

Eighth Quarterly Report

1 January – 31 March 2017



Republic of Serbia



Programme Funded by EU



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Implementing Partner



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

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

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

Total budget: 24.46 million Euros (17.46 million Euros through United Nations Office for Project Services and seven million Euros through the Department for Contracting and Financing of EU Funded Programmes of the Ministry of Finance)

Start date: 7 May 2014

End date: 7 November 2017

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

Prokuplje, Blace, Žitorađa, Kuršumlija in Toplica District

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

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

Brus in Rasinska District

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

Babušnica, Bela Palanka in Pirotski District

Knjaževac in Zaječarski District.

Donors: The European Union
The Government of Switzerland
The Government of the Republic of Serbia

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

Report date: 12 April 2017

Period covered: 1 January 2017 – 31 March 2017

Acronyms

ACES	Association of Consulting Engineers of Serbia
AoR	Area of Responsibility
CAS	Citizens' Advisory Services
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
HR	Human Rights
LSG	Local Self Government
MSP	Managing Successful Programmes
MSME	Micro Small and Medium Enterprises
NGO	Non-governmental Organisation
NMC	National Minority Council
OHCHR	Office of the High Commissioner of Human Rights
OSCE	Organisation for Security and Cooperation in Europe
OSS	One Stop Shop
PPF5	Project Preparation Facility 5
PPP	Public Private Partnership
PRINCE 2	PRojects IN Controlled Environment
PSC	Programme Steering Committee
RFP	Request for Proposals
RSPC	UNOPS Serbia Project Centre
SCTM	Standing Conference of Towns and Municipalities
SDC	Swiss Agency for Development and Cooperation
SEIO	European Integration Office of the Government of the Republic of Serbia
SIPRU	Social Inclusion and Poverty Reduction Unit
SME	Small and Medium Enterprise
ToR	Terms of Reference
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women

Executive Summary

For the first time since the beginning of implementation of European PROGRES the number of completed projects surpassed the number of ongoing actions. Out of 248 projects, 136 or 55% were finalised. During the first quarter (Q1) of 2017 that is covered by this Report, 31 projects were completed while no new projects were launched. This indicates that the Programme has been gradually moving towards the final implementation phase with still a significant volume of the work ahead.

Efforts to enhance local governance progress with three local self-governments (LSGs) adopting their first decisions related to local good governance (GG) reforms designed to enhance human resources management while Doljevac adopted the first regulation that is related to linking GG principles with ongoing local infrastructure projects. Analysis of effects of support to local tax administrations in the four of 16 beneficiary municipalities showed that local tax revenues in 2016 compared to baselines from 2015 increased by 11 million Dinars in total or by 11% on an average, which indicates this was activity with sound cost-effectiveness ratio.

Work on planning documentation progressed as eight Detailed Regulation Plans (DRPs), which primarily relate to development of industrial zones, have been finalised, in addition to previous 12. The Programme recorded in the quarter that Bojnik received a donation of 1.5 million Dinars from the Ministry of Economy for communal infrastructure equipping of the Agro-Business Zone; DRP supported by the Programme.

European PROGRES is also able for the first time to report about operational Geographic Information Systems (GIS) as ten out of 11 supported LSGs made progress in transfer of available spatial data into basic GIS applications. Focus now shifts towards development of specialised GIS applications and on actions that should contribute to sustainability of this tool. In addition, cooperation that the Programme has established with the Republic Geodetic Authority (RGA) enabled LSGs that implement GIS grants to obtain access to cadastre data free of RGA charges.

The project supporting the application of the Electronic Building Permitting System in 34 Programme LSGs that is implemented in partnership with the National Alliance for the Local Economic Development (NALED) proved once again its effectiveness: Brus was awarded as LSG that made for the highest increase in e-permits issuance (66%) while seven European PROGRES LSGs are among 20 municipalities in Serbia that made the biggest progress in this area. It is encouraging to note that the number of rejected applications for building permits has continued to gradually decline.

The activities related to supporting entrepreneurship, micro, small, and medium enterprises (MSMEs) were productive: support to women entrepreneurs so far enabled registration of 44 businesses and opening of 63 jobs; equipment was provided to 11 out of 17 supported MSMEs and enabled opening of 22 jobs so far; seven companies were certified to ISO 9001 Quality Management Standard while the previously certified enterprise to British Retail Consortium (BRC) Standard, enhanced export to the United Kingdom and the European Union market by 20%. Support to self-employment of vulnerable and youth added on these results: all 28 vulnerable and seven out of 22 youth beneficiaries registered their businesses.

Ten projects for inclusion of Roma, of which six were completed, so far directly benefited 3,506 Roma (1,627 men and 1,879 women): in the area of employment, 344 Roma completed training that enhance their employability; within efforts to enhance education, 149 Roma children improved their knowledge of Serbian language and mathematics, and 63 parents were informed about the importance of educating their children; 508 beneficiaries in the area of social protection had been informed about the consequences of early marriage and regulated statuses through free legal aid; in the area of healthcare, 662 beneficiaries underwent medical checks, while three Roma families have

improved their living conditions through adaptation of houses; 1,780 beneficiaries have improved their living and safety aspects in their settlements through the improvement of sanitary and hygienic conditions and installation of fire protection systems.

Partnership projects between Civil Society Organisations and LSGs also produced sound results: a specialist gynaecological chair that enables health checks of women with disabilities was provided to Vranje Hospital; In Vladičin Han and Surdulica, 14 unemployed Roma completed professional trainings and increased their possibilities to get employed; In Prokuplje, two women were employed upon the completion of on the job trainings; 176 beneficiaries exercised their rights to obtain personal documents; free legal aid was provided to 168 beneficiaries from Novi Pazar and Tutin, out of which 111 cases, mainly related to the rights on pension and social support, have been solved.

Progress was made and outcomes recorded in the domain of infrastructure. Out of 40 developed designs, LSGs so far used 15 to apply for funding of works in the amount of 8.7 million Euros, while European PROGRES confirmed that four municipalities received donations in the value exceeding 1.5 million Euros. The results to date indicate the high cost effectiveness of this intervention and demonstrate the Programme's potential impact to investments into infrastructure. The Programme also completed development of technical documentation for protection from erosion and torrents in the Jablanica, Pčinja and Vlasina Rivers that creates the preconditions for works estimated at four million Euros.

Furthermore, the Department for Contracting and Financing of EU Funded Programmes of the Ministry of Finance (CFCU) published tenders for works on Vranje General Hospital and Novi Pazar Emergency Ward on 6 February 2017. The Programme assisted the European Integration Office (SEIO) and the CFCU in organising site visits for potential bidders as well as in preparation of answers that were received from potential applicants. This positive development opened up possibility for contracting of works before the deadline in early June 2017.

The delays in implementation of the CFCU activities, including the conduct of the grant scheme for local infrastructure projects, however, are among key reasons for the Programme's decision to request no cost extension (NCE) until 31 March 2018. First, because of the CFCU delays, European PROGRES is not able to provide planned assistance for monitoring of infrastructure projects. At the same time, the activities designed to integrate Good Governance concept and practices in the implementation of infrastructure projects, were significantly prolonged. Since there was no progress of the CFCU managed infrastructure projects, the Programme's design was modified in February 2016, but added activities are condensed and depend in some cases on factors beyond European PROGRES' control. Considering the above, and after receiving support from the Programme Steering Committee, European PROGRES initiated preparation of a formal NCE request.

Highlights of communication activities relate to implementation of the campaign "You are Europe" that included organisation of stand-alone event, media seminar, and school contest, as well as to successful closure of the Competition for the Best Media Reports on European Integration in the South East and South West Serbia. Work with media facilitated 415 positive media reports, of which 170 were in national outlets.

Quarterly Report covers the period from 1 January 2017 until 31 March 2017 and provides an overview of progress and performance, update on the management and coordination issues, review of the key risks and issues, quality and sustainability considerations, insights into the key milestones for the next quarterly period, and a section on the lessons learnt. A number of annexes provide an in depth insight into particular actions taken by the Programme. Annex VI is integral part of this Report and provides quick overview of progress against indicators in the Programme's logical framework matrix.

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Review of progress and performance

Policy and Programme context

Social inclusion

The Government of Serbia established the Coordination Body for Monitoring of the Roma Social Inclusion Strategy Realisation that is composed of high Governmental officials and headed by the Deputy Prime Minister and Minister of Construction, Transport and Infrastructure Zorana Mihajlović.¹

The Social Protection and Poverty Reduction Unit (SIPRU) published the research “Mapping of Social Protection Services under the Jurisdiction of LSGs in the Republic of Serbia”. The main obstacles identified pertained to lack of municipal funds for development of sustainable social protection services, lack of licensed service providers, and limited access to social services, especially in the rural areas. Improvement of criteria for allocation of earmarked funds within the existing legal framework was identified as crucial precondition to improve social protection system in Serbia.² European PROGRES will, in cooperation with the SIPRU and the Ministry of Labour, Employment, Veteran and Social Affairs, consider the Research findings within activities³ addressing vertical coordination between the Government and local self-governments and strive to provide recommendations that could tackle the identified obstacles.

The Ministry of Labour, Employment, Veterans, and Social Policy signed contracts with 123 LSGs on earmarked transfers aimed at developing existing and establishing new social protection services. The Government allocated 700 million Dinars for this purpose which is over 50% more than in 2016.⁴

The National Employment Service (NES) issued public calls for all active labour measures in 2017. The Government of Serbia allocated 2.8 billion Dinars for the activities that should cover 130.000 unemployed beneficiaries with the special focus on vulnerable groups as well as municipalities with lower level of development.⁵

Competiveness

The Ministry of Economy (MoE) published several significant Public Call for Proposals (CfP): for projects supporting development of business infrastructure (365 million Dinars) and technical documentation (140 million Dinars); for improvement of local and regional infrastructure; for development of entrepreneurship (600 million dinars); for business start-ups (150 million Dinars); and for provision of incentives for direct investments. The CfPs have been designed to stimulate economic activity, while shifting the focus towards domestic investors and entrepreneurs, and supporting smaller investment projects, in particular in underdeveloped areas.⁶

¹ <https://goo.gl/PwBcGD>

² <https://goo.gl/2P9iD9>

³ Activity 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

⁴ <http://www.minrzs.gov.rs/cir/aktuelno/item/7936-ugovori-o-namenskim-transferima-iz-oblasti-socijalne-zastite>

⁵ <https://goo.gl/eIYO9H>

⁶ Details of Public Calls available at the Ministry of Economy official web presentation:

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

European Commission published Call for the best, most original and most creative projects, initiatives or programmes in the field of entrepreneurship development – European Enterprise Promotion Awards (EEPA).⁷

Progress towards achieving objectives and results

European PROGRES has advanced towards its specific objectives related to facilitation of investments in infrastructure and industry, enhancement of competitiveness, and generation of jobs.

Support to entrepreneurship so far facilitated opening of 79 businesses that are owned by women, youth, and vulnerable. The newly established businesses in the first months of their operations opened 100 jobs. Assistance to micro, small, and medium enterprises, only during this period facilitated opening of 22 additional jobs.

Results of support to entrepreneurship and SMEs



This period demonstrated importance of planning and technical documentation for facilitation of investments into development of social and or economic infrastructure. European PROGRES recorded the first case in which LSG assessed donors' funds on the basis of developed plan - on the basis of Detailed Regulation Plan Bojnik received donation worth 1.5 million Dinars from the MoE for development of technical documentation for infrastructure equipping of the Agro-Business Zone.

The Programme created pipeline of "ready to build" projects worth 33 million Euros and it was encouraging to record numerous cases in which LSGs negotiate or won funding. During this period, the MoE or approved funding 70 million Dinars for the first phase construction of roundabout for the Vranje Industrial Zone on the basis of technical documentation developed through European PROGRES predecessor, EU PROGRES.

