-drp.pdf)

<sup>51</sup> To name a few examples: in Bojnik, thanks to investor's remarks, the redistribution of planned land use resulted in better and more feasible planning solution; in Surdulica, same happened thanks to the inputs from the citizens in the Vlasina Rid settlement; in Ivanjica, the service bridge in the inner-city which was the subject of dispute in local community will be removed as part of broader agreement; In Tutin and Novi Pazar, discussions during early public viewing initiated integrated infrastructure solutions for the wider area; in Knjaževac, the Heritage Protection Institute provided promptly terms of conduct for other pending plans thanks to enhanced dialogue trust with municipality

<sup>52</sup> Details available in the publication "Support to Local Sustainable Economic Development through Detailed Regulation Plans", pages 18-19, <http://www.europeanprogres.org/biblioteka/sr/48/Istrazivanja-studije-i-publikacije/>



construction of two new facilities of ELRAD company<sup>53</sup> – this investment of two million Euros should facilitate opening of 300 jobs.

The project for Golija Nature Park included formulation of five DRPs for the infrastructure corridors and design of the Action Plan and Management Model for Sustainable Development of one of Serbia's key natural and touristic assets. The DRPs cover the area of 1,211 ha and create preconditions for the resolution of property issues and investments into infrastructure development estimated at 135 million Euros. The Action Plan,<sup>54</sup> which identifies 16 priority projects in the areas of economy, agriculture, forestry, infrastructure and management, and the Management Model were developed through participatory process that included 130 representatives of ministries, institutions, public enterprises, LSGs, development agencies, private, and civil sector. Srbijašume, as the official manager of the Nature Park and Biosphere Reserve Golija-Studenica, formally accepted the Action Plan and the Management Model and published the documents on their web-site.

Furthermore, the Ministry of Environmental Protection will present the Golija Project to the Council of Europe as Serbia's best practice model for preservation and management of nature park; implementation of two projects has been initiated as funding for the construction of power line Kumanica – Dajići worth 932,000 Euros has been provided while Kraljevo funds the development of technical documentation for 15 km of the local road L1021 Studenica-Rudno.

Finally, the MCTI included the European PROGRES recommendation for introduction of provisions related to issuing of the conditions for the development of plans from public utility companies into the early public viewing stage; finally, three plans developed through European PROGRES received awards at 26<sup>th</sup> Niš International Urban Planners Exhibition.

**Geographic Information Systems (GIS)** have been established and are operational in 11 LSGs. Outputs include specialised GIS applications related to promotion of investments and tourism, cadastre of underground infrastructure lines and property inventory: Leskovac mapped brownfield, unused and deprived areas; Surdulica mapped tourism potentials of Vlasina Lake; Vranje developed application for promotion of the industrial zone Bunuševac; Novi Pazar focused on promotion of cultural heritage. Merošina and Aleksinac reduced the costs by purchasing unmanned aircraft vehicle (drone) for GIS data acquisition.

The GIS tool has demonstrated its potential: in Novi Pazar, after transferring the existing planning documentation into GIS, an issue of incorrect plans boundaries was identified, which triggered their modification; Raška obtained slanted ortophoto imagery for Kopaonik Mountain, which will enable the municipality to identify characteristics of buildings and especially illegal objects. The need for field research and time for data collection will be reduced, while the tax collection will be improved; Aleksinac produced a high resolution ortophoto for promotion of its industrial zones, with much better quality of data than available satellite imagery or ortophoto from the Republic Geodetic Authority.

Cooperation between the Programme and the Republic Geodetic Authority (RGA) in this area enabled LSGs to obtain access to cadastre data needed for GIS free of charge.<sup>55</sup>

The trainings about the International Federation of Consulting Engineers (FIDIC) Contract Model in implementation of infrastructure projects enabled 81 participants (32 women and 49 men) to acquire knowledge about roles and responsibilities of the main parties, transparent procedures, and allocation and management of risks in infrastructure projects. In the second phase, 41 participants

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<sup>53</sup> ELRAD WS – Heating Systems and ELRAD International

<sup>54</sup> The Action Plan is available at [http://www.europeanprogres.org/dokumenti/48\\_304223\\_publikacija-golija-akcioni-plan.pdf](http://www.europeanprogres.org/dokumenti/48_304223_publikacija-golija-akcioni-plan.pdf)

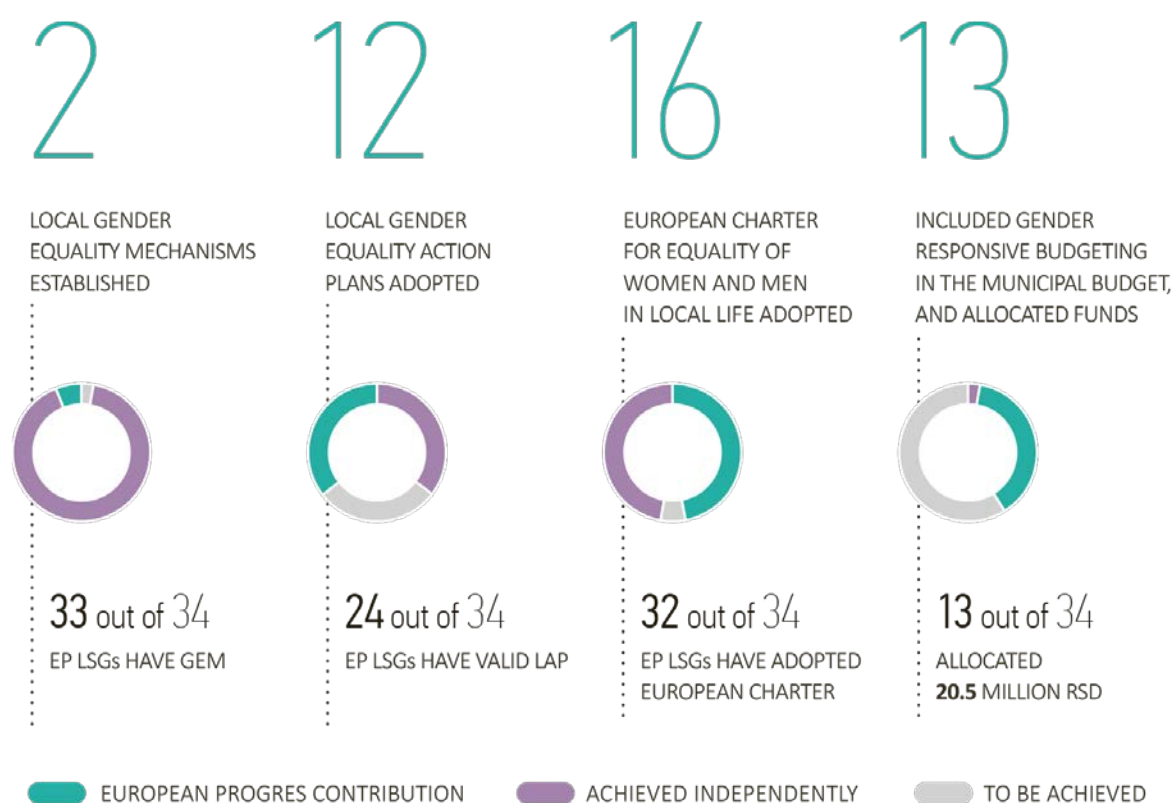
<sup>55</sup> Overview of Established GIS is available in Annex I, Attachment 1.8



(13 women and 28 men) from LSGs that won funding for infrastructure projects enhanced knowledge about practical implementation of FIDIC through four on the job-trainings. Participants evaluated these trainings highly positive due to extensive use of practical and concrete examples.

The Programme contributed to **gender equality**. In partnership with the UN Women, European PROGRES supported the establishment of ten Local Women Councillors Networks (LWCN)<sup>56</sup> that gathered 97 female councillors. The LWCNs produced ten Annual Plans and 25 recommendations on improvements of local policies that would enhance participation of women in decision-making, strengthen support to women entrepreneurship and contribute to the improved position of women. In addition, the LWCNs implemented ten initiatives that, among other, included cooperation with local institutions for the improvement of position of women, distribution of leaflets and brochures on gender equality to over 300 women from 20 villages, and counselling with 150 women.

In addition, support was provided for establishment of the local Gender Equality Mechanisms (GEMs), in Bela Palanka and Doljevac, and for adoption of 12 Local Gender Equality Action Plans.<sup>57</sup> As of January 2018, GEMs were established in 33 LSGs, 24 LSGs had valid local action plans, five LSGs were in the process of adoption of plans and three LSGs were revising the plans.<sup>58</sup> As a result of extensive advocacy, 32 Programme LSGs endorsed the European Charter for Equality of Women and Men in Local Life,<sup>59</sup> while support was given to 13 LSGs<sup>60</sup> to introduce gender responsive budgeting.



The assessment of 2018 Programme Budgets<sup>61</sup> demonstrated that 11 LSGs formulated projects with explicit gender-responsive component, but the average share remains low at 0.03% of the budget.

<sup>56</sup> Aleksinac, Brus, Babušnica, Knjaževac, Medveđa, Merošina, Surdulica, Svrlijig, Priboj and Prijepolje

<sup>57</sup> Aleksinac, Babušnica, Bela Palanka, Blace, Crna Trava, Doljevac, Knjaževac, Meoršina, Nova Varoš, Gadžin Han, Raška, Vranje. Overall, 16 LAPs were developed, out of which ten were developed with UN WOMEN assistance 2014-2016

<sup>58</sup> Žitorađa and Lebane had no activity in this area. Full Overview of GEMs available in Annex I, Attachment 1.5

<sup>59</sup> Only Doljevac and Medvedja did not express interest during the process

<sup>60</sup> Aleksinac, Bela Palanka, Blace, Bujanovac Medveđa, Nova Varoš, Vladičin Han, Priboj, Prijepolje, Sjenica, Vlasotince, Vranje

<sup>61</sup> The Gender Responsive Budgeting Assessment based on 2018 Programme Budgets is available un Annex 1\_ Attachment 1.6

Implementation of 18 projects to support local GEMs positively affected 1,589 people (1,291 women and 298 men). In the domain of economic empowerment: 149 women enhanced knowledge about entrepreneurship; 28 women received material for agricultural production; 15 women initiated certification of organic production; and five women<sup>62</sup> received grants for business start-up. In the area of public health: 306 women underwent medical checks, and 284 people raised their awareness on the importance of regular medical checks and the improvement of reproductive health; 300 people, including 90 women from rural areas, increased their knowledge on domestic violence. Finally, 182 people, including municipal officials, expanded their knowledge about gender equality.<sup>63</sup>

## Result 1 – Activities

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

#### *Capital Investment Plans and Programme Budgets*

Fifteen beneficiary LSGs<sup>64</sup> were selected through a Call for Proposals (CFP), open from February to March 2015, and received TA from June 2015 until March 2016. The assistance included two workshops, 20 field trainings and 15 technical visits to beneficiary LSGs, which benefited 672 representatives (320 women, 352 men) from LSGs, relevant institutions and public utility companies. The Programme budgets for 2016 were developed and timely adopted by all beneficiary LSGs, CIPs were developed by all beneficiary LSGs and adopted by 13 LSGs.

#### *Support to Local Tax Offices*

The CFP for Improvement of Tax Payers' registries was open for LSGs from November to December 2014. Out of 30 received applications, 16 LSGs received funding (149,700 Euros, cost-share 28,058 Euros). The grants, implemented from March 2015 until January 2016, were used for registration of new taxpayers, update of the existing taxpayers data, upgrade of the equipment in local tax offices, as well as for improvements of transparency and communication with taxpayers.

### 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 GIS in 34 LSGs. The assessment showed that LSGs needed support in this field and confirmed that they had potential for GIS improvement and the interest for the development of DRPs.<sup>65</sup>

#### *Detailed Regulation Plans*

The CFP for Development of DRPs was conducted from 5 March until 7 April 2015 and accompanied with three info sessions with 69 participants (31 women, 38 men) from 27 LSGs. Out of 24 applications that included 38 DRPs, 21 applications for development of 31 DRPs were approved in July 2015 (297,608 Euros, co-funding 97,403 Euros). Grants were signed with all 21 beneficiary LSGs and all Assemblies passed the decision about the development of DRPs in the Q4 2015. Knjaževac, Novi Pazar, Leskovac, Vranje, Sjenica, and Tutin entrusted development of DRPs to their public companies.

The grants were implemented from September 2015 until March 2017. The total value of grant support dropped from earmarked 297,608 Euros to 157,188 Euros based on actual costs of

<sup>62</sup> In partnership of Municipality of Blace and local GEM, 2018 budget has means allocated for self-employment of five women in this municipality.

<sup>63</sup> Overview of outputs achieved in GEM projects is available in the Annex 1\_Attachment 1.7

<sup>64</sup> Ten LSGs were selected based on the call for proposals in addition to five LSGs that were supported in capital investment planning and programme budgeting by the EU PROGRES.

<sup>65</sup> The Assessment of the Planning Documents and the Geographic Information System (GIS) is available with the Programme

procurements and implementation. As of end of Programme, 24 DRPs were adopted by municipal assemblies while seven remain to be endorsed.<sup>66</sup>

The Programme provided TA to beneficiary LSGs from the preparation of tender documentation and early public viewing throughout the public viewing of plans and adoption. It also provided advisory support when issues emerged - for example, in Gadžin Han the Programme recorded citizens' concerns regarding possible construction of the calcite plant and advised the municipality to consider this issue before the adoption. The Planning Commission and the municipal management accepted the advice and supported conduct of the Strategic Environmental Impact Study. Another example is the DRP in Prijepolje where the DRP was resubmitted to the Planning Commission, after accepting the Programme's advice on how to overcome the conflicting interests of citizens and businesses in defining the traffic zones.

Summarised results and impact of the activity as well as results of the participatory process during the early public viewing stage were captured in the publication "Support to Local Sustainable Economic Development through Detailed Regulation Plans".<sup>67</sup>

### *Geographic Information System (GIS)*

The Programme organised training on GIS introduction attended by 55 representatives (five women, 50 men) from 28 LSGs followed up by the CFP for Introduction of GIS that was open from 26 May to 3 August 2015. Out of 32 applications, 11 applications including 12 LSGs were approved (1,021,080, co-funding 139,240 Euros).<sup>68</sup> The activities within the grants were implemented from January 2016 to August 2017. During this period, 12 LSGs adopted Decision for the Establishment of the Geographic Information System, signed data exchange protocols that define responsibilities of each member institution towards local GIS and established operational GIS systems as of August 2017.

In June 2017, the Programme provided a Draft Rulebook for use of GIS equipment<sup>69</sup> to all Programme LSGs with general and specific guidance on GIS implementation including conducting sensitive activities such as obtaining data in the field, data protection, privacy issues, political aspects, transparency and provision of information to the public. It also refers to accountable use of equipment in terms of shared responsibilities and cost effective maintenance. All LSGs prepared Action Plans for further GIS development, which is beneficial for sustainability of GIS projects after the Programme's end.

### *Golija Destination Management Project*

Support for development of DRPs for infrastructure corridors and development of the management model study for the Golija Nature Park was approved by the PSC in August 2016. The project was implemented in cooperation with the Ministry of Trade, Tourism and Telecommunications (MTTT) and the five LSGs: Ivanjica, Novi Pazar, Raška, Sjenica, and the City of Kraljevo. The Programme signed the Memorandum of Understanding (MoU), with defined scope of activities with the City of Kraljevo and the MTTT in December 2016 and in May 2017, respectively. The project funding included 300,000 Euros from the Programme and 50,000 Euros from the MTTT.

The development of the DRPs for over 700 km of infrastructure corridors (for water, waste water, electricity, and tourist road) in five LSGs started in November 2016 and was completed in December 2017. At the end of Programme, all five DRPs received positive opinion from the Ministry of Construction, Transport and Infrastructure, Novi Pazar, Kraljevo, Raška and Ivanjica adopted the plan, while the adoption of Sjenica plan is in the procedure.

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<sup>66</sup> DRPs are Sehovic Polje Prijepolje, two DRPs in Bujanovac, two DRPs in Sjenica, and two DRPs in Gadzin Han

<sup>67</sup> The publication is available at <http://www.europeanprogres.org/biblioteka/sr/48/istrazivanja-studije-i-publikacije/>

<sup>68</sup> Total Programme funding was lower than allocated – 913,397 Euros, after all procurements within the grants were completed and grant budgets were revised

<sup>69</sup> Draft Rule Book is Available with European PROGRES

The activities related to development of Golija Management Model started with establishment of the Working Group gathering representatives from the nature and monuments protection institutes, forestry and water management, the MTTT and municipal representatives in May 2017. As part of the MTTT funding, a study tour to Italy was organised from 10 to 16 September 2017, which included visits to the National Parks in Toscana, Abruzzo and Lazio, and Molise regions and a meeting with the Italian Ministry of Environment. The experiences from the study tour were the starting point for development of the preferred management model that was discussed during an event in October 2017, with 75 participants (28 women, 47 men). Development of the Action Plan started in November 2017 and included three workshops where 49 participants (18 women, 31 men) worked on defining the vision for the development of the Golija and prioritising projects. The Action Plan was presented at the final event hosted jointly with the Ministry of Environment in January 2018.

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

The Programme signed the MoU with the Serbian Chamber of Engineers (SCE) in October 2014, in preparation of the delivery of trainings on the FIDIC contract modality. In January 2015, the Programme contracted the Association of Consulting Engineers Serbia (ACES) for the delivery of FIDIC trainings for representatives from LSGs, the Department for Contracting and Financing of EU Funded Programmes (CFCU) and European Integration Office of the Government of the Republic of Serbia (SEIO). The SCE provided the institutional support and the training curricula was embedded in its continuous education of licensed engineers.<sup>70</sup>

After the needs assessment was completed in March 2015, the ACES identified 100 municipal employees (62 men, 38 women), from all 34 LSGs and five staff from the CFCU and the SEIO to attend the training, out of which 81 completed five training modules<sup>71</sup> from April 2015 until April 2016.

Upon award of 18 grants to LSGs for local infrastructure projects, in August 2016, ACES provided four rounds of on-the-job trainings on practical use of FIDIC contracts<sup>72</sup> to 41 (13 woman, 28 men) municipal employees responsible for grant implementation, in September 2016, January, March and June 2017.

In addition, the Programme organised trainings for 131 representatives from 34 LSGs (72 women, 59 men) on the basic rules and procedures for contracts in the Practical Guide to Contract Procedures for EU External Actions (PRAG) in October and December 2016. The trainings were focused on PRAG procurement procedures and differences compared to the public procurement regulations in Serbia. The feedback from the participants was positive, again, mainly due to extensive use of case studies.

