

First Quarterly Report





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: 17.46 million Euros

Start date: 7 May 2014

End date: 31 October 2017

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

Prokuplje, Blace, Žitorađa, Kuršumlija in Toplica District

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

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

Brus in Rasinska District

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

Babušnica, Bela Palanka in Pirotski District

Knjaževac in Zaječarski District.

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

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

Report date: 20 January 2015

Period covered: 17 September 2014 – 31 December 2014

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
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

European PROGRES has **gained momentum** during the first three and a half months of implementation. From 17 September to 31 December, the first batch of projects have been approved for funding, significant number of activities advanced, the management structures became operational, continuous efforts to ensure quality and sustainability are being made, the key communications tools have been put in place.

In agreement with the European Integration Office of the Republic of Serbia (SEIO) and the donors, the Delegation of the European Union (DEU) to the Republic of Serbia and the Swiss Agency for Development and Cooperation (SDC), the **Inception Workshop** was organised after the inception period closed, in Aranđelovac, on 14 and 15 October 2014. This lateness occurred due to unavailability of numerous key stakeholders but proved extremely useful as the event gathered 90 participants, including representatives of 33 municipalities. The Workshop confirmed relevance of the Programme in the context of ongoing reforms and the development needs in the South East and South West, and resulted in several suggestions for amending the objectively verifiable indicators in order to make them more specific and relevant.

The Programme issued its **first Grant** to support operations of the Joint Technical Secretariat of the Instrument for Pre-Accession Assistance Cross-border Programme Serbia-Montenegro. This effort will enhance opportunities for the municipalities from the South West Serbia to access IPA funding. The Programme also approved the project for engagement of the United Nations Entity for Gender Equality and the Empowerment of Women, UN Women, to work on gender equality issues in European PROGRES municipalities.

Although it is far too early to speak about accomplishments, it is worth highlighting the Programme's **contribution** to fulfilment of legal and technical conditions for the start of the construction of the building for Bujanovac Department of Subotica Economic Faculty. European PROGRES facilitation of consultations about the building permit, resulted in agreement that clearly reflects the purpose of the project and includes reference to relevant legal documents. The Programme is now preparing the start of the construction that is expected, weather permitting, in January 2015. Despite this positive development, in light of this project's complexities, all stakeholders will need to remain involved and committed.

The Programme launched **four calls for proposals** (CfPs): 77 applications were submitted in response to Citizens' Involvement Fund CfP and the Programme Steering Committee (PSC) approved 397,765 Euros for funding of 20 best projects partnership projects of civil society organizations (CSOs) and Local Self Governments (LSGs); 16 of 30 LSGs' proposals for upgrade of local taxpayers' have been approved for funding in the amount 145,000 Euros; 28 municipalities provided 51 applications for development of the main designs for economic and social infrastructure, and the PSC decision is expected in February 2015; the Call for provision of support to clusters in introduction of innovations and common market is currently open

The Communications Strategy has been developed in consultations with the SEIO, the DEU and the SDC; December visits by the DEU Ambassador to Bujanovac and Vranje and the Ambassador of Switzerland to Tutin were facilitated, attaining positive publicity and facilitating engagement of the beneficiaries; the (new) website has been launched (www.europeanprogres.org); the art competition with the theme "Discover Europe" for European PROGRES' Calendar 2015 has been completed, inspiring submission of works from 28 schools from the Programme area. These efforts

yielded the first results: **180 positive media reports** have been generated, accurately noting funding support provided by the European Union and the Government of Switzerland.

There were three PSCs, the PSC member introduction meeting was held in Belgrade on 24 September, the first regular public meeting was held in Aleksinac on 28 October, and an extraordinary one organized in Belgrade on 24 December, providing the guidance to the Programme and approving the first projects and criteria for the CfPs and activities. The financial control and monitoring is in place: European PROGRES disbursement as of 31 December was 847,451.55 Euros or 4.85% of the budget, while the forecast delivery for the Q1 2015 is 663,182.83 Euros.

European PROGRES continues to benefit from **learning and development** opportunities, provided by UNOPS, in project management, leadership, procurement, sustainability etc. For example, 12 European PROGRES' team members obtained certification in PRINCE2 Practitioner, which is one of globally leading project management methodologies. This is added value for the Programme as more formal project management techniques are being introduced and, in the long run, Serbia, having in mind that trainees are the national staff.

The period, however, did not pass without **hindrances**. For example, one of the key identified risks – delay in implementation of the grant scheme for the local infrastructure managed by the Department for Contracting and Financing EU Funded Programmes Unit (CFCU) – has materialised. Despite timely provision of initial technical assistance by the Programme, the call was not advertised as planned, in October 2014, but has been postponed to Q1 2015. This delay brings under question timely completion of infrastructure projects, related technical assistance and good governance activities, and hence jeopardises the European PROGRES' end date. The Programme will escalate this issue to the PSC and seek guidance for response actions.

The Programme is **prepared** for the next quarterly period. In addition to the beginning of the construction of Bujanovac Faculty Department, implementation of the CIF and tax administration projects, the PSC is expected to approve projects for development of the main designs, CfPs for support for development of planning documentation, technical assistance for capital investment planning and programme budgeting will be launched, Local Governance Assessment and update of Competitiveness Web Portal will kick off, the first Programme newsletter will be developed....

This Report provides review of progress and performance, update on management issues, review of assumptions and risks, quality and sustainability considerations, insight into the key milestones/outputs for the next reporting period, and lessons learned. A number of annexes give the readers opportunity to get in depth knowledge of some specific actions taken by the Programme.

With guidance and support from the PSC, European PROGRES has the key ingredients in place, which, although not a guarantee, provide sound foundations for successful work during 2015.

Table of Contents

ACRONYMS.....	3
EXECUTIVE SUMMARY	4
REVIEW OF PROGRESS AND PERFORMANCE	7
POLICY AND PROGRAMME CONTEXT.....	7
PROGRESS TOWARDS ACHIEVING OBJECTIVES	10
ACTIVITIES.....	11
MANAGEMENT AND COORDINATION	22
PROGRAMME STEERING COMMITTEE.....	22
FINANCE	23
PROCUREMENT	23
HUMAN RESOURCES.....	23
REPORTING AND MONITORING	24
EVALUATION.....	24
OFFICES	24
SECURITY	24
INFORMATION COMMUNICATIONS TECHNOLOGY.....	25
ASSUMPTIONS AND RISKS.....	26
ASSUMPTIONS	26
RISKS.....	26
QUALITY AND SUSTAINABILITY	28
LESSONS LEARNED	28
LEARNING FROM PREVIOUS EXPERIENCES.....	28
LEARNING DURING IMPLEMENTATION	29
WORK PLAN.....	30
ANNEX VI - PROGRESS AGAINST INDICATORS IN LOGICAL FRAMEWORK MATRIX.....	31

Review of progress and performance

Policy and Programme Context

Legislation and Policies

The Law on Amendments to the Law on Planning and Construction¹ was adopted on 8 December 2014, and comes into effect on 1 March 2015. It introduces several changes relevant for the European PROGRES implementation. First, the procedure for registering the ownership right for the newly constructed buildings is incorporated into the unified procedure. The Law introduces the 'financiers', which can apply for the construction permit, but cannot acquire the ownership right based on the construction. This means that the Programme can apply directly for the location conditions when it contracts designs, and then for the building permit as well. Furthermore, there is a simplified procedure for the construction of buildings when the investor is from the public sector, and consequently, the municipalities will be able to issue the location conditions for public infrastructure more easily. This can help with the infrastructure Call for Proposals. Thirdly, there is a January 2016 deadline for the development of software that will enable centralized system for data gathering and processing. The changes related to urban and spatial planning mean that there can be early public viewing and enquiry², while each municipality must have local information system for management of planning documents.³ Finally, in certain cases, where there is no planning document, the municipalities can issue permits based on the technical elaborate that refers to the specific location. This poses a threat that the municipalities will give up the development of proper planning/development documents in favour of preferred investors.

The Government of Serbia adopted in September 2014 the Guidelines on Involvement of the Civil Society Organisations in Legislative Process⁴, which defines a framework for inclusion of the civil sector in preparation and adoption of new regulations and oversight of their implementation. The new framework requests from the local self-governments to initiate dialogue and cooperation with the civil society, which is a significant positive change compared to the existing practices.

A new unit for gender equality was established within the Ministry of Labour, Employment, Veteran and Social Affairs, which is at a significantly lower level than the abolished Directorate for Gender Equality. Following the advocacy from the local and international organisations dealing with gender equality, the Government established the Coordination Body for Gender Equality with the Deputy Prime Minister Zorana Mihajlović at its helm.⁵

Political

The October 2014 elections for the National Minority Councils triggered changes on the political scene in the South West Serbia that included the Bosniak Democratic Community (BDZ) led by

¹ The Law is available at <http://www.parlament.gov.rs/upload/archive/files/cir/pdf/zakoni/2014/4326-14.pdf>

² The Programme will incorporate this in the Call for Proposals for the Detailed Regulation Plans

³ This change will affect the implementation of the Geographic Information System (GIS)

⁴ The document is available at <http://civilnodrustvo.gov.rs/vesti/usvojene-smernice-za-ukljucivanje-organizacija-civilnogdrustva-uprocesizrade-propisa-zakljucak/?lng=lat>

⁵ Blic (2014) *Vlada osnovala Koordinaciono telo za rodnu ravnopravnost* [Online] Available at: <http://www.blic.rs/Vesti/Politika/507136/Vlada-osnovala-Koordinaciono-telo-za-rodnu-ravnopravnost> (Accessed on 3 January 2015)

Emir Elfić, joining the ruling coalition in Novi Pazar, led by Rasim Ljajić Sandžak Democratic Party (SDP), while in Sjenica a new municipal majority includes 14 deputies of the Party of Democratic Action (SDA), four members of the Socialist Party of Serbia (SPS), one member from the Liberal Democratic Party (LDP), and one member of Bosniak Democratic Community of Sandžak (BDZS). Sulejman Ugljanin, the leader of the electoral list “For Bosniak Unity” that won 19 mandates was elected the President of the Bosniak National Minority Council, while his deputies were selected for the executive positions.⁶ The list “For Bosniaks, Sandžak and Mufti” won 16 mandates.