Out of 26 projects that were selected through competitive process by the MoE for improvement of business infrastructure, nine come from European PROGRES municipalities⁸, and out of 40 projects

⁷ Details of the Call available at: <http://www.privreda.gov.rs/konkurs-evropske-komisije-za-najbolju-ideju-u-oblasti-preduzetnistva/>

⁸ 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/>

for technical documentation, 18 are from the Programme LSGs.⁹ Seven out of 20 Serbian municipalities that made biggest improvement in issuing electronic building permits come from the European PROGRES area. These result may indicate that needs in these LSGs are significant as well as Government's commitment to support underdeveloped areas. But they also show that these LSGs have some capacities for development of economic projects, which may be to some extent be attributed to European PROGRES and the predecessor interventions funded by the European Union (EU) and the Government of Switzerland.

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 has started assessing the effects of 16 completed grants in support of local tax administration offices. The analysis of the four municipalities, compared to baseline data from 2015, showed that the local tax revenue has increased by 11 million Dinars in total or by 11% on an average.

Twenty Detailed Regulation Plans (DRPs) that cover a total surface of 686 hectares are completed to date, of which eight plans¹⁰ have been finalised during this quarter¹¹ - five DRPs¹² relate to development of industrial zones and provide the pre-conditions for investments while the two in Surdulica and one in Ivanjica provide foundation for valorisation and preservation of natural and cultural heritage and for tourism development. The plans provide sufficient (technical) elements for planning of investment as well as legal preconditions for addressing of property issues.

To strengthen quality of DRPs, European PROGRES ensured that developed plans include "the Programme for infrastructural equipping of the construction land within DRP coverage". The approach has already proved beneficial – Bujanovac used the information from this part of DRP for the Industrial Zone to prepare submission for the ongoing Call for Infrastructure Equipping of Industrial Zones announced by the MoE. Following the transfer of basic available spatial data, ten out of eleven supported Geographic Information Systems (GIS) are operational.¹³ Cooperation that the Programme has established with the Republic Geodetic Authority (RGA) enabled LSGs that implement GIS grants to obtain access to cadastre data free of charge. The Programme intends to build on this relationship further in order to secure the sustainability of GIS projects. In addition, a Draft Rulebook for use of GIS equipment has been developed in order to provide guidelines to LSGs that would contribute to transparent, efficient, and sustainable use of this tool.¹⁴

Local governance reforms have yielded the first results. With regard to the improvement of local accountability mechanisms, Vlasotince, Prijepolje, and Crna Trava adopted the Decision on Establishing Working Groups for the Development of Human Resource Management, while Crna Trava has also adopted the Plan for Professional Development of Staff. Adopted regulations will improve management of human resources within the LSGs in line with the newly adopted Law on Employees in Autonomous Province and LSGs.

⁹ Results of the Call available at the Ministry of Economy official web presentation: <http://www.privreda.gov.rs/40-lokalnih-samouprava-dobilo-podrsku-od-1399-miliona-dinara-za-pripremu-projekata/>

¹⁰ Two DRPs in Surdulica, two DRPs in Gadžin Han, one DRP in Raška, Bojnik, Ivanjica and Tutin

¹¹ The completed DRPs benefit additional six municipalities: Ivanjica, Gadžin Han, Raška, Surdulica, Tutin and Bojnik

¹² Two DRPs in Gadžin Han, one DRP in Raška, Tutin and Bojnik

¹³ Novi Pazar, Sjenica, Raška, Prokuplje, Bela Palanka, Leskovac, Merošina (in partnership with Aleksinac), Surdulica, Kuršumljija and Vranje

¹⁴ The Draft Rulebook is available in the Annex I, Attachment 1.1

The efforts on developing permanent capacities in municipalities for good governance have resulted in the adoption of the Decision on Establishing Working Groups for Good Governance in Vranje, Vlasotince, Bela Palanka, while Blace has also established the Advisory Body for Good Governance. The established institutional framework will enable horizontal learning among members of these bodies for implementation of GG principles, while persons responsible for GG should play a more prominent role in preparing future development projects in municipalities.

Upon the establishment of local women parliamentarian networks (WPN) in ten municipalities, intensive work continued on strengthening their capacities and advocating gender equality at local level. All ten local WPNs have adopted the annual work plans for 2017, primarily focused on women economic empowerment, but also on fighting violence against women.

Eighteen projects for the support to local Gender Equality Mechanisms (GEMs) have produced first results. In the area of institutional strengthening and promotion of gender equality, 67 decision makers have improved their knowledge about gender equality. As for public and reproductive health, 41 women have improved their knowledge about public health, out of which 22 women come from multiple vulnerable groups, and 103 young people have increased knowledge about reproductive health and HIV. When it comes to economic empowerment of women, 124 women have improved their managerial skills, out of which 24 in the area of entrepreneurship and self-employment, and 100 women in the area of agriculture.

Activities

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

Capital Investment Plans

Brus adopted the Capital Investment Plan (CIP), which means that 12¹⁵ out of 15 CIPs developed with the Programme's technical assistance (TA) have been endorsed. The Programme has provided assistance to Preševo and Vranje to finalise their plans, while Medveđa CIP is being translated into Albanian and will be put in consideration procedure upon completion.

Support to Local Tax Offices

The Programme has completed analysis of effects of grants that supported local tax offices in four municipalities. The analysis for all 16 beneficiary LSGs will be completed in Q2 2017.

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

Detail Regulation Plans

The following is status of 31 DRPs that are being developed through 21 grants to LSGs:

- Thirteen DRPs¹⁶ were developed and adopted by municipal assemblies
- Seven DRPs¹⁷ are prepared and in adoption procedure
- Seven DRPs¹⁸ are in public review procedure (for draft DRPs)
- Four DRPs¹⁹ are in the draft development phase

¹⁵ Local assemblies in Aleksinac, Bujanovac, Nova Varoš, Novi Pazar, Raška, Sjenica, Vladičin Han, Vlasotince and Bela Palanka have adopted CIPs

¹⁶ Bela Palanka, Bojnik, Knjaževac, Leskovac, Svrljig, Vlasotince, Vranje two DRPs in Babušnica, two DRPs in Brus, one of two DRPs in Ivanjica and one of two DRPs in Surdulica

¹⁷ Novi Pazar, Merošina, Tutin, one of three DRPs in Raška, one of two DRPs in Surdulica, two DRPs in Gadžin Han

¹⁸ Two DRPs in Blace, two DRPs in Bujanovac, one of two DRPs in Ivanjica, and two of three DRPs in Raška

¹⁹ Prijepolje, Lebane and two DRPs in Sjenica

Prijepolje DRP grant documentation was incomplete and the Municipal Planning Commission returned the draft DRP to developer for revision. The Programme will monitor further development and comment on proposed draft DRP when prepared.

Geographic Information System (GIS)

The following is the status of 11 grants for introduction of GIS:

- GIS hardware and software components, procured in the previous quarter, were installed and GIS was set up and it is operational in nine LSGs²⁰, while existing GISs are upgraded in Kuršumljia and Aleksinac (in partnership with Merošina)
- The GIS was postponed in Preševo due to the lack of available space for GIS centre. The issues should be resolved during April 2017.
- Sjenica and Vranje prepared draft data protocols to be signed among institutions - members of GIS, as a technical part of institutional framework needed for efficient functioning of GIS.

The Programme developed a Draft Rulebook for use of GIS equipment²¹ in Serbian to provide all Programme LSGs – both current and future GIS grant recipients 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.

Golija Destination Management Project

Pre-draft DRPs for infrastructure corridors in Golija Nature Park were prepared and early public viewings were successfully conducted in all five LSGs²² during February 2017. The developer will be working on preparation of draft DRPs for the next three months.

The MOU between the project partners, Ministry of Trade, Tourism and Telecommunications (MTTT) and the City of Kraljevo, prepared in October 2016 and signed by the City of Kraljevo in December, was sent to MTTT on 31 March 2017. The Ministry previously formally confirmed it will co-fund the study tour. The consulting company for development of management model study was contracted on 31 March 2017.

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

The Programme organised two rounds of on-job trainings, in January and March 2017, for 56 representatives of 18 LSGs (30 or 54% men and 26 or 46% women) that signed grant agreements for local infrastructure projects about practical use of FIDIC contracts, preparing the tender dossiers with the FIDIC special conditions of contracts for works, and the role of the Engineer. The feedback from the participants remains positive, primarily because the trainings included analysis of practical examples, including some deriving from the eighteen ongoing infrastructure projects.

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

Local Governance Reforms

The Programme has been consulting 15 LSGs within efforts to improve local governance in the following areas:

²⁰ Novi Pazar, Sjenica, Raška, Prokuplje, Bela Palanka, Leskovac, Merošina (in partnership with Aleksinac), Surdulica and Vranje

²¹ Draft Rule Book is Available with European PROGRES

²² Raška, Sjenica, Ivanjica, Novi Pazar and Kraljevo

- **Accountable public property management:** the Programme considered provision of support to six LSGs²³ but after analysis confirmed that its assistance, would be relevant for three municipalities.²⁴ Two models of municipal decisions addressing public property management have been developed and offered to the interested LSGs
- **Local accountability mechanisms:** the Programme has prepared a model Decision for the Establishment of Working Groups for the Development of Human Resource Management, as well as Action Plan for Human Resource Management Working Group for one-year period, which follows legal obligations and policies related to human resource management. In addition to three municipalities which have adopted the model Decision, the remaining three²⁵ are in consultation process
- The Programme initiated consultations with two LSGs about ways to enhance participation of citizens and with two municipalities about coordinated planning (efficiency).²⁶ Based on the received inputs from municipalities, the Programme will provide suggestions for improvements.
- **Transparency:** activities have been focused on trainings and Plan for Implementation of the Guidelines for Development of Public Administration Websites and Establishment of Electronic Government Services. Vlasotince is the first Programme LSG to develop this Plan.²⁷

Good Governance Competence Centres

The fifth GG training on non-discrimination principle was held on 22-24 February in Arandelovac, with participation of 26 municipal representatives (20 men and six women). The training was attended by representatives of the Commissioner for the Protection of Equality and the Ombudsman. The main discussion points reflected general insecurity and lack of experience in implementation of this principle at the local level. On the other hand, the training provided the participants with valuable insight on relevant aspects of application of the principle's concept, while at the same time allowing them to test their newly acquired know-how on concrete examples in their home works. The training also encouraged the participants to strive for attaining deeper understanding of the importance of Human Rights in developmental policies and practices and of combatting any form of discrimination in their daily work and roles. Finally, the sixth GG training is scheduled for 22-24 April, while Learning Visit to Switzerland is confirmed for the third week of June.

The Programme has prepared two model decisions for institutionalisation of GG competence centres in municipalities: Decision on the Establishment of Advisory Body, to be adopted by the Municipal Council, and Decision on the Establishment of a Working group for Good Governance, which is to be adopted by the Mayor. Additionally, draft Rulebook on the Work of the Advisory Body has been prepared. Institutionalisation has been initiated and it is expected to be finalised in Q3 2017.

Backstoppers' visit was organised on 22-24 February, on the occasion of which the so far achieved results were presented, and further plans agreed for implementation of local reforms, drafting of the GG toolkit and final training (test), which will be held in April 2017.

1.5 Institutional development of local gender equality mechanisms

Implementation of 18 projects in support of local GEMs is in progress. One project, in Ivanjica, is in the process of operational closing, while the remaining projects are expected to close in the forthcoming quarter.