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

In November 2015, European PROGRES and 34 municipalities in the South East and South West Serbia signed the MoU on cooperation in the area of GG.

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<sup>70</sup> <http://www.ingkomora.org.rs/programobuke/download/nacionalniProgramObuke2015.pdf>,

<http://www.ingkomora.org.rs/programobuke/download/nacionalniProgramObuke2016.pdf>

<sup>71</sup> Implementation and Management of FIDIC Professional Services Agreements, types of FIDIC contracts, management and administration of FIDIC contracts, claims and disputes, and Dispute Adjudication Board (DAB).

<sup>72</sup> Training included preparation of tender dossiers with the FIDIC special conditions of contracts for works, and the role of the Engineer

Furthermore, the Programme conducted research “Good Governance Index in 34 Municipalities in South East and South West Serbia”<sup>73</sup> in July 2015. The research was based on 125 indicators that provided assessment of the level of accountability, transparency, efficiency, participation and non-discrimination in the LSGs. This research provided grounds for planning local governance reforms.

The Swiss Agency for Development and Cooperation (SDC) provided GG expert support used for development and implementation of the capacity building programme and institutionalisation of Good Governance Competence Centres.

#### *Capacity Building of Municipal GG Competence Units*

Twenty seven municipal GG focal points (21 men and six women) built capacities through a training programme and a study visit. The professional training programme on applying GG in municipal daily operations, implemented with support of the Swiss expert from December 2015 until April 2017, included five modules<sup>74</sup> based on theoretical and practical work.<sup>75</sup> All participants successfully passed the final test in April 2017. The study visit to Switzerland was organised from 18 to 24 June 2017, with participation of 25 GG contact persons and one representative of the Ministry of Public Administration and Local Self-government (MPALSG).

As a result of this process, two publications on good governance at the local level were prepared, containing examples and experiences from Switzerland and Serbia. These publications will serve as a basis for future capacity building programmes.<sup>76</sup>

#### *Institutionalisation of GG Competence Units*

The Programme prepared two model acts<sup>77</sup> for institutionalisation of GG Competence Centres (GGCC) based on consultation with GG contact persons. Working groups established by mayors and working bodies founded by municipal assemblies were identified as the most appropriate mechanisms, with the main tasks relating to implementation of GG in projects and municipal administration affairs.

The final workshop for representatives of all GG contact persons (18 men and five women), held on 7 December 2017, provided conclusions relating to the entire process.<sup>78</sup> The final event, held on 8 December 2017, gathered 83 participants (32 women, 51 men) and included presentation of good practices and award of certificates to GG contact persons for completion of the training programme.

#### *Local Governance Reforms*

The Programme supported conduct of three reforms in the area of accountability (public property management, local accountability mechanisms, and coordinated planning), and individual packages on transparency and participation. Thirteen LSGs<sup>79</sup> participated in the consultative process for developing regulations for implementation of GG principles and improving local management mechanisms.

Accountability reforms included adoption of the following documents:

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<sup>73</sup> Research “Good Governance Index in 34 Municipalities in South East and South West Serbia” is available in Annex I, Attachment 1.9

<sup>74</sup> Details available with European PROGRES

<sup>75</sup> Each training containing the introduction into a single principle of good governance, practical exercises conducted through case studies from the Canton of Bern in Switzerland, discussion and preparation of papers on GG principles from the aspect of their application at the local level in Serbia.

<sup>76</sup> Publications available on European PROGRES website

<sup>77</sup> Decision on the Establishment of Advisory Body to be adopted by the Municipal Council, and Decision on the Establishment of a Working group for Good Governance, which is to be adopted by the Mayor. Model decisions available with European PROGRES.

<sup>78</sup> The Final GG workshop Report is available in the Annex I, Attachment 1.10

<sup>79</sup> Babušnica, Vlasotince, Crna Trava, Brus, Novi Pazar, Nova Varoš, Ivanjica, Raška, Lebane, Medveđa, Surdulica, Kuršumlija, Bela Palanka, Bojnik, Merošina, Tutin, Blace and Prijepolje

- The Decision on Establishment of the Working Group for HR Management and Action Plans in six LSGs<sup>80</sup>
- The Decision on Establishment of the Working Group for Monitoring of the Implementation of the Strategy for Sustainable Development and its Action Plan in two LSGs<sup>81</sup>
- The Decision and the Rulebook on Public Property Management in four LSGs.<sup>82</sup>

Transparency was improved in nine LSGs<sup>83</sup> through adoption of the Action Plan for Transparency while participation is enhanced through adoption of the Rulebook on Public Consultations in Babušnica.

Local reforms related to transparency progressed in cooperation with the Directorate for e-Government and the SIPRU Team.<sup>84</sup> The activities focused on the implementation of Guidelines for Development of Public Administration Websites and Establishment of Electronic Government Services, and as a result, 13 municipalities<sup>85</sup> developed action plans, and more than 60% of the planned activities were carried out.

### 1.5 Institutional development of local gender equality mechanisms

The Programme worked on institutional development of gender equality mechanisms in cooperation with the UN Women in two phases (December 2014 - January 2016) and through provision of TA. The Gender Benchmarking Assessment of the Institutional Capacities of GEMs in 34 municipalities<sup>86</sup> was conducted in June 2015. The Assessment indicated the lack of procedures as the key obstacle for development of GEMs and identified the need for capacity building, development and implementation of local gender action plans, gender statistics, and gender mainstreaming of local policies.

Based on identified gaps, the Programme provided tailor made capacity building support to 21 LSGs from September 2015 until January 2016. The activities included six advocacy events<sup>87</sup> (102 women, 34 men) and the legal advisory to seven LSGs<sup>88</sup> relating to improvement of GEMs. The final event, held on 7 December 2015, marked signing of the European Charter for Equality of Women and Men in Local Life by 32 LSGs<sup>89</sup> in the presence of 74 local representatives (52 women and 22 men).

Furthermore, the Programme conducted the CFP for Projects Supporting Local GEMs in September – October 2017. Out of 20 received applications, 18 were awarded with grants (52,586 Euros)<sup>90</sup> and implemented from December 2016 until June 2017.

In the second half of 2017, the Programme supported LSGs to strengthen institutional framework for gender equality, which facilitated adoption of four Local Action Plans for Gender Equality.<sup>91</sup>

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

The project “Strengthening Women in Decision Making through Active Engagement of Local Women’s Councillor Networks (LWCN)” was implemented by the UN Women from October 2016

<sup>80</sup> Blace, Bojnik, Crna Trava, Nova Varoš, Prijepolje, and Vlasotince

<sup>81</sup> Bela Palanka and Raška

<sup>82</sup> Lebane, Merošina, Raška and Tutin

<sup>83</sup> Babušnica, Crna Trava, Lebane, Medveđa, Merošina, Nova Varoš, Raška, Tutin, and Vlasotince

<sup>84</sup> This intervention is also relevant for the Activity 2.6

<sup>85</sup> Babušnica, Brus, Crna Trava, Ivanjica, Kuršumljica, Lebane, Medveđa, Nova Varoš, Novi Pazar, Raška, Surdulica, Tutin and Vlasotince

<sup>86</sup> The Assessment is available in Annex I, Attachment 1.11

<sup>87</sup> Babušnica, Bela Palanka, Blace, Gadžin Han, Knjaževac and Merošina

<sup>88</sup> Vranje, Aleksinac, Sjenica, Tutin, Prijepolje, Vlasotince and Crna Trava

<sup>89</sup> Doljevac and Medveđa did not express interest during the process

<sup>90</sup> The actual spent amount was 46,964 Euros

<sup>91</sup> Nova Varoš, Doljevac, Vranje, Raška

until June 2017. The project supported establishment of LWCNs in ten LSGs<sup>92</sup> in November 2016, and provided capacity building activities.

The final event “Gender Equality in the Local Community” (Udružene) was held on 7 June 2017 in Belgrade, with 95 participants (85 women, ten men). The function included presentation of good practices of the established LWCN and implemented GEM projects<sup>93</sup>.

### 1.7 Gender responsive budgeting

Gender responsive budget (GRB) practices were introduced in eight municipalities in preparations for 2016 budget, through the establishment of GRB teams, development of methodology for gender sensitive consultations on budget priorities, and development of models for decisions on gender sensitive statistics. The GRB teams were provided with trainings for preparation of gender analysis, implementation and monitoring of gender sensitive budget cycle, and application of tools for planning and preparation of budget for 2016. Seven out of eight beneficiary LSGs formulated GRB initiatives. These activities were part of Phase I of the cooperation with UN WOMEN (described under 1.5).

## Result 2

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

The Programme’s support to **electronic issuing of construction permits** through the project implemented under the patronage of the MCTI and in partnership with the National Alliance for the Local Economic Development (NALED), contributed to the reduction of the average time needed for issuance of construction permits from eight to five days in 34 LSGs. This is an improvement of 37% and makes the Programme area more efficient than Vojvodina and Belgrade that need on an average nine days. This intervention also contributed to reduction of negatively resolved applications from 40% to 16%, thus addressing the number one challenge identified by the MCTI at the time of the project initiation. With the TA provided through this project the LSGs uploaded 51% of planning documents into the Central Registry of Planning Documentation (CRPD), which is an improvement of 17%, while eight European PROGRES municipalities uploaded their complete planning documentation. Furthermore, Brus was awarded as the LSG that made the highest increase in e-permits issuance, while seven European PROGRES LSGs are among 20 municipalities in Serbia that made the biggest progress in this area.<sup>94</sup>

Through development of 45 **main designs** European PROGRES created a pipeline of “ready to build” projects worth 42 million Euros. So far 15 LSGs<sup>95</sup> used these designs to apply to the Public Investment Management Office (PIMO), the Ministry of Economy, the Ministry of Mining,<sup>96</sup> the Ministry of Public Administration and Local Self-government, and the CFCU. Municipalities applied for 14 million Euros out of which ten millions were approved at the time of writing this Report in support of projects of eight LSGs.

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<sup>92</sup> Aleksinac, Brus, Babušnica, Knjaževac, Medveđa, Merošina, Surdulica, Svrljig, Priboj and Prijepolje

<sup>93</sup> UN Women Final Report is available in Annex I, Attachment 1.12

<sup>94</sup> Final NALED Report available in the Annex II, Attachment 2.2

<sup>95</sup> The overview of main designs available in Annex II, Attachment 2.3

<sup>96</sup> The energy efficiency projects





The most significant project will be the reconstruction of Vranje Hospital Wards, which will upon completion of works be linked with the new surgical block that is built with support from the CFCU. Gadžin Han will reconstruct the municipal administration building, Svrlijig, Bela Palanka, Doljevac and Merošina will improve energy efficiency in schools, Babušnica will reconstruct the market place, while Priboj will replace the old street light system with LED lights.

The **technical documentation** for the protection from erosion and torrents in the Jablanica, Pčinja, and Vlasina Rivers watersheds created the preconditions for the works that will reduce risk of torrential flooding in 11 LSGs.<sup>97</sup> The value of investment is estimated at four million Euros, encompassing the construction of 27 anti-erosion barriers, forestation of 3,250 hectares, formation of 950 hectares of grassland and 13 kilometres of bio-technical barriers. The General Design with Pre-feasibility Study for Regulation of Južna Morava River<sup>98</sup> defined measures for anti-erosion and flood protection of settlements, road infrastructure and for exploitation of materials from the river and river banks, and created basis for development of accompanying technical documentation.<sup>99</sup>

The construction of 18 **anti-erosion structures** on critical sections in Raška and Pusta Reka watersheds, together with forestation of 70 ha of land was completed in December 2016. The structures even in the stage of construction, reduced the consequences of floods that hit the region in November 2016. Novi Pazar and Bojnik suffered minimum material damage thanks to the barriers contrary to Sjenica and Tutin that sustained estimated damage of 2.2 million Euros.<sup>100</sup>

The Programme supported the CFCU in tendering and contracting of the two projects of regional importance: finishing the construction and equipping of the Vranje Hospital for which the European Union provided 2.8 million Euros and of the building for emergency services in Novi Pazar Health Centre, worth 622,000 Euros. These two projects<sup>101</sup> will improve health services to 500,000 citizens: in Vranje, this will mean introduction of new medical services, increase in number of medical treatments, and reduction of the number of patients' referrals to the medical centres in Belgrade and Niš; Novi Pazar project will accelerate the emergency services by 50% and enhance capacities for treatment of patients in need of immediate care.

By completing construction and equipping of the building for the **Bujanovac Department of the Subotica Faculty of Economics**, which as of October 2017 is used by 400 students and 80 faculty members, European PROGRES supported the effort of the Government of Serbia to enhance access to high education to the Albanian national minority.

<sup>97</sup> Lebane, Medveđa, Vlasotince, Crna Trava, Babušnica, Surdulica, Gadžin Han, Bela Palanka, Trgovište, Bujanovac and Vranje

<sup>98</sup> Covering the flow from Grdelica to Preševo

<sup>99</sup> Overview of technical documentation developed with Programme funding available in Annex II, Attachment 2.3

<sup>100</sup> Media reports on flood damage available at <http://sandzakpress.net/milionske-stete-od-poplava-u-tutinu-i-sjenici>

<sup>101</sup> Project in Novi Pazar has been completed in 2016 while the project in Vranje should be finished in October 2018

Nineteen **local infrastructure projects** contributed to improved living conditions: six projects for renovation of schools improved conditions for education of 2,453 students, each of the renovated buildings enhanced energy efficiency by at least one level, while school in Leskovac was the first public building that received energy certificate in the City; the works on school floors in Blace improved sanitary conditions for 687 students and 132 employees; renovation of cultural institutions in Bosilegrad and Babušnica improved conditions of work of nine public institutions that use these buildings and enhanced capacities for organisation of cultural events; the reconstructed parts of the water supply systems in Ivanjica and Sjenica provided better quality of drinking water and will reduce losses by 20%; the agricultural producers will have better conditions for selling their produce at the new green market place in Doljevac; and the public health will be improved by completing the haemodialysis centre in Lebane that will benefit 20 patients from Lebane, Bojnik, and Medveđa; works on administrative building in the Priboj Free Zone already contributed to opening of 30 jobs by the Turkish investor who plans to employ 350 workers in the coming years.<sup>102</sup>

Implementation of local infrastructure triggered additional investments as nine beneficiary LSGs, in addition to co-funding, provided 930,000 Euros for further improvements. For example, Ivanjica secured additional 105,000 Euros for extension of the water supply network for additional 845 metres; upon the Programme's support for development of technical documentation and roof reconstruction, Bela Palanka obtained 710,000 Euros from the PIMO for the works on sports hall and enhanced energy efficiency on the primary school in Suvojnica village; Surdulica provided additional 13,900 Euros for the reconstruction of roof and 2,000 Euros in the electric heaters; for the Technical School "Milentije Popović" in Crna Trava, in addition to the Programme's support to replacement of joinery, the Ministry of Education, Science, and Technological Development invested 51,000 Euros for the school kitchen reconstruction and joinery replacement in dormitory part; Vlasotince invested 12,000 Euros in the additional equipment and procurement of the vehicle for the animal shelter facility built through grant.

In parallel with the construction, European PROGRES efforts on **linking GG and infrastructure projects** resulted in the adoption of 33 regulations in 16 LSGs. Examples of adopted regulations include the Rulebook on School Board of Primary School in Surdulica which enables participation of Students' Parliament representative in the School Board with voting rights while three municipalities<sup>103</sup> improved energy efficiency (EE) through adoption of Programmes for EE with Action Plans as well as through establishment of EE system of continuous monitoring of energy consumption, regular reporting and planning utilisation of savings.<sup>104</sup>

The Programme contributed to increased efficiency of national and local institutions through development of a web application that will automatise assessment and self-assessment of public administration websites. This application will also increase the efficiency of e-Government and have positive impact on vertical coordination between local and national administration. Positive contributions to efficiency of three<sup>105</sup> LSGs are seen in introduction of 17 new electronic services, while transparency is enhanced in 13<sup>106</sup> LSGs through implementation of Action Plan for Web Site Improvement and can be directly measured through increase of score (9.2% in average) in ex-post evaluation of web sites, conducted by the Directorate for eGovernment.

With the Programme's TA, Raška and Knjaževac developed two **public private partnership (PPP)** projects in the domain of public lighting. The proposals, which include financial analysis and PPP contract modals, envisage replacement of 8,350 streetlights and savings of 100,000 Euros for each LSG by replacement with those of higher energy efficiency. Developed projects create basis for private sector investment of 2,490,000 Euros. Pursuant to approval of the State Commission for PPP

<sup>102</sup> Overview of local infrastructure projects managed by the Programme available in Annex II, Attachment 2.4

<sup>103</sup> Kuršumljica, Bela Palanka and Babušnica

<sup>104</sup> Overview of regulations developed in support of implementation of local infrastructure projects available in Annex II, Attachment 2.5

<sup>105</sup> Ivanjica, Raška, Novi Pazar

<sup>106</sup> Ivanjica, Nova Vroš, Raška, Novi Pazar, Burs, Tutin, Kuršumljica, Babušnica, Crna Trava, Lebane, Medveđa, Vlasotince, Surdulica

obtained in September 2018, Knjaževac will publish the tender for project execution.

Provision of equipment to 16 **Micro and Small Enterprises** (MSEs) enabled opening of 43 new jobs, out of which 21 for women and 22 for men. The Programme's review of Financial Statements for 2017 indicate that cumulative increase of revenues of the beneficiary MSEs, compared to 2016, is 49%. The following are specific examples of realised benefits:

- Provision of four automatic sewing machines to textile company "Ivko" from Blace enabled increase of productivity by 12% due to the reduced time for sewing operations and increase of sales by 300,000 Euros
- The donation of the automatic screen printing machine for textile to the Textile Company "Free Selection" from Svrlijig enhanced printing capacity of t-shirts from 125 to 5,000 units a day and facilitated signing of business contract worth 150,000 Euros with domestic sportswear retailer
- The donation of Computer Numerical Control (CNC) machine to the "Kran-Projekt" from Knjaževac enabled the company to reduce the amount of metal shack from 30% to 5%, and thus save 7.5 tonnes of steel in the first six months of 2017. The increased production capacity facilitated signing of a contract for the construction of a pipeline for the mini hydro power plant worth 800,000 Euros.

The beneficiary SMEs invested 60,000 Euros into corporate social responsibility (CSR) projects hence ensuring welfare for the society and directly benefitting 9,000 vulnerable people. The CSR projects<sup>107</sup> ranged from donation of company products to a charity or an organisation (i.e. "Free Selection", Svrlijig, donated its textile products to community kindergarten), to procurement of specific items requested by the targeted cause, i.e. equipping of computer lab in a primary school by "Ivko knits".