In the South Serbia, all Albanian political parties participated in the elections, and slightly over 40% of the registered people (13,980) casted their votes in Preševo, Bujanovac and Medveđa. The President of the Party of Democratic Prosperity and the former Bujanovac Assembly President, Jonuz Musliu, was elected the President of the Albanian National Minority Council and said he expected the Council to be more successful, as it has the support of all Albanian political parties.⁷ Musliu’s election was supported by two electoral lists “Democratic Party - Nagip Arifi” and “The Coalition for Unified Albanians”, which jointly won 56% of votes – 20% and 36% respectively, thus receiving a majority of eight out of 15 mandates in the ANMC Assembly. The list number 3 - “The Coalition for Albanian’s Rights” led, by the former ANMC President, Galip Beqiri received 43% of the votes i.e. seven mandates.⁸

The Prime Minister of Albania Edi Rama visited Preševo in November 2014 where he met with the Albanian political leaders of the South Serbia before he addressed a rally of several thousand ethnic Albanians. He noted that Albania and Kosovo should be used as good models for the respect of minorities and minority rights; that the Albanians of the South Serbia should be unified and that Albanian political parties of the South Serbia should participate in the work of the Serbian Parliament; he greeted the initiative for the creation of the Albanian National Minority Council and underlined that Great Europe rather than Great Albania should be the goal of all Albanians. Further to this Rama commended the Albanian officials of the South Serbia for good cooperation with the Ministry of Education, the Coordination Body and the OSCE Mission to Serbia for support provided to open the Economic Faculty of Subotica in Bujanovac. He also invited young, ethnic Albanians to study at the universities in Albania as per Agreement signed with Serbia on student exchange programme.⁹

One day prior to the visit, the Municipal Assembly of Preševo proclaimed the Albanian Prime Minister the Honorary Citizen of Preševo. The Member of the Parliament of Serbia, Riza Halimi

⁶Danas (2014) *Izbor funkcionera u senci nesuglasica* [Online] Available at: http://www.danas.rs/dodaci/sandzak/izbor_funkcionera_u_senci_nesuglasica.42.html?news_id=294122 (Accessed on 3 January 2015)

⁷Blic (2014) *Musliu: NSA će imati podršku samouprava Bujanovca i Preševa* [Online] Available at: <http://www.blic.rs/Vesti/Politika/513868/Musliu-NSA-ce-imati-podrsku-samouprava-Bujanovca-i-Preseva> (Accessed on 3 January 2015)

⁸Tutulli.com (2014) *PD: Fituam në Bujanoc, PVD: Ne fituam në Luginë (video)* [Online] Available at: <http://www.tutulli.com/index.php?m=post&s=5273> (Accessed on 3 January 2015)

⁹Nezavisne.com (2014) *Edi Rama u Preševu: Ne želimo “veliku Albaniju” nego veliku Evropu* [Online] Available at: <http://www.nezavisne.com/novosti/ex-yu/Edi-Rama-u-Presevu-Ne-zelimo-veliku-Albaniju-nego-veliku-Evropu-272495.html> (Accessed on 3 January 2015)

assessed Albanian Prime Minister's visit as positive and an ice-breaker for further cooperation between the two states.¹⁰

The visit of the Albanian Prime Minister to Preševo provoked negative reactions by some Serbian community representatives, who expressed concern that it "strengthened the Albanian separatist forces" and asked the State to oppose the "Albanisation" of the South Serbia. The President of Bujanovac Human Rights Committee, Svetislav Veličković said that the long term resolution for multi-ethnic problems in Preševo, Bujanovac and Medveđa lays in literal application of the state laws and precise population count in these municipalities. He added that Bujanovac and Preševo, governed by Albanians, are fertile ground for the self-will of one ethnic group and allows defaulting from the Serbian legal system. "While certain parts of Bujanovac lack sewage system, the local government is reconstructing the main square of Bujanovac, which will cost close to half a million Euros", added Veličković.¹¹

During the celebration of the Albanian Flag Day, the ANMC President Jonuz Musliu placed the Albanian flag on the ANMC building. The ceremony was attended by Bujanovac and Preševo Mayors, Nagip Arifi and Ragmi Mustafa, as well as the leaders of the local political parties.¹²

Medveđa Mayor, Slobodan Drašković (52), suddenly passed away from a heart attack on 23 November 2014. Drašković served as the Mayor from 2000 and held the position of the Vice President of the Coordination Body for Preševo, Bujanovac and Medveđa.¹³

There were changes in the municipal leadership in Vladičin Han, Vlasotince and Žitorađa and once again proved fragility of political situation at the local level.

Economic

The International Monetary Fund (IMF) commended Serbia budget for 2015, which reflected its agreements on a new loan with the country.¹⁴ Though the new savings don't affect the Programme directly, they could negatively impact the financial capacity of the Ministries and the local governments to work on the development projects.

¹⁰ Titulli (2014) *Presheva shpall qytetarë nderi kryeministrin Edi Rama, qyteti pa flamuj e me polici*

[Online] Available at: <http://www.titulli.com/index.php?m=post&s=5848> (Accessed on 3 January 2015)

¹¹ Novosti (2014) *Srbi sa Juga zemlje: država da nas zaštiti od samovoljne albanske većine* [Online] Available at:

<http://www.novosti.rs/vesti/naslovna/drustvo/aktuelno.290.html:520619-Srbi-sa-juga-zemlje-Drzava-da-nas-zastiti-od-samovolje-albanske-vecine> (Accessed on 28 November 203 January 2015)

¹² RTS (2014) *Novi predsednik saveta albanske nacionalne manjine* [Online] Available at:

<http://www.rts.rs/page/stories/ci/story/124/%D0%94%D1%80%D1%83%D1%88%D1%82%D0%B2%D0%BE/1764195/%D0%9E%D0%B1%D0%B5%D0%BB%D0%B5%D0%B6%D0%B0%D0%B2%D0%B0%D1%9A%D0%B5+%D0%94%D0%B0%D0%BD%D0%B0+%D0%B7%D0%B0%D1%81%D1%82%D0%B0%D0%B2%D0%B5+%D1%83+%D0%91%D1%83%D1%98%D0%B0%D0%BD%D0%BE%D0%B2%D1%86%D1%83.html> (Accessed on 3 January 2015)

¹³ RTS (2014) *Premينو predsednik opštine Medveđa* [Online] Available at:

<http://www.rts.rs/page/stories/sr/story/125/Dru%C5%A1tvo/1759319/Premينو+predsednik+Op%C5%A1tine+Medve%C4%91a.html> (Accessed on 3 January 2015)

¹⁴ RTS (2014) *MMF pozdravlja budžet Srbije za 2015* [Online] Available at:

<http://www.rts.rs/page/stories/sr/story/13/Ekonomija/1787192/MMF+pozdravlja+bud%C5%BEet+Srbije+za+2015.html> (Accessed on 3 January 2015)

Social

Fifty-seven percent of Serbian citizens support Serbia's membership in the European Union, and attitude towards the EU is more positive in general, the results of the public opinion poll "Serbian citizens' attitudes towards Serbia's EU integration" showed. Apart from their worries about the deterioration of living standard, the main reasons those against the membership are pressures and conditioning, poverty increase and worsened living standard, as well as the national identity loss.¹⁵

Five people in Serbia and ten in Bosnia and Herzegovina were arrested in December 2014 for suspected kidnap and murder of 20 train passengers near Štrpci in 1993.¹⁶

Progress towards achieving objectives

Although it is far too early to report on outputs and outcomes, the Programme has been creating foundations to achieve its objective to contribute to sustainable development of the South East and South East Serbia. Knowing its prime purpose is to create the conditions for investments and employments, where appropriate, European PROGRES has put emphasis on economic impacts during development of the criteria for provision of support. Furthermore, in its communication with the local self-governments (LSGs), the Programme regularly encourages thinking that could lead to identification and development of projects with potential for economic development.