²³ Priboj, Raška, Tutin, Vranje, Kuršumljija, Vladičin Han

²⁴ Priboj, Raška, Tutin

²⁵ Bojnik, Blace, Novi Pazar

²⁶ Participation: Knjaževac, Babušnica; Efficiency: Raška, Bela Palanka

²⁷ This activity is in linked with Activity 2.6

In addition to the first results presented above, the projects have implemented a range of activities. GEM in Ivanjica conducted art contest about gender equality in the context of European integrations and awarded 12 candidates (nine boys, three girls) whose paintings are used for calendar printing. Raška GEM organised a series of activities to raise awareness of gender-based violence that among other include a theatre play that was attended by more than 100 people. Svrlijig GEM and municipal administration developed a CfP for Procurement of Feedstock for Agriculture to support vulnerable groups, especially women. Twenty-seven women will be given the opportunity to increase their household incomes, through procurement of raw material.

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

Training for women and men local councillors to increase knowledge about gender equality in the Serbian context and on the role of parliamentarians in screening policies and laws from the gender perspective was held on 27-28 February 2017 in Niš. Representatives of 23 European PROGRES municipalities participated (24 women, 17 men), together with local councillors of the City of Niš (seven women). The event was also attended by the representatives of the National Women Parliamentary Network and the Coordination Body for Gender Equality.

The activities in the forthcoming period will include tailor-made trainings for WPNs that will focus on advocacy issues and Gender Responsive Budgeting.

Gender Equality Consultant has been engaged to support LSGs in revision of Local Gender Action Plans, and in identifying initiatives for collaboration between GEM and established local WPNs.

1.7 Gender responsive budgeting (GRB)

The Programme has analysed municipal budgets for 2017 in order to assess effects of gender responsive activities implemented previously. The results will be available in Q2 2017.

Result 2

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

The Programme's work on linking of GG with infrastructure projects resulted in enactment of the first regulation - Doljevac adopted the Decision on Green Market. Within efforts to facilitate vertical coordination of central and local authorities, European PROGRES analysed results of questionnaire on implementation of Guidelines for Development of Public Administration Websites and Establishment of E-government Services. The analysis showed that application of Guidelines from the aspect of security and e-services was challenging, and indicated the need to update hardware, harmonise the processes, and appoint IT person that will have clear roles and responsibilities. The conclusions of the questionnaire will be incorporated into regulations which will be elaborated in further process.

As support to women's entrepreneurship, 44 women have registered their businesses, five more compared to the previous quarter, and have passed the first part of the training on running a business. According to evaluation before and after the trainings, beneficiaries have significantly improved their overall knowledge (in percentages: women 33.8%-97.9% and youngsters 45%-98.4%). So far, in addition to 44 female business owners, 19 persons have been employed (nine more compared to the previous quarter).

Forty main designs that were developed through European PROGRES have created a pipeline of “ready to build” projects worth 29 million Euros. So far 15 LSGs²⁸ used the designs to apply to the PIMO office, the Ministry of Economy, the Ministry of Mining²⁹ and the CFCU for funds amounting to 8,673,000 Euros. Svrlijig, Gadžin Han, Bela Palanka and Merošina received positive decisions that the works, all related to improvement of energy efficiency in public buildings, will be funded - the investment in the value of 1,555,000 Euros. Gadžin Han will reconstruct the municipal administration building, Svrlijig, Bela Palanka and Merošina will improve energy efficiency in schools. Works already started in Svrlijig, tender for works is published in Gadžin Han.³⁰

The Technical Documentation for Protection from Erosion and Torrents in the Jablanica, Pčinja, and Vlasina Rivers watersheds was completed, creating the preconditions for the works that will contribute to reduced risk of torrential flooding in 11 LSGs.³¹ 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 project for enhancing efficiency of electronic building permit system (EBPS) that is implemented in partnership with the National Alliance for Local Economic Development (NALED) has continued to produce results: seven European PROGRES’ municipalities are among 20 Serbian LSGs that made the biggest progress in e-permits issuance, while Brus has been awarded as the municipality with the highest increase in e-permits issuance (66%).³² The share of applications rejected due to non-compliance with the requirements and the share of harmonised applications in the total number of filed applications continued to decrease while the share of resolved and positively resolved applications continued to increase. Furthermore, eight out of 17 assisted LSGs, have made progress uploading planning documents into the Central Registry of Planning Documents.³³

European PROGRES support to micro, small, and medium enterprises (MSMEs) yielded results. Following provision of equipment to 11 MSEs, 22 new jobs were created – eight in the South and 14 in the South West Serbia.³⁴ After certification to the British Retail Consortium (BRC) Standard during previous period, the fruit processing company Flora Ivanjica became eligible for UK market and contracted sales that will increase the export of jams and raspberry purée on UK and EU markets for more than nine million Dinars in 2017. The company is also negotiating export with retail chains in Russia and the USA that may additionally increase the company’s export. Seven beneficiary companies obtained Quality Management Systems (ISO 9001) and are expected to increase their export for at least 10%. In addition, these SMEs will be more qualified to participate in local tenders and hence expect to increase the revenue for at least additional 10%.

The MSMEs beneficiaries have started to implement corporate social responsibility measures that were envisaged within the approved projects and the key outputs include: ten workshops on cake production at the Centre for Children with Disabilities in Vranje; two environmental workshops on waste management for high school students in Knjaževac; donation of IT equipment for elementary school and Health Centre in Blace as well as toys for kindergarten and garments for Centre for the

²⁸ The overview available in Annex II, Attachment 2.3

²⁹ The energy efficiency projects

³⁰ The overview available in Annex II, Attachment 2.3

³¹ Lebane, Medveđa, Vlasotince, Crna Trava, Babušnica, Surdulica, Gadžin Han, Bela Palanka, Trgovište, Bujanovac and Vranje

³² The overview of progress achieved in implementation of e-permits in LSGs is available in the Annex II, Attachment 2.1

³³ The statistics related to issuing of construction permits in European PROGRES LSGs is available in the Annex II, Attachment 2.2

³⁴ The overview of support to MSEs is available in the Annex II, Attachment 2.5

Disabled in Blace; 1,780 cakes were delivered to the Temporary Migrant and Refugee Centres in Preševo and Bujanovac; benches and trash cans were donated for the Raška park, cakes and computer equipment to the Association of the Disabled Children in Raška; clothes donated and school bathrooms reconstructed in Novi Pazar; local sports courtyard reconstructed in Brodarevo – Prijepolje; and a pavilion built in a park in Ivanjica.³⁵

The delivery of the equipment to Agriculture Production Group (APG) Inter-municipal Union of Agricultural Association from Novi Pazar has been completed. Ninety agricultural machines have been delivered to 37 agricultural associations covering 334 agricultural households from Novi Pazar, Tutin and Sjenica. The delivered equipment has already been put in full use for spring sowing. The equipment for land cultivation, crop farming and fodder production will increase productivity, quantity and quality of fodder and decrease costs of primary production that will result in higher production of milk and meat for at least 30%.

The grant agreements with 'Stara Planina Tourism Cluster' continued recording some of the projected impacts. The number of tourists in ten small tourism households that are cluster members, increased by 12% in the Q1 2017 compared to 760 tourists from the same period in 2016.

Activities

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

The project supporting EBPS that is implemented in cooperation with NALED advanced: 15 mentoring visits were organised in order to assist relevant LSGs' departments and Public Utility Companies (PUCs) to help them apply unified procedure as well as to assess internal organisation and systematisation within departments. Final Report will be ready by end April.

With the Programme's assistance, 30 LSGs have uploaded data into the Competiveness Portal. Vladičin Han, Preševo, Tutin, and Brus, despite numerous attempts of the Programme to provide assistance failed to upload sufficient data for calculation of their competitiveness index. The Programme has started to prepare report that will provide insight into competitiveness trends – the document will be presented within the Annual Report that is due in July 2017.

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

Preventing Floods in South and South West Serbia Project: the Technical Documentation for Protection from Erosion and Torrents in the Jablanica, Pčinja and Vlasina Rivers was completed and handed over to "Serbiawaters". The technical documentation enables "Serbiawaters" as the "investor" to carry out designed works on anti-erosion protection encompassing the construction of 27 anti-erosion barriers, forestation of 3,250 hectares, formation of 950 hectares of grassland and 12.8 kilometres of bio-technical barriers. Divided by watersheds:

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

³⁵ The overview of corporate responsibility measures to be implemented is provided in the Annex II, Attachment 2.6

- Pčinja (Trgovište, Bujanovac, Vranje), with seven anti-erosion barriers, 970 hectares for forestation, 260 hectares of grassland and 4.7 km of bio-technical barriers, estimated value of 1,240,000 Euros.

The consultancy company completed the Preliminary Report on hydraulic analysis with description of the hydraulic model as part of the General Design with Pre-Feasibility Study for Regulation of Južna Morava River in March 2017.

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

Vranje Hospital and Novi Pazar Emergency Ward Projects: the Department for Contracting and Financing of EU Funded Programmes of the Ministry of Finance (CFCU) published the tender dossiers 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 and organised trips to Novi Pazar and Vranje on 23 and 24 February 2017, respectively. European PROGRES also provided support to the CFCU in the Questions and Answers period and the clarifications were published as planned on 24 March. The tender closes on 6 April 2017.

Construction of anti-erosion structures: The commissioning of works on 18 anti-erosion barriers to enhance flood prevention in the South and South West Serbia was completed: five barriers constructed in Raška River Water Shed were handed over to “Serbiawaters” while 13 in Pusta Reka River Water Shed will be handed over in April 2017.

2.4 Technical assistance for implementation of grants for local infrastructure projects

Implementation of 18 grants for local infrastructure projects³⁶ advanced: 15 contracts for works were signed between LSGs and selected bidders, while three tenders, in Priboj, Tutin and Prijepolje are in the complaint period. Nine³⁷ contracts between the LSGs and construction companies were signed in this quarter. Works started on 13 locations³⁸, while in Bosilegrad and Ivanjica the contractors applied for the commencement of works permits.

The Programme at this stage, might consider the shift from the grant methodology to direct implementation in Priboj, Prijepolje and Tutin if the tender procedures don't result in signing the contracts for works by mid May 2017.

Even though the indicative date for completion of evaluation of applications that were submitted in response to the CfPs for Local Infrastructure Projects that is managed by the CFCU was Q1 2017³⁹, the results were not available on 31 March 2017.

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

Initial consultation meetings have been held with nine⁴⁰ LSGs. Two municipalities⁴¹ drafted regulations in the area of accountability that are currently under the Programme review.

The Programme is reviewing the documentation for Bojnik (principle of accountability and transparency) related to preparation of Rulebook for water connection fee spending. Additionally,

³⁶ Status overview available in Annex II, Attachment 2.4

³⁷ Brus, Doljevac, Ivanjica, Bela Palanka, Bosilegrad, Vlasotince, Leskovac, Babušnica, and Crna Trava

³⁸ Brus, Doljevac, Bela Palanka, Vlasotince, Leskovac, Babušnica, Crna Trava, Sjenica, Kuršumlija, Vranje, Lebane, Surdulica and Babušnica

³⁹ Information obtained by the CFCU representative at the PSC held in Priboj on 2 November.

⁴⁰ Vlasotince, Bojnik, Surdulica, Bosilegrad, Doljevac, Brus, Tutin, Priboj, Prijepolje

⁴¹ One by Doljevac (Rulebook on green market space renting procedure) and one by Brus (draft various regulations).

Vlasotince and Bosilegrad required assistance in formulation of approach to good governance⁴² aspects, and the Programme will provide guidance in the next quarter.

Partner municipalities that have energy efficiency and restoration in focus of the infrastructure projects will also pay attention to the principle of efficiency. The Programme initiated consultations with five LSGs whose infrastructure projects are related to energy efficiency. Interventions will among other deal with calculation of savings and design of regulations on how these savings would be spend.⁴³

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, in cooperation with the SIPRU and the Directorate for e-Government of the Ministry of Public Administration and Local Self-governments, organised on 8-9 February the third training for implementation of Guidelines for Development of Public Administration Websites and Establishment of electronic government services for the municipalities in the South West of Serbia. Training was attended by 12 representatives from eight municipalities (ten men, two women).