Fourteen SMEs were certified for the **International Quality Management or Food Safety Standards**, which facilitated opening of 66 jobs. The beneficiary companies reported average increase in revenues and exports of 19% and 16% respectively. "Flora" from Ivanjica, which was the first certified company with the British Retail Consortium (BRC) Standard, entered the biggest Russian retail chain X5 and initial shipment of 250,000 jars of jam, 600 tons of processed plums and 700 tons of frozen raspberry were exported by the end of 2017. The company Moravac from Leskovac after the introduction of IFS standard signed contracts with three new international partners and increased export by 25%. The company Enco from Novi Pazar has been HCCP certified and used the standardisation to enter domestic retail chain Aman.

The Programme support to five clusters provided the following results: on the basis of Energy Efficiency Analysis that was conducted within project of the South Serbia Fruit Cluster, the company Strela Kljajić from Lebane installed LED lighting which generated annual savings of 4,000 Euro; small tourism households from Knjaževac, members of the Stara Planina Tourism Cluster through online promotion and reservation system, designed through the project, increased the number of tourist visits by 12% between January 2016 and January 2017; the members of the Novi Pazar Shoes Cluster increased turnover in 2016 on average by 22%, partly because of the improved design capacities; the project of the Prijepolje Textile Cluster resulted in establishment of the Design Centre in the Technical High School, while the equipment procured through the grant is used by cluster members for tailoring and training of school pupils. Due to increased production and sales the members of the Prijepolje Textile Cluster opened 20 new jobs and negotiated a deal worth 200,000 Euros with a German buyer; five members of the Pešter Agro Cluster started joint production of "kajmak", which enabled them to reduce production costs by 20% and increased revenues by 5% during the first six months. These grants also contributed to opening of 83 jobs in SMEs that are the members of five

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<sup>107</sup> More details provided in Annex II, Attachment 2.10 Overview of Corporate Social Responsibility Interventions

beneficiary clusters.

The TA was provided for **protection of geographic origin** and geographic indication protected with the Office for Intellectual Property for Sjenica Stelja, Ivanjica Potato, and Vlasina Honey. Companies Lav and Beni Komerc from Sjenica have been certified as authorised users for the production of Sjenica cow cheese and Company Turković from Sjenica has been certified for the Sjenica lamb. Support to seven **agricultural production groups** (APGs), four associations and three cooperatives, facilitated employment of 24 workers (18 on temporary and six on regular basis), and introduced new products (two APGs initiated processing of products and four introduced new products related to milk, fruits and honey), and expanded provision of services to its members (the Inter Municipal Union of Agriculture Producers procured mechanisation that will be used by 45 associations).

Support to **women entrepreneurship** resulted in registration of 43 businesses and creation of 103 jobs (92 full time and 11 temporary jobs). Mentorship support and on-the-job training included 44 women, and according to the evaluation, beneficiaries significantly deepened their knowledge about running a business. On a whole, the beneficiaries achieved excellent results, both with respect to financial performance and the number of newly employed.

While considering potential in South East and South West Serbia, European PROGRES supported development of the Action Plan for Building of Wood Furniture Production in Serbia,<sup>108</sup> which envisaged measures for improvement of wood-processing utilisation and production, export growth, and creation of work force for emerging job profiles. The Programme also provided TA improved to strengthen B2B concept at the Belgrade Furniture Fair.

Recommendations for addressing the identified challenges in the **vertical coordination** between LSGs and state administration bodies should improve the existing state of affairs in the area of social and environmental protection. Vertical coordination is achieved through active participation of state institution in this process, while targeted dissemination will be achieved through the SCTM networks and committees.

## Result 2 – Activities

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

#### *Competitiveness Portal*

Building on the Baseline Competitiveness Study<sup>109</sup> developed during the predecessor, EU PROGRES, the Programme simplified the process for calculation of the municipal competitiveness index<sup>110</sup> and developed the Competitiveness Portal to facilitate upload and analysis of data. With the Programme's support, 31 LSGs uploaded data for 2015, 2016 and 2017.<sup>111</sup>

#### *Support Implementation of the Electronic Building Permits System*

Following introduction of the system for electronic issuance of construction permits with amendments of the Law on Planning and Construction in December 2014, the Programme provided support to 34 LSGs to ensure compliance. Based on the grant agreement, NALED<sup>112</sup> provided ten

<sup>108</sup> The Action Plan is available at [http://www.europeanprogres.org/dokumenti/48\\_494580\\_wodworksactionplan.pdf](http://www.europeanprogres.org/dokumenti/48_494580_wodworksactionplan.pdf)

<sup>109</sup> The Competitiveness Study assessed capacities of 34 LSGs in four areas (competitive advantages, management capacities, economic policy, and financial capacities) and developed a measurement tool - the Local Self-Government Competitiveness and Capacity Index

<sup>110</sup> The Competitiveness Index developed within the baseline study used extensive data with some 1,160 inputs which presented a challenge for collection and upload.

<sup>111</sup> Brus, Lebane and Preševo did not enter data for 2017 due to lack of interest and political changes in local administrations

<sup>112</sup> The Ministry of Construction, Transport and Infrastructure approached the Programme asking for support in implementation of the Amendments to the Law in Programme LSGs and identified the National Alliance for Local Economic Development (NALED) as a partner. The grant agreement was implemented in the period from September 2016 to May 2017.

trainings to 191 e-permitting processing officers, public utility companies and other relevant institutions, recommended improvements in internal organisation of local urban planning departments and identified possible improvements in the e-permitting procedure. In addition, 281 professional applicants, such as investors and architects, were trained through ten info-sessions.

European PROGRES also provided equipment to 33 LSGs<sup>113</sup> to enhance their technical capacities for implementation of the EBPS: 27 municipalities received desktop computers and printers, while six municipalities received multifunction photocopyers.<sup>114</sup>

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

### *Development of Main Designs*

Based on the Infrastructure Needs Assessment<sup>115</sup> from September 2014, the Programme designed the CFP for LSGs for Development of Main Designs for Economic, Communal and Social Infrastructure. The Programme visited all beneficiary LSGs and organised information sessions to present the CFP in Prokuplje, Vladačin Han, and Novi Pazar to representatives of 29 LSGs. The Call was advertised from 3 November to 16 December 2014. Out of 53 applications from 28 LSGs<sup>116</sup> funding was approved for 40 projects in 22 LSGs (538,999 Euros,<sup>117</sup> co-funding 71,000 Euros). The approved projects included four for economic infrastructure while others targeted communal and social infrastructure.

### *Preventing Floods in South and South West Serbia Project*

Following the PSC approval of the project in November 2015, the Programme contracted the Institute Jaroslav Černi for development of technical documentation for the construction of the anti-erosion protection of Jablanica, Pčinja and Vlasina Rivers Watersheds and the General Design with Pre-feasibility study for South Morava Flood Protection (212,000 Euros). The Technical Documentation was completed in March 2017 and the General Design for South Morava Flood Protection was completed in August 2017 and handed over to “Serbiawaters”.

### *Technical Documentation for Vranje General Hospital Wards*

The development of technical documentation for the reconstruction of Vranje General Hospital Wards was approved in May 2017 and completed in March 2018.

### *Support for development of projects for IPA funding*

On the basis of recommendations from the DEU and the 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 that 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)

### *Bujanovac Department of Subotica Economics Faculty*

From May to September 2014, the Programme facilitated consultations between the Municipality of Bujanovac, the Coordination Body for Bujanovac, Medveđa and Preševo (CB), the DEU and the OSCE High Commissioner for Minorities on the content of the proposal for the construction of Bujanovac

<sup>113</sup> All Programme LSGs but Brus provided feedback on the needs for technical equipment

<sup>114</sup> Equipment was provided on the basis of findings of the European PROGRES Needs Assessment from February 2016

<sup>115</sup> The Infrastructure Needs Assessment have been shared with the DEU and the PSC through the previous Programme reports

<sup>116</sup> Each LSG had right to submit up to three applications

<sup>117</sup> The total value of funding provided through Programme dropped to 321,140 Euros, following completion of all procurements and grants budgets revisions.

Department of Subotica Faculty of Economics. Following the issuance of the building permit in December 2014, the Programme contracted the construction of six modern teaching halls accommodating 60 to 80 people each, an amphitheatre, student parliament rooms and an administration block, with 2,300 square metres of floor space. The works worth 1,008,630 Euros (800,830 Euros provided through European PROGRES, 167,000 by the CB, and 40,800 Euros by the Municipality of Bujanovac) were completed in nine months, from February to October 2015.

#### *Support to the CFCU managed infrastructure projects*

In November 2014, the Programme established relations with the Project Preparation Facility 5 (PPF5), designed to develop a pipeline of the national priority projects. Since the pipeline of the approved projects has not been set up by mid-2015, the Programme in consultations with the key stakeholders identified two regional infrastructure projects for implementation through the CFCU: the construction and equipping of Vranje General Hospital and Novi Pazar Emergency Ward, which were approved by the donor and the PSC in November 2015.

European PROGRES also supported the CFCU in the preparation of tender dossiers from December 2015 to June 2016 and assisted the CFCU and the SEIO in addressing the comments received from the DEU ex-ante control during the preparation of tender, from November to December 2016.

The CFCU published the tenders for works planned within Vranje Hospital and Novi Pazar Emergency Ward projects on 6 February 2017. The Programme assisted the SEIO and the CFCU in preparing the presentations for the site visits, organised visits to Novi Pazar and Vranje, and supported the Q&A process. The tender closed on 6 April 2017 and the contracts were signed on 5 June 2017. During implementation, the Programme provided logistic and communications assistance, and technical advice, when requested, and participated in the work of the PSC in the capacity of the observer. The works in Novi Pazar were completed in June 2018, while Vranje will be finished in October 2018.

#### *Construction of anti-erosion structures*

In November 2015, the PSC approved South and South West Serbia Anti-erosion and Flood Protection Project that included construction of anti-erosion structures on the critical sections in Raška, Pusta Reka, and Trgoviški Timok watersheds. The contracts for works on Pusta Reka River and Raška River were signed in July and August 2016, respectively. The beneficiary Public Water Management Company Srbijavode was unable to provide the building permits for the works on Trgoviški Timok until the end July 2016 and that project was cancelled.

The works on Pusta Reka watershed on 13 barriers, worth 167,000 Euros, were completed in March 2017. The works on Raška River watershed on five barriers and the forestation of 75 ha, worth 214,000 Euros, were completed by the end of 2016, five barriers constructed in Raška River Water Shed were handed over to “Serbiawaters” in February 2017 while 13 barriers in Pusta Reka River Water Shed were handed over in April 2017.

## 2.4 Technical assistance for implementation of grants for local infrastructure projects

The Programme provided TA to the SEIO in development of the Guidelines for Applicants for Local Infrastructure Projects.

#### *Local infrastructure projects managed by the CFCU*

The CFCU CFP for Local Infrastructure Projects was conducted, with a five-month delay, from 10 March until 28 April 2015 (earmarked amount 3.15 million Euros). European PROGRES, with participation of the CFCU and the SEIO representatives, organised three informative sessions from 31 March to 2 April 2015, with 87 participants (54 men and 33 women) from 34 LSGs, reaffirming high interest of LSGs in this activity. The Programme provided municipalities with TA during preparation of concept notes, visited each LSG at least once during the CFP, advertised for four

consultants to evaluate applications to the CFCU. The CFP resulted with 52 concept notes and the CFCU invited 25 LSGs to submit full applications for 30 projects. Finally, the grant agreements were signed with 14 LSGs<sup>118</sup> on 26 May 2017.

#### *Local Infrastructure Projects managed by European PROGRES*

Considering the delay of the CFCU grant scheme for local infrastructure, European PROGRES developed the CFP for the Local Infrastructure, which was implemented from 15 March until 23 May 2016. Out of 31 received applications, 14 projects were approved for funding by the PSC in August 2016, while four projects, ranked from 15-18 on the reserve list were approved for contracting in October 2016.<sup>119</sup> The total budget of 18 approved projects was 1,855,045 Euros including contributions from the municipalities amounting to 391,360 Euros.

Out of 18 approved projects, 16 were successfully implemented through grants by November 2017. The PSC in May 2017 approved the shift from the grant methodology to direct implementation in Priboj and Prijepolje after the prolonged tender procedures due to repeated bidders' complaints. In addition, the PSC approved the replacement of floors in the Primary School in Blace. The contracts for these three works were signed in July – August 2017 and completed in September 2017 in Blace and in December 2017 in Priboj and Prijepolje.<sup>120</sup>

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

In consultation with the Swiss experts for GG, the Programme developed the approach for linking the GG principles with infrastructure projects. The projects were grouped into three categories<sup>121</sup> based on their relevance from the GG perspective, and the first activities started upon award of local infrastructure grants in January 2017.

The main principle of accountability along with principles of non-discrimination, participation and transparency were addressed in regulations pertaining to infrastructure projects that were implemented by 11 LSGs.

The efficiency principles were applied within five infrastructure projects that contribute to energy efficiency, where the Programme helped LSGs to develop regulations that cover use of savings emerged through these interventions. Babušnica and Kuršumljica adopted the Programme for Energy Efficiency 2017 – 2020 which includes information prescribed by the Law on Efficient Use of Energy i.e. projected energy savings target, proposed measures and activities that will ensure the energy efficiency, assessment of expected results, deadlines as well as necessary funds for the implementation of measures. Best practice examples include:

- In Vlasotince and Bojnik, a problem of stray dogs was mitigated through inter-municipal cooperation i.e. construction of a Dog Shelter in Vlasotince and joint communal work on stray dogs treatment and financial maintenance of the Shelter. Vlasotince prepared the Decision on Granting Public Land for Use Free of Charge, the Decision on Construction of a Building of Public Interest, the Rulebook on Catching the Stray Dogs as well as the Decision on Conducting Communal Activity of Zoo-hygiene. Both municipalities adopted common local policies i.e. the Programme on Controlling and Reducing Stray Dogs and signed the Agreement on Joint Communal Work within the Dog Shelter. The constructed Shelter will become regional project since additional five LSGs<sup>122</sup> entered into negotiation with Vlasotince to sign the MoA on the use

<sup>118</sup> The list is available on [http://www.cfcu.gov.rs/dokumenti/sr/304\\_572472\\_136873.pdf](http://www.cfcu.gov.rs/dokumenti/sr/304_572472_136873.pdf)

<sup>119</sup> Leskovac, Tutin, Babušnica and Crna Trava

<sup>120</sup> Actually implemented amount on 19 local infrastructure projects was 1,604,709 Euros

<sup>121</sup> Group A, high relevance: four projects (Priboj, Bojnik, Vlasotince and Bosilegrad); Group B, medium relevance: three projects (Brus, Doljevac and Lebane); Group C, least relevance – seven municipalities (Sjenica, Prijepolje, Vranje, Ivanjica, Bela Palanka, Surdulica and Kuršumljica).

<sup>122</sup> Crna Trava, Lebane, Babušnica, Gadžin Han and Bujanovac



of the Dog Shelter. Vlasotince has made further investments in the Shelter's capacity, video surveillance and procurement of vehicles for dog transportation.

- LSG Bojnik not only amended the Decision on Communal Activities which defines using of funds generated through new water supply connections but also replicated the same GG aspects to the decision related to sewage system, which shows recognition of GG aspects importance for local governance in general. From 200 new water connections, Bojnik is expecting to generate around RSD six million.
- LSG Priboj, among several regulations for functioning of the Free Zone, adopted the Rulebook on Selection of Tenants which regulates procedure for applying and the way of selection of land and building users within the Free Zone, including scoring of priorities. Priboj is the first Serbian municipality with such regulation.

## 2.6 Develop policies and/or administrative regulations addressing vertical coordination between the Government and local self-governments in cooperation with line ministries and stakeholders

The Programme examined relationship between LSGs and state institutions in two sectors: social protection and environment, as agreed with the Swiss experts and the SCTM. Through organisation of six workshops, four focus groups and interviews, from December 2015 until July 2017, the Programme identified recommendations for better coordination between LSGs and national institutions.

In cooperation with the Directorate for eGovernment and the SIPRU, the Programme supported implementation of the Guidelines for Creation of Web Presentations of Public Administration Bodies, and Self-Government Units<sup>123</sup> and introduction of e-services. Three regional workshops held from December 2016 until February 2017 gathered representatives of 28 LSGs. Development and implementation of action plans for web site improvement was followed by cooperation and additional support from the Directorate. Additionally, training participants formulated valuable recommendations<sup>124</sup> for improvement of Guidelines, criteria for web sites and criteria for evaluation, regulatory framework and organisation improvements, capacity building needs as well as the need for unified technical support from the Government.

Finally, the Programme supported development of Web Application for Self-assessment of Websites<sup>125</sup> that will be used for next self-evaluation cycle.

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

The Programme organised a two-day training about PPP for 90 participants (30 women and 60 men) from 32 LSGs and six info sessions focusing on GG aspects of PPPs with 104 participants (35 women and 69 men). In response to the CFP for Provision of Technical Assistance for Development of the PPP<sup>126</sup> that was open from 20 January to 8 March 2016, Surdulica, Knjaževac and Raška submitted applications, all of which addressed energy efficiency issues.<sup>127</sup> Following withdrawal of Surdulica,<sup>128</sup>

<sup>123</sup> The Guidelines available at [http://www.deu.gov.rs/doc/Smernice\\_5\\_0.pdf](http://www.deu.gov.rs/doc/Smernice_5_0.pdf)

<sup>124</sup> Recommendations for improvement of transparency available in Annex 2\_Attachment 2.7

<sup>125</sup> The application is available at <https://samoocenjivanje.eu.meteorapp.com>

<sup>126</sup> The CFP is available at <http://www.europeanprogres.org/konten/en/358/Provision-of-technical-support-for-establishment-of-private-public-partnership-in-delivering-public-services-through-investment-in-new-facilities-and-exploitation-of-the-municipally-owned-land-and-facilities/>

<sup>127</sup> The Energy Service Company (ESCO) Contract Model was developed by the Ministry of Energy, Development and Environmental Protection with support of the European Bank for Reconstruction and Development (EBRD) in 2014 allowing for simplified procedures for projects addressing energy efficiency issues, including public lighting and public heating

the TA for development of PPP projects was provided to remaining two LSGs. The TA included ten field visits, a workshop on risks assessment and tender procedures for PPP as well as development of project documentation for modernisation of the public lighting systems.