The following provides overview of key contributions to results:

- It is expected that approval of 16 projects for update of local tax payers' database will increase the number of taxpayers up to 16.5%, hence also contributing to raise in the amount of collected local tax. In combination with provision of support for Capital Investment Plans (CIP) and Programme Budgeting (PB) that will be launched in Q1 2015, European PROGRES will enhance of public finances management at the local level and directly contribute to implementation of Serbia's Fiscal Policy objectives, that includes stringent tax discipline and enhanced efficiency into budget realisation.
- The Programme's engagement on fulfilment of legal and technical conditions for the start of the construction of the building for Bujanovac Department of Subotica Economic Faculty may be example of initial outcome. European PROGRES facilitated consultations between the Municipality of Bujanovac, the Coordination Body for Preševo, Bujanovac and Medveđa (CB), the Delegation of the European Union (DEU) and the OSCE High Commissioner for Minorities on the content of the project proposal and the building permit for the construction of the building. These consultations resulted in agreement ensuring that the proposal and the permit clearly reflect the purpose of the project and include reference to the relevant legal documents. This project is the priority for the Government of Serbia in the South as it contributes to integration of Albanian national minority, enhances access to high

¹⁵ Delegacija Evropske unije u Republici Srbiji (2014) *Stavovi građana Srbije prema EU integracijama* [Online] Available at: http://europa.rs/sw4i/download/files/box/_id_385/Opinion%20poll.pdf (Accessed on 3 January 2015)

¹⁶ Tanjug (2014) *Štorce Crime Suspects Remanded in 30-day Custody* [Online] Available at: <http://www.tanjug.rs/news/156542/strpce-crime-suspects-remanded-in-30-day-custody.htm> (Accessed on 3 January 2015)

education for people living in the whole area, and in mid and long run enhances prospects for economic recovery.

- In the field of social inclusion, 20 approved partnership projects of civil society organizations (CSOs) support vulnerable communities, primarily women, the disabled, and the Roma, while mainly focusing on employability, which is in line with the Programme’s endeavours. Considering the number and quality of applications, European PROGRES can conclude that there are the CSOs in the South and South West with solid capacities both in terms of specialised knowledge (e.g. social inclusion) and project management. It also seems that communication with the LSGs generally exists and this is also positive, knowing that the CIF also has the objective to expand cooperation within public and civil sectors. However, several CSOs expressed difficulties to establish partnership projects with LSGs and identified politics as key obstacle.

Status of European PROGRES Calls for Proposals

Call for Proposals	Applications	Municipalities	Approved projects	Approved funding
Partnership projects of CSOs and LSGs (CIF)	77	32	20	397,765 Euros
Improvement of the tax payers registries	30	30	16	145,000 Euros
Development of main designs	53	28	evaluation ongoing	pending after evaluation
Support clusters in innovations and common market	open until 30 January 2015			

Activities

Result 1

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

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

The criteria for the Call for Proposals (CfP) for development of Capital Investment Plans (CIP) and Programme Budgeting (PB) were approved by the Programme Steering Committee (PSC) on 24 December 2014. The Programme will provide support to at least ten local self-governments (LSGs) for development of both CIPs and PB. In addition, support in PB will be extended to Raška, Nova Varoš, Vlasotince, Vladičin Han and Medveđa - the five municipalities that received support for development of CIPs through the predecessor Programme.

The CfP for the improvement of the Tax Payers’ Registries attracted good interest – 30 local governments submitted applications, and more than half (16) were approved in the December

PSC meeting for funding.¹⁷ The call was open from 3 November until 12 December, after the PSC agreed to the proposed Terms of Reference in October. The eligible activities include expanding of tax payers' databases, completion of the property census, and actions contributing to transparency of the taxation process. In order to support the preparation of the applications, the Programme organised four sessions, attended by 89 representatives of 33 municipalities, of which 93% assessed the events positively.¹⁸ Issuing of grants is planned for the second half of January/early February 2015.

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

The assessment of Planning Documents and Geographic Information System (GIS), conducted during October and November,¹⁹ showed that all Local Self-Governments (LSGs), except Bosilegrad and Preševo, need support for development of detailed regulation plans (DRPs).²⁰

The assessment also confirmed that LSGs have interest and potential for improvement GIS. Ten municipalities: Aleksinac, Novi Pazar, Vranje, Knjaževac, Medveđa, Kuršumlija, Vladičin Han, Vlasotince, Bujanovac and Leskovac have established some form of GIS. Preševo, Merošina, Brus, Crna Trava and Gadžin Han, have needs but limited capacities for GIS development and for this reason may need to establish partnership with more advanced municipalities in this field.

The Programme also finalised the criteria for the CfP for the development of DRPs while considering the Programme Document and the assessment findings. The eligible proposals will be those that provide conditions for economic development. The criteria will be presented to the PSC at the meeting in February 2015, while the launch of the CfP is planned shortly after obtaining the PSC approval. The launch of the CfP for development of municipal GIS is planned for mid-2015. Such scheduling should not overburden the LSGs.

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

The Association of Consulting Engineers of Serbia (ACES) submitted an offer for the trainings for the use of the International Federation of Consulting Engineers (FIDIC) contract modality in implementation of infrastructure projects.²¹ UNOPS Headquarters Contracts and Property Committee (HQPCP), which is the relevant UNOPS procurement authority in this case, reviewed the offer and cleared the selection of ACES, thus creating conditions for the start of this activity in early 2015.

The trainings will benefit employees in 34 LSGs who are responsible for management of infrastructure contracts, as well as staff from the Department for Contracting and Financing of EU Funded Programmes (CFCU) and the European Integration Office of the Government of the Republic of Serbia (SEIO) which have a role in management of infrastructure projects. The trainings will last for 12 months and will comprise five modules: introduction of FIDIC, practical use of FIDIC, management of claims and disputes, dispute adjudication board, and management and administration of FIDIC contracts. The ACES will, during January and February 2015, conduct needs assessment that should provide necessary data for finalisation of the training modules.

¹⁷ The list of approved projects is available in the Annex I, Attachment 1.1

¹⁸ Information sessions were organised in Prokuplje, Vranje, Leskovac, and Novi Pazar from 17 to 24 November 2014. Evaluation of sessions is available in the Annex I, Attachment 1.2.

¹⁹ The Needs Assessment Report is available in the Annex I, Attachment 1.3

²⁰ Bosilegrad issues permits based on the existing General Regulation Plan (GRP), while Preševo doesn't need any more DRPs.

²¹ ACES is the only certified/accredited organization for this task in Serbia

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

The Programme concluded the first round of visits to 34 European PROGRES municipalities aiming to present the planned good governance (GG) activities. The findings from the inception period about limited interest and understanding of GG in the nine new municipalities have been confirmed, with the exception of Knjaževac that demonstrated readiness to engage. In order to tackle this the Programme will organise additional meetings with the municipal leaders and staff working on local development to sensitise them on GG and encourage their involvement.

The LSGs' representatives who will be responsible for the implementation of the Programme's good governance activities have been appointed. The Programme has started the work on the establishment of the so called GG Competence Centres, by holding an introductory workshop in Kopaonik on 11 and 12 December 2014, with 36 GG appointees.²²

The evaluation for the conduct of the Local Governance Assessment was finalised and contract with the selected consultancy will be concluded in January 2015.

1.5 Institutional development of local gender equality mechanisms

At its 28 October meeting, the PSC approved the start of the project for engagement of UN Women on gender issues, and the UN to UN Agreement was signed in December. The project includes legal support for establishment of GEMs where they do not exist and tailor made support to the selected gender bodies (e.g. introduction of gender segregated data or organisation of learning or networking events). Furthermore, the LSGs will be supported in development of gender equality action plans and adoption of the European Charter on Equality of Men and Women in Local Communities. Subsequently, the GEMs will be able to compete for funding for their priority projects.

The Programme's assessment has shown that of 34 LSGs only Merošina, Brus, and Bela Palanka have not established GEMs. Kick-off meetings with the local mechanisms will take place in January and February 2015.

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

This activity is planned for after the local elections in 2016.

1.7 Gender responsive budgeting

The project proposal for gender activities developed in cooperation with the UN Women and described in the Activity 1.5 also includes activities for introduction of gender responsive budgeting in at least five LSGs.

Result 2

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

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

The adopted amendments to the Law on Planning and Construction provide basis to European PROGRES to develop this activity. The Programme will have the opportunity to contribute to the

²² The GG Workshop Evaluation Report is available in the Annex I, Attachment 1.4

implementation of the new legal provisions although some actions deriving from the Law, such as the development of software to support unified procedures for issuing of permits that is due in early 2016, may delay activities. Stronger relations will be established with the Ministry of Construction, Transport and Infrastructure in January 2015 in order to ensure their input is considered during the design of the activity.

European PROGRES will also need to determine the effects of the new Law on the One Stop Shops (OSSs) that were established through the predecessor Programme in Vranje, Leskovac, Novi Pazar and Ivanjica. It may be relevant to consider additional support to these OSSs in order to make them fully operational and compatible with the new solutions.

The Baseline Competitiveness Study that was developed during EU PROGRES was translated into Serbian and hence will be more accessible to LSGs and other national stakeholders. Furthermore, the Competitiveness Web Portal that enables LSGs to monitor and update their competitiveness data is fully functional. The Programme will present the portal to LSGs in February 2015 and provide them with the technical assistance during first six months of the year for update of the competitiveness information.

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

Following October 2014 PSC approval, the CfP for Development of the Main Designs for Economic and Social Infrastructure was advertised from 3 November to 16 December, and 28 LSGs submitted 51 applications.²³ The LSGs requested 724,131 Euros from European PROGRES and would be ready to provide an average co-funding of 13.6%.²⁴ Previously, European PROGRES organised three information sessions²⁵ which attracted 89 participants from 33 municipalities. Ninety percent of attendees positively evaluated the workshop and the provided information.²⁶

Initial assessment showed that 86% of applications relate to the development of the main designs for communal infrastructure (e.g. water and sewage networks) and social infrastructure (reconstruction of public buildings to improve energy efficiency, works on sports and educational facilities).