Two workshops, one for social protection and one for environmental protection are scheduled for 10-12 April for social protection and 19-21 April for environmental protection. Position for the Social Policy Consultant is announced, while Environmental Policy Consultant is engaged on exceptional basis.

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

The Programme has continued to provide TA to Raška, Knjaževac and Surdulica for establishment of private public partnership (PPP). On the basis of feedback received from three LSGs, the Programme revised the PPP projects and PPP contract models, and provided clarifications related to legal and financial concerns raised by the beneficiaries. In the meantime, Surdulica has decided to withdraw from the project because they assessed the project would be more cost efficient if implemented directly by the LSG. The PPP projects should be finalised and sent to the State Commission for PPPs for consideration by the end of April 2017.

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

Seven companies completed the certification process and obtained Quality Management Systems (ISO 9001) standard. Additional six SMEs underwent initial certification audit: one for International Featured Standard, one for Hazard Analysis Critical Control Points - HACCP, and three for ISO 9001. Strela Kljajić Company from Lebane that will complete process in September as Global Gap certification includes activities during harvest season in August. Certification of two companies to HALAL standard has been initiated.

The Programme completed procurement and delivered equipment to 11 out of 17 supported enterprises. The delivery of the remaining equipment is ongoing and will be completed in Q2 2017.

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

TA for protection of geographical indication for five traditional products is underway. Audit programme for certification of authorised users for 'Sjenica Cheese' and 'Sjenica Lamb' has been agreed with the three beneficiary companies and approved by the Serbia Accreditation Body and the Ministry for Agriculture and Environmental Protection. Laboratory analyses for 'Sjenica Stelja' and 'Vlasina

⁴² Both in the area of accountability

⁴³ Crna Trava, Leskovac, Surdulica, Tutin, Prijepolje

Honey' needed for development of Geographic Indication Elaborates are completed. General part of the elaborate for "Ivanjica Potato" is being prepared.

Two agricultural associations procured part of agricultural machinery and two additional closed tenders for procurement of equipment.

2.10 Support to women entrepreneurship

Procurement of equipment for playrooms has been completed for three beneficiaries, while one beneficiary asked for the extension of deadline due to change of the office space. Greater part of equipment for beautician and hairdressers' studios has been delivered to all five remaining beneficiaries, while a part of equipment pertaining to stationery will be contracted in the forthcoming quarter and delivered to beneficiaries.

Consultancy ENECA continued to provide mentorship support and trainings for business start-ups supported within women entrepreneurship and youth. Trainings were delivered to 44 women and 22 young people. Individual work with beneficiaries, in addition to trainings on running the business, included the support in registration of businesses, monitoring of first business activities, defining pricing policy, advising, identification of clients and suppliers, etc.

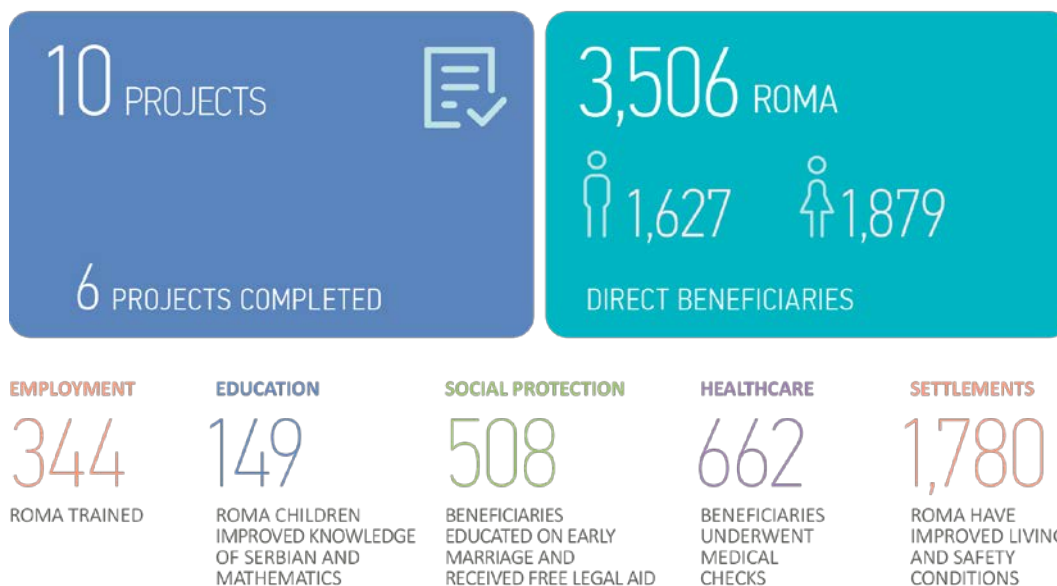
Result 3

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

Partnership projects of Civil Society Organisations (CSOs) and LSGs that were supported through the second Citizens Involvement Fund (CIF2) CfP continued to achieve results: a specialist gynaecological chair that enables health checks of women with disabilities was provided to Vranje Hospital, while eight healthcare mediators were hired to raise awareness among persons with disabilities on the importance of prevention; In Vladičin Han and Surdulica, 14 unemployed Roma completed professional trainings and increased their possibilities to get employed; In Prokuplje, two women got employed upon the completion of on the job trainings; 176 beneficiaries exercised their rights on personal documents, thus enabling rights on social support, health insurance, etc.; free legal aid was provided to 168 beneficiaries from Novi Pazar and Tutin, out of which 111 case, mainly related to rights on pension and social support, have been solved.

Ten projects for inclusion of Roma, of which six were completed, so far directly benefited 3,506 Roma (1,627 men and 1,879 women): in the area of employment, 344 Roma completed training that enhance their employability; within efforts to enhance education, 149 Roma children improved their knowledge of Serbian language and mathematics, and 63 parents were informed about the importance of educating their children; 508 beneficiaries in the area of social protection had been informed about the consequences of early marriage and regulated statuses through free legal aid; in the area of healthcare, 662 beneficiaries underwent medical checks, while three Roma families have improved their living conditions through adaptation of houses; 1,780 beneficiaries have improved their living and safety aspects in their settlements through the improvement of sanitary and hygienic conditions and installation of fire protection systems.

Results of projects for Roma inclusion



Significant progress was achieved within efforts to support self-employment of vulnerable and youth. Three beneficiaries registered their businesses during this period and seven in total out of 22 supported youth. All 28 vulnerable beneficiaries registered their business.

The peer reviews related to strengthening of local mechanisms for social inclusion and employment reconfirmed the pressing need for harmonisation between local development policies and the budget and identified lack of communication between departments as well as frequent changes in LSGs as significant obstacles to their efficiency and effectiveness. Furthermore, majority of LSGs did not use earmarked transfers in line with the law, i.e. for social welfare services due to the insufficient information and limited contact with central government institutions. In terms of inter-municipal cooperation, the most common obstacles are insufficient or different levels of capacities of the actors in the cooperation process and dealings regarding property and legal issues. The Programme will follow up on findings during focus groups that will be organised with local stakeholders and line national institutions.

Activities

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

The Citizens' Satisfaction Survey will be conducted in Q3 and Q4 of 2017. The schedule has been changed due to development of No cost Extension.

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

No activities were planned for the reporting period. Since the Law on Free Legal Aid was not adopted in 2016, the initially designed approach of this activity is not relevant any longer. The Programme, however, has been providing advisory services through other activities, primarily 3.6.

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

Out of ten LSGs grantees, nine have finalised public calls and total of 266 unemployed from vulnerable groups have started the trainings.⁴⁴ European PROGRES continuously provides support to LSGs through counselling on daily basis and reviewing of their monthly reports in order to ensure proper projects implementation.

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

Tailor made plans for establishment of homecare services for elderly in three selected municipalities⁴⁵ are designed, encompassing all relevant documents required for the services set up⁴⁶. The package material was presented to the LSGs in February and they are provided with mentoring support during the setting up process. Preparation and personalisation of the documentation required for adoption of the decision on establishment of the service is on-going.

At the end of February, the second cycle of peer reviews on the assessment and plan for strengthening local mechanisms for social inclusion and employment, as well on the active labour market measures was realised. The sessions were organised in Leskovac, Niš and Nova Varoš with participation of 31 representatives (16 women and 15 men) of the LSGs and local branches of the National Employment Services (NES) from 15 municipalities.⁴⁷ The response rate was not satisfying, given that less than 50% of LSGs attended the events. There is a strong indication that the start of election campaign contributed to the low response rate.

Two events for preliminary contract signing as guarantee for fulfilment of all conditions for self-employment grant contract i.e. business registration, provision of technical specification for equipment and finalisation of procurement process were organised in Leskovac on 30 January and in Novi Pazar on 31 January. All 28 beneficiaries registered their businesses and signed the contracts with the Educational Centre, while the equipment has been delivered to 27 beneficiaries.

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

Support to Youth Self-Employment

Procurement procedures for youth self-employment has entered the final stages of contracting and delivery. In this quarter eight⁴⁸ beneficiaries received full equipment, while one received part of the equipment⁴⁹. Overall, 13 beneficiaries received all equipment. Mentorship support has been provided to 12 beneficiaries, thus enabling all 22 beneficiaries to pass the first training cycle.⁵⁰

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

Six projects are operationally closed. Through 16 projects 3,506 Roma beneficiaries (1,627 men and 1,879 women) already benefited from actions implemented by the CSOs.⁵¹

Music Art Project

⁴⁴ Only LSG Vranje had to extend the duration of Public Call due to lack of eligible employers that applied as training providers so remaining 10 beneficiaries within this project is expected to start training in the beginning of April

⁴⁵ The Municipalities of Bosilegrad, Bujanovac and Merošina

⁴⁶ Plan and decision for the service establishment, public call draft, tender documentation, guidelines for participation of the beneficiaries in the service pricing

⁴⁷ Vranje, Leskovac, Lebane, Medveđa, Blace, Kuršumlija, Merošina, Prokuplje, Gadžin Han, Preševo, Sjenica, Brus, Raška, Novi Pazar and Nova Varoš

⁴⁸ Machines for production of beehives wax foundations, IT equipment and software's for design, equipment for laundry detergents and soaps manufacturing

⁴⁹ Fruit drier for one beneficiary

⁵⁰ More information about mentorship support is presented in the Activity 2.10

⁵¹ Overview of results of individual projects related to Roma inclusion is available in the Annex III, attachment 3.2

The project “Orchestras and choirs of hope” is thriving and consequently the Programme Steering Committee approved on 28 February extension of the intervention until the end of the school year and additional funding of 17,740 Euros.

Over 200 hours of classes based on inclusive EL Sistema methodology were carried out with participation of around 200 children, strengthening their working habits, sense of responsibility, and structured learning time, which especially benefitted the children from marginalised groups. All children and youth involved in the project have improved playing technique, which is particularly important for self-taught Roma musicians, mainly trumpet players.

Two master classes were held by two nationally renowned experts and two by an international music expert. Forty three participants attended the master classes, where pedagogical and methodological capacities of seven teachers involved in the project were enhanced and music and interpersonal skills of children were strengthened.

The first concert was held successfully on 18 February in Vranje, with participation of 100 children.

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

The delivery of the remaining equipment to medical health centres was finalised in January, resulting in nine⁵² medical centres fully equipped and operational. The ToR for public awareness campaign has been prepared and will be advertised in the next quarter.

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

The approach to this activity will be addressed through development of NCE in Q2 2017.

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

Realisation of 24 projects is progressing well⁵³, with seven projects in the final phase of implementation. Ten verification visits to the grantees were conducted and evaluated positively, followed by payments of instalments resulting in over 85% of the awarded funds being disbursed so far.