## 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

### *Support to Clusters*

Five out of nine projects received from clusters were supported through the CFP for introduction of innovations and joint market approach. The Pešter Agro Cluster standardised the traditional recipe for the production of “kajmak”, procured production equipment and developed rules for the joint use of equipment by three cluster members. The Stara Planina Tourism Cluster organised trainings on categorisation of accommodation facilities, sales and Internet marketing, gastronomy, business planning, and access to finance for its members and presented an Internet portal<sup>129</sup> for unified booking system at the Belgrade Tourism Fair. The South Serbia Fruit Cluster conducted an energy efficiency audit in three member companies, procured equipment for monitoring of energy consumption. The Prijepolje Textile Cluster supported establishment of the design centre at the local technical school (procured equipment for cutting patterns and regulated operations of the centre), organised trainings on modelling of new products, facilitated a study visit to the Munich Textile Fair and organised B2B meetings with potential business partners. The Novi Pazar Shoe Cluster procured software for electronic modelling of shoes for the use by all members and organised training on footwear designs by an international consultant.<sup>130</sup>

### *Support to Micro and Small Enterprises (MSEs)*

The Programme conducted the CFP for MSEs from April to June 2016, followed by an outreach campaign that included direct mailing to 1,200 eligible businesses, 20 info sessions with over 200 participants, three trainings on business plan development, social media use and TV appearances. Out of 57 applications that were received 17 were approved. Upon cancellation of one application, following non-compliance with the terms of the CFP, 16 MSEs received equipment.<sup>131</sup>

### *Introduction of Standards*

Thirty eight applications were received in response to the CFP for Introduction of International Quality or Food Safety Standards, conducted from September to October 2015, and 22 projects were approved. Following withdrawal of six applicants, the standards were introduced into 16 enterprises.<sup>132</sup>

### *Support to Wood Processing Industry*

The Programme supported initiative of LSGs in South East and South West Serbia and USAID Sustainable Local Development Programme aimed to revive the production of solid wood furniture. *The Action Plan for Support to Export of Solid Wood Products*<sup>133</sup> was developed with participation of 46 LSGs and with support of the Serbian Chamber of Commerce and the Development Agency of Serbia. The Plan was presented at the round table “Business Opportunity for Serbia – Wood Furniture” to 70 representatives of institutions, LSGs, and business community. Following the

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<sup>128</sup> Surdulica decided not to develop the PPP projects due to doubts relating to its cost efficiency when compared to direct implementation.

<sup>129</sup> The internet portal is available at <http://www.staraplanina.biz/>

<sup>130</sup> Overview of projects implemented by clusters and their results is available in Annex II, Attachment 2.8

<sup>131</sup> Overview of support provided to MSEs is available in Annex II, Attachment 2.9

<sup>132</sup> Quality Management System ISO 9001 in nine SMEs, HALAL in three, Integrated Management System (IMS) and HACCP in two SMEs each, and British Retail Consortium (BRC), International Featured Standard (IFS), Global Good Agricultural Practices (Global GAP) and German standard for prefabricated materials (RAL GZ 422/1) in one company each. Four SMEs withdrew applications due to change of business strategies, one beneficiary due to family reasons, and one due to unavailability of service providers

<sup>133</sup> The Action Plan is available at [http://www.europeanprogres.org/dokumenti/48\\_494580\\_wodworksactionplan.pdf](http://www.europeanprogres.org/dokumenti/48_494580_wodworksactionplan.pdf)

recommendations developed within the Action Plan, the Programme recruited an international consultant that supported introduction of B2B concept to the Belgrade Furniture Fair.

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

The assessment of APGs and GI conducted in the first half of 2015, identified that marketing, finance, equipment, organisation and policy were areas that required strengthening. In addition, the assessment identified need for development of studies for protection of GI, certification of authorised users, improved marketing and overall capacity building for the use of GI.

### *Assistance to APGs*

The assistance provided to APGs included two phases: 1) capacity building and development of project proposals<sup>134</sup> 2) funding best projects. During the first phase, 32 APGs that were selected based on the CFP that was conducted from December 2015 until January 2016, benefitted from the capacity building programme. Four workshops for 114 representatives covered the Instrument for Pre-accession Assistance for Rural Development (IPARD), business plan development, management, finances and marketing for APGs. The study tour to France, organised in coordination with the Ministry of Agriculture and Environmental Protection, enabled participants to learn about good practices used by French agricultural producers, APG organisational models, production techniques and state support provided to agricultural cooperatives and associations.

The second phase included funding of the best project proposals submitted by APGs. The Programme awarded seven grants (204,095 Euros) that were mainly used for procurement of equipment needed for introduction of new or improving the existing production.

### *Geographic Indication*

The Programme conducted a CFP for Protection of GI from September to November 2015. The support was approved for protection of Designated Origin (PDO) for Sjenica stelja, protection of the GI for Ivanjica potato and Vlasina honey, and registration of authorised users for production of Sjenica cow cheese and Sjenica lamb that were earlier protected.<sup>135</sup> The GI certification of all products was conducted through an inclusive participatory process with a number of site visits, meetings, and workshops.

## 2.10 Support to women entrepreneurship

Seven information sessions, which were organised to announce the CFP for Start-Up Grants for Women in March-April 2015, attracted 422 participants (405 women and 17 men), while nine training sessions for drafting business plans were attended by 147 women. The CFP was conducted from June to July 2015 and resulted in approval of 48 start-ups (368,000 Euros). Upon withdrawal of three beneficiaries, 45 beneficiaries received support for starting their own businesses.<sup>136</sup> The Programme supported 28 manufacturing and 17 services businesses.

A ceremonial event “Time for Successful Women” was held on 19 April 2016 in Raška, on the occasion to hand out donation contracts to 45 women for business start-up.

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<sup>134</sup> The Call for Proposals for Provision of support to APGs conducted in December 2015 – January 2016 can be found at <http://www.europeanprogres.org/konten/en/346/Provision-of-Support-to-Agricultural-Producer-Groups/>

<sup>135</sup> Next to four traditional products approved for GI support (Sjenica stelja, Ivanjica potato, Vlasina honey and Sjenica cow cheese), the Programme included one more product (Sjenica Lamb) from the reserve list following the PSC instructions to do so once availability of funds is confirmed

<sup>136</sup> Overview of women entrepreneurship activity available in Annex 2\_Attachment 2.11

All 45 supported women entrepreneurs received equipment for their start-up businesses by the beginning of September 2017. Initially, all 45 women entrepreneurs registered their own businesses, while two of them officially terminated their businesses due to personal/family reasons.

In order to improve sustainability prospects, the Programme provided mentorship support<sup>137</sup> and on-the-job trainings to 44<sup>138</sup> beneficiaries from October 2016 until October 2017.

### Result 3

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

The Programme's social inclusion interventions, in particular effort to enhance access to employment for the most vulnerable, have been effective. Ten grants to LSGs in support of implementation of **vocational training** envisaged by the Local Employment Action Plans facilitated employment of 184 persons (112 men and 72 women).<sup>139</sup> The projects enabled training of 335 unemployed (175 men and 160 women), out of which 280 (144 men and 136 women) were certified. The majority of projects supported professional practice as an active labour measure which is primarily intended for the unemployed youth up to 30 years in order to enable them to acquire the first professional experience.



Within the support to **employment of youth and vulnerable groups**, 50 beneficiaries registered businesses and employed 109 persons (42 full-time, 66 temporary).<sup>140</sup> Thirty six newly established businesses are located in LSGs classified as extremely underdeveloped. As of end of 2017, 18 businesses were successful in expanding operations while others were able to breakeven and provide themselves with average salaries between 170 Euros and 424 Euros. The Programme

<sup>137</sup> Support was provided to youth entrepreneurship beneficiaries also

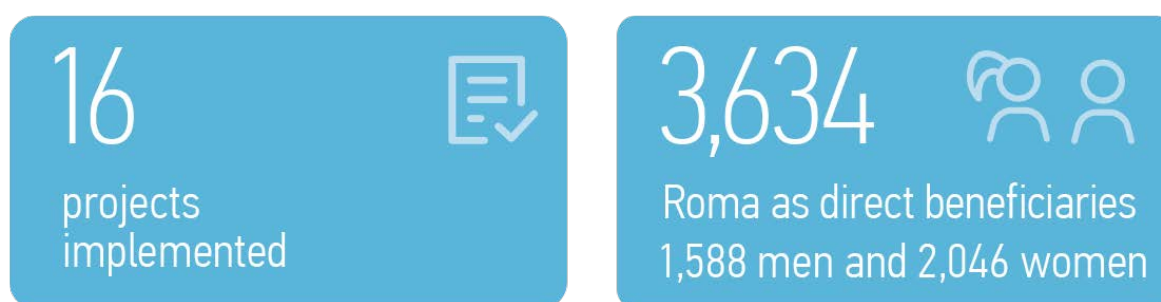
<sup>138</sup> One beneficiary declined to use provided support

<sup>139</sup> Outcomes of projects implemented in Doljevac, Aleksinac and Bela Palanka

<sup>140</sup> Support to youth resulted with 22 businesses and additional 19 new jobs; support to vulnerable groups resulted with 28 businesses and additional 90 new jobs

surveyed randomly selected 40 beneficiaries and 33 of them stated that an opportunity to start a business and work significantly improved their self-motivation, self-esteem and living standard.

Sixteen projects for piloting measures from the Strategy for **Social Inclusion of Roma** directly benefited 3,634 persons (2,046 women, 1,588 men): in the area of employment, 338 Roma completed training that enhanced their employability or were supported in income generation; within efforts to enhance education, 176 Roma children improved their knowledge of Serbian language and mathematics, and 65 parents enhanced their knowledge about the importance of educating their children; 515 beneficiaries in the area of social protection had been taught about the consequences of early marriage and regulated statuses through free legal aid; in the area of healthcare, 773 beneficiaries underwent medical checks, while three Roma families have improved their living conditions through adaptation of their houses; living and safety standards of 1,928 beneficiaries in settlements were improved through upgrading of sanitary and hygienic conditions and installation of fire protection systems.<sup>141</sup> It is estimated that 34,000 or 23% of Roma living in Serbia<sup>142</sup> indirectly benefited from these activities. These interventions are also characterised by high sustainability rates – 95 Roma persons were permanently employed, while interventions aimed at improving living conditions and access to health and education continue to provide benefits.<sup>143</sup>



Following completion of projects, 11 Roma CSOs applied with 22 new projects to other donors and obtained funding for 17 new projects, some of which will ensure continuation of the actions funded through European PROGRES.

Through the project with the Centre for Social Policy (CSP), methodologies and tools were developed that enable LSGs to map the needs of vulnerable, establish new social services, introduce mechanisms to support employment and institutionalise local mechanisms for social inclusion. Twenty two LSGs have already applied or are planning to apply methodologies and/or tools developed.<sup>144</sup> Three LSGs, Bosilegrad, Bujanovac and Merošina, established home care assistance for the elderly. The assessment showed that unemployment of vulnerable hard-to-employ groups is extremely high in all municipalities and ranged from 82.9% in Priboj to 91.3% in Bujanovac. This demonstrated relevance of economic empowerment, business start-ups and vocational training activities that benefited hard to employ groups.

Forty three projects funded through the **Citizens Involvement Fund (CIF)**<sup>145</sup> contributed to social inclusion of 3,300 marginalised citizens, mostly people with disabilities, women from rural areas, Roma, and youth. The projects resulted in employment of 99 persons from vulnerable groups while additional 236 persons were provided with income generating opportunities through support to social enterprises, start-ups, cooperatives and women's associations. Support to rural development

<sup>141</sup> Please note that, in order to avoid double counting of beneficiaries, the total number of beneficiaries does not represent the sum of beneficiaries in each area since some beneficiaries benefited in two areas at the same time

<sup>142</sup> According to the last Census 2011, around 180,000 Roma live in Serbia

<sup>143</sup> Overview of projects is available in Annex 3, Attachment 3.1

<sup>144</sup> For measuring the effects of the project, a survey was conducted at the end of the project in May 2017

<sup>145</sup> Overview of CIF projects results is available in the Annex 3\_Attachment 3.2

proved to be an efficient way to assist people living in the most impoverished areas and the Programme funded foundation of two mother plantations of berries, introduced organic production and contributed to development of small agricultural holdings.

Furthermore, **CIF** enhanced quality and accessibility of social, health care and communal services that are targeting mostly vulnerable and marginalised citizens. For example, very specific health service in Jablanica and Pčinja Districts was improved and it is contributing to decrease in number of deaths of neuromuscular patients as well as to improvement of their health condition. Social protection services<sup>146</sup> for children and youth with disabilities and elderly were significantly enhanced in at least three LSGs, with further regional expansion. Additionally, over 500 most deprived citizens improved their access to fundamental rights and public services through provision of IDs and free legal aid. The supported initiatives enabled implementation of additional 42 projects contributing to development of social enterprises and rural areas, and increased employability of the most marginalised groups and attracted additional 140,000 Euros in investments.

Two assessments<sup>147</sup> conducted during the CIF, which included 40 CSOs and 34 LSGs showed that the Programme contributed to enhanced **cooperation between public and civil sector** at the local level and improved capacities of CSOs. However, findings of the last survey also indicate the need to strengthen CSOs, through development of expertise in specific areas and diversification of funding sources, and more efficient implementation of laws and regulations, especially with respect to transparent financing from local budgets.

The CIF project implemented by the CSO Timočki Club, included an Assessment of Transparency<sup>148</sup> of Municipalities in Financing Programmes of Public Interest. The Assessment showed that 32 municipalities developed procedures for financing of projects of public interest through public calls but confirmed the need for improvement of the monitoring and evaluation system.

More **inclusive education** system was supported through the project “Orchestras and Choirs of Hope”, based on globally recognised El Sistema methodology. The project enabled 200 children, including 100 children from vulnerable groups, to improve musical skills, develop interpersonal skills and raise self-esteem. This programme should also contribute to reduced rates of school dropout.

In cooperation with the MESTD and the CB, the Programme supported more than 1,000 Albanian pupils for improvement of their **knowledge of Serbian language** through engagement of assistants to teachers of Serbian as non-mother tongue in four schools in Bujanovac and Preševo. Indirectly, around 3,600 Albanian pupils were supported through provision of teaching and learning material for Serbian as non-mother tongue. The testing of pupils showed significant improvement of functional knowledge of Serbian language among Albanian pupils. This achievement directly contributes to implementation of the Serbia’s Action Plan for Chapter 23 within European Accession.

The Programme provided **medical equipment** for protection of women reproductive health for healthcare centres in nine municipalities<sup>149</sup> and a modern x-ray to Prokuplje General Hospital. The equipment enhances access to health services, especially for women when it comes to regular health checks pertaining to the prevention of malignant and other diseases. The public awareness campaign on the importance of regular medical examination for early detection of cervical and breast cancer, successfully mobilised women and medical centres. It enabled 747 women to undergo examinations, while 1,129 women participated in street events, 1,403 women responded to survey

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<sup>146</sup> Transportation, personal assistants, day care and home care services

<sup>147</sup> Assessments available at [http://www.europeanprogres.org/dokumenti/48\\_699028\\_ep-survey-results-coperation-between-csos-and-lsgs-2016.pdf](http://www.europeanprogres.org/dokumenti/48_699028_ep-survey-results-coperation-between-csos-and-lsgs-2016.pdf) and Annex 3\_Attachment 3.3\_Civil Society Position Assessment\_Dec2017

<sup>148</sup> Status of 34 LSGs on transparency in public financing of CSOs (Serbian) is available in the Annex 3\_Attachment 3.4

<sup>149</sup> Aleksinac, Bela Palanka, Babušnica, Brus, Doljevac, Gadžin Han, Knjaževac, Merošina and Svrlijig.



on behavioural patterns related to preventive examinations, while 400,000 people were reached via media outlets and more than 80,000 via social networks.

## Result 3 – Activities

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

The Citizens' Satisfaction Survey (CSS) was conducted in November – December 2017 and included a representative sample of 8,256 people.<sup>150</sup> The primary purpose of this survey was to provide LSGs and other stakeholders (institutions, international organisations, CSOs, general public) with insights relating to satisfaction of citizens with performance of local authorities and living conditions in local communities. Previously, the CSSs were conducted in 2010 and 2013 within the predecessor EU PROGRES<sup>151</sup> and provided valuable basis for monitoring trends. The Programme presented results of the CSS to the MPALSG and to the public in Vranje, Niš, and Novi Pazar in January 2018.

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

Given that the Law on Free Legal Aid, that was supposed to provide foundation for this intervention, was not adopted, the Programme within no cost extension request proposed reallocation of funds planned for this activity to other actions that improve the position of vulnerable people. In addition, the Programme activities 3.8 and 3.5, included projects that enabled over 550 people to access some of their fundamental rights – ensuring that indicators for this activity are met to a good extent.

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

The Programme conducted the CFP for Implementation of Vocational Trainings by LSGs from August to September 2016. The CFP was designed to support LSGs to implement Local Employment Action Plans (LEAPs) through use of active labour measures prescribed by the National Employment Strategy: (1) training for known employer, (2) professional practice, (3) acquisition of specific practical knowledge and (4) training for labour market. The Programme organised three info sessions<sup>152</sup> for 40 representatives from 20 LSGs (18 women, 22 men) and subsequently approved funding to ten LSGs.<sup>153</sup>

Vocational trainings were attended by 335 unemployed (175 men and 160 women), 280 (144 men and 136 women) persons received certificates for successful completion.<sup>154</sup>

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

The project implemented by the CSP, that was designed to enhance social inclusion and in particular access to employment for the vulnerable, was completed in June 2017.<sup>155</sup> Key actions included: organisations of six peer reviews, with participation of over 100 local actors for social inclusion and employment, that were used to help LSGs to enhance their capacities in this domain; expert support and mentoring throughout the process of establishment of new services; development of different tools and methodologies, including methodology for mapping the needs of vulnerable groups and for tailor-made plans for establishing community based services in three selected LSGs.

<sup>150</sup> European PROGRES developed framework for the Survey and engaged CeSID for its conduct

<sup>151</sup> The 2010 CSS covered 25 LSGs, the 2013 CSS covered 34 LSGs

<sup>152</sup> Info sessions were held in Novi Pazar, Niš and Leskovac from 24 to 26 August 2016 respectively

<sup>153</sup> The ten beneficiaries are: Aleksinac, Babušnica, Bela Palanka, Doljevac, Ivanjica, Prijepolje, Prokuplje, Sjenica, Trgovište and Vranje.

<sup>154</sup> Overview of vocational trainings is available in Annex 3, Attachment 3.5

<sup>155</sup> CSP Final Report is available in Annex 3, Attachment 3.6



On the basis of several criteria,<sup>156</sup> Bosilegrad, Merošina and Bujanovac were selected for establishment of social protection services, homecare for elderly. All three LSGs adopted decisions on service establishment and allocated funds.