The evaluation is ongoing and the recommendations to the PSC will be presented at the next meeting, planned for February 2015.

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

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

The project for the Construction of Bujanovac Faculty Department advanced. European PROGRES facilitated consultations among stakeholders about the content of the building permit in order to

²³ Each LSG had right to submit up to three applications

²⁴ The final amount of European PROGRES funding contribution will depend from evaluation and will likely be lower having in mind that not all applications will meet the CfP criteria.

²⁵ In Prokuplje on 24 November, in Vladičin Han and Novi Pazar on 25 November

²⁶ Evaluation of information sessions is provided in the Annex II, Attachment 2.1

ensure it clearly reflects the purpose of the project and includes reference to the relevant legal documents.²⁷ The agreement was reached at the end of November and the building permit was issued on 1 December 2014.

This created conditions for European PROGRES to approach the selected company for the conduct of the construction works in early December. The contract details have been agreed and signing is scheduled for the first week of January 2015. The Programme also finalised co-funding arrangements: the Coordination Body for Preševo, Bujanovac and Medveđa (CB) and the Municipality of Bujanovac will provide 176,000 Euros (22 million Dinars, Value Added Tax included).

The start of the works is planned for January 2015 and the building should be finished by October 2015, although this time framework is weather dependent, as the delays that occurred in provision of legal and technical conditions for the start of the construction were beyond European PROGRES' responsibilities and hence control. Six modern teaching halls, each with a capacity of 60 to 80 students, an amphitheatre, student parliament rooms and an administration block, with a total of 2,300 m² will be constructed.

2.4 Technical assistance for implementation of grants for local infrastructure projects

We are advised that the CFCU of the Ministry of Finance will not publicise the CFP for funding of local infrastructure projects before the end of January 2015, which is at least three months later than the original plan. This places significant time pressure on final Grantees to complete this activity within the Programme's life-cycle (some projects may end up being implemented in the 2017 construction season and their timely completion is now at high risk). This delay will also affect a fundamental premise of European PROGRES which is to link its Good Governance component to this activity so delays in advertising and awarding Grants will have wide consequences as further described below.

In line with its responsibility to provide technical assistance for the conduct of this grant scheme, European PROGRES developed Terms of References (ToR) and Guidelines for three candidates that will work on evaluation of infrastructure projects applications. Both documents are sent to the SEIO for review. These positions will be advertised after publication of the CFP.

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

This activity will be implemented in parallel with the implementation of the local infrastructure projects that will be supported through the CFCU grant scheme. The prolongation of advertising of the CFCU CFP, as described in the Activity 2.4, brings into question the timely completion of this activity since the Programme's work on linking GG and infrastructure lasts longer than the construction. Any further delays in the Activity 2.4, as described in the Risks and Assumptions Section, would make realisation of this action within the current time framework impossible.²⁸

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

This activity will be developed in Q1 2015 in consultation with the Swiss Back Stoppers for good governance. Within preparations, the Programme will continue consultations with the relevant

²⁷ The Government's Decision on Declaring Public Interest for Expropriation over the plot of land planned for the construction, and the Memorandum of Cooperation and the Contract on Leasing the Property signed between the Municipality of Bujanovac and Subotica Faculty of Economics

²⁸ This issue will be escalated to the Programme Steering Committee

national institutions, primarily the Standing Conference of Towns and Municipalities (SCTM) and State's Secretariat for Public Policies.

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

Draft criteria for the CfP for Public-Private Partnership (PPP) were prepared and will be presented to the PSC in February 2015. The pre-selection of PPP proposals may be based on the concept notes while the final selection of two projects for support will primarily consider investment potential. The LSGs will receive technical assistance throughout the process, and the Programme will organize an investment conference to attract interest by private partners. Short-term financial and legal experts will be recruited in January 2015, to provide support for the initial LSGs' capacity-building activities.

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

Following October 2014 PSC approval, European PROGRES advertised the CfP for Provision of Support to Clusters for a Common and Innovative Approach to Market, with the deadline for submission of the concept notes by 30 January 2015. The Programme organised informative sessions from 14 to 16 December for representatives of eight clusters from the Programme Area of Responsibility (AoR).²⁹ Short term business development consultant has been recruited to support clusters in the development of full project proposals.

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

A short term Agribusiness Analyst has been recruited to conduct mapping and assessment of capacities of the agricultural producer groups. The Inception Report³⁰ outlining the assessment methodology was produced in December 2014 while the task should be finished in March 2015. The assessment will provide inputs for development of criteria for the provision of support to agricultural producers' groups. European PROGRES maintained relations with the Ministry of Agriculture and Environmental Protection which have provided useful guidelines for the development of this activity.

2.10 Support to women entrepreneurship

This activity will start in February 2015, when meetings with potential applicants for the start-up funds will be organised in order to disseminate information. By then the Programme will develop the criteria and models for awarding the grants to women's entrepreneurship.³¹

This activity will be carried in coordination with the National Agency for Regional Development (NARD), UN Women, the Social Inclusion and Poverty Reduction Unit (SIPRU) of the Government of Serbia and other relevant parties.

Result 3

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

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

²⁹ The information sessions were organised in Nis, Vranje and Novi Pazar on 17, 18 and 19 December 2014. Evaluation report on sessions is available in Annex II, Attachment 1.2.

³⁰ The Inception report is available with European PROGRES

³¹ The PSC will be considering the criteria, at February 2015 meeting

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

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

This activity will be developed in early autumn 2015

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

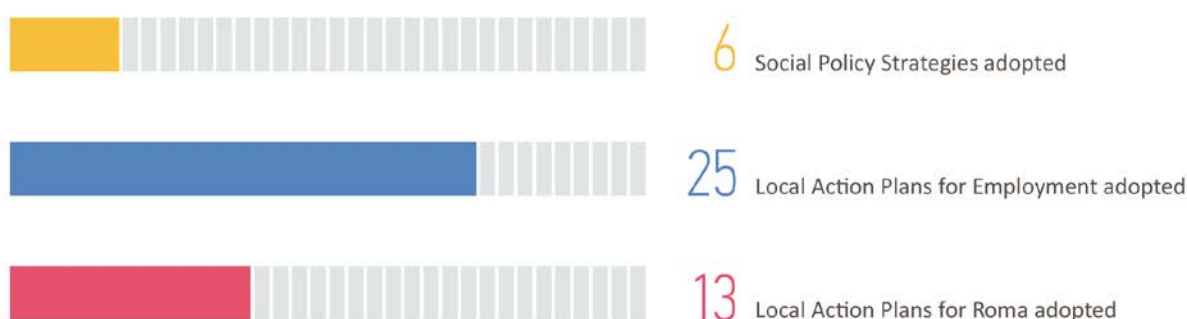
In order to develop this activity, the Programme has consulted the Ministry of Education, Science and Technological Development, the Institute for the Advancement of Education and the National Employment Service. The consultations showed that although there were five state-owned regional training centres that offer 40 accredited programmes for vocational education and certification, the quality of trainings was not always satisfactory in terms of meeting market needs. Furthermore, there were cases where the CSOs and private companies proved to be more effective as training providers. In light of the above, and after further consultations are conducted, taking into account the market demand, European PROGRES will in Q1 2015 define its implementation approach and ask approval from the PSC for a pilot project.

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

The Programme has discussed with the SIPRU, as the Government's body responsible for social inclusion modalities, their involvement in the implementation of this activity. The focus of the discussions were on delivery of training for Employment and Social Policy Reform Programme (ESRP); expert support to LSGs for consideration of social inclusion aspect in the Programme Budgeting, coordination with the related Programme's activity; guidance in developing peer-to-peer reviews on social inclusion policies; and inputs for development of the second Citizens' Involvement Fund (CIF) CFP. The Programme and SIPRU will continue planning in the second half of January.

European PROGRES conducted a survey about the availability of strategies and/or action plans for social inclusion, local employment, and Roma integration or employment. The survey showed that only six LSGs have Social Welfare Strategies, 26 have Local Action Plans (LAPs)³² for Employment; and 13 have LAPs for improvement of Roma status.

Overview of Social Inclusion Policies and Plans



³² This number was determined on the basis of information provided by the LSGs and input from the Ministry of Labour, Employment, Veteran and Social Affairs.

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

This Programme will develop the ToR for the consultancy/consultants for development and implementation of this activity. The ToR will be presented at the April PSC.

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

This activity will start in Q2 2015 with a brief needs assessment of the medical equipment used for addressing women health in local medical centres.

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

The Government of Serbia Coordination Body for Municipalities of Preševo, Bujanovac and Medveđa (CB) will develop guidelines for this activity, whose launch is planned for Q3 2015.

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

The first Citizens' Involvement Fund (CIF) CfP was launched on 25 September and after extension of two weeks it was closed on 14 November. The Call was extended after several CSOs asked clarification whether they can establish partnerships with European PROGRES municipalities where they do not necessarily have registered seat. As the response was positive it was appropriate to provide sufficient time for those potential applicants who would be able to fulfil these clarified criteria.