Three projects, implemented by the Roma Humanitarian Centre in Bujanovac, the Citizens' Council Bojnik and the Centre for Development and Regional Cooperation Kuršumljija have been extended for a month in order to address delays due to the unfavourable weather conditions, presidential elections and limited capacities of two organisations.

After several months of standby, the NGO “Optimist” Bosilegrad finally obtained the use permit for the food processing object built as a part of the project approved in the first round of CIF. Permit securing will be followed by registration of the building in the Central register of objects for processing food and vegetables. Fully operational start of production within newly established social enterprise is expected with the start of growing season and acquisition of raw material.

3.9 Support young people from Albanian community to learn Serbian language

The assistants continue to provide support in improving teaching of Serbian as non-mother tongue in four schools in Bujanovac and Preševo as the project is entering its final stage. One of two underqualified teachers in Bujanovac School will be replaced with a qualified colleague at the start

⁵² Aleksinac, Babušnica, Burs, Bela Palanka, Doljevac, Gadžin Han, Knjaževac, Merošina

⁵³ Annex III, Attachment 3.3

of the second semester while the other teacher will not be replaced prior to his upcoming retirement.

For the second year in the row, four schools, with 82 pupils, participated in the February competition of Serbian as Non-Mother Language for the seventh and the eighth graders. Both schools and students showed great interest in the event and 53 have qualified for the next round.

Joint meeting of the teaching assistants and representatives of the Ministry of Education, Science and Technological Development, the Regional Centre for Professional Development in Education, the Coordination Body for Bujanovac, Preševo and Medveđa and the Programme was held in February.

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

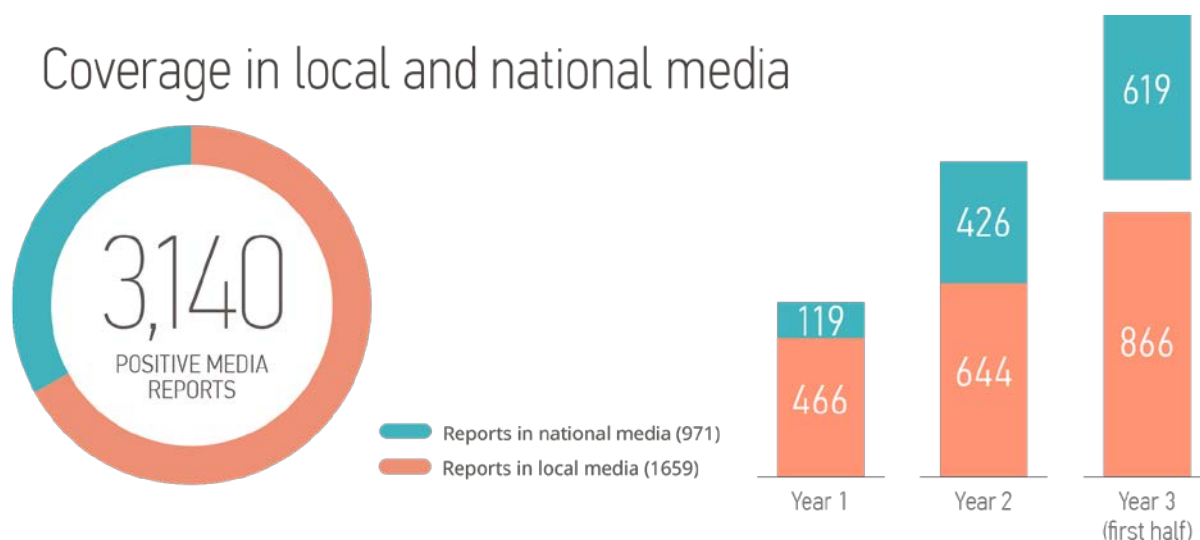
The Programme has submitted request to the PSC to consider project for procurement of water pump for the Temporary Migrant and Refugee Centre in Preševo. Due to lack of full technical documentation for this project, following consultation with the PSC, this project was withdrawn from voting.

Result 4

Effects of Serbia’s European accession communicated to general public

The Programme continues to generate visibility for donors as over 415 affirmative media reports⁵⁴ were registered, which is 60 percent increase comparing to the same period in 2015. In total since the beginning of European PROGRES majority of 3,140 media accurately reports the support provided by the European Union (EU) and Swiss Government.

Furthermore, a significant and steady growth has been recorded in the national media coverage: 170 reports were registered during the Q1 2017 which is increase of 40 percent compared to Q1 2016.



⁵⁴ The overview of media coverage and other statistics is available in the Annex IV, Attachment 4.1

The largest media attention, of over 135 positive reports, was generated by the start of local infrastructure projects, which Programme marked by publishing seven press releases. This confirms that the social infrastructure, namely reconstruction of schools, cultural centres and water supply network construction generate the largest interest of general public.

Similarly, 60 media reports covering the support to entrepreneurship and improving agricultural production confirmed that the economic themes, mainly related to new jobs, also remain a priority. The delivery of the equipment to agricultural producer groups in Novi Pazar, Sjenica and Tutin generated significant number of media reports, amounting to 40.

Furthermore, 70 published stories were related to the Programme social inclusion activities - projects addressing gender equality, Roma inclusion and support to the marginalised groups. The story “Small Businesses against Chronic Unemployment” covering the donors support to entrepreneurship and jobs creation, particularly for the vulnerable groups, was prepared and published in February issue of Aid Matters Newsletters on Development Assistance to Serbia.

Programme Twitter page is nearing the 600 mark, with 593 followers at present – an increase of almost 20% since the last report. Campaign related Tweets were regularly re-tweeted by various beneficiaries such as Ambassador of Europe Union in Serbia, Institute for European Affairs, SEIO and the EU Info Centre.

Newly established Instagram page attracted over 100 followers so far while the Facebook page has experienced steady growth with 200 new followers since December 2016 attaining a total of 5,255 likes while the published posts reached 238,796 people.

On the other hand, the Programme website had 18,051 visitors, with 72,507 registered visits - a decrease of 21% since the last reporting period and 50% since the first quarter of 2016. This progressive decrease is directly correlated to the late stage of Programme implementation in which there have been no new CfPs published – content that has traditionally garnered the most attention on the website.

Web and social media



72,507

Visits in reporting period

18,051

Visitors in reporting period

 5,255 likes
238,796 people

 593 followers

The first out of six stand-alone campaign events took place on 31 March 2017 in Prokuplje. Attended by approximately 100 youth invited through local secondary school and another 150 walk-on visitors. The event, officially opened by the Mayor, SEIO and European PROGRES representatives, focused on delivering the campaign’s key messages through direct communication and video/print material. On 21 February, 22 national and local media representatives attended the Belgrade based media seminar organised in cooperation with the SEIO. Evaluation showed that 89.4% of attendees found the seminar to be very useful especially in clarifying misconceptions and misperceptions related to integration and donation procedures of the EU integration process.

Activities

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

Visits and events

The eleventh Programme Steering Committee meeting was held in Belgrade on 28 February. The Programme provided support to NALED tenth annual conference "Reform Results and Course for the Future 2016/2017", held on 10 February, and secured high level attendance from the DEU and the Swiss Embassy.

Media Work

Nine press releases and two media announcements have been distributed, seven of them announcing the start of local infrastructure projects, while two stories covered the Programme Manager visits to projects in Blace and Novi Pazar. Additionally, three interviews on the results achieved so far have been published in the media outlets both in the South and South West Serbia. Namely, the interviews were presented on JUGpress regional news agency web portal and Naša Nova Reč Weekly⁵⁵ from Leskovac, on Radio Sto Plus⁵⁶ from Novi Pazar, the parts of which were published on Beta, the national news agency. Danas Weekly on 27 March published the personal view of the Programme Manager on the development in Serbia under the title "Two Steps Forward, One Step Back".

The Competition for the Best Media Reports on European Integration in the South East and South West Serbia officially concluded on 1 March 2017. Sixty-seven (67) out of 70 submitted media reports met all set requirements and were eligible for the Competition. Two media outlets were disqualified as, contrary to the competition proposition, they are based outside the European PROGRES AoR and cover less than five Programme LSGs.

The evaluation by the jury consisting of the representatives of the Delegation of the EU in Serbia, SDC, SEIO, UNOPS and European PROGRES is scheduled for 7 April 2017.

On average there were three and up to seven weekly post updates on each social channel. In all 30 Facebook posts and one event; 34 Instagram posts and 37 Twitter posts in the past quarter.

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

"You are Europe" contest for the best ideas for improvement of lectures and/or students' life for high school students was launched in January and concluded in March 2017. The competition attracted 25 submissions from 17 municipalities and 20 high schools and subsequently a total of 9,500 people voted via online community polling for their favourite idea.

Seminar for national media was successfully held in cooperation with the SEIO in Belgrade on 21 February 2017. Attendees - SEIO representatives, key lecturers including the Chief Negotiator for Serbia's accession negotiations and the 22 representatives of national and local media discussed the tools intended for better understanding and reporting on both accessions and donation methods of EU integration process. .

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

⁵⁵ Jugpress.com [Tyndall: Green Zone has not met its potential](#) (3 March 2017)

⁵⁶ RadioStoPlus.com [Tyndall: We continue support to underdeveloped regions](#) (9 March 2017)

Additionally a designated tab was created on European PROGRES Facebook page and will be used for promotion of the content and events of the campaign "[Evropa to si ti](#)".

Management and coordination

European PROGRES advanced towards its objectives in the Q1 2017: the work plan for the reporting period was fulfilled with 95% while some of the milestones were surpassed. At the end of Q1 2017, the Programme has contracted 248 projects, out of which 136 (55%) have been completed so far (31 during this quarter).



Programme Steering Committee

The eighth PSC meeting was held in Belgrade on 28 February 2017 and, among other, resulted in the approval of the Quarterly Report 1 October 2016 – 31 December 2016 as well as in provision of support for formalisation of the no cost extension.⁵⁷ Due to winter conditions no meeting was organised in the field. The PSC also used electronic voting procedure to consider recommendations for funding of project to support the Temporary Preševo Migrant and Refugee Centre but due to lack of technical specification this proposal was withdrawn from voting. The next PSC meeting is planned for May 2017.

Finance

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

- The delivery for the reporting period is 829,092.77 Euros which is 62 % of forecast for Q1 2017
- The total delivery as of 31 March 2017 is 13,063,607.79 Euros or 74.82% of the Programme budget
- The forecast delivery for Q2 2017 is 1,780,930.50 Euros.

Lower than forecasted delivery was mostly due to delays and, in some cases, savings in implementation of grants. For example, local infrastructure projects that are implemented by LSGs, encountered delays mostly due to prolonged public procurement processes. In addition, some

⁵⁷ The draft Minutes of the PSC meeting held in Priboj are available at http://www.europeanprogres.org/dokumenti/43_454225_ep-tenth-psc-meting-minutes-priboj-d3-1712016.pdf

procurements of equipment for micro, small and medium enterprises, and entrepreneurs have been completed and delivered in previous quarter ahead of schedule while some deliveries have been postponed for Q2 2017.

Procurements and grants

The Programme's procurement activities in Q1 2017 considerably dealt with small value purchases of goods and services, some of which were required for operational running of the offices and their setup. Out of 27 purchases in the value below USD 5,000, three were related to provision of support for protection of geographic origin (GI) and introduction of international quality and food safety standards and certification such as:

- Provision of laboratory analysis services for GI certification of Sjenička Stelja
- Provision of laboratory analysis services for GI certification of Ivanjica potato
- Provision of laboratory analysis services for GI certification of Vlasina honey.