Additionally, the intervention included piloting of new employment policies through awards of small grants to vulnerable and marginalised groups. The CSP in partnership with the Educational Centre Leskovac (EC), advertised the CFPs in November - December 2016 and seven info sessions were held with 147 participants (104 women, 43 men), while support was provided to 168 potential beneficiaries (106 men and 62 women) for development of applications. A total of 139 applications were received, while 28 proposed business plans (prepared by 17 men and eleven women) were approved. The most common businesses were in the area of production (15), while the most represented target group were people younger than 30 (12 beneficiaries) and older than 50 (ten beneficiaries). Procurement of equipment was finalised in April 2017. As of end of January 2018, all newly established businesses were active.<sup>157</sup>

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

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

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

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

The Programme’s consultants delivered training in Niš from 3 until 6 August<sup>158</sup> to 25 recommended Roma CSOs to strengthen their organisational and project management capacities. All Roma CSOs successfully completed the training and were invited to submit their full project proposals from 1 to 17 August. In response, 23 Roma CSOs proposals were received. The PSC endorsed recommendations for funding of 16 proposals in the total amount of 150,000 Euros.<sup>159</sup>

The projects were implemented from October 2016 until June 2017. Assistance has been provided to the grantees during implementation through consultations, field visits, and review of their reports. For several organisations whose projects were delayed due to their low capacities, the Programme organised two additional project management workshops in December 2016. The functions gathered 15 participants (eight men, seven women) and facilitated completion of projects.

Two interventions aiming to contribute to better inclusion of Roma population were also supported within this activity and implemented by the NGOs “Music Art Project” and Yurom Centre.

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<sup>156</sup> Less developed LSGs, without established or sustainable social protection services which do not allocate funds for the development of social services that already received funds for the development of social protection services according to the criteria defined in the Regulation on allocation of earmarked funds in social protection.

<sup>157</sup> Follow-up on self-employed vulnerable beneficiaries available in the Annex 3\_Attachment 3.7

<sup>158</sup> Report on training to Roma CSOs is available with European PROGRES

<sup>159</sup> Actually spent amount upon completion of all activities was 140,307 Euros

Through two-phase project, NGO “Music Art Project” introduced inclusive and globally known El Sistema methodology into music education in four schools. During the first phase, the project was implemented in music school in Vranje, and in second phase expanded to three more primary schools. Around 200 children were included in the project, 20% of them from Roma community and 50% from vulnerable groups.

The project for improving fire prevention and safety in Roma settlements was implemented by Yurom Centre through installation of fire extinguishers in around 20 Roma settlements and establishment of Voluntary Fire Brigades in ten municipalities, awareness campaign among settlements’ residents and advocacy for increase of fire safety through mobilisation of relevant national and local institutions.

### *Support to Youth Self-employment*

After obtaining approval from the donors in February 2016 to introduce minor amendments of the design, the Programme developed and advertised the CFP for Support to Youth Self-Employment through Start-up Grants from 28 March to 11 May 2016. This two-stage CFP was focussed on support to businesses in the area of production, IT and food processing.

Overall, 91 applications were received from 27 LSGs. The first evaluation phase included assessment of project concepts and subsequent interviews with 52 youth applicants and resulted in recommendation of 34 candidates (four women, 30 men) for the second phase of the action.

After the training for business plan writing,<sup>160</sup> held from 20-22 July 2017 for 27 shortlisted candidates (three women, 24 men), the Programme received 26 full project proposals. The PSC approved 22 business proposals (20 men, two women) for financing in August 2017. Five supported businesses were in the area of IT and specialised design activities, while remaining 17 had manufacturing/production as the main activity.

The certificates were awarded to 22 youth entrepreneurs on 2 November in Novi Pazar.

The Programme delivered equipment to all 22 beneficiaries that registered businesses. In parallel with the delivery of equipment, mentorship support and individual trainings have been provided for all beneficiaries.<sup>161</sup>

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

Needs assessment for reproductive health protection conducted in nine LSGs<sup>162</sup> that were not participating in EU PROGRES, established a base for procurement and equipment<sup>163</sup> delivery in the value of 109,500 Euros.

Complementary public health campaign “Find the Time” was conducted from August until December 2017. The campaign included educational activities, five public events and organisation of “Open Door Day” for free gynaecological check-ups in nine local medical health centres. The final event of the campaign was the lecture for medical professionals, organised on 19 November 2017 in the amphitheatre of Medical Facility of the University of Niš, attended by approximately 60 participants. Findings on behaviour patterns related to prevention will serve as a good baseline to understand and approach women in underdeveloped regions. The campaign<sup>164</sup> was supported by the Ministry of Health.

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<sup>160</sup> Evaluation report of training for business plan writing is available with European PROGRES

<sup>161</sup> Final report on mentorship activities available in Annex 3\_Attachment 3.8

<sup>162</sup> Aleksinac, Babušnica, Bela Palanka, Brus, Doljevac, Gadžin Han Merošina, Knjaževac, Svrlijig

<sup>163</sup> List of equipment delivered available with European PROGRES

<sup>164</sup> Final report on the campaign implementation is available in Annex 3\_Attachment 3.9

Additionally, the Programme contributed to the quality of diagnostics in Prokuplje Hospital through procurement and delivery of mobile radiography machine.

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

The funding for this activity has been reallocated for other social inclusion activities, primarily to support Albanian pupils to learn of Serbian as non-mother tongue, as this intervention contributes to integration.

### 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 CIF activity included two CFPs conducted in 2014 and 2016 and focused on social inclusion of vulnerable groups through: improvement of availability and efficiency of public services for marginalised and vulnerable groups, increasing their employability; improvement of inter-ethnic dialogue; addressing migration issues; improving transparency of civil organisations financing. Info sessions were organised during both calls for 170 representatives from civil and public sectors.

The first CFP resulted with 77 applications from 32 municipalities<sup>165</sup> and 20 were approved by the PSC (382,199.93 Euros, co-funding EUR 72,405 Euros).<sup>166</sup> One grant awarded to the Lokalna kuća razvoja Brus was cancelled following poor management and non-compliance with grant agreement.<sup>167</sup>

The second call resulted in 48 applications from 25 municipalities, and approval of 24 projects from 20 LSGs in July 2016 (320,074 Euros, co-funding 44,322 Euros).<sup>168</sup>

The implementation of grants, in both calls, started with workshops on project management while the Programme provided continuous support through field visits, advisory, monitoring and evaluation. Forty three projects were successfully completed.

The Programme conducted a survey about cooperation between CSOs and LSGs between two calls<sup>169</sup> to facilitate planning and followed up with the final survey<sup>170</sup> in December 2017 to measure benefits and assess the position of the civil society in South Serbia.

### 3.9 Support young people from Albanian community to learn Serbian language

The Programme took active role in the Working Group for implementation of recommendations for improving teaching of Serbian as non-mother tongue in elementary schools in Bujanovac, Medveđa and Preševo, established by the MoESTD in December 2014.

In mid-2015, European PROGRES selected the Regional Centre for Professional Development of Employees in Education as the implementing partner in charge for selection, employment and

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<sup>165</sup> There were no applications from Sjenica and Preševo

<sup>166</sup> Actually spent amount for all projects by the Programme was 363,967 Euros

<sup>167</sup> Euroepan PROGRES team has invested numerous efforts to ensure that the unspent project fund are returned, which included formal meetings with the Municipality of Brus that was project partner and engagement of UNOPS Legal Department that sent formal notice to the grantee. These efforts unfortunately have not been fruitful.

<sup>168</sup> Actually spent amount for all projects by the Programme was 298,084 Euros

<sup>169</sup> The Survey available at [http://www.europeanprogres.org/dokumenti/48\\_699028\\_ep-survey-results-cooperation-between-csos-and-lsgs-2016.pdf](http://www.europeanprogres.org/dokumenti/48_699028_ep-survey-results-cooperation-between-csos-and-lsgs-2016.pdf)

<sup>170</sup> Civil Society Position Assessment from December 2017 is available in Annex 3\_Attachment 3.10

monitoring of six Teaching Assistants (TA) to Teachers of Serbian in four elementary schools<sup>171</sup> in Preševo and Bujanovac. The schools were previously selected by the Working Group.

The teaching assistants were engaged in the school year 2015/2016 to support eight teachers of Serbian and improve quality of delivered classes. Along with the teachers, the assistants participated in several trainings on methodology for teaching Serbian as non-mother tongue and inter-cultural dialogue. In total, 365 fourth grade children and 500 seventh grade students benefited from the intervention during the first year of the project, and in this period their performance in Serbian as non-mother tongue was tested three times.

Given the positive results, the project was extended for one more school year. The engagement of TAs continued their engagement during 2016/2017 school year in the same classes. New classes were included as well and the intervention included over 1,000 pupils.

Additionally, the Programme procured students' textbooks for the fourth to the eighth grades, the teachers' manuals and education material for Serbian as non-mother tongue. Sixteen schools from Bujanovac, Medveđa and Preševo are equipped in October 2015 with teaching and learning material for Serbian as non-mother tongue with the aim to improve Serbian language skills of more than 3,600 Albanian pupils from the fourth to the eighth grade.

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

During 2014 and 2015, an assessment on Local Councils and Local Actions Plans related to migration showed that 15 LSGs had active Migration Councils, while 21 LSGs adopted LAPs related to migration, out of which five were outdated. The assessment was followed by meetings with the representatives of the Migration Councils with the goal to evaluate their capacities and needs for potential involvement in the migration activities. The conclusion was that these Councils were mainly focused on refugees and IDPs not on seasonal migration and returnees.

National stakeholders were also included in consultation process and meetings with representatives of the Commissariat for Refugees and Migration and the International Organization for Migration. In addition, a field visit to the Centre for Emergency Reception for returnees, refugees and IDPs in Bela Palanka was conducted.

During preparation of the concept note in 2015, Serbia experienced a huge refugees and migrants coming from war-torn countries such as Syria and Iraq that prompted the donors to authorise the Programme to respond to the major crisis that was unfolding in Preševo.

The Programme accommodated the request from the donors and procured the specific items from the Government and the Municipality's list of the most needed items, including beds, pillows, bed linen, mobile sanitation facilities, personal hygiene products, etc.

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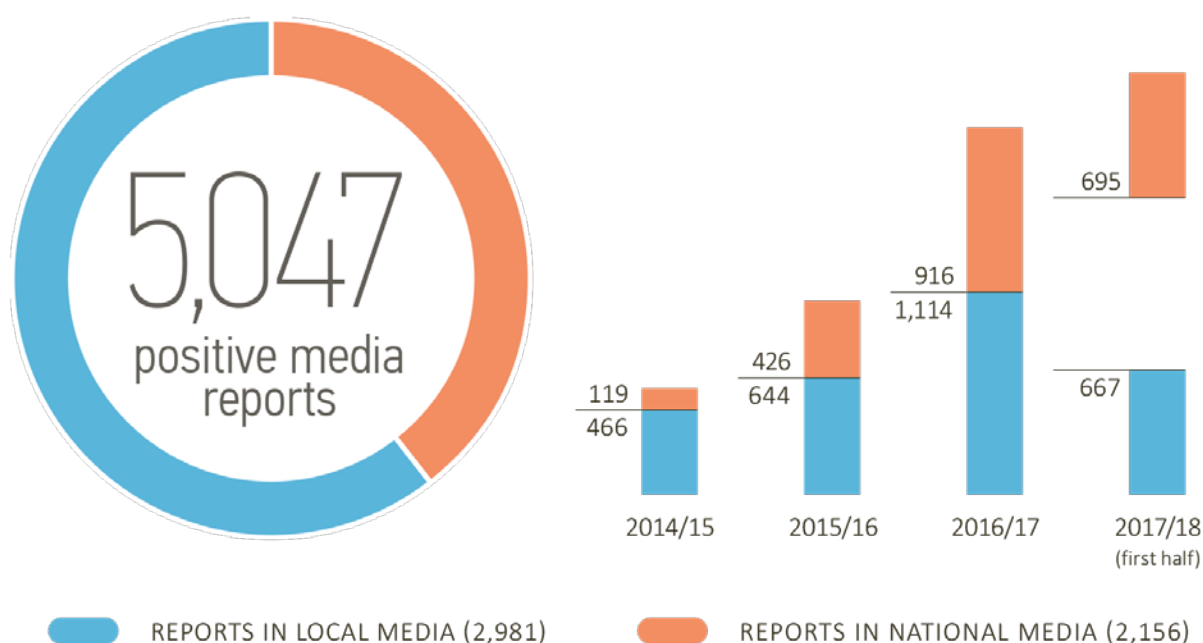
<sup>171</sup> "Muharem Kadriu" in Veliki Trnovac, "Naim Frasheri" in Bujanovac, "Ibrahim Keljmemdi" in Preševo and "Seljami Halaci" in Oraovica, Preševo

## Result 4

### Effects of Serbia's European Accession communicated to general public

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

Communication activities generated over 5,000 positive media reports, of which 2,156 reports or 42 percent were in the national media.<sup>172</sup> This is over 55 percent increase in the total media coverage, while the number of the national media reports more than doubled when compared to coverage recorded during the predecessor Programme, EU PROGRES.<sup>173</sup> Thus, the Programme continued the good practice of being a key vehicle for donors' visibility at the local and increasingly on the national level.



Smaller size projects resulted in human stories used by media to focus on the benefits for the citizens - economic empowerment, employability, and social inclusion of the most vulnerable, particularly Roma population.<sup>174</sup> In line with this, the activities related to social inclusion and GG generated over 900 reports. The "gender" projects, such as women entrepreneurship, have been presented in almost 200 reports, showing that the Programme intensely promoted gender equality.

Activities that contributed to creation of jobs and boosting of local economies resulted in 700 media reports, confirming that the economic themes remain high priority for the media and general population. However, the donors' support to the local infrastructure projects attracted by far the most media coverage, almost one fifth of the total number i.e. 1,100 reports. This shows that concrete, high visibility projects with immediate results continue to generate most media and public interest.

In addition, the Programme activities tailored for the youth and the media resulted in 400 reports that covered the Calendar and Media Competitions and "You are Europe" Campaign events, contributing to

<sup>172</sup> Media Coverage Table, as well as other statics related to communications work, are available in the Annex IV, Attachment 4.1

<sup>173</sup> European PROGRES had a total of 5047 media reports of which 2156 national. EU PROGRES had a total of 3200 of which 921 national

<sup>174</sup> Two stories that attracted the most media coverage - [Social enterprise „Ruža“](#), and [El Sistema music project](#) while the projects aimed at enhancing social inclusion of Roma population at local level were presented through over 130 stories in all regional and local media, thus raising awareness of their needs and capacities.

bringing the EU and the integration process closer to the population. Finally, over 900 media reports were generated during the field missions of the high officials of the donors and the Government, which confirms that high level presence has crucial impact on the promotion of the assistance.

Attention to the social media channels correspondingly grew over the implementation to reach close to 10,000 followers on Facebook and 1,000 on Twitter. In total, 238 Facebook posts reached 310,727 people, while 324 Tweets were liked 1,839 and retweeted 1,217 times by various stakeholders, including the highest officials of the DEU to Serbia. The highest increase in the number of social media followers can be attributed to the youth-oriented content generated by the “You are Europe” campaign.

The third cycle of the Citizens’ Satisfaction Survey,<sup>175</sup> which also included questions on perceptions of donors’ assistance, showed that European PROGRES was recognisable for 20% of respondents across the region, which speaks about the Programme’s quality outreach. Perceptions related to donors’ assistance, however, shifted in favour of the individual European countries.

The number of those in European PROGRES AoR who perceive Germany as the largest donor to Serbia has over the four years risen from 16% to 18%, while Switzerland is seen as the leading provider of funding assistance by 5% of citizens compared to previous 1%. The increase related to Switzerland can be to some extent attributed to communications work of European PROGRES.

The Survey showed decline from 14% to 8% in the number of respondents who see the EU as the leading donor. The analysis of results showed that 27% of respondents associated the EU with Belgrade-Priština negotiations, which reaffirms that citizens’ perceptions are strongly shaped by political developments. There are several positive trends: the number of those who associate the EU with the colonial status and exploration of labour and raw materials dropped from 25 to 15%, while the percent of respondents who believe that the EU funded projects negatively affect development reduced from 15% to 10%.

The last public opinion poll on the European Orientation of Serbian Citizens conducted by the Ministry of European Integration (MEI) in December 2017<sup>176</sup> showed that, after a long time, the citizens’ support for European integration exceeded 50 percent by 2%. In June 2014, for example, this support was 46%. As presented in the results, the EU for Serbian citizens mainly represents more employment, better future for young people and more travel opportunities.

Furthermore, in June 2017, for the first time, the poll<sup>177</sup> showed that Serbian citizens recognised the EU as the largest donor (23%) followed by Russia (22%) and China (21%), and the trend continued in 2017 December poll saying that the EU and Russia, according to the citizens, invested most in Serbia. This is in stark opposition with the results of the same survey conducted in December 2011 when the poll first started to follow this indicator and where 41 percent saw Russia as the biggest donor, while the EU was ranked the third with 32 percent, after Japan (39%).

## Result 4 - Activities

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

Thirty-three high-level visits were carried out, of which 19 included the highest donors’ officials - two visits of the Deputy Head of Missions of the EU countries to South West and South Serbia in June 2016 and 2017 respectively; the DEU Ambassador went on ten and the Swiss Ambassador and the

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<sup>175</sup> Two similar satisfaction surveys were conducted in 2010 and 2013, within the predecessor programme, EU PROGRES. This enabled conduct of comparative analysis of some Survey parts.

<sup>176</sup> Mei.gov.rs [Public Opinion Poll December 2017 \(PDF\)](#)

<sup>177</sup> Mei.gov.rs [Public Opinion Poll June 2017 \(PDF\)](#)

Head of Swiss Cooperation Office (SCO) on five different field visits to the Programme's projects. Additionally, 24 large events were organised, including 13 PSC meetings.

Four annual art competitions attracted close to 1,000 artworks from high schools in the Programme area inspiring the pupils to depict themes relevant to the European values, local development, the European integration process and the projects European PROGRES implemented in their towns. The competitions had twofold value – production of the popular Programme Calendar and raising awareness amongst Serbian youth about the European values.

The Programme supported 15 local festivals focussed on youth engagement, culture and inclusion of the most vulnerable, across its area, ensuring that diversity and richness of cultures in the South East and South West Serbia were promoted. In addition, the Programme supported Bujanovac Faculty Department Enrolment Campaign to ensure the visibility of the Faculty among the potential students in the South Serbia. The high visibility standards set for all of the events were respected and the EU/SDC/Programme emblems were featured on all the promotional material.