The Programme sought to support projects that contribute to social inclusion and employability of vulnerable and marginalizes groups, inter-ethnic cooperation, or resolution of migration related problems. The Call was presented at the workshop held in Niš on 09 October to 33 CSOs and LSGs representatives from nine new municipalities.³³

In total, 77 applications were received from 32 municipalities.³⁴ Upon completed evaluation by European PROGRES, the PSC on 24 December endorsed recommendations for funding of 20 projects, primarily contributing to social inclusion and employability of vulnerable population. The total value of the recommended projects is 467,804.40 Euros, while European PROGRES contribution would be 397,765.25 Euros (85%). There are 18 applications on the reserve list and the PSC would consider these if the funding becomes available, while respecting the rank list that is established. Twenty seven proposals were not recommended, while twelve applications did not meet the basic criteria and were disqualified.³⁵

European PROGRES will be issuing grants during January and February 2015.

3.9 Support young people from Albanian community to learn Serbian language

The Programme had several meetings with the Ministry of Education, Science and Technological Development (MoESTD) and the CB regarding implementation of the Feasibility Study for Improving Learning of Serbian as a Non Mother Tongue among Albanian Elementary School Children. Before committing to any particular action, and in order to ensure relevance and facilitate sustainability, European PROGRES sought support from the MoESTD.

³³ Since CSOs and LSGs from 25 municipalities that were included in the predecessor Programme, EU PROGRES, attended several CIF presentation, it was assessed that another similar function would not be necessary.

³⁴ No applications received from Sjenica and Preševo.

³⁵ Evaluation sheet of CIF projects is available in Annex III, Attachment 1.3

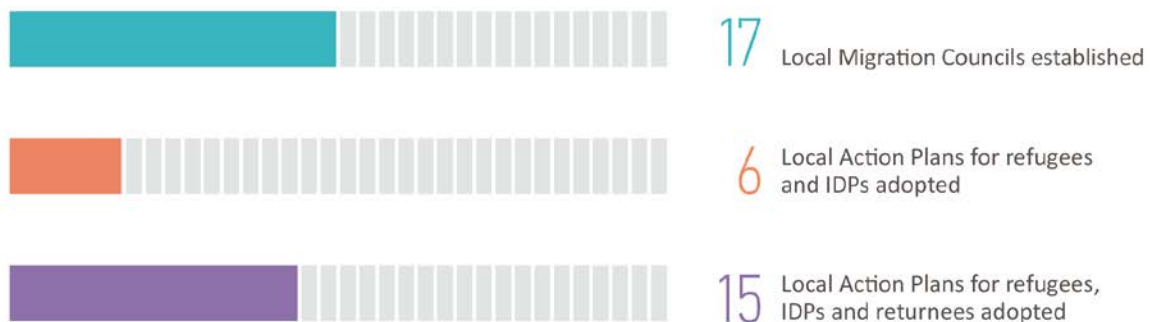
The meetings were productive as the Ministry in principle has indicated it will take ownership and has established a Working Group (WG) that will be steering the implementation of the Study. The WG was established in mid-December and includes representatives of the MoESTD, the Regional School Authority for Jablanica and Pčinja Districts, the State Institution for Education Improvements and Evaluation, the CB and elementary schools from Preševo, Bujanovac and Medveđa. The OSCE High Commissioner for Minority Rights, OSCE Mission to Serbia, the UK Embassy, and European PROGRES participates in the work of the WG as observer.

The establishment of the WG marked fulfilment of the key Feasibility Study’s recommendation and hence created conditions for the European PROGRES to engage and start operational consultations with the MoESTD in the second half of January 2015.

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

Within development of activity, European PROGRES conducted research and determined that 15 municipalities have Local Migrations Councils, two were being established, and 15 did not have them.³⁶ In the next instance, the Programme will discuss the design of activity with the Commissariat or Refugees and Migration.

Overview of Local Migration Councils and Plans



* two municipalities did not provide data

Result 4

Effects of Serbia’s European accession communicated to general public

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

The key output has been **the Communication Strategy** that provides the framework for activities that raise awareness of target audiences about actions, results and impact of the Programme, while also bringing closer the process of European integrations. This document follows the relevant guidelines of the Government of Serbia, the Delegation of the European Union and the Swiss Agency for Development and Cooperation (SDC), sets communications objectives, identifies target audiences, messages and communication tools, while analysing risks and providing insight into resources needed for implementation.

There were **two ambassadorial visits**. The DEU Ambassador visited Bujanovac on 2 and 3 December 2014 to meet the local leaders, encourage their engagement with the Programme and promote several EU funded projects, including the visit to the construction site for the building for Bujanovac

³⁶ Leskovac and Medveđa did not provide requested data.

Department of Subotica Faculty of Economics that will be completed through European PROGRES. The visit generated over 30 reports in the national, regional, and local media. The Programme also facilitated the visit of the Ambassador of Switzerland to Tutin on 11 and 12 December whose purpose was, among other, to promote the Programme's ongoing activities.

The Inception Workshop was staged in Arandelovac on 14 and 15 October in the presence of more than 90 participants, including 15 mayors and representatives from 33 LSGs, national institutions, the Delegation of the European Union and the Swiss Agency for Development and Cooperation, and many others. This event reaffirmed the Programme's relevance and feasibility but also provided floor for the key national stakeholders, such as the SEIO, and donors, to urge beneficiaries, especially LSGs, to delink politics from development, enhance preparedness of projects, understand importance of good governance, and to pay more attention to identification of actions that have economic potential.³⁷

The **first public Programme Steering Committee** was successfully organised in Aleksinac on 28 October 2014. The event attracted over 60 participants, including representatives of 27 municipalities and 13 mayors.³⁸ European PROGRES also participates in the organisation of Stakeholders Committee for the Bujanovac Faculty Department project that is scheduled for 3 February.

The art competition for European PROGRES' Calendar 2015 has been successfully completed. This year's competition theme was "Discover Europe" and it inspired the high school pupils from 28 schools in the Programme area to submit 110 works. The firstly ranked won the calendar cover page and a laptop, the runner-ups received tablets and nine other best works were awarded digital cameras. The awarded works portrays interesting features about Europe, important dates and historical facts, renewed figures and artefacts. The award ceremony was organised in Blace on 23 December, 1,400 calendars were printed and distributed to the Programme stakeholders.

Ten press releases have been circulated and generated 180 affirmative media reports, which is, increase by 40 reports or 28% comparing to the results of the predecessor Programme during the first reporting quarter. The media showed high interest for the ambassadorial visits, confirming once again that presence in the Programme area by the Government and donors' officials is important for visibility of their financial assistance. Media outlets have also reported about European PROGRES CfPs, hence contributing to understanding and transparency of actions. The European Union and the Government of Switzerland funding support to the Programme has been accurately noted in reports. The national media coverage includes Tanjug and FoNet news agencies, the Radio Television of Serbia, dailies Večernje novosti and Danas. All major regional media such as JugMedia, Jugpress, RTV Vranje, Topličke vesti and OK Radio have been regularly covering Programme developments.³⁹

The European PROGRES website was launched on 8 December 2014⁴⁰, attracting 935 unique visitors in the first weeks. From the beginning of the Programme, the website of the predecessor intervention has been used to communicate European PROGRES' news and attracted 7,550 unique visitors with 19,246 visits. Although the online communication will from now on be conducted through the new website, the visitors will also be able to access the predecessor

³⁷ The Inception Workshop Report is available on European PROGRES website at :

http://www.europeanprogres.org/dokumenti/37_121526_eup-inceptionworkshop-report-approve-24102014.pdf

³⁸ The Minutes of the Programme Steering Committee are available on European PROGRES website, in Serbian and English.

³⁹ A spreadsheet detailing media coverage is available in the Annex IV, Attachment 4.1

⁴⁰ Available at www.europeanprogres.org

Programme portal through a link on the home page. The new portal has modern design, follows the latest trends, efforts were put to ensure its simplicity, the most relevant data and materials are posted in Serbian and English. The initial external feedback about the site is positive and the next quarter will be used for fine tuning and addressing of any potential gaps.

The Seasons' Greetings Cards have been sent to 280 partners from the Government, LSGs, CSOs and other development stakeholders. The electronic version of the card has been sent to over 1,500 email addresses. The Programme also produced 300 notebooks, 300 folders, 1,000 pens, and a standing signboard for the construction site for the Bujanovac Faculty Department building.

Summary of Communication Activities

2

High profile visits organised

6

Press releases and eleven stories produced

2

High level events organised

180

Media reports generated



European PROGRES website launched



Calendar completion organised

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

European PROGRES met the SEIO, the DEU and the SDC to identify the theme to be addressed by the first Programme campaign. While following the framework provided by the Description of Action and the Communications Strategy objectives, **it was agreed to primarily promote the economic aspects/benefits of the European Integration process.** The Programme developed the campaign concept that should be launched in April 2015, and last for a year. The December PSC approved the concept.⁴¹

⁴¹ Available in the Annex IV, Attachment 4.2

Management and coordination

European PROGRES implementation phase started on 17 September⁴², after a four-month inception period. The structures for the Programme management that were established during the inception have been put in function: the Steering Committee became operational, numerous activities advanced, the framework for management of resources put in use, reporting is organised in accordance with contractual arrangements.

The Inception Workshop was held in Aranđelovac on 14 and 15 October 2014⁴³ with the objective to reassess feasibility and relevance of the Programme. The event confirmed that European PROGRES was coherent with the reforms that Serbia is undertaking along the path towards the European Union as well as that it was relevant to development needs in the South East and South West Serbia. While there were no suggestions for major changes of the logical framework matrix (LFM), several objectively verifiable indicators were amended in order to be more specific and relevant.⁴⁴

Programme Steering Committee

Three Programme Steering Committee (PSC) meetings were held: the introduction meeting was organised in Belgrade on 24 September and enabled PSC members to learn key facts about European PROGRES, agree the way of Committee's operations, and approved criteria for provision of support through CIF and for update of tax payer's registries, as well as provisional assistance to the Cross-border Programme Serbia-Montenegro 2007-13.