At the same time, nine higher value purchases related to provision of support to women entrepreneurship and SMEs, and other services were successfully conducted:

- Purchase of drying plant in support to women entrepreneurship
- Purchase of equipment for metal processing in support to SME
- Provision of consultancy services for formulation of management model/s study and action plan for development of Golija Nature Park,
- Purchase of 18 visibility standing boards for the Programme
- Purchase of 80 visibility wall plaques for the Programme.

In close cooperation with Logistics team, provision of services in support to organisation of following trainings and workshops was provided:

- The second and the third FIDIC on-job training in Niš,
- The third E-governance training in Zlatar,
- The fifth GG workshop in Arandjelovac.

Human resources

In line with the work plans, the Programme assessed and identified human resources requirements based on which the yearly recruitment plan has been established. Five, predominantly short-term consultant positions, have been identified by Programme's Sectors. Good Governance and Gender Equality Sector required three consultants with specific expertise while Communications Sector required Technical Specialist for Assessment of Media Equipment. Also, Competitiveness Sector required engagement of a short-term Consultant for Wood and Furniture Sector.

The Programme personnel completed performance reviews for 2016 and established Specific, Measurable, Attainable, Realistic, Timely (SMART) individual performance objectives for 2017, based on which their engagement will be monitored and evaluated at the end of reporting cycle.

In parallel with the establishment of performance objectives, personnel worked on the assessment of learning needs and trainings.

Logistics and security

- The Programme's Office in Vranje moved its premises from 52 Kneza Miloša to the new in 29 Generala Belimarkovića. Operational continuity and working conditions for personnel were maintained.
- New Programme vehicle has been purchased and registered for use as from January 2017.
- Annual registration of six Programme vehicles is extended until the March 2018.

Risks and issues

The risk of delayed implementation of the Programme as a result of the elections on national and/or local level is still present due to the turbulent nature of politics in the country. Coalition changes happened in Preševo and Sjenica and the Programme personnel organised visits to confirm commitment of the new authorities to cooperate with the Programme. In accordance with the risk response by which relations are kept with key political stakeholders, it was confirmed that the new authorities were aware of the Programme and will provide support in further implementation.

A risk of delay in implementation of activity of support to public-private partnerships (PPP) is still present due to the limited understanding of the PPP models by the local administrations. As such, Working Groups in charge of implementation of PPP activity within each of three beneficiary municipalities often rely too heavily on the support from the Mayors. To mitigate this risk, the Programme regularly meets the Mayors to enable them faster approval of each particular step of the LSG Working Groups. Still, this risk materialised in Surdulica where the local authorities withdrawn from this activity as they assessed that particular PPP would be more efficient if implemented directly by municipality.

Furthermore, progress of this activity depends from decision of the Commission for Public Private Partnerships (CPPP) about developed PPP proposals. If the CPPP decision is delayed the activity would be negatively affected. The interventions pertaining to the Geographical Indication also depends from decisions of the Institute for Intellectual Property. The Programme is closely monitoring the progress of these two activities and in case of any issues would immediately inform the relevant PSC members and institutions to facilitate the process while of course ensuring respect of relevant frameworks.

The modifications of the Programme from February 2016 increased the European PROGRES relevance but the introduced activities have no float and depend in some cases on factors beyond European PROGRES' control. For example, while implementation of infrastructure projects through grant methodology generally advanced in accordance with the planned dynamics in three cases public procurements are significantly delayed due bidders' complaints to the Commission for Protection of Rights of Participants in Public Procurements. This negatively affects the whole activity and if the municipalities do not sign the contracts for works by mid May 2017, will recommend direct implementation.

Within the activity on provision of support to SMEs, it was noted that some beneficiaries failed to objectively evaluate capacity of space needed for installation of equipment that is being procured. This also might cause delay in implementation and the Programme is working closely with the beneficiaries to agree strict deadlines for necessary adjustments of the premises.

Having in mind the above, while also considering the delays in implementation of the CFCU managed grant scheme for local infrastructure projects and prolonged publishing of tenders for Vranje General Hospital and Novi Pazar Emergency Ward that negatively affected European PROGRES, the Programme is preparing a formal request for no cost extension (NCE) until 31 March 2018.

The Risks and Issues Register⁵⁸ includes both initial and newly identified risks, as well as the information on the planned responses and their status. It also includes all the issues that have emerged so far as well as the status of actions done in response to these issues.

Quality and sustainability

UNOPS Serbia quality assurance

European PROGRES underwent UNOPS RSPC Quality Assurance (QA) for Q4 2016 on 12 January 2017. The exercise confirmed the Programme's performance was healthy, as well as that it met programmatic and financial targets for the period. The QA for the first three months of 2017 was held on 28 March also confirmed the Programme remains on the path to meet its objectives, while indicating the need to formalise no cost extension and to enhance financial delivery in the Q2 2017.

Quality control

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

- Forty-six grant reviews have been conducted in order to ensure the progress is in line with programmatic and administrative requirements
- After the final check of all grant related documentation during the administrative verification visits, 18 grants have met the requirements for closure.
- Three on-site verifications conducted for delivery of equipment for "Support to Youth Entrepreneurship through Start-Up Grants" and eight on-site verifications of delivery of medical equipment to local women health care centres.

European PROGRES established and maintains the Quality Register⁵⁹ that provides a record of conducted quality checks.

Sustainability

Efforts to partner with relevant national institutions continued during the quarter. Within cooperation on development of Golija Mountain, the Programme prepared the Memorandum of Understanding (MoU) for signing with the City of Kraljevo and with the Ministry of Trade, Tourism and Telecommunications. The purpose of the MoU is to formalise agreed areas of cooperation within the development of Golija Nature Park. The working group formed for the project, consisting of relevant ministries, institutions and LSGs, ensures the wide participation of stakeholders in the project.

The Rulebook for use of GIS equipment in the LSGs was developed to ensure accountable, transparent, and sustainable use of GIS equipment purchased through 11 GIS grants, but it will serve to all 34 Programme LSGs. The Rulebook provides rules for 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 will regulate accountable use of equipment in terms of designation and cost effective maintenance.

⁵⁸ The Risk and Issues Register is available with European PROGRES

⁵⁹ The Quality Register is available with European PROGRES

Lessons learned

Outreach to European PROGRES' target audiences proved challenging in some cases. While the success of outreach efforts differed from one municipality to another, the Programme's analysis showed that LSGs with fewer local media were more challenging for conveying messages regarding specific activities. This indicates that future programmes that include strong outreach to different target audiences, especially at the local level, should consider cooperation/partnership with the Serbian national broadcaster as one of the most viewed media channels.

Work Plan

European PROGRES Work Plan for the period from 01 January – 31 March 2017 is available in the Annex V, Attachment 5.1. The following are the key milestones for the upcoming reporting period:

Result 1

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

- Activity 1.1. Prepare report on Capital Investment Plans and execution of planned budgets
- Activity 1.2 Close at least eight GIS grants
- Activity 1.3 Conduct on-job FIDIC training for 18 LSGs implementing local infrastructure projects
- Activity 1.4 Organise the sixth GG Training for Municipal Competence Centres
- Activity 1.4 Organise Learning Visit to Switzerland on GG practices on local level
- Activity 1.4 Finalise intervention on GG reform documents in at least five LSGs
- Activity 1.5 Monitor implementation of GEM projects. Operationally closure of at least ten grants
- Activity 1.6 Capacity building trainings for established local WPN members
- Activity 1.7 Follow up on gender responsive budgeting processes

Result 2

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

- Activity 2.1. Produce Competitiveness Report and present the Competitiveness Portal
- Activity 2.2 Follow up development of General Design for Južna Morava
- Activity 2.2 Golija project: monitor development of DRPs and provide support the consulting company for developing of the Golija destination management model study
- Activity 2.3 Participate in observer's role in evaluation of bids for works for Vranje Hospital and Novi Pazar Emergency Ward regional infrastructure projects (through CFCU)
- Activity 2.3 Finalise handover of works for flood prevention and anti-erosion on Pusta reka to PWMC "Srbijavode" and LSGs
- Activity 2.4 Monitor implementation of 18 grants for local infrastructure projects
- Activity 2.5 Implementation of GG intervention within the local infrastructure projects with adoption of regulations in at least four LSGs
- Activity 2.6 Organise three workshops on environmental protection and social protection
- Activity 2.7 Provide technical assistance to two LSGs for implementation of PPP projects and facilitate submission of projects to the State Commission for PPP for approval
- Activity 2.8. Nine SMEs complete certifications for international quality and food safety standards
- Activity 2.8. Complete procurement of equipment for all MSEs and conduct social-corporate responsibility activities

- Activity 2.8 Support promotion and organisation of Belgrade Furniture Fair 2017
- Activity 2.9. Implement activities regarding certification of geographical indication – submit elaborates to the Ministry of Agriculture and Intellectual Property Office
- Activity 2.9. Support implementation of grant agreements with APG, facilitate operational closures
- Activity 2.10 Contracting and delivery of remaining equipment for women entrepreneurship projects, complete mentorship support to beneficiaries

Result 3





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

- Activity 3.1 Develop and advertise ToR for Citizens Satisfaction Survey
- Activity 3.2 N/A
- Activity 3.3 Monitor delivery of vocational training programmes; Administer grants extensions for 9 LSGs
- Activity 3.4 Monitor implementation of ongoing activities of Centre for Social Policies. Organise promotional event and presenting project results
- Activity 3.5 Finalise contracting and delivery of equipment for Youth Self-Employment projects
- Activity 3.5 Monitoring implementation of the Roma CSO projects and operationally close eight out of ten grants
- Activity 3.5 Monitoring implementation of Music Art Project and facilitate operational closure
- Activity 3.6 Launch of the public awareness campaign
- Activity 3.7 N/A
- Activity 3.8 Monitoring implementation of the CIF-2 projects, operational closure of at least 12 out of 17 grants
- Activity 3.9 Monitoring implementation of the project

Result4

- Activity 4.1 Regular actions relating to communication of results and impact of the Programme activities
- Activity 4.2 Monitor campaign implementation

Annex VI Progress against indicators in logical framework matrix

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

Objectively verifiable indicators	Progress during the reporting period	Overall status
Overall objective To contribute to sustainable development of underdeveloped areas of Serbia by creating more favourable environment for business and infrastructure development, integrating good governance principles, thus increasing employability and social inclusion.		
Serbia's ranking in the World Bank's Doing Business Report improves for at	Serbia's ranking in the World Bank's Doing Business Report for 2016 has improved by nine places and additional seven places for 2017, with the rank of 47 today	

least five places	compared to 68 in 2015.	
Serbia's ranking in the Global Competitiveness Report improved for at least five places	Serbia's ranking in the Global Competitiveness Report 2014-2015 has improved in by seven places, and additional four in the Report 2015-2016, currently being positioned as 90 th compared to 101 st in 2013-2014.	
Programme purpose To improve local governance, and the conditions for business and infrastructure development by improving and/or strengthening planning and management capacities, and improving business enabling environment, as well as enhancing implementation of social inclusion and employment policies.		
Overall investments in infrastructure increased by at least 10% on annual basis	Projects for detailed regulation plans, technical designs, in combination with efforts to enhance planning of capital projects and introduce good practices for management of infrastructure create foundation for increased investments into infrastructure.	
At least five new investments in industry until the end of the Programme	Projects for clusters, introduction of quality standards, women and youth entrepreneurship, support to SMSEs, protection of geographic indication, vocational training, and partnership actions of civil society and LSGs have contributed to opening of over 100 jobs, while this number should exceed 700 in the next one to three years.	
Export of SME sector increased by at least 5% until the end of the Programme		
Enabled employment of at least 1,500 people as the result of (in)direct activities within the Programme		
Result 1: Strengthened local governance, planning and management capacities through introduction of new, or improvement/elimination of existing procedures and processes in line with the principles of good governance		
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%) ⁶⁰	One Municipal Assembly adopted a CIP, which is 12 th out of 15 supported. The Programme provides support for adoption of the remaining three CIPs and developed questionnaire for beneficiary LSGs to assess CIP implementation.	Activity completed. TA provided to 15 LSGs in development of the CIPs. The group included ten newly selected LSGs and the five LSGs assisted through the predecessor programme. All 15 beneficiary LSGs developed CIPs, and endorsement is ongoing.
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) ⁶¹	The Programme developed questionnaire for beneficiary LSGs to assess programme budget for 2017.	Activity completed. Assistance was provided to 15 LSGs (ten newly selected and five assisted through predecessor, EU PROGRES) in introduction of Programme Budgets for 2016. All LSGs adopted timely PBs for 2016.
Activity 1.1.3 At least 15 municipalities increase their revenue from tax collection by at least 15% by the end of the Programme (strengthening the accountability relation through expanding the tax base and raising citizens' tax compliance awareness). Baseline: the number of tax payers and annual income from revenue will be set for each municipality once local self-governments are selected ⁶²	All 16 grants have been administratively closed. Programme distributed questionnaires to LSGs to assess the impact.	Activity completed. Grants provided to LSGs for 16 projects worth 154,000 Euros for improvement of the taxpayers' registry. The number of registered taxpayers increased by an average 18%. Expected average local revenues growth from tax collection is 13%. The figure will be confirmed once the data on local tax collection for 2016 are available.