The Programme issued 60 media announcements and 111 press releases which were in 42 percent of cases published verbatim, which confirms the high quality of Programme's communication. The increased interest of the media resulted in 21 requests for interviews and statements. The Programme Manager's interviews were published in the regional media: Jugpress, Nova Naša Reč, Radio Sto Plus, Danas Sanžak, and the national media, namely Radio Belgrade, Danas Weekly, business magazine Ekonometar, and TV stations, including Radio Television of Serbia (RTS), TV Pink, B92 and Prva TV. The national TV broadcaster RTS's published eight interviews about the Programme's support to local infrastructure, MSEs, youth self-employment, Golija Nature Park development, and its completion.

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

Six movies and three videos about European PROGRES were produced through the Programme financed projects. Additionally, the film to summarise the achieved results was prepared and presented at the Programme final event.

Nevertheless, European PROGRES' website remained the most popular information hub with approximately 5,000 unique visitors per month and 200,000 during the four years.

Ten quarterly Programme Newsletters were issued, covering the key achievements and were distributed to close to 2,500 stakeholders in the Government, media and non-government sector through email.

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

European PROGRES initially advertised and later cancelled the initial selection of the consultancy to support 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" due to lack of good quality offers. Later, in line with the framework provided by the Programme Document and the Communications Strategy and in agreement with the Donors, two shorter, separate campaigns were strategically merged into a year-long communication campaign targeting media and youth – the two audiences that the Citizens' Surveys identified as the most influential factors in the European Integration issues.



A year-long European PROGRES information and advocacy campaign themed “Bringing European Integrations Closer to the People in the South East and South West Serbia”<sup>178</sup> started in October 2016.<sup>179</sup> It communicated to citizens – youth and media in particular, the benefits of the European integration process and the scope of the EU and Swiss donations to Serbia.

Outreach towards Serbian youth took place in ten high schools, two universities,<sup>180</sup> five stand-alone campaign events and seven local festivals. During **the lectures** close to 400 students from the high schools in South and South West Serbia<sup>181</sup> and 200 students had the opportunity to familiarise themselves with the European Union, the European values and the Serbia’s European integration path as well as to learn about the relevant EU on-going study and work programmes.

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

**"You are Europe" contest** for the best ideas to improve lectures and/or student life in their respective high schools was launched in January and concluded in March 2017. The competition attracted 25 submissions from 20 high schools in 17 municipalities and subsequently 9,500 people voted via online community polling for their favourite idea. The Competition culminated in “You are Europe” knowledge quiz on the EU integration process, organised in Novi Pazar within the Europe Day Celebration, where the two winning teams<sup>182</sup> received 100,000 Dinars each to implement the nominated projects.

**Three media seminars** were held for local and national media in Novi Pazar, Niš and Belgrade in December 2016 and February 2017. Attended by 68 journalists the seminars were intended to improve understanding and facilitate reporting on both accessions and donation methods within the EU integration process. A media seminar for the national media, in Belgrade, was successfully held in cooperation with the MEI, while the Head of Negotiation Team for Accession of the Republic of Serbia to the EU participated as a special lecturer. Evaluation showed that 89.4% of attendees found the seminar very useful.

However, the increase in the reporting about the EU funded projects was more related to the Media Competition organised by the Programme, which had been promoted during the seminars, than to the meetings themselves. Although the media representatives expressed the need and willingness to know and report more about the EU integration, the reality is that the media, particularly local and regional ones, are troubled with the lack of financial and human resources. Nonetheless, there were a number of the reports showing enhanced understanding of the benefits of the EU support at the local level and the importance of the integrations for everyday life of the people.<sup>183</sup>

The Programme activities were actively promoted through **the social media** with a special focus on topics relevant to youth including trivia and fun fact posts about the EU, personal stories and the communication regarding the ongoing school competition. A separate, closed Facebook group was created for youth offices in 34 Programme municipalities to share Campaign relevant materials with

<sup>178</sup> [ToR for Programme Campaign "Bringing European Integrations Closer to Media and Youth in the South East and South West Serbia"](#)

<sup>179</sup> Dokukino Foundation” and “Olaf&Mcateer” consortium

<sup>180</sup> Novi Pazar State University and Bujanovac Department of the Subotica Faculty of Economics

<sup>181</sup> Kuršumlija Grammar School, Technical school “Prota Stevan Dimitrijević” from Aleksinac, Grammar School “Vuk Karadžić” in Babušnica, Technical School “Vožd Karađorđe” in Lebane, Technical school “Milentije Popović” in Crna Trava, Technical school “Nikola Tesla” in Surdulica, Subotica Economics Faculty, Bujanovac Department

<sup>182</sup> “Ambassador”, Grammar School from Novi Pazar and “Health Knights” from the Bujanovac High School “Sveti Sava”

<sup>183</sup> MIC.org.rs [Fruit and vegetable producers to increased crops yield with EU support \(28 February 2017\)](#), B92.net [They wanted a new roof and we saved them from floods](#) (22 February 2017), Infoliga.rs [Faith and commitment are crucial for success](#) (22 April 2017); Infoliga.rs [Improved the position of persons with disabilities in European way](#) (10 January 2017); MIC.org.rs [European support for small enterprises in 34 local self-governments in Serbia](#) (26 February 2017)

youth organisations. Additionally a designated tab was created on European PROGRES' Facebook page and was used for promotion of the content and events of the campaign.

The three-month long **Competition for the Best Media Reports on European Integration in the South East and South West Serbia**, organised in the partnership with the DEU, the SDC and the MEI, officially concluded on 1 March 2017 by the selection of eight winners<sup>184</sup> from 67 submissions, which covered the topics ranging from flood and environment protection, support for the development of agriculture to self-employment of people with disabilities and fighting gender and ethnic prejudices. The winning outlets received IT, audio and video equipment to improve technical quality of reporting. The competition was synergy initiative of the MEI and the DEU, which also organised two study tours for the awarded journalists on reporting on the EU integrations, to Belgrade and Brussels.

## Management and Coordination

### Contractual Arrangements

The Contribution Agreement with the Delegation of the European Union (DEU) for implementation of European PROGRES entered into force on 7 May 2014, while the Agreement with the Swiss Agency for Development and Cooperation (SDC) became effective on 16 June 2014. The following amendments were made during the Programme lifecycle:

- No objection request to minor amendments approved by the DEU and the SDC on 17 and 29 February 2016 respectively, which enabled support for local infrastructure projects, Roma inclusion, youth self-employment and provision of equipment to SMEs
- No objection to minor variations of the DEU Budget approved on 2 November 2016
- Addendum that was approved by the DEU and the SDC on 14 July and 17 August 2017 respectively, which extended duration of the Programme to 31 March 2018. The extended period enabled completion of activities, allowed sufficient time for administrative and financial closure, and facilitated transition to the new EU and Swiss funded development programmes.

### Programme Steering Committee

The PSC was established during the inception period and included the Ministry of European Integration (MEI),<sup>185</sup> which chaired the meetings, the Ministry of Finance, the Ministry Economy, the Ministry of Construction, Transport, and Infrastructure, the Ministry of Public Administration and Local Self-Government, the Ministry of Education, Science, and Technological Development, the Ministry of Labour, Employment, Veteran, and Social Affairs, the Ministry of Agriculture, Forestry, and Water Management, and the Standing Conference of Towns and Municipalities. The representatives of the DEU and the SDC also participated in the work of the PSC with *veto* rights.

This mechanism enabled the involved national institutions to steer the implementation, monitor progress, and contribute to decision making. As only five-six institutions on average attended the PSC meetings, the lesson learnt could be to ensure that the steering bodies are composed of parties that have high and continuing interest for the particular programme or project.

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<sup>184</sup> Winning outlets: Radio Sto Puz, Regional TV Novi Pazar, and Sandžak TV from Novi Pazar, two Leskovac media, web portal Jugmedia and weekly Nova Naša Reč. Niš media outlets – Media Research Centre (MIC, Serbian Medijski Istraživački Centar) and Južne Vesti portal, and Infoliga web portal from Ivanjica.

<sup>185</sup> Previously the European Integration Office of the Government of the Republic of Serbia (SEIO)

There were 13 PSC meetings, out of which one was extraordinary. On average, each meeting gathered around 70 participants, providing also a forum for exchange of information between the central and local levels, and other development stakeholders in the European PROGRES' area. In line with the ToR for the PSC work, e-voting procedure was used eight times to facilitate progress.

## Finance<sup>186</sup>

The total budget of European PROGRES was 17.46 million Euros<sup>187</sup>, out of which the European Union provided 12.6 million Euros and the Government of Switzerland 4.86 million Euros.

The Programme's delivery on 31 March 2018 was 17,187,363.96 Euros or 98.45% of the total budget, out of which 12,377,617.65 Euros or 72.02 % was disbursed from the EU contribution, and 4,809,746.31 Euros of 27.98 % from the Swiss contribution.

The Programme regularly monitored financial performance, while financial and administrative records were kept in accordance with the UNOPS rules and procedures. The tax exemption procedure for the donors' funds was established at the beginning and applied throughout the implementation. There were over 5,000 financial transactions/actions during the Programme.<sup>188</sup>

The Financial Report will be provided separately to this Report.

## Human Resources

The core Programme team, consisting of 14 personnel with background in project management and local development, was directly transferred from the predecessor programme, EU PROGRES, to European PROGRES in 2014. Additionally, the Programme recruited regular and retainer personnel required for fulfilment of the Programme's activities, which included consultants for competitiveness, local governance, municipal finance, hardwood furniture, GIS, IPARD, agribusiness, environment, gender equality, PPPs, GI, and PRAG.

The Programme's continuous efforts to reach gender balance among personnel were productive as the percentage of female personnel increased from 32% in May 2014 to 50% in January 2018. In addition, all four European PROGRES' sectors were managed by women.

The performance of personnel was assessed within the semi-annual and annual cycles, against the objectives set in-advance and following the SMART model.<sup>189</sup> The performance evaluation proved that the personnel met or exceeded the requirements set for their roles.

European PROGRES put emphasis on personnel development through provision of learning opportunities.<sup>190</sup> As a result:

- 22 team members were certified as PRINCE2 Practitioners
- Three persons completed UNOPS Leadership Programme
- Nine persons completed Health & Safety Training and FIDIC contracts management

<sup>186</sup> While this section provides relatively accurate insight into key financial details, UNOPS will provide separate Financial Report with final figures

<sup>187</sup> The EU has provided additional 7 million Euros that were implemented through the CFCU.

<sup>188</sup> UNOPS Enterprise Resource Planning tool

<sup>189</sup> SMART is acronym for Specific, Measurable, Aligned, Realistic and Time-bounded.

<sup>190</sup> The trainings were predominantly funded from UNOPS administrative and corporate learning budgets.

- Ten persons were trained in competency-based interviewing
- All personnel passed the mandatory gender awareness training
- All personnel passed UNOPS mandatory courses which enabled them to grasp regulations and policies that apply to their day-to-day job responsibilities
- Since February 2017, ten Programme personnel were provided with access to Lynda.com, a leading online learning platform that provides certification in various business skills.

## Procurement and Grants

UNOPS RSOC Procurement Unit conducted 485 procurement processes and administered 217 grants for European PROGRES Programme.

The procurements included conduct of:

- 182 shopping cases
- 268 Requests for Quotation
- 35 Invitation to Bid or Requests for Proposals.

The total value of administered grants was 4,600,359 Euros. There was only one problematic grant given to Lokalna kuća razvoja Brus within CIF.<sup>191</sup> Despite extensive efforts of the Programme to recover unjustifiably spent funds by the grantee in the amount of RSD 778,052.91 the grantee remained unresponsive.<sup>192</sup>

## Logistics

European PROGRES maintained three field offices in Niš, Vranje and Novi Pazar, in addition to the office in Belgrade. The Programme team was extensively present in the field which is demonstrated by over 1,300 official trips and over one million kilometres travelled. In addition, the Programme organised 135 different events including workshops, trainings, info sessions, study tours, receptions and visits of high officials of the donors and the Government.

The Programme's fleet initially consisted of 12 vehicles, which were reassigned from the predecessor programme. Seven new vehicles were purchased to renew the fleet and maintain reliability and road safety standards of transportation. At the same time, six vehicles in good driving condition were donated to the beneficiaries,<sup>193</sup> while one vehicle, damaged in a car accident, was sold.<sup>194</sup>

In addition, the Programme disposed not needed furniture to selected beneficiaries in 2017<sup>195</sup> and followed up with final disposal of not any longer needed assets at the end of the Programme.

The remaining vehicles and furniture were, in agreement with the donors, transferred to the successor development programmes, EU PRO and Swiss PRO.<sup>196</sup>

<sup>191</sup> Grant reference number UNOPS-EP-2015-Grant 35

<sup>192</sup> Record of all actions taken in attempt to recover funds is available with UNOPS Serbia

<sup>193</sup> The beneficiary were selected through competitive process that was conducted in consultation with the donors. One of key evaluation criteria was benefit that the donated vehicle would have on the local community.

<sup>194</sup> The list of disposed European PROGRES vehicles is available in Annex V, Attachment 5.1. Other supporting documents are available with UNOPS.

<sup>195</sup> The plan for disposal of furniture is available in Annex V, Attachment 5.2. Other supporting documents are available with UNOPS.

<sup>196</sup> The documentation related to transfer of assets is available with the UNOPS RSOC

## Reporting

European PROGRES produced monthly, quarterly and annual reports. In addition, as stipulated by the Programme Document, the Inception Report was prepared.<sup>197</sup> The Programme personnel regularly prepared weekly reports, that were primarily used to track individual performance and pace of activities.

### *Monthly reports*

EU PROGRES developed 25 monthly reports. Due to the abundance of events, the main challenge was to keep the monthly reports brief and they varied from seven to ten pages, summarising progress, issues or constraints encountered and gave proposals to changes and solutions. The reports also provided brief updates of the key political, economic and social events in the South and South West Serbia.

### *Quarterly Reports*

The Programme prepared nine quarterly reports detailing progress, accomplished results, difficulties encountered and resources utilised. In line with the MTE recommendations, the reporting format of the quarterly report was adjusted, to shift the focus towards “reporting against achievements” and better respond to the key stakeholders’ requirements. The Quarterly Reports for the fourth quarter 2017 and the first quarter 2018 have not been produced as the Programme has been closing down the activities and started development of the Final Report. All reports were unanimously approved by the PSC.

### *Annual Reports*

Three annual reports were prepared, each at the end of the implementation year. These reports provided comprehensive overview of the Programme’s progress towards overall and specific objectives, activities, risks, utilised resources, update on the key issues affecting the Programme’s implementation. The annual reports also included presentation of progress against indicators in the Logical Framework Matrix.

## Monitoring

In addition to the Overall Work Plan, European PROGRES used quarterly and annual planning while aiming to maintain close control over implementation progress. The quarterly and annual work plans<sup>198</sup> identified activities and outputs that need to be delivered within the covered period, in addition to setting of financial targets and activities related to procurement and human resources.

The progress was also monitored against the planned targets within the Logical Framework Matrix (LFM). While the LFM provided overview of “what needs to be measured”, the Programme developed the Benefits Review Plan which defined measurement methods and responsibilities.

## Assumptions and Risks

### Assumptions

The assumptions<sup>199</sup> identified during the design of the Programme generally endured: political stability on the national level has been maintained, while the European integrations remained the priority for the Government of Serbia; the country’s macroeconomic trends were positive, while municipalities preserved their economic viability despite the budgetary cuts that were introduced in 2015 within efforts to conduct fiscal stabilisation; LSGs and other beneficiaries recognised the

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<sup>197</sup> European PROGRES Inception Report, all annual and quarterly reports are available on European PROGRES website at <http://www.europeanprogres.org/biblioteka/en/>

<sup>198</sup> These were shared with the PSC and donors through quarterly and annual reports

<sup>199</sup> Overview of initial assumptions available in the [European PROGRES Description of Action](#)

development opportunities provided by European PROGRES and have been engaging in implementation. Therefore, these external factors did not negatively affect the fulfilment of the Programme's objectives.

## Risks and Issues

The Programme's effort to systematically identify and assess risks, and then to plan and implement the responses<sup>200</sup> reduced negative effects that certain events could have had on the results. Still, there were risks whose materialisation affected the performance.

The Programme team recorded numerous **changes in municipal management** that were primarily triggered by local political regroupings. Only in the first implementation year, there were five dismissals and re-appointments of new mayors, three mayors were arrested, and instabilities were registered in at least 15 LSGs, which among other included municipal staff replacements. Upon completion of the national and local elections in April 2016, the key Programme contact persons, including those responsible for GG were replaced or transferred to other departments in at least six municipalities.

These changes reduced efficiency of some projects, as newly elected or appointed officials needed time to learn about ongoing activities and sometimes did not have enough experience and expertise to explore opportunities provided by European PROGRES. The Programme managed to keep these effects to a minimum, while building broader LSGs' commitment to European PROGRES before the risk materialised, and through strong engagement with the new officials and closer monitoring, after the changes occurred.

The Programme's analysis of LSGs' performance,<sup>201</sup> however, clearly showed that municipalities which were not politically stable had limited benefits from European PROGRES – for example, Nova Varoš, which changed three mayors during the Programme's life cycle, did not win a single project. At local level, the analysis reconfirmed theses that political stability is a precondition for development.

The cumulative delays of 18 months in implementation of the **CFCU managed grant scheme** for local infrastructure heavily affected European PROGRES. Due to these delays, the Programme was not able to fully provide the planned TA to the CFCU and could not implement GG and FIDIC activities that depended on the progress of infrastructure projects. In addition, without infrastructure component European PROGRES was less interesting for the beneficiaries.

In response to the delay of the CFCU activities, European PROGRES introduced another grant scheme for local infrastructure projects. This enhanced relevance of the intervention for LSGs and enabled the Programme to complete planned GG and FIDIC activities. In addition, European PROGRES has provided efficient TA to the CFCU which facilitated progress of the CFCE managed activities.

The use of **grant methodology**, which gives grantees the ownership over the project implementation, meant that the Programme had less control over progress. The delays were caused by the limited capacities or insufficient engagement of the grantees. Through close monitoring and continuing provision of TA this issue was mitigated. The grant methodology also made the Programme's financial planning more difficult since the approved and actual grant values in most cases were different.<sup>202</sup> Regular financial monitoring enabled the Programme to assess the financial

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<sup>200</sup> The approach was based on UNOPS policies for this field and the Programme's Risk Management Strategy that was shared through quarterly and annual reports

<sup>201</sup> The overview of findings and table showing LSGs' results is available in the Annex V, Attachment 5.3

<sup>202</sup> These differences in great majority of cases were not substantial and resulted from conduct of public procurement processes

status and timely suggest to the donors and the PSC reallocations of funding that eventually contributed to efficiency and effectiveness of the Action.