The second, public meeting was held in Aleksinac on 28 October 2014 and resulted in approval of the project for engagement of UN Women on gender equality activities, the criteria for provision of support to clusters and for the development of technical designs. The Committee also approved the Inception Workshop Report, including the Programme LFM with the suggested amendments.

A third, extraordinary PSC meeting, was held in Belgrade on 24 December. This meeting enabled European PROGRES to start issuing the first batch of grants as well as to work on preparation of the CfPs that will be announced in Q1 2015. The Committee approved the funding of the projects for the upgrade of the local tax payers' databases, partnership projects of LSGs and CSOs, the criteria for support for capital investment planning and programme budgeting as well as the concept for the first European PROGRES' campaign.

The next PSC meeting is planned for February 2015.

⁴² In agreement with the SEIO and both donors, the inception period was extended to 16 September to align the reporting time framework for both EU and SDC contracts.

⁴³ The Inception Workshop was held outside the inception period primarily because of the engagement of the Government on alleviation of the damages caused by the flooding that hit Serbia in mid May 2014.

⁴⁴ The Inception Workshop Report with Annexes is available at http://www.europeanprogres.org/dokumenti/37_121526_eup-inceptionworkshop-report-approved-24102014.pdf

Finance⁴⁵

These are the key financial indicators for the reporting period:

- The total disbursement as of 31 December was 847,451.55 Euros or 4.85% of the budget
- Forecast delivery for the period 1 January – 31 March 2015 is 663,182.83 Euros

Procurement

Progress has been made on several key procurement activities:

- Evaluation for the conduct of Local Governance Assessment in 34 LSGs has been completed. Contracting of the selected consultancy will be finalised in January 2015.
- Following issuing of the construction permit for the building for Bujanovac Faculty Department, the signing of the contract for the construction of the building is scheduled for early January 2015.
- UNOPS' Headquarters Contracts and Property Committee (HCPC), the appropriate procurement authority, reviewed and approved recommendation for hiring of the Association of Consulting Engineers of Serbia (ACES) for conduct of trainings for the management of contracts for infrastructure projects.

Other procurement activities were related to organisation of European PROGRES events (e.g. PSC meetings, information sessions, and calendar completion ceremony), ambassadorial visits, and production of visibility materials.

Human resources

European PROGRES engaged three experts for the project management who have been supporting the LSGs to develop applications, a Spatial Planner who will provide specialised skills for development and implementation of activities related to urban planning and (GIS), and a Communications Officer. In addition, the Programme hires three **on call** consultants: for competitiveness, agribusiness, and financial monitoring and revision.

European PROGRES continues to benefit from UNOPS, the Programme implementing agency, provided and funded learning and development opportunities:

- Twelve member received certification in PRINCE2 Practitioner Exam⁴⁶
- The Sector Manager for Competitiveness and Operations Manager completed UNOPS Foundation Project Management Course, which introduces the key UNOPS project management methodology and tools
- The Sector Manager for Infrastructure completed UNOPS Advanced Project Management Course that provides deep insight into UNOPS project management methodology

⁴⁵ The final financial figures will be provided in certified financial reports but information provided in this Report provides insight into spending trends.

⁴⁶ PRINCE2(Projects IN Controlled Environment) is a structured project management methodology. Practitioner level tests knowledge on the application of PRINCE2 and foundation level confirms understanding of the methodology.

- One team member is enrolled to Stanford Advanced Project Management Certificate Programme
- Two team members are undergoing Harvard Business Publishing School Leadership Course.

Relevant staff attended courses on human rights, procurement, technical designs, sustainability marker, business acquisition and safety.

Reporting and Monitoring

With the objective to align quarterly reporting periods with the annual calendar, this Quarterly Report covers the period from 17 September until 31 December 2014. All European PROGRES' staff produces weekly and monthly reports. The Programme has also started to produce general monthly reports and although not contractual obligation these could be provided to the SEIO and the donors upon request.

Evaluation

The Programme regularly monitors inputs. The initial tools, procedures and reporting for monitoring of outputs, outcomes and impact will be established in Q1 2015.

Offices

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

Security

No security issues or threats for European PROGRES staff were recorded. In line with the security arrangements, the Programme conducted or facilitated the following key activities:

- The Programme Security Focal Point was appointed. Relevant briefings were provided by Operations Manager and the Department of Safety and Security (UNDSS)⁴⁷ Officer.
- The UNDSS Officer visited Vranje, Niš, and Novi Pazar offices on 22, 23, and 24 October. The visits included revision of staff and vehicle lists, fire plans and other similar documents. No security issues were identified. Security Wardens for Vranje and Niš Offices were appointed during the visits.
- Security briefing provided to newly engaged European PROGRES staff, with the focus on secure usage of vehicles.

⁴⁷ The Department of Safety and Security (UNDSS) is responsible for providing leadership, operational support and oversight of the security management system, ensure the maximum security for staff and eligible dependants as well as enable the safest and the most efficient conduct of the programmes and activities of the United Nations System.

- UNDSS delivered free-of-charge Fire Safety Training to five Programme staff (the Security Focal Point and designated Fire Wardens from offices). Training attendees obtained Fire Safety Certificate that are valid for one year.

Information Communications Technology

The following ICT activities have been conducted:

- The tender for procurement of IT equipment for nine staff conducted successfully.
- The selection of new mobile telephone provider completed and preparation of the contract is in the final phase. The new contract will provide better financial conditions for European PROGRES.
- European PROGRES website has been operational as of 9 December 2014 and is available at: www.europeanprogres.org

The domain of the predecessor Programme website that was available at www.progresprogram.org has expired but its content can also be accessed via European PROGRES' portal.

Assumptions and Risks

Assumptions

The Programme has monitored assumptions and they will likely hold true. At the Purpose level, the European integration remains the top priority for Serbia and she continues to align its legislation with the EU regulations. The cuts in Serbia's budget for 2015 reduce public servants' pay and decrease the national and local governments' financial capacity for investment into projects. The budgetary savings, however, should contribute to the country's macroeconomic stability and create basis for economic recovery. Therefore, the impact on the Programme should not be negative.

The overall political stability has been maintained but there were challenges. The incident with a drone carrying a flag of the Greater Albania that caused interruption of a football match between Serbia and Albania⁴⁸ and later visit by the Prime Minister of Albania to Serbia⁴⁹ that included a call to Belgrade to recognise Kosovo independence triggered surge of negative public reactions and provocations that once again revealed distrust and tension between the two countries. The situation in the South Serbia has remained stable and returned to normal shortly after these two events. Successful establishment of the National Minority Councils (NMCs), including the one for the Albanian minority, signal stability and room for gradual improvement of inter-ethnic relations, and make the assumption valid, although it is clear that inter-ethnic tension will remain present and dependent on the status of Kosovo talks.

Risks

In line with the Risk Management Strategy, European PROGRES invests efforts into identification and assessment of risks, and then into planning and implementation of responses. The following provides insight into the risks that have materialised and into those newly identified:

One of the key European PROGRES' risks in terms of magnitude of impact – delay in implementation of the CFCU managed **grant scheme for local infrastructure proposals** – has materialised. Despite Programme's timely technical assistance for the development of the Guidelines for Applicants, the CFCU did not advertise the call as planned, in October 2014, and its launch has been postponed for Q1 2015. This delay brings under question the feasibility of good governance activities that are dependent on the progress of infrastructure projects. In addition, having in mind PRAG⁵⁰ procedures, realization of a part of the construction works will likely be stretched to 2017, which is the last year of Programme implementation. Hence, European PROGRES will be exposed to additional time pressure when supervising the implementation of projects, the Programme's visibility would be reduced without opportunity to promote tangible outputs such as infrastructure, while the overall end date of European PROGRES is endangered.

In line with the Risk Management Strategy, European PROGRES will escalate this risk to the Programme Steering Committee and seek guidance for response actions. In case of further delays, the Programme Donors may have to consider modifying the action.

⁴⁸ B92 (October 2014) Skandal, dron, zastava tuča! [Online] available at http://www.b92.net/sport/fudbal/vesti.php?yyyy=2014&mm=10&dd=14&nav_id=911662 (Accessed on 5 January 2015)

⁴⁹ RTS (November 2014) Provokacija albanskog premijera u Beogradu [Online] available at <http://www.rts.rs/page/stories/sr/story/9/Politika/1746570/Provokacija+albanskog+premijera+u+Beogradu.html> (Accessed on 5 January 2015)

⁵⁰ PRAG refers to Practical Guide to Contract Procedures for EU External Actions

Changes in Serbia's **legislation** and policies **affect** the Programme, both positively and negatively. During this period, the National Parliament of the Republic of Serbia adopted the Law on Amendments to the Law on Planning and Construction that introduced changes in urban and spatial planning, management of geo spatial data, issuing of permits, etc. European PROGRES monitored closely the development of the new Law and timely planned to incorporate relevant provisions in activities. Therefore, the new Law provided the opportunity for European PROGRES to enhance relevance and sustainability of the planned activities, primarily those related to competitiveness and infrastructure, by ensuring they are aligned to the new solutions. The Programme will enhance coordination with the Ministry of Construction, Transport and Infrastructure in the coming period in order to explore these opportunities and reduce any possible dis-benefits.