⁶⁰Baseline Study on Competitiveness, EU PROGRES, 2014

⁶¹Baseline Study on Competitiveness, EU PROGRES, 2014

⁶²LTA Office Annual Reports

<p>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)⁶³</p>	<p>GIS equipment installed and operational in nine LSGs, existing GIS upgraded in two LSGs. Sjenica and Vranje prepared draft data protocols to be signed among institutions - members of GIS. Draft Rulebook providing rules and principles for the use of GIS equipment developed</p>	<p>Eleven projects for Development of Geographic Information System (GIS) approved in November 2015 and implementation is ongoing: GIS equipment delivered and operational to all 11 beneficiary LSGs, legal foundation for GIS development established in all 11 LSGs. Equipment installed and operational in all 11 LSGs.</p>
<p>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.</p>	<p>One DRP adopted. Seven DRPs in adoption procedure. The early public viewing of plans for infrastructure corridors for Golija conducted. The contract for development of Golija Management Study signed in March 2017.</p>	<p>The PSC approved 21 applications for the development of 31 DRPs. Thirteen DRPs completed, seven DRPs in adoption procedure, 20 grants operationally closed. The DRPs for infrastructure corridors for Golija contracted in November 2016 and early public viewing completed in February 2017. The contract for development of Golija Management Study signed in March 2017.</p>
<p>Activity 1.3 By the end of the Programme in all European PROGRES' municipalities monitoring and evaluation mechanisms established for infrastructure projects, FIDIC contract modality is preferred model, and training programmes on FIDIC established within the Serbian Chamber of Engineers</p>	<p>Two rounds of on-job trainings organised for 56 representatives of 18 LSGs (30 or 54% men and 26 or 46% women) about practical use of FIDIC contracts.</p>	<p>The Association of Consulting Engineers of Serbia (ACES) was selected to deliver the trainings on the International Federation of Consulting Engineers (FIDIC) contract modality. Five modules and three on-job training completed. Trainings on Practical Guide for Procurement and Grants for European Union External Actions – PRAG completed.</p>
<p>Activity 1.4 By the end of the Programme, institutional governance reforms initiated, developed and implemented in at least five LSGs, with emphasis on increasing accountability, transparency and efficiency in public services delivery to citizens, with development or revision of at least ten local policies or local regulations, in line with the Serbian legal framework</p>	<p>Three LSGs adopted regulations relating to local accountability mechanisms. One training held with the aim to build capacities of municipal competence centres for GG. Four municipalities adopted Decisions on establishment of working-advisory groups for GG.</p>	<p>The Local Governance Assessment of the 34 municipalities finalised. The MoU for GG interventions at local level signed with 34 LSGs. Five trainings on GG to LSGs delivered. GG reform packages drafted. Four Swiss GG Backstoppers missions conducted. Fifteen LSGs actively participate in reforms.</p>
<p>Activity 1.5 Local gender equality mechanisms (GEM) established and local action plans for the work of the gender equality mechanisms (GEMs) adopted in all European PROGRES municipalities by the end of 2015. At least 30 GEMs successfully implemented grants provided through European PROGRES and contributing to advancement of gender equality issues by the end of 2016. At least two thirds of municipalities provide funding for the activities of local GEMs by the end of the Programme. Baseline: 31 GEMs established and two municipalities appointed gender equality officers, 23 European PROGRES' municipalities developed Local Gender Action Plans⁶⁴</p>	<p>Implementation of 18 projects is ongoing with satisfactory progress.</p>	<p>Thirty four LSGs strengthened through TA for improvement of local GEMs and launching of gender-related initiatives at the local level. Two new local GEMs established, six LAPs adopted, 32 municipalities signed European Charter. CfPs for support to local GEMs approved by PSC in March 2016 and was published in September 2016. The PSC approved 18 project in November 2016. Implementation started in December 2016 and is ongoing.</p>

⁶³Obstacles to Infrastructure Development, EU PROGRES, 2013

⁶⁴Baseline Study on Competitiveness, EU PROGRES, 2014

<p>Activity 1.6 At least 50% of male and female councillors in ten local assemblies enhance knowledge of gender equality issues and techniques for advocacy by the end of 2015. In each of the ten assemblies, women councillors successfully advocated for at least one gender issue by the end of the Programme</p>	<p>Training for women and men local councillors to increase knowledge on specific issues of gender equality was held in February 2017 with participation of 23 European PROGRES municipalities.</p>	<p>Implementation of project started in October 2016 will last until June 2017. In November and December ten local WPNS established, gathering 76 women MPs. All ten local WPNS adopted the annual work plans for 2017.</p>
<p>Activity 1.7 At least five municipalities introduced gender sensitive budgeting procedures and practices by the end of 2016. Sustainability of the action ensured through adoption of relevant municipal decisions by the end of the Programme. Baseline: three municipalities have performed budget and local policy analyses from gender perspective⁶⁵</p>	<p>Follow up on gender sensitive budgeting activities is in progress.</p>	<p>Overall, nine municipalities allocated app RSD 4.5 million for gender-related activities. Four municipalities introduced gender responsive budgeting through different municipal budget lines, ensuring gender mainstreaming within the budget.</p>
<p>Result 2 Increased competitiveness of local economy through improved business environment and management/organisational capacities of SMEs/agricultural cooperatives</p>		
<p>Activity 2.1 Total competitiveness index increased by at least 10% in all Programme municipalities by the end of the Programme, or at least 25% in one of the sub-indexes regarding: the Capacity of Local Community to Manage the Community's Resources and Potentials, Economic Policies, Strategies and Measures, Financial Capacities of the Public and Private Sectors⁶⁶</p>	<p>The upload of data to the Competitiveness Portal for tracking the Competitiveness Index of the Programme LSGs is finalised. Thirty LSGs collected and uploaded almost 100% of data. Activities implemented by NALED advance in accordance with the plan. The interim report indicate positive impact of trainings and mentoring on efficiency of issuance of electronic building permits by supported LSGs.</p>	<p>Following the (new) Law on Planning and Construction, the Programme modified approach and in cooperation with the line Ministry provides technical support to LSGs in application of unified procedure and e-permitting. In addition, the Programme has enhanced technical capacities of LSGs for EBPS with procurement of IT equipment. Competitiveness Index for 24 LSGs who have uploaded data for 2015 has increased by an average of 18%. Technical support to LSGs for implementation of electronic building permits system in Programme LSGs is underway with a grant awarded to National Alliance for Local Economic Development (NALED). The intervention should result in reduction of average number of days for issuing building permits in 34 LSGs by 15% and reduction of the number of rejected requests for issuance of building permits by an average 5%.</p>
<p>Activity 2.2 Pipeline of at least two inter municipal and at least 35 local priority economic and social infrastructure projects, in line with the national sector priorities, with full scale technical documentation, developed in accordance with the criteria within PPF 5 after the</p>	<p>The designs for the anti-erosion protection of Vlasina, Pčinja and Jablanica river basins completed.</p>	<p>The CfP for the Main Designs advertised in December 2014. The February 2015 PSC approved 40 projects out of 53 applications. 40 Grant Agreements signed with the LSGs in May 2015 and 40 finished in October 2016. Contracts for the designs for the anti-erosion protection of Vlasina,</p>

⁶⁵Baseline Study on Competitiveness, EU PROGRES, 2014

⁶⁶As identified in the World Bank's Doing Business in Serbia 2014 ranking

assessment of the existing pipeline has been done		Pčinja and Jablanica river basins have been completed. Development of General Design for Južna Morava regulation is ongoing.
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	Two Programme municipalities submitted applications for funding of projects through PIMO funds on the basis of designs developed with European PROGRES support.	Activity completed. Upon September 2014 PSC approval, European PROGRES supported operations of the Joint Technical Secretariat of the IPA Cross-border Programme Serbia-Montenegro (CBC SRB-MON). The grant was completed and facilitated submission of 48 applications from eligible European PROGRES LSGs in response to CBC CfPs. In addition, the Programme registered five more applications from European PROGRES municipalities for financial support from sources other than European PROGRES.
Activity 2.3 At least one priority inter-municipal project implemented by the Programme completion		Activity completed. The building permit issued on 1 December 2014. The contract for the construction of Bujanovac Department of Subotica Economics Faculty was signed in January 2015, construction completed in September 2015 and the facility is fully functional.
Activities 2.3 and 2.4 Works supervision services provided to the CFCU as contracting authority for the priority infrastructure project implemented by it	Timely responses provided to questions posted on tender dossiers for Vranje Hospital and Novi Pazar Emergency Ward Project, published by CFCU in February 2017.	The PSC in November 2015 approved the completion of the new block within Vranje General Hospital and the construction of Novi Pazar Emergency Ward projects. CFCU advertised Tender for works on 6 February 2017, closing date is 6 April 2017. This activity is not applicable in the initially conceptualised format. Approval of NCE will address this to some extent.
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	Works on Pusta Reka and Raška River commissioned and the barriers on Raska River watershed handed over to "Srbijavode".	Despite Programme's timely technical assistance, the CFCU advertised the Call for Local Infrastructure only in March 2015, five months later than originally planned. As further delays were registered the initially conceptualised technical assistance is not feasible. The issue has been reported to the PSC and the approach will be confirmed upon completion of the evaluation.
Activity 2.4 Support provided for development of at least 12 and up to 34 local and at least one inter – municipal infrastructure projects that are submitted for funding to the CFCU Call for Proposals	Implementation of 18 local infrastructure projects is ongoing.	European PROGRES organised information sessions to present the CFCU Call and supported LSGs in development of concept notes. All 34 Programme LSGs and Vranjska Banja responded to the call with submission of 52 Concept Notes. The CFCU sent the request to 25 LSGs to submit full applications for 30 projects, which passed the evaluation of concept notes in February 2016. Twenty six full applications from 23 LSGs were sent to the CFCU by the deadline 21 March 2016. CFCU is still conducting the evaluation process. The CfPs for Local Infrastructure managed