Furthermore, there were **changes of national policies** that influenced the implementation. For example, following the changes in the Law on Planning and Construction, which among other introduced unified procedure for issuing of construction permits, European PROGRES modified approach to support LSGs in implementation of new legal provisions. Following the adoption of the Strategy for Development of Small and Medium Enterprises and the Strategy for the Social Inclusion of Roma, within modifications of February 2016, European PROGRES introduced schemes to support implementation of these policies at the local level.

While these modifications positively affected the Programme's relevance and effectiveness, as they had not been originally envisaged, they also resulted in higher number of procurements and grants that required monitoring. Within risk responses, the Programme developed procurement plans, engaged additional human resources, strengthened internal accountability lines, and enhanced monitoring of projects – this eventually, despite some delays in conduct of procurements in support of entrepreneurship and MSEs, facilitated successful completion of activities.

The Programme proved its **agility** in several situations. In response to the influx of refugees and migrants to Serbia in 2015, European PROGRES procured a range of items to improve sanitary hygienic conditions in migrant and refugee centres in Preševo. It also supported the assessment of population in the three South Serbian municipalities, to address the lack of statistics after the Albanians boycotted 2011 Census, and thus contributed to the Government's efforts to create policies for this area based on realistic data. Following the floods that hit Serbia in May 2014, European PROGRES' engineers, with donors' approval, provided assistance for damage assessments and, subsequently, implemented flood protection project benefiting the South West and South Serbia.

Considering the above noted issues, and primarily delays of the CFCU managed schemes and introduction of new activities, European PROGRES duration was extended for five months, until 31 March 2018. This created conditions for completion of activities, while maximising the use of resources.

The Risks and Issues Register<sup>203</sup> provides overview of risks and of issues that were managed during the life cycle of European PROGRES.

## Quality and Sustainability

### Quality

The European PROGRES approach to quality was based on three pillars: first, UNOPS' framework for quality management that helps the programmes and projects to deliver results and achieve expected benefits; second, UNOPS Serbia Operations Centre (RSOC) structures and regulations that complement the corporate policies and ensure implementation approaches are aligned with local circumstances; finally, the Programme's Quality Management Strategy<sup>204</sup> that defined the quality standards and responsibilities for achieving the required quality levels. The quality management procedure included quality planning, quality control, and quality assurance.

#### Quality Planning

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<sup>203</sup> The Risk and Issues Register is available with UNOPS

<sup>204</sup> The Strategy has been shared through Programme reports



The European PROGRES DoA included general descriptions of quality expectations and standards, while the Programme has developed these further in consultations with the national line institutions and partners during preparation of the criteria for the selection of projects. The PSC also contributed to quality planning as it was reviewing and approving CFPs, which detailed quality criteria. In addition, part of the quality criteria derived from the relevant national policies and legislation.

#### Quality Control

The Programme used grant reviews, peer reviews, project site inspections, technical inspections, and evaluation of events to ensure that the outputs were fit for purpose. In total, 592 quality checks were conducted, including:

- 354 reviews that were designed to ensure that the progress in implementation of grants was in line with grant objectives and administrative requirements. The grant reviews also contributed to strengthening of grantees' project management capacities
- 129 project sites visits in order to ensure that quality and other standards related to the construction works have been fulfilled
- 27 technical inspections of infrastructure works to ensure quality and availability of all legally prescribed documentation completeness of relevant documentation
- 82 evaluations which gathered feedback from participants and assessed effectiveness of the Programme's events and trainings. All evaluations were positive, while efforts were put to implement lessons learned – for example, on the basis of evaluations, the Programme has included case studies/good practice examples in subsequent trainings.

In addition, European PROGRES used peer reviews that were mainly conducted by the Programme Management Office Supervisor<sup>205</sup> to ensure quality of external documents.

#### Quality Assurance

Quality assurance (QA) was conducted quarterly to check whether the Programme management was aligned with the UNOPS' policies and standards and to assess the progress of activities. European PROGRES underwent eight such assurances, which generally confirmed that the Programme adhered to UNOPS' project success criteria, and that it was managing its stakeholders, delivery, knowledge and personnel, while respecting UNOPS' core values. The QA also included recommendations how the Programme could enhance the implementation, which subsequently contributed to its efficiency and effectiveness.

The Quality Register<sup>206</sup> provides overview of quality checks that were conducted during implementation of European PROGRES.

## Sustainability

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

#### National Ownership

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<sup>205</sup> The UNOPS RSOC PMO Office has been established to ensure that projects are implemented consistently and in line with the UNOPS project management requirements and standards

<sup>206</sup> The Quality Register is available with UNOPS

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

Furthermore, the Programme predominantly used the grant methodology, which gave the ownership over the projects to grantees while the European PROGRES maintained monitoring and advisory role. Out of 254 projects for LSGs, 217 or 86% were implemented through the grant methodology. When beneficiaries were individuals, as it was the case with women and youth entrepreneurs, the Programme included “mentorship” activities in the first year of their start-ups to enhance chances for sustainability of their operations.

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

The national ownership was also ensured through participation of the key national stakeholders in the work of the PSC, regular consultations, and through formalised cooperation in some cases. For example, European PROGRES signed the Memorandum of Understanding with the Ministry of Trade, Tourism and Telecommunications to facilitate cooperation on development of the Golija Mountain.

Part of the activities were implemented with the co-funding from the beneficiaries in the amount of 787,068 Euros, which also enhanced ownership and hence contributed to sustainability.

#### Good Governance

The Programme’s work on infrastructure projects included GG component. This in parallel with the construction works implied provision of TA to LSGs to develop new or revise existing local regulations in order to enhance accountability, efficiency, effectiveness, transparency, or non-discrimination. This approach contributed to sustainability of all affected projects.

The Programme also contributed to development of rulebooks that facilitate use of particular project benefits (e.g. granted equipment). For example, GG team participated in the development of the Rulebook on Joint Usage of the Equipment among the members of Agricultural Producer Groups.

#### Social

This Programme included a range of activities that addressed the needs of the vulnerable population. Support to inclusion of Roma, economic empowerment of women, and support to employment of youth and the most vulnerable, positively affected 9,000 beneficiaries. Implemented infrastructure projects improved conditions for education, health protection, water supply, and access to public services for estimated 273,000 beneficiaries.

The Programme also contributed to integration of the national minorities. The most significant project in this respect was the construction of the Department of the Faculty of Economy from Subotica, in Bujanovac, which was the first institution providing high bilingual education in this part of the country and a top Government priority.

The Programme strongly contributed to gender equality: through strengthening of institutions and policies at the local level, implementation of projects contributing to improved position of women in society, while focusing on economic empowerment and employment of women, and through raising awareness of gender equality. European PROGRES' team was gender balanced, both in terms of number of positions and number of women holding senior positions.

There are two additional important social factors: the Programme remained in the field, which was beneficial for understanding the beneficiaries' needs and providing every day assistance; the European PROGRES team was composed of local experts, who acquired knowledge of working in international organisations and enhanced professional knowledge through numerous trainings - which in the longer run will benefit the local communities as experiences of predecessor programmes showed that many of them were engaged by municipalities to continue to work on development.

#### Economic

The Programme facilitated opening of 703 full time and 327 temporary jobs, while also enabling over 450 people to generate income.

Furthermore, activities contributed to enhanced municipal efficiency. For example, support to tax administration enabled LSGs to enhance local incomes while the TA for development of the Capital Investment Plans and Programme Budgets contributed to establishment of stricter fiscal discipline. The main designs already enabled beneficiary LSGs to access ten million Euros of donors' funds, while developed detailed regulation plans for zones with economic potential as well as several economic infrastructure projects means municipalities are more attractive for investments – these also clearly indicate that these interventions are financially sustainable.

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

This Report also provided insight into examples of SMEs that reduced costs, accessed new markets, reached new deals, and opened new jobs, therefore indicating affordability of "benefits". The exception may be quality standards, for which beneficiary SMEs will need to be ready to cover recertification costs.

#### Environmental

The Programme was assessing what effects the projects may have on environment. All interventions that may have affected the environment were implemented in accordance with the national legislation and with the UNOPS Environmental Management Policy for Infrastructure, hence ensuring that possible environmental hazards were assessed and adequate measures taken to minimise negative effects.

Positive contribution is provided through: six local infrastructure that contribute to enhance energy efficiency of public buildings; development of PPP projects that create foundation for enhancement of energy efficiency of public lighting in three LSGs; two projects include replacement of old asbestos water pipelines and will contribute to use of cleaner and healthier water, several DRPs deal with creation of conditions for revitalisation of brownfield sites and tourist areas, while in particular considering the environmental impacts. Good example are projects for the development of the Nature Park Golija, where the Programme insists on participatory approach and respect of the international environmental standards. It is also important to note that the Programme in several

cases insisted on implementation of Environmental Impact Assessment through grants related to DRPs, to ensure that risks have been assessed and addressed.

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

## Lessons Learned

European PROGRES systematically identified and recorded 44 lessons relating to various areas of implementation.<sup>207</sup> The overview of the key observations that should be considered by development stakeholders is presented below:

- **Incorporating good governance, gender equality, human rights and social inclusion** aspects into projects will enhance their outcomes and sustainability. For example, linking the good governance with the infrastructure projects, which primarily implied expert support to LSGs to develop municipal regulations relevant for “management” of the building that was constructed, directly improved effectiveness and sustainability of particular intervention. In addition, this approach contributed to the change of the mind-set among local officials on how authorities should better respond to their tasks and responsibilities, creating basis for its application in other projects. Inclusion of CSR activities into the actions that benefitted SMEs is also a good example as it enabled the business community to identify ways to extend benefits to the local community, which provides the cornerstone for their success and growth. It is therefore desirable to integrate governance and social aspects into infrastructure and other interventions as this “more than a cement and brick” approach brings broader and sustained benefits.
- **Local (political) stability affects local development.** European PROGRES analysis<sup>208</sup> showed that LSGs that benefited the least from the Programme, e.g. Nova Varoš, Medveđa, Lebane, and Žitorađa, were not politically stable during the three and a half years of implementation. The replacement of mayors also triggered changes in the municipal departments which dealt with development and resulted in shifting of development priorities, which ultimately prevented them to access more funding for projects. While political changes happen and may not be negative per se, political leaders should assess more carefully the effects of (political) actions on development as these can be extremely negative.
- **LED Offices with experienced and empowered staff win more projects.** Small LSGs, such as Bela Palanka, Surdulica, Raška, and Ivanjica are among those municipalities that benefited the most from the Programme – they were active, developed proposals in response to CFPs, and ultimately won funding for numerous projects. One common denominator for these LSGs was that they all had experienced and empowered staff in Local Development Offices.
- **Area based programmes contribute to building of municipal capacities.** European PROGRES recorded indicators that confirm relevance of the area based approach. For example, in response to the CFPs for business infrastructure and technical documentation that were conducted by the Ministry of Economy, European PROGRES’ municipalities won 27 out of 66 projects (0.8 project on an average), while the rest of Serbian municipalities won 39 projects (0.3 project on an average).<sup>209</sup> Although primarily these results may indicate the Government’s

<sup>207</sup> The detailed Lessons Log is available with European PROGRES

<sup>208</sup> The summary of findings is available in the Annex V, Attachment 5.3

<sup>209</sup> Results of the Call available at the Ministry of Economy official web presentation: <http://www.privreda.gov.rs/ministarstvo-privrede-pomaze-26-gradova-i-opstina-u-opremanju-poslovnih-zona/>

commitment to support underdeveloped areas, they also showed that these LSGs developed some project management capacities.

- **Preparation of infrastructure projects require time** – while European PROGRES' experience showed that LSGs' awareness related to steps needed in preparation of infrastructure projects raised, this remains area for improvement, as the Programme was able to identify few prepared regional infrastructure projects. LSGs need three to six years to complete the project preparation cycle – from solving the property issues, developing planning documentation, designing through implementation and this should be reflected in budgetary and other municipal plans. The Capital Investment Plans developed with the Programme's TA provided the opportunities to beneficiary LSGs to improve the work in this area.
- **In order to achieve better understanding of GG, it is required to intensively work** with decision makers. Formal nomination of GG focal points was one of the success factors for implementation of GG activities as it enabled them to suggest and advocate for different initiatives. They should be used in future for training of trainers, so that they transfer knowledge to other municipal staff. With strengthened role of GG Competence Centres, the indicators of their success should be more precise such as: number of advice to relevant municipal bodies/officials which were accepted, number of adopted procedures and other relevant documents with their inputs. To ensure knowledge sharing horizontally and internally, a database of GG good practices should be established for the use by municipal employees.
- **GEM activities have limited sustainability due to the frequent changes of members.** Despite the fact that GEMs are working bodies of local parliaments, there are no mandatory requirements to consult them in the process of adoption of policies. One way to improve this, is to include mandatory consulting of GEMs into relevant rules for local assemblies. Future capacity building interventions should involve municipal administration, especially heads of administration and finance department employees, who can ensure application of gender perspective in local regulations. Also, parallel work with local women organisations, when they exist, is beneficial. Furthermore, capacities of GEMs vary. Only several grew into well-established bodies with regional influence. Future activities should consider providing grants to mature GEMs that are involved in regional initiatives. In order to achieve stronger and more sustained effects, it is necessary to ensure stronger engagement of men in gender equality activities, especially of decision makers.
- **Job creation and improving employability are efficient tools for improving social inclusion** of vulnerable groups. Activities should include start-up grants, vocational trainings, social entrepreneurship and similar. Start-up grants, focused on specific groups, should be considered especially in geographical areas that lack larger employers. Focusing grant schemes on women, who are traditionally less likely to start own businesses, proved to be an efficient tool for mobilisation as it removed the main obstacle - the lack of start-up capital. Continuous mentorship support is vital during the initial period of start-ups and can significantly contribute to the survival rate and sustainability. In order to enhance chances for success, the thorough selection process that includes inter-action with potential beneficiaries proved to be highly beneficial. Support to LSGs for implementation of adopted Local Employment Action Plans is efficient due to existence of strategic selection of target unemployed groups and already conducted assessment of the local labour market needs. The support to LSGs' regular efforts in providing better employment prospects for vulnerable groups can facilitate inclusion of greater number of beneficiaries and thus, have a stronger impact at the local level.
- **Site visits and interviews with potential beneficiaries are mechanisms that should be included as part of evaluation process** or conducted after the evaluation but before issuing of (grant)

contracts. These efforts proved useful for some European PROGRES' CFPs (e.g. youth entrepreneurship) as they confirmed validity of the particular proposal and capacity of the applicant. In cases where evaluation process did not include site visits, the number of issues that occurred in implementation was on average higher.

- **Citizens' perceptions of donors are affected by a broader range of factors.** European PROGRES results and experience, while also considering the Programme's surveys, confirm that, in addition to reality, a range of other factors influence citizens' perceptions about the donors assistance, including: political themes; the way in which the donors are presented by the high officials and (the most popular) media; the type of supported projects; special ties with the donor, being political, historical, cultural, or economic; and finally the way in which donors' assistance is communicated. This should be considered when setting the project communications objectives and approaches as well as in other activities that may influence the perceptions.
- **Use of the national broadcasters should be considered for outreach activities.** European PROGRES effort to reach out to different target audiences, such as MSEs and APGs, proved challenging and the success rate differed from one municipality to another but in general LSGs with fewer local media were more challenging for conveying messages. In the context of the outreach to specific target groups, cooperation or a partnership with Serbian national broadcaster as one of the most viewed media channels should be established at the beginning of the Programme, as well as advertisements in magazines targeting specific audiences.

The Citizens' Satisfaction Survey also showed that the main source of information on the support in these 34 less developed municipalities is still traditional media, national and local TV and radio stations and print media, while informal contacts and sources of information (at 25%) are ranked the second, with the Internet selected only by 11% of those polled. However, the rise in the use of the social media has been recorded within the Programme, particularly among the population below 30 years of age.

- **Grant methodology proved to be solid capacity development mechanism,** which introduced some new ways of thinking and doing business in the municipalities. However, due to possible limited capacity of the grantees, work plans and grant contracts should be developed to reflect the timeframe within which it is feasible to implement projects through this modality.
- **Continuous field presence of Programme's teams facilitated development of good quality relationship with beneficiaries,** which in turn contributed to higher implementation efficiency and effectiveness.