During visits to the LSGs, within introduction of the Call for Proposal (CfP) for the development of technical documentation it was determined that (unresolved) **land ownership** will be one of the key obstacles for issuing the location permits. At this stage, this risk generates uncertainty for this specific activity that may result in a reduced number and quality of applications. However, in broader terms, unresolved ownership issues may affect other activities linked to the infrastructure and therefore require additional consideration. This risk is entered into the Register while the first response is to consider conduct of another CfP for the technical documentation at a later stage, in order to give the opportunity to some LSGs to resolve the ownership and compete for funding in this field.

While contracting the construction of Bujanovac Faculty Department is one of the key accomplishments until now, this project carries significant implementation risks. First, the start of the works will fall in winter months and make the progress plan to some extent dependant on the **weather** conditions. As reported previously, this jeopardises the completion of the project in time for the start of the university year 2016/2017. In response, the contractor will plan resources for mid-September 2015 as the date of commissioning of works while the Programme will introduce strict control of progress.

The Risks Register⁵¹ includes both initial and newly identified risks, as well as the information on the planned responses and their status.

⁵¹ The Risk Register is available in Annex V, attachment 5.1

Quality and Sustainability

In November 2014, UNOPS Serbia Project Centre (RSPC) started with the establishment of the **Project Management Office (PMO)** by hiring the Office Supervisor. Among other duties, the PMO will support establishment of the best standards and practices in the project management and will assure that the programmes and projects, including European PROGRES, apply those standards, thus contributing to quality performance.

Sustainability has been high on the Programme agenda. For example, European PROGRES included it as one of (key) evaluation criteria in all CfPs and this will be practice, wherever appropriate. Importance of sustainability is regularly underlined in communication with the beneficiaries/potential applicants. The Programme Team also attended the training in Sustainability Marker, which is UNOPS' global tool for analysis of social, environmental and economic aspects of projects. This training has raised staff understanding of sustainability, and the tool could be used for sustainability analysis of some major European PROGRES' actions.

Good governance, gender equality and social inclusion/human rights **control-and-track tool**, developed by the Programme during the inception, have been used for "screening" of the CfP criteria. The analysis resulted in some modifications that should contribute to sustainability and quality.

Lessons learned

European PROGRES **learns** from the experience and has been putting systematic effort to identify, record, and act upon lessons.

Learning from previous experiences

First, the European PROGRES has been **applying lessons learned** during the predecessor Programme.⁵² For example, The Programme strives to enhance access to information about its actions including provision of grants. With this in mind, the Programme's CfPs for support to local tax administration and the development of main designs included visits to each LSGs, information sessions, and on line technical assistance. This approach proved effective because the beneficiaries have shown high interest and positively assessed information sessions, and submitted large number of applications in response to these calls.

European PROGRES also pays additional attention to nine local self-governments that were not part of the previous Programme (Brus, Aleksinac, Gadžin Han, Doljevac, Merošina, Svrljig, Babušnica, Bela Palanka, and Knjaževac). For example, colleagues who provide project management assistance for development of applications paid almost double number of visits to the nine new municipalities than to those that have a continuity of cooperation with area-based actions. There were applications from nine municipalities in response to CIF CfP, eight municipalities participated in each of the calls for updating tax registries and developing main designs – this is initial indicator that European PROGRES assistance was effective.

⁵² European PROGRES has analysed the Final Report of the its predecessor, its Final and Mid-term Evaluation, recorded feedback by the beneficiaries, and the lessons identified by the implementation team.

The Programme endeavours to enhance sustainability and encourage development of economic projects. In order to achieve this, the Programme gave significant weight to sustainability and economic impact criteria in the three calls that were concluded so far. In addition, importance of sustainability and economic projects are among key European PROGRES' messages for the beneficiaries.

The overview of the key lessons learned from the previous Programme that European PROGRES seek to address is available in the Annex V, Attachment 5.2.

Learning during implementation

The Programme also learns as the implementation progresses. For example, the analysis of the Programme's plans for the first six months pointed to several areas that need to be improved: there is a need for careful consideration of LSGs' capacities when developing (quarterly) plans in order to ensure they are not overburdened; when creating a schedule, the team will need to add the time needed for the approval by the Programme Steering Committee; estimates of activities' duration need to be more rigorous; finally, the plans should allow time for unexpected events and problem solving.

The Inception Workshop, the information sessions organised in support of the CfPs and several other Programme functions confirmed that the beneficiaries want to learn about the best practices. European PROGRES increasingly includes presentations of successful projects in its events, with objective to establish this as a standard practice.

Finally, it has been reaffirmed that the coordination and cooperation with ministries, national institutions, and organizations such as SCTM, National Alliance for Local Economic Development, NARD and other development stakeholders is important for avoidance of overlapping and maximising quality of the designed interventions.

These and several other identified lessons are available in the Annex V, Attachment 5.2 – European PROGRES Lessons Log.

Work Plan

European PROGRES plan for the period from 1 January - 31 December 2015 is available in the Annex V, Attachment 5.4. The following are the key priorities for the forthcoming 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

- Launch the CfP for provision of support for Capital Investment Plans and Programme Budgeting
- Issue grants for upgrade of local tax payers' data base and start implementation
- Launch the CfP for development of planning documentation
- Conduct training needs assessment and develop training curricula for municipalities to improve contract management, monitoring and evaluation of infrastructure projects
- Start the Local Governance Assessment
- Hold kick-off meetings with the local Gender Equality Mechanisms

Result 2

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

- Start update of competitiveness data for 2014
- Develop activity for improvement of business-enabling environment
- Select the best projects for development of main designs and start issuing grants
- Start the construction of the building for the Bujanovac Faculty Department
- Finalise the CfP for supporting Public Private Partnership and seek the PSC approval
- Complete the first phase of the evaluation of clusters' project proposals
- Complete Assessment of Agricultural Producers' Groups
- Launch women entrepreneurship activity

Result 3

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

- Issue grants for the selected partnership projects between CSOs and LSGs through Citizens' Involvement Fund
- Develop approach for vocational training activity
- Develop approach for preparation and implementation of local strategies/action plans for employment and social inclusion
- Initiate procurement of educational materials for the elementary schools in Preševo, Bujanovac and Medveđa, in accordance with the Feasibility Study

Result 4

Effects of Serbia's European integration communicated to general public

- Organise at least three high profile functions
- Create social media strategy and activate Twitter
- Develop and distribute the first issue of European PROGRES' newsletter
- Prepare the ToR, advertise and select consultancy for the conduct of the first campaign

Annex VI - Progress against indicators in logical framework matrix

Objectively verifiable indicators	Progress during the reporting period
Overall objective: To contribute to sustainable development of underdeveloped areas of Serbia by creating more favourable environment for business and infra-structure development, integrating good governance principles, thus increasing employability and social inclusion.	
Serbia's ranking in the World Bank's Doing Business Report improves for at least five places Serbia's ranking in the Global Competitiveness Report improved for at least five places	Not applicable.
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 At least five new investments in industry until the end of the Programme Export of SME sector increased by at least 5% until the end of the Programme Enabled employment of at least 1,500 people as the result of (in)direct activities within the Programme	European PROGRES has put emphasis on economic impacts during development of the criteria for provision of support through calls for proposals. In its communication with the local self-governments (LSGs), the Programme regularly encourages identification and development of projects with potential for investments and employments.
Result 1: Strengthened local governance, planning and management capacities through introduction of new, or improvement/elimination of existing procedures and processes in line with the principles of good governance	
Activity 1.1.1 At least 50% municipalities participating in the Programme introduce Capital Investment Planning, by the end of the Programme implementation (baseline 2014: 23%) ⁵³	The December Programme Steering Committee approved criteria for provision of support for introduction of Capital Investment Planning.

⁵³Baseline Study on Competitiveness, EU PROGRES, 2014

<p>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)⁵⁴</p>	<p>The December Programme Steering Committee approved criteria for pro-vision of support for Programme Budgeting.</p>
<p>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 selected⁵⁵</p>	<p>The Call for Proposals for the improvement of the Tax Payers' Registries conducted: 30 local governments submitted applications, and more than half (16) were approved in the December PSC meeting for funding.</p>
<p>Activity 1.2 Capacities for management of geo-spatial data and/or quality of geo-spatial data enhanced in at least 10 local self-governments by the end of the Programme. (baseline 2014: 33% per municipality)⁵⁶</p>	<p>The assessment confirmed that LSGs have interest and potential for improvement GIS. Ten municipalities have established some form of GIS. Preševo, Merošina, Brus, Crna Trava and Gadžin Han, have needs but limited capacities for GIS and will need to establish partnerships with other municipalities.</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>The assessment of Planning Documents showed that all LSGs, except Bosilegrad and Preševo, need support for development of detailed regulation plans (DRPs). The criteria are prepared, focus is on DRPs with economic potential, and will be presented to the February PSC.</p>
<p>Activity 1.3 By the end of 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>The Association of Consulting Engineers of Serbia (ACES) selected for the trainings for the use of the International Federation of Consulting Engineers (FIDIC) contract modality in implementation of infrastructure projects. The start of activity planned for early 2015.</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>The process was initiated with visits to the municipalities and them having appointed the 36 focal points for good governance (GG). One GG introductory workshop was held.</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 Plans⁵⁷</p>	<p>Contract signed with the implementing party, UN Women. The implementation to start in the second half of January 2015.</p>