		by UNOPS was advertised from March to May 2016. The August PSC approved 14 projects and put four on reserve list. The PSC in October approved four projects from reserve list.
Activity 2.5 The Comprehensive Assessment study completed with recommendations for all municipalities, through relevant departments, to develop and adopt criteria and procedures to assess advantages and disadvantages of providing a service with own capacities or outsourcing it to the private sector/other entity, by the end of Programme and implementation supported	Consultations held with nine municipalities, while one municipality adopted Decision on green market. Ongoing consultations with LSGs.	With approval of 18 infrastructure projects for funding, European PROGRES has initiated this activity.
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	In cooperation with the SIPRU Team and Directorate for e-government, the Programme has organised one two-day training to increase transparency of LSGs' work applying the Guidelines for the design of web presentations and introduction of electronic services. The training was held in February for South West municipalities.	This activity is divided in two main topics, in consultation with SCTM and SIPRU: Topic 1 will be implementation of environmental policies, and Topic 2 will be implementation of Law on Social Care. Consultations were held with SCTM and SIPRU, and the plan developed for delivery of workshops. Three workshops were held so far. Additional two workshops on social and environmental protection are scheduled for April.
Activity 2.7 At least two PPP models developed and implemented by the end of the Programme	Three PPP Project Proposals and Contract Models drafted.	The CfPs for Establishment of PPP in delivering public services conducted from January to March 2016. Three beneficiary LSGs (Surdulica, Knjazevac and Raska), selected in July 2016, are receiving technical assistance to develop and implement PPP projects.
Activity 2.8 At least 30 SMEs introduced international quality or food safety standards (ISO 9000, HACCP, Global GAP, etc.) and organised in at least two new clusters and/or cooperatives	Certification of seven beneficiaries is completed and nine more are in the process of certification.	The CfP for Introduction of International Quality or Food Safety Standards was approved by the July PSC, and conducted in October 2015. Financing of 22 SMEs was approved. Five beneficiaries have not continued activity. Consultancy for implementation and certification has been initiated for seventeen SMEs and certification of eight SMEs is completed.
Activity 2.8 Criteria and transparent process for selection of 30 SMEs for QMS certification or recertification prepared and put in place. Process for establishment of clusters/cooperatives prepared and put in place, resulting in clearly and adequately regulated newly established legal entities	Procurement processes completed and equipment delivered to four MSEs.	The CfP for Enhancing Competitiveness through Creation of Jobs in the Private Sector was approved by PSC in March and conducted in June 2016. Provision of equipment was approved for 17 Entrepreneur Micro or Small Enterprises. The equipment delivered to 11 beneficiaries.
Activity 2.8 At least 20 SMEs, member of clusters, introduced innovation or use innovative market development techniques, until the end of the Programme.		Activity completed. Following PSC approval, European PROGRES conducted the CfP for Provision of Support to Clusters. The PSC approved five projects for funding in the amount of 145,000 Euros. Five grants completed.
Activities 2.9 and 3.10 At least 30 agricultural producers, members of the cooperatives, use new techniques and	Implementation of seven grant agreements with Agriculture Producer Groups (APGs) progresses as planned.	Phase one of the Programme support to 32 APGs, which included trainings and study tour was completed. The second

technologies in the production until the end of the Programme		phase assistance to APGs started by implementation Call from 29 August to 27 September 2016 and resulted with the PSC approval in November 2016 of seven projects.
Activity 2.9 At least three traditional agricultural products registered or certified with the Protected Designation of Origin mark and Protected Geographical Indication in the Programme AoR increased by at least 50% until the end of the Programme (baseline 2014: eight products with Protected Designation of Origin) ⁶⁷	Laboratory analysis completed for 'Sjениčka stelja' and 'Vlasinski med' while Elaborates are under development. The certification audit for authorised users of the 'Sjениčka jagnjateina' and 'Sjениčki sir' implemented.	The Assessment of the APGs and Geographic Indication completed in May 2015. The Programme developed and conducted CfP through which five traditional products have been selected. Retainers and service provider for development of Elaborates are contracted and implementation is underway.
Activities 2.10 and 3.10 At least 80 new jobs for women, resulting from provision of at least 40 start up business grants, by the end of the Programme	Five new businesses registered, while four beneficiaries received all equipment. Nine persons employed on term contract basis, increasing the total to 19 newly employed. Twenty women trained and mentored.	The CfP approved at the April 2015 PSC and advertised in June. Seven sessions held in March-April to announce the CfP. Nine training sessions for drafting of business plans held, benefitting 147 female participants. The CfP closed in July, 137 applications received, and the PSC supported 48 proposals. Three candidates withdraw. A total of 44 businesses registered so far and entrepreneurs receive mentorship support. 38 businesses received all equipment.
<p>Result 3: Improved access to employment, offering equal opportunities to both men and women, and social inclusion of most vulnerable and marginalised groups through development and implementation of local policies resulting in reduced migration from South, South East and South west Serbia</p>		
Activities 3.4 and 3.10 Employment and social inclusion action plans, targeting equally both genders, developed and integrated in the medium term municipal budget planning in all European PROGRES municipalities by the end of the Programme (baseline 2014: four municipalities with Social Inclusion Strategies) ⁶⁸	At the end of February, the second cycle of peer reviews on the assessment and plan for strengthening local mechanisms for social inclusion and employment was completed. The sessions were organised in Leskovac, Niš and Nova Varoš with participation of 31 representatives of the LSGs and local branches of National Employment Services from 15 municipalities. All 28 beneficiaries registered their businesses and procurement process is completed for all awarded beneficiaries. So far, 27 grant contracts for self-employment were signed and equipment delivered to beneficiaries.	The implementing partner is selected and contracted. Support will be provided to the LSGs 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 will offer start-up grants to local vulnerable and marginalised groups. Assessment Reports on institutional capacities, social protection and employment of vulnerable groups including criteria for selection of municipalities have been completed. Three municipalities have been selected for further support of establishment social protection services. A total of 28 beneficiaries from 16 municipalities is financially supported to start businesses.

⁶⁷Serbian Intellectual Property Office (2014) *The List of Indications of Geographical Origin Registered in the Intellectual Property Office* Available at: <http://www.zis.gov.rs/intellectual-property-rights/inidications-of-geographical-origin/list-of-igo.91.html> (1 February 2014)

⁶⁸Baseline Study on Competitiveness, EU PROGRES, 2014

		CSP contract extended by mid-June 2017.
Activity 3.5 At least 50% of unemployed Roma are included in active labour market measures by the end of the Programme (baseline 2013: 38%) ⁶⁹	<p>A part of this activity is incorporated in the approach for the activity 3.4.</p> <p><i>Youth Self-Employment</i></p> <p>Eight beneficiaries received full sets of equipment for business start-up (total of 13), while three have registered their businesses (a total of seven). A total of 12 young entrepreneurs attended trainings and received mentorship support.</p> <p><i>Roma CSOs</i></p> <p>Six projects operationally closed, and all 16 projects generated results where 3,503 Roma beneficiaries have already benefited from actions implemented by CSOs.</p> <p>The Music Art project is progressing well.</p>	<p>A part of this activity is incorporated in the approach for the activity 3.4.</p> <p>CfPs for Support to Youth Self-Employment approved by the PSC in March 2016 and it was published from 28 March until 11 May. Nine info sessions were held with 201 participants. A total of 93 applications were received and 50 interviews held. Three-day training organised for business plan development for 27 recommended candidates for the second phase. Twenty-two projects have been approved at the PSC in Vranje, on 10 August 2016. Thirteen beneficiaries have been provided with full set of equipment for business start-up, while seven have registered their businesses.</p> <p>CfPs for Piloting Implementation of Measures from Strategy for Social Inclusion of Roma at the Local Level was closed on 4 July. A total of 39 applications were submitted. PSC approved ranking list of 25 recommended projects in Vranje on 10 August. The PSC finally approved 16 projects.</p> <p>PSC at the meeting held on 10 August 2016 in Vranje approved further financing of Music Art Project. Extension and additional funding of the project was approved by PSC on 28 February 2017.</p>
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.	Realisation of 24 projects is progressing well, where seven projects are in the final phase of implementation. Ten verification visits to the grantees were conducted and evaluated positively, followed by the instalment payments processing.	CIF1 CfPs attracted 77 applications. The December 2014 PSC approved 20 projects for funding in the amount of 397,765 Euros. Eighteen projects were completed and two cancelled. The CfPs for CIF 2 approved in March 2016 and published from 21 March to 12 May. Forty eight applications received, and financing of 24 projects worth 320,000 Euros approved.
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 ⁷⁰		The Citizens' Satisfaction Surveys will be conducted in the Q3 and Q4 of the Programme implementation.

⁶⁹Report on Employment of Roma, Ministry of Labor, Employment and Social Welfare, Belgrade, 2013

⁷⁰ 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

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	A total of 260 unemployed persons participate in vocational trainings which should result in 151 new jobs.	The CfPs for vocational training conducted in August-September 2016. The PSC by e-voting in October approved ten projects. Implementation ongoing.
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 ⁷¹	Remaining medical equipment delivered in January 2017.	Assessment report on required medical equipment completed. All health centres sent official letters of interest and the tender for procurement of medical equipment was announced in September. The delivery of equipment to nine medical health centres was finalised in January 2017. ToR for Public Campaign developed and will be launched in next quarter.
Activity 3.7 At least four cultural centres in multi-ethnic municipalities (e.g. for intercultural music, theatre and art productions) upgraded	No progress, the approach to this activity will be addressed through No Cost Extension (NCE).	The Coordination Body for Preševo, Bujanovac, and Medveđa submitted concept for this activity. The approach will be modified within the NCE.
Activity 3.9 Up to 400 young and unemployed citizens of Serbia of Albanian ethnic origin in areas covered by the Programme improve Serbian language skills during the Programme implementation ⁷²	Implementation of the project is progressing well. Four schools organised in February competition in Serbian as Non-mother Language for the seventh and the eighth graders. Both schools and students showed great interest for the event. Total of 82 pupils participated in the contest and 53 of them have qualified for the next round.	The implementing partner for engaging the Teaching Assistants in four elementary schools in Preševo and Bujanovac for teaching Serbian contracted in August 2015. The textbooks, teachers' manual and auxiliary educational materials have been procured and delivered to 16 elementary schools in Preševo, Bujanovac and Medveđa. Coordination Body for Bujanovac, Preševo and Medveđa submitted request for extension of the project for one year. At the beginning of July, the extension of the project for one more school year was approved and the second phase initiated in October 2016.
Result 4: Effects of Serbia's EU accession communicated to general public		
Percentage of citizens that associate European integration with lower unemployment and better living conditions, as well as with ordered state and impartial administration increased by 10% by the end of the Programme. ⁷³	<ul style="list-style-type: none"> • Five high profile events organised • Nine press releases and four interviews organised • Four information sheets produced/updated • 400 positive media reports generated, of which 170 were in national outlets • Website is regularly maintained 	<ul style="list-style-type: none"> • Twenty five high profile visits organised, thirteen Ambassadorial • Twenty four large events organised of which eleven PSC meetings • Fifteen local festivals supported • 79 press releases prepared • 3030 positive media reports have been generated • 62 briefing notes prepared

⁷¹ 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.

⁷² This indicator will change to incorporate findings and recommendations of the Coordination Body Feasibility Study, whose results are presented in August 2014.

⁷³ As indicated in the findings of the Citizens' Satisfaction Survey 2017 and compared to 2013 Citizens' Satisfaction Survey results

	<p>and attracts an average 6,017 unique visitors monthly and a total of 72,507 visits overall</p> <ul style="list-style-type: none"> • The Facebook/Twitter following increased by 200 / 106 followers • One Newsletter produced • One video produced 	<ul style="list-style-type: none"> • Seven issues of the Newsletter published • Website is regularly maintained and attracts an average of 9,000 unique visitors monthly and a total of 99,629 visits overall • Facebook page attracted 5,255 likes and Twitter account amassed 593 followers • Programme promotion material is regularly produced including two videos. • Three calendar competitions held
<p>Two advocacy/awareness campaigns promoting European values conducted within the Programme implementation</p>	<p>First Progress report for the campaign has been submitted and all activities are ongoing as planned.</p>	<p>Production of Campaign materials completed. One out of five standalone events completed. Competition for Best School Project completed. Social media campaign ongoing.</p>