## LFM – progress against indicators in logical framework matrix

<b>Overall objective</b> <b>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.</b>	
Serbia's ranking in the World Bank's Doing Business Report improves for at least five places  Serbia's ranking in the Global Competitiveness Report improved for at least five places	Serbia was ranked 47 <sup>th</sup> out of 190 countries in the World Bank's Doing Business Report for 2018 which represents improvement in overall ranking by 50 places compared to 2014.  The Global Competitiveness Report 2017-2018 of the World Economic Forum ranks Serbia as 78 <sup>th</sup> position out of 137 economies that were included in the assessment, which is improvement by 23 places compared to 2014 report.
<b>Programme purpose</b> <b>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.</b>	
Overall investments in infrastructure increased by at least 10% on annual basis  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	Based on the survey of beneficiary LSGs conducted in January 2018, <sup>210</sup> overall investments in infrastructure by LSGs dropped by 3% in 2014 compared to the previous year but increased by 35% in 2015 and 19% in 2016. In the period 2013 to 2016, investments in infrastructure increased by 56% or approximately 17.6 million Euros. The Programme enabled LSGs to access over ten million Euros of donor's funds for investment into infrastructure.  Major potential for investments into infrastructure, industry, and tourism, has been created through development of urban plans and technical designs, and enhancement of infrastructure preparedness of investment locations, in combination with enhanced planning of capital projects and introduction of good practices for management of infrastructure. European PROGRES contribution to development of industrial zones in Priboj, Vlasotince, and Ivanjica, complemented Government and LSG's efforts to facilitate industry investments that should facilitate opening of 800 jobs in the next one to three years.  The Programme has been part of positive employment trends in the European PROGRES area: the number of employed persons at the end of 2016 was 190,298, which is an increase over 9% compared to 2014; <sup>211</sup> in the same period, number of unemployed has decreased by 4%, from 156,694 to 150,176 in 2016. The Programme, through support to entrepreneurship, self-employment, trainings, economic empowerment, and SMEs facilitated full time employment of 703 persons, temporary employment of 327, while over 450 people benefited from income generation.  The Programme enabled establishment of 96 businesses and contributed to the increase of registered businesses from 30,943 in 2013 to 34,364 in 2016, which is rise of 11%. <sup>212</sup> Increase of export of

<sup>210</sup> Responses received from LSGs are available with UNOPS. Overview of responses is available in Annex V, Attachment 5.5

<sup>211</sup> European PROGRES calculation on the basis of data from the Statistical Office and the National Employment Service

<sup>212</sup> Source: Serbian Business Registers Agency <http://pretraga2.apr.gov.rs/APRMapePodsticaja/>



	SMEs in Programme LSGs for the period 2013-2016 was 31%. Out of 30 supported SMEs, <sup>213</sup> 19 confirmed export increase by average 19% or 1.46 million Euros in 2017 compared to the previous year.
<b>Result 1:</b> <b>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</b>	
Objectively verifiable indicators	Overall status
Activity 1.1.1 At least 50% municipalities participating in the Programme introduce Capital Investment Planning (CIP), by the end of the Programme implementation (baseline 2014: 23%) <sup>214</sup>	Technical assistance for development of Capital Investment Plans (CIP) was provided to 15 LSGs, of which 12 were endorsed by the Municipal Assemblies. The analysis showed that LSGs with CIPs were more effective regarding identification, development, and funding of capital projects. CIPs also helped them to access Government's funds.
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) <sup>215</sup>	Assistance provided to 15 LSGs for introduction of Programme Budgets for 2016. The analysis demonstrated that 15 LSGs that had TA for preparation of PBs for 2016 were more effective in ensuring citizens' participation than municipalities which did not have support.
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 <sup>216</sup>	Assistance provided to 16 LSGs to improve tax payers' registries. Based on 2016 LTAs Annual Reports, the number of registered taxpayers increased 11,242 or 10% and the number of registered properties by 24,995 or 34%. This enabled beneficiary LSGs to increase local property tax revenue by 1.3 million Euros in 2016 compared to 2013.
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) <sup>217</sup>	Introduction of Geographic Information System in 11 LSGs through provision of hardware and software, training, development of specialised GIS applications, and advisory support for establishment institutional and legal framework (e.g. data exchange protocols) for GIS functioning. GIS applications primarily facilitate investments and tourism development, while initial examples on how GIS reduced LSGs costs' have been registered.
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.	Grant support was provided for 36 DRPs, covering the area of 2,038 ha, all of which have potential to stimulate economic growth: 13 relate to improvement of conditions for the existing businesses, nine to establishment of conditions for investments, eight to revitalisation of deprived areas, five for protected areas, and one for revitalisation of brownfield sites. At least five DRPs enabled further development of locations, and in two cases facilitated investments into industry that should open 550 jobs. The most significant intervention was development of five DRPs for infrastructure corridors, management model and action plan for Golija Nature Park.
Activity 1.3 By the end of the Programme in at least 50% of 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) delivered five training modules on FIDIC contract modality to 81 participants (32 women and 49 men) from all 34 LSGs, and five representatives from the SEIO and the CFCU (three women, two men). In addition, four on-the-job trainings delivered to 41 participants (25 men, 16 women) from 18 LSGs which received grants for local infrastructure projects.
Activity 1.4 By the end of the Programme, institutional governance reforms initiated, developed and implemented in at least five LSGs, with emphasis on increasing accountability, transparency and efficiency	The Local Governance Assessment of 34 municipalities conducted. The MoU for good governance (GG) interventions at local level signed with 34 LSGs. Six good governance capacity building trainings and one study tour conducted for 27 designated GG contact persons (21 men, six women).

<sup>213</sup> Sixteen SMEs were supported with introduction of standards and another 16 with procurement of equipment aiming towards enhanced competitiveness through creation of jobs in the private sector

<sup>214</sup> Baseline Study on Competitiveness, EU PROGRES, 2014

<sup>215</sup> Baseline Study on Competitiveness, EU PROGRES, 2014

<sup>216</sup> LTA Office Annual Reports

<sup>217</sup> Obstacles to Infrastructure Development, EU PROGRES, 2013

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	Twenty three LSGs established institutional framework for GG. Local governance reforms initiated in 13 LSGs that adopted a total of 21 regulations in the field of accountability, efficiency, participation and transparency.
Activity 1.5 Local gender equality mechanisms (GEM) established in all European PROGRES municipalities and local action plans for the work of the gender equality mechanisms (GEMs) revised or adopted in 25 European PROGRES municipalities by the end of 2017. At least 50% GEMs successfully implemented grants provided through European PROGRES and contributing to advancement of gender equality issues by the end of 2016. At least 50% 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	Strengthened capacities of 34 LSGs to address gender-related initiatives at the local level. A total of 32 local GEMs established, 32 LSGs signed European Charter for Equality of Women and Men in Local Life, while 24 GEMs have valid action plans, eight are under revision and two GEMs have LAP that expired.  Grant support provided for implementation of 18 local gender equality projects that positively affected 1,589 persons (1,291 women and 298 men) through activities relating to economic empowerment of women, public health, capacity building as well as increased knowledge about gender equality among decision-makers.
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	The project relating to strengthening women decision making enabled establishment of ten Local Women Councillors Networks (LWCNs), gathering 97 women councillors. LWCNs produced 25 recommendations for local policies, primarily focusing on increasing the participation of women in decision making process.
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 <sup>218</sup>	By the end of 2016, nine municipalities introduced gender responsive budgeting through either different municipal budget lines or programme budget mainstreaming. By the end of implementation period, the Programme supported 13 LSGs to introduce GRB.
<b>Result 2</b> <b>Increased competitiveness of local economy through improved business environment and management/organisational capacities of SMEs/agricultural cooperatives</b>	
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 <sup>219</sup>	Municipal Competitiveness Index improved in 31 LSGs primarily due to enhanced management of resources, improved urban planning and construction, strengthened local economic development capacities, and better policies in social affairs.  Technical assistance was provided to 34 LSGs for implementation of the electronic construction permits system including procurement of IT equipment. The average time for issuance of building permits in supported LSGs was reduced from eight to five days; share of negatively resolved requests reduced from 40% to 16%; and 51% of planning documents entered into the central registry (improvement of 17%).
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	With development of 45 main designs, European PROGRES created a pipeline of "ready to build" projects worth 42 million Euros. Eight LSGs already accessed ten million Euros of donors' funds for project implementation.
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	European PROGRES supported operations of the Joint Technical Secretariat of the IPA Cross-border Programme Serbia-Montenegro (CBC SRB-MON). The grant facilitated submission of 48 applications from eligible European PROGRES LSGs in response to the CBC CFP. This

<sup>218</sup> Baseline Study on Competitiveness, EU PROGRES, 2014

<sup>219</sup> As identified in the World Bank's Doing Business in Serbia 2014 ranking

	<p>included submission of 14 applications for funding based on designs developed with the Programme support. Seven projects were approved for funding.</p> <p>In addition, the Programme registered five more applications from the European PROGRES LSGs to other financial sources.</p>
Activity 2.3 At least one priority inter-municipal project implemented by the Programme completion	The contract for the construction of Bujanovac Department of Subotica Economics Faculty was signed in January 2015, following issuance of the building permit in December 2014, and the building was completed in September 2015. The object is used by 400 enrolled students and 80 faculty members.
Activities 2.3 and 2.4 Technical assistance provided to the CFCU as contracting authority for the priority infrastructure project implemented by it	<p>The PSC in November 2015 approved projects to complete the new block within Vranje General Hospital and to construct Novi Pazar Emergency Ward. The Programme assisted the CFCU to prepare tender dossiers and technical support for site visits and Q&amp;A period. The contracts were signed on 5 June 2017. The Programme provided logistical and communications assistance, and technical advice, as requested, and participated in the work of the Project Steering Committee in the capacity of the observer, until end of February 2018, while the completion of works is expected in June 2018 in Novi Pazar and in August 2018 in Vranje.</p> <p>This activity was not delivered in the initially conceptualised format but after approval of the NCE, the Programme was able to provide some assistance to the CFCU and the MEI.</p>
Activities 2.3 and 2.4 Technical assistance provided to the SEIO and the CFCU in preparing, launching the Grant Scheme and in monitoring its implementation	<p>Despite the Programme's timely technical assistance, the CFCU advertised the CFP for Local Infrastructure only in March 2015, five months later than originally planned. Due to delays, the initially conceptualised technical assistance was not feasible. After approval of the NCE, the Programme was able to provide some assistance to implementation, only until the end of the Action.</p> <p>In November 2015 the PSC approved the implementation of three flood protection, anti-erosion related projects. Two were completed in April 2017 and one was cancelled because of unresolved property issues.</p>
Activity 2.4 Support provided for development of 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 information sessions to present the CFCU Call and supported LSGs in development of concept notes. All 34 Programme LSGs responded to the CFP with submission of 52 Concept Notes. The grant contracts were signed with 14 LSGs in May 2017.
Activity 2.4 At least 15 local infrastructure projects implemented through grant scheme by the end of the Programme	With the European PROGRES's support, 19 local infrastructure projects were implemented. Interventions facilitated additional investments worth 930,000 Euros, while the projects improved quality of life.
Activity 2.5 All projects are organised with clear responsibilities in the procurement, contract management, monitoring and evaluation; at least 10 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	Sixteen LSGs adopted 33 local regulations related to linking GG with infrastructural projects.
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	<p>In consultation with the SCTM and the SIPRU, this activity focused on environmental and social protection policies. Eight workshops were held and all collected findings shared with the SCTM.</p> <p>In addition, the Programme supported capacity building of LSGs for development of public administration websites and establishment of e-government services. Three trainings were held for 44 representatives (35 men, nine women) from 28 LSG's. The LSGs recorded improvement in transparency of websites for 9.2%, three municipalities<sup>220</sup> developed 17 new e-services<sup>221</sup> and 13 LSG developed action plans for</p>

<sup>220</sup> Medveđa, Novi Pazar and Raška.

<sup>221</sup> Evaluation was made by the Directorate for E-Government based on established criteria for evaluation of websites and e-services, in accordance with Guidelines for the development of websites in state administration and introduction of e-services, and it was conducted on a

	improvement of e-services and web-sites. Finally, the Programme supported development of a web application for self-assessment of website of public authorities.
Activity 2.7 At least two PPP models developed and implemented by the end of the Programme	The Programme provided technical assistance for development of PPP projects to two beneficiary LSGs selected through a public call (Knjaževac and Raška). Project proposals are submitted for consideration to the State Commission for PPP. The State Commission for PPP approved Knjaževac proposal in September 2018.
Activity 2.8 At least 15 SMEs introduced international quality or food safety standards (ISO 9000, HACCP, Global GAP, etc.) and at least 15 SMEs enhanced competitiveness through provision of equipment	Fourteen SMEs were certified for the International Quality Management or Food Safety Standards, which facilitated opening of 66 jobs. The beneficiary companies reported average increase in revenues and exports of 19% and 16% respectively. Equipment that was provided to 16 Micro and Small Enterprises (MSEs) enabled opening of 43 jobs. The revenues of the beneficiary MSEs for 2017, compared to 2016, cumulatively increased by 49%.
Activity 2.8 At least 20 SMEs, member of clusters, introduced innovation or use innovative market development techniques, until the end of the Programme.	The Programme supported projects of five clusters for introduction of innovations and joint market approach, which benefited 62 SMEs. These grants also contributed to opening of 83 jobs in SMEs that are the members of five beneficiary clusters.
Activities 2.9 At least 30 agricultural producers, members of the cooperatives, use new techniques and technologies in the production until the end of the Programme	The activity was implemented in two phases. The phase one included Programme support to 32 agriculture producers groups (APGs) consisting of trainings and a study visit to France. The second phase included award of grants for seven best projects submitted for procurement of equipment needed for introduction of new or improving the existing production in the APGs.
Activity 2.9 At least three traditional agricultural products registered or certified with the Protected Designation of Origin mark and Protected Geographical Indication	The Assessment of the APGs and Geographic Indication (GI) was completed in May 2015. The Programme conducted the CFP through which five traditional products were selected for GI protection. The TA was provided for protection of geographic origin and geographic indication protected with the Office for Intellectual Property for Sjenica Stelja, Ivanjica Potato, and Vlasina Honey. Companies Lav and Beni Komerc from Sjenica have been certified as authorised users for production of Sjenica cow cheese and Company Turković from Sjenica has been certified for Sjenica lamb.
Activities 2.10 At least 80 new jobs for women, resulting from provision of at least 40 start up business grants, by the end of the Programme	Support to women entrepreneurship resulted in registration of 43 businesses and creation of 103 jobs (92 full time and 11 temporary). Mentorship support and on-the-job training included 44 women, and according to the evaluation, beneficiaries significantly deepened their knowledge about running a business. On a whole, the beneficiaries achieved excellent results, both with respect to financial performance and the number of newly employed.
<b>Result 3:</b> <b>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</b>	
Activities 3.4 Assessment of local policies for social inclusion and employment of vulnerable completed for all European PROGRES municipalities by mid-2016. Methodology for mapping and assessing needs of vulnerable population developed and handed over to municipalities. Developed and piloted a tailor-made model for employment of vulnerable generating at least 25 jobs. At least three new social inclusion services introduced in selected European PROGRES municipalities by the end of Programme.	LSGs were supported to assess the needs of vulnerable and marginalised groups, to review, create and/or update new or existing relevant local policies, to build capacities of relevant local institutions, and then to pilot new policies. The intervention offered start-up grants to local vulnerable and marginalised groups. Assessment Reports on institutional capacities, social protection and employment of vulnerable groups were finalised and presented in June 2017. Three LSGs established social protection services while 28 beneficiaries received financial support and started businesses that enabled employment or temporary engagement of 90 persons.
Activity 3.5 At least 15 CSOs dealing with Roma issues enhanced capacities for project management	A part of this activity is incorporated in the approach for the activity 3.4. Support was provided for 22 projects for procurement of

sample of 13 municipalities which participated in trainings for application of Guidelines. More detailed information about the process is presented in the Activity 2.6



resulting in piloting measures from the Strategy for Social Inclusion of Roma Men and Women 2016 – 2025 benefiting at least 1000 Roma.	equipment for youth self-employment. All 22 beneficiaries received equipment registered businesses. The CFP for Piloting Implementation of Measures from Strategy for Social Inclusion of Roma resulted in implementation of 16 projects by Roma CSOs. All 16 projects were successfully completed benefiting 3,634 Roma (1,588 men and 2,046 women). The Music Art Project was implemented in four schools in Vranje, Bujanovac and Surdulica. Over 250 hours of classes based on inclusive EL Sistema methodology, four concerts, and several master classes with national and international experts, were carried out with participation of around 200 children (over 50% from vulnerable groups).
Activities 3.8 and 3.10 At least 40 projects resulting from partnerships of local self-governments and civil society organisations supported by the end of the Programme. At least half of the municipalities who have benefitted from those projects develop and adopt criteria for transparent and non-discriminatory allocation of funds in the local budget for civil society organisation by the end of the Programme.	The first CFP for Citizen Involvement Fund (CIF) grants, i.e. partnership projects between civil society organisations and local administration resulted in approval of 20 projects. Nineteen projects were successfully completed while one was cancelled. The second CFP resulted with approval of 24 projects, all of which were successfully completed. Two projects were focused on development and adoption of criteria for transparent and non-discriminatory allocation of funds in the local budget for CSOs in four municipalities. All four developed and adopted more transparent criteria before end of the Programme.
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 <sup>222</sup>	The Citizens' Satisfaction Survey was conducted in late 2017 on a representative sample of 8,256 interviewees. The results for the region mainly show positive trends: there is an upward trend in perception of the living standard 31% of interviewees stating that they live 'tolerable' compared to 24% recorded in 2010. Likewise, the citizens rated municipal services and institutions better than earlier.
Activities 3.3, 3.5, and 3.10 At least 100 unemployed successfully completed vocational trainings organised by the end of Programme and sustainable follow up courses in place beyond the duration of the Programme to increase the employment chances of participants in trainings	Ten LSGs are selected through a CFP were supported to implement vocational training activities in line with Local Employment Strategies. A total of 311 persons (167 men and 144 women) unemployed completed the trainings; 280 (144 men and 136 women) persons received certificates for successful completion; 184 persons (112 men and 72 women) were employed.
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 <sup>223</sup>	Based on assessment report, the Programme procured and delivered medical equipment to nine local medical health centres and a modern x-ray to Prokuplje General Hospital. Complementary public awareness raising campaign was implemented August-December 2017, and 747 women underwent preventive examinations.
Activity 3.9 At least 1,200 elementary school children of Albanian ethnic origin in areas covered by the Programme improve Serbian language skills during the Programme implementation	The Programme provided funding for teaching assistants for teachers of Serbian from August 2015 until June 2017. During the first school year, 865 pupils participated in the programme while the number increased to 1,073 pupils during the second school year. The textbooks, teachers' manual and auxiliary educational materials have been procured and delivered to 16 elementary schools in Preševo, Bujanovac and Medveđa. Four testing cycles of pupils showed that Albanian pupils improved knowledge of Serbian language.
<b>Result 4:</b> <b>Effects of Serbia's EU accession communicated to general public</b>	
Percentage of citizens that are aware of any EU funded projects raised by three percent by the end of the Programme. Communication activities generated as least 2,000 media reports clearly and accurately communicating EU and Swiss funding support that is provided for development of	<ul style="list-style-type: none"> <li>• Thirty three high profile visits organised, 19 for the highest-ranking donors' officials</li> <li>• Twenty four large events organised of which 13 PSC meetings</li> <li>• Fifteen local festivals supported</li> <li>• 60 media announcements and 111 press releases</li> <li>• 5,047 media reports, of which 2,156 reports or 42% in the</li> </ul>

<sup>222</sup> 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

<sup>223</sup> 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.

European PROGRES municipalities, of which at least 20% of reports in the national media. <sup>224</sup>	<p>national media</p> <ul style="list-style-type: none"> <li>• Ten quarterly issues of the Newsletter published</li> <li>• Website was regularly maintained and attracted an average of 5,000 unique visitors monthly and a total of 200,000 visits</li> <li>• Facebook page attracted 10,000 followers and Twitter 1,000</li> <li>• Programme promotion material was regularly produced including video on Programme results</li> <li>• Four calendar competitions held</li> </ul>
One two-phase advocacy/awareness campaigns promoting European values conducted within the Programme implementation	A year-long communication campaign targeting youth and media implemented. Outreach towards youth took place in ten high schools, two universities, five stand-alone campaign events and seven local festivals including 400 students from the high schools and 200 students. Three media seminars were held for 68 journalists of local and national media in Novi Pazar, Niš and Belgrade. The three-month long Competition for the Best Media Reports on European Integration in the South East and South West Serbia, organised in the partnership with the DEU, the SDC and the MEI, officially concluded on 1 March 2017 by selection of eight winners , from 67 submissions. The winning outlets received IT, audio and video equipment to improve quality of reporting

<sup>224</sup> As indicated in the findings of the Citizens' Satisfaction Survey 2017 and compared to 2013 Citizens' Satisfaction Survey results