⁵⁴Baseline Study on Competitiveness, EU PROGRES, 2014

⁵⁵LTA Office Annual Reports

⁵⁶Obstacles to Infrastructure Development, EU PROGRES, 2013

⁵⁷Baseline Study on Competitiveness, EU PROGRES, 2014

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 ten assemblies, women councillors successfully advocated for at least one gender issue by the end of the Programme	This activity is planned for after the local elections in 2016.
Activity 1.7 At least five municipalities introduced gender sensitive budgeting procedures and practices by the end of 2016. Sustainability of the action ensured through adoption of relevant municipal decisions by the end of the Programme. Baseline: three municipalities have performed budget and local policy analyses from gender perspective ⁵⁸	The project for gender activities that is signed with the UN Women includes activities for introduction of gender responsive budgeting in at least five LSGs.
Result 2: Increased competitiveness of local economy through improved business environment and management/organizational capacities of SMEs/agricultural cooperatives	
Activity 2.1 Total competitiveness index increased by at least 10% in all Programme municipalities by the end of the Programme, or at least 25% in one of the sub-indexes regarding: the Capacity of Local Community to Manage the Community's Resources and Potentials, Economic Policies, Strategies and Measures, Financial Capacities of the Public and Private Sectors ⁵⁹	The adopted amendments to the Law on Planning and Construction provide basis to European PROGRES to develop this activity. The Competitiveness Web Portal that enables LSGs to monitor and update their competitiveness data is functional. The Programme will present the portal to LSGs in February 2015 and provide technical assistance for update of the competitiveness information.
Activity 2.2 Pipeline of at least two inter municipal and at least 35 local priority economic and social infrastructure projects, in line with the national sector priorities, with full scale technical documentation, developed in accordance with the criteria within PPF 5 after the assessment of the existing pipeline has been done	The CFP for Development of the Main Designs was advertised from 3 November to 16 December: 28 LSGs submitted 51 applications. Evaluation 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	Upon September PSC approval, European PROGRES issued grant to support operations of the Joint Technical Secretariat of the Instrument for Pre-Accession Assistance Cross-border Programme Serbia-Montenegro. This effort will enhance opportunities for the municipalities from the South West Serbia to access IPA funding. This is the first European PROGRES grant.
Activity 2.3 At least one priority inter-municipal project implemented by the Programme completion	The building permit was issued on 1 December 2014. European PROGRES agreed contract details with the (previously) selected construction company and signing is scheduled for the first week of January 2015.
Activities 2.3 and 2.4 Works supervision services provided to the CFCU as contracting authority for the priority infrastructure project implemented by it	Not applicable
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	The Programme provided timely initial technical assistance for the development of the CFP Guidelines but the Call has been postponed to Q1 2015.

⁵⁸Baseline Study on Competitiveness, EU PROGRES, 2014

⁵⁹As identified in the World Bank's Doing Business in Serbia 2014 ranking

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	Not applicable.
Activity 2.5 Comprehensive assessment study completed with recommendations for all municipalities, through relevant departments, to develop and adopt criteria and procedures to assess advantages and disadvantages of providing a service with own capacities or outsourcing it to the private sector/other entity, by the end of Programme and implementation supported	This activity will be developed in Q1 2015 in consultation with the Swiss Back Stoppers for good governance.
Activity 2.5 All projects are organised with clear responsibilities in the procurement, contract management, monitoring and evaluation; at least 20 new local policies and/or administrative regulations linked to infrastructure projects are elaborated in a participatory manner, approved by councils, implemented and monitored, clearly indicating who invests, owns, decides upon, maintains, benefits from and monitors the new infrastructure, by the end of Programme	Not applicable – depending from progress of Activity 2.4, implementation of infrastructure projects.
Activity 2.6 At least three impediments in vertical coordination between the Government of Serbia and the local self-governments addressed or resolved by the end of the Programme, through regular, structured and thematic consultations with the relevant ministries and institutions, and in cooperation with the SCTM, thus positively impacting accountability, transparency, effectiveness, and efficiency of LSGs	This activity will be developed in Q1 2015 in consultation with the Swiss Back Stoppers for good governance.
Activity 2.7 At least two PPP models developed and implemented by the end of the Programme	Draft criteria for the CfP for Public-Private Partnership (PPP) were prepared and will be presented to the PSC in February 2015.
Activity 2.8 At least 30 SMEs introduced international quality or food safety standards (ISO 9000, HACCP, Global GAP, etc.) and organised in at least two new clusters and/or cooperatives	European PROGRES maintained relations with the Ministry of Agriculture and Environmental Protection which have provided guidelines for the development of this activity.
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	Nothing to report.
Activity 2.8 At least 20 SMEs, member of clusters, introduced innovation or use innovative market development techniques, until the end of the Programme.	Following October 2014 PSC approval, European PROGRES advertised the CfP for Provision of Support to Clusters in Common Market Approach and Introduction of Innovations.
Activities 2.9 and 3.10 At least 30 agricultural producers, members of the cooperatives, use new techniques and technologies in the production until the end of the Programme	The Ministry of Agriculture and Environmental Protection have provided guidelines for the development of this activity. A short term Agribusiness Analyst has been recruited to conduct mapping and assessment of capacities of the agricultural producers' groups. The Inception Report outlining the assessment methodology was produced.
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	ibid.

Protected Designation of Origin) ⁶⁰	
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	This activity will start in February 2015.
Result 3: Improved access to employment, offering equal opportunities to both men and women, and social inclusion of most vulnerable and marginalised groups through development and implementation of local policies resulting in reduced migration from South, South East and South west Serbia	
Activities 3.4 and 3.10 Employment and social inclusion action plans, targeting equally both genders, developed and integrated in the medium term municipal budget planning in all European PROGRES municipalities by the end of the Programme (baseline 2014: four municipalities with Social Inclusion Strategies) ⁶¹	European PROGRES' conducted survey about strategies and/or action plans for social inclusion, local employment, and Roma integration or employment: six LSGs have Social Welfare Strategies, 17 have Local Action Plans (LAPs) for Employment; and 13 have LAPs for improvement of Roma status. Programme regularly consults SIPRU.
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%) ⁶²	Ibid.
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.	First CIF CfP concluded: 77 applications received from 32 municipalities; the December PSC approved 20 projects for funding, primarily contributing to social inclusion and employability of vulnerable population.
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 ⁶³	The Citizens' Satisfaction Surveys will be conducted in the last year of the Programme implementation.
Activities 3.2 and 3.10 Citizens' Advisory Services provided in eight municipalities, to at least 1,000 people during the Programme implementation; sustainability ensured by at least four municipalities providing budget for running costs after the Programme ends, documented by a relevant municipal decision	This activity will be developed in early autumn 2015.
Activities 3.3, 3.5, and 3.10 At least 100 unemployed successfully completed vocational trainings organised by the end of Programme and sustainable follow up courses in place beyond the duration of the Programme to increase the employment chances of participants in trainings	The Programme has consulted the Ministry of Education, Science and Technological Development, the Institute for the Advancement of Education and the National Employment Service. European PROGRES will define the implementation approach in Q1 2015.

⁶⁰Serbian Intellectual Property Office (2014) *The List of Indications of Geographical Origin Registered in the Intellectual Property Office* [Online] Available at: <http://www.zis.gov.rs/intellectual-property-rights/indications-of-geographical-origin/list-of-igo.91.html> (Accessed on 1 February 2014)

⁶¹Baseline Study on Competitiveness, EU PROGRES, 2014

⁶²Report on Employment of Roma, Ministry of Labor, Employment and Social Welfare, Belgrade, 2013

⁶³ 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

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 ⁶⁴	This activity will start in Q2 2015.
Activity 3.7 At least four cultural centres in multi-ethnic municipalities (e.g. for intercultural music, theatre and art productions) upgraded	The Coordination Body for Preševo, Bujanovac and Medveđa (CB) will develop guidelines for this activity, whose launch is planned for Q3 2015.
Result 4: Effects of Serbia's EU accession communicated to general public	
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 ⁶⁵	The Programme had meetings with the Ministry of Education, Science and Technological Development and the CB regarding implementation of the Feasibility Study for Improving Learning of Serbian as a Non Mother Tongue among Albanian Elementary School Children. The Ministry took ownership by establishing the Working Group (WG) that will be steering the implementation of the Study. European PROGRES participate in the work of the WG as observer and now has foundation to support implementation of particular activities that will start in Q1 2015.
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. ⁶⁶	The Communications Strategy developed; two ambassadorial visits organised; the (new) website has been launched and available at www.europeanprogres.org ; the art competition with the theme "Discover Europe" for European PROGRES' Calendar 2015 has been completed; 180 positive media reports have been generated, accurately noting funding support provided by the European Union and the Government of Switzerland.
Two advocacy/awareness campaigns promoting European values conducted within the Programme implementation	The December PSC approved the concept for the first campaign that primarily promote economic aspects/benefits of European integrations process.

⁶⁴ 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.

⁶⁵ This indicator may change during the Inception Period when final decision will be made on the approach taken for the activity 3.10, which will depend on the Coordination Body Feasibility Study, whose results will be known in April 2014.

⁶⁶ As indicated in the findings of the Citizens' Satisfaction Survey 2017 and compared to 2013 Citizens' Satisfaction Survey results