

The Eleventh Programme Steering Committee

Vranje, 29 April 2013

Minutes



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I AGENDA

1. Welcome and introductory speeches
2. Presentation of Vranje as investment friendly city
3. Approval of the minutes of the Steering Committee meetings held in Ivanjica and Belgrade
4. Presentation of the Quarterly Report January-March 2013
 - Overview of key achievements
 - Overview of critical projects and challenges
5. Presentation of framework for the conduct of Municipal Competitiveness Study
6. Presentation of International Labour Organisation (ILO) activities in Serbia and Terms of Reference (ToR) for the conduct of skills gap analysis
7. Voting
8. Other business

II MINUTES

AGENDA ITEM 1: WELCOME AND INTRODUCTION SPEECHES

- **The Mayor of Vranje, Zoran Antić**, welcomed the participants of the eleventh EU PROGRES Programme Steering Committee (PSC) and said that a delegation of the PSC attended opening of Vranje One Stop Shop (OSS), which was established with EU PROGRES support. The OSS would enable Vranje to increase efficiency in issuing of building permits to citizens and investors. This was only one of numerous successful projects supported through EU PROGRES and Vranje recognised the Programme as its strategic partner. He confirmed the City was working intensively to bring two investors into the Bunuševac Industrial Zone, Geox and DitrelItalia, that should enable opening of 2,000 new jobs.
- **The Deputy Director of the European Integration Office of the Government of the Republic of Serbia (SEIO) and the Chairman of the PSC, Ognjen Mirić**, announced that the project document for EU PROGRES successor was positively assessed at a meeting that the SEIO had in Brussels. Although the final decision about funding of European PROGRES would be taken by September 2013, there were clear prospects for positive outcome. Mirić explained that European PROGRES 2 would be financially supported by the European Union and co-financed by local self-governments and the Government of Serbia. The project budget would be about 20 million Euros and it would start after March 2014, upon completion of the ongoing EU PROGRES intervention. Mirić confirmed that the Instrument for Pre-Accession Assistance (IPA) for 2013 will be used to support other important projects besides European PROGRES 2, such as resolving issues of refugees, Roma population, development of project technical documentation, etc. He emphasised that the SEIO was developing budget for the European Union (EU) assistance that would cover period 2014-2020. In addition, the SEIO was working with the European Commission on identification of projects' framework, which included cross border cooperation programmes. Mirić also informed the participants that the PSC members held an extraordinary meeting in Belgrade on 5 April to consider pending funding requests, primarily those regarding



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infrastructure project proposals. He confirmed that the PSC approved eight infrastructure projects for immediate funding in the amount reaching almost 600,000 Euros. There were other infrastructure projects ready for funding and they were put on reserve list.

- **The Project Manager with the Delegation of the European Union (DEU), Ana Stanković,** greeted recalled that the EU PROGRES signing ceremony was also held at the Hotel Pržar, almost three years ago, in June 2010 and hence this was a good time to review the results of the Programme in promotion of local self governments, improvement of lives of the citizens and attraction of foreign and domestic investments. Stanković reaffirmed that the EU recognised the need for further support to the South and South West Serbia and thus included EU PROGRES 2 in the package of support to Serbia, through IPA 2013. She confirmed that the DEU and the EU Enlargement Commission positively assessed document for European PROGRES 2 and hoped that the final decision would be brought by September 2013. Stanković again called municipalities to work intensively in order to successfully complete projects supported through EU PROGRES and requested more attention to be paid to sustainability aspects of the interventions.
- **The National Programme Officer of the Swiss Agency for Development and Cooperation (SDC), Petar Vasilev,** was pleased to hear good news regarding plans for the next period and added that the SDC was preparing the Cooperation Strategy with Serbia in the period 2014-2017. The Decision by the Swiss Parliament to increase funds for international assistance would enable increase of budget that was planned for Serbia. The Government of Switzerland was interested to support three sectors: development of local governments, economic development and energy efficiency. Vasilev added that the Swiss experts for good governance were impressed with the Programme's results in this field after their visit to EU PROGRES in early April, and urged all stakeholders to continue work on good governance reforms. Vasilev also informed the PSC that the SDC delegation that visited Vranje in February was satisfied with the results achieved through EU PROGRES' projects, since they also produced new jobs. However, he emphasized that it was also necessary to address the issue of safety at work.
- **Assistant to the Minister for Regional Development and Local Self Government, Jelena Spasić,** said that the big interest demonstrated by the mayors and representatives of local self governments (LSGs) for the Programme was a proof that EU PROGRES should continue activities in the future. Spasić announced that the Ministry opened call for proposals to support local communities' projects and invited LSGs to be active in sending their applications.
- **Mirić** explained the approach of IPA funds in the future, saying that the EU assistance would be provided through sectors. There would be no other projects such as EU PROGRES and its successor, which target specific geographic area. It was therefore necessary to define needs of South and South West Serbia in particular sectors. Definition of regional development strategies was important step in this respect. He further said that after 2014, besides EU, the key donors in Serbia would be Swiss, Norwegian and Swedish Governments. Municipalities should understand this and intensively work on development of project proposals.



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AGENDA ITEM 2: PRESENTATION OF THE CITY OF VRANJE

- **The Coordinator of Local Economic Development Office (LED) in Vranje, Jasmina Petrović**, presented efforts which Vranje put in order to make the City an attractive location for investors. She praised cooperation with EU PROGRES, which was example of integrated development approach. Support included a range of projects, from development of planning and technical documentation, to infrastructure, enhancing services for investors and branding activities.

AGENDA ITEM 3: SUMMARY PRESENTATION OF THE QUARTERLY REPORT JANUARY - MARCH 2013

- **EU PROGRES' Deputy Programme Manager, Marko Vujačić**, presented key achievements of the Programme from January-March 2013. He noted positive trends regarding the number of completed projects: 107 or 53% of projects have been completed, which was an increase of 8% in comparison with the previous reporting period. EU PROGRES' efforts, as well as PSC engagement at Ivanjica meeting, contributed to the reduction of the number of critical projects from six to one. In terms of outcomes, Vujačić highlighted effects of support to local tax administration offices and participatory budgeting, adoption or revision of 30 local policies within good governance component, contribution to investments and new jobs, such as Geox in Vranje, and support to over 1,100 vulnerable persons.
- **Vujačić** said that the discussion at the previous PSC meeting about transfer of ownership from Srbijašume to Sjenica over plot of land that should be used for transfer station was yielding positive results. Sjenica used Kuršumljia experiences for finding a solution with Serbiašume and this was an example how the PSC added value. **The Mayor of Sjenica, Hazbo Mujović**, said that this was not the case and although the municipality put efforts to find a solution he did not expect positive answer from Srbijašume. He added that a large portions of land on municipal territories belonged to Srbijašume and this was a big problem for LSGs.
- **Vasilev** asked about activities in the Leskovac Green Zone as there were delays. Since there were no representatives from Leskovac, Vujačić explained that there had been some positive movements: Action Plan for the Zone and criteria for investors have been adopted by the City Assembly, further steps agreed with Mayor, a Greek company expressed interest to invest 75 million Euros for the production of algae, which although potentially positive could complete change in the initial concept of the location. There was therefore a pressing need for Leskovac to engage with potential investors, speed up works on construction of roundabout, while the Programme would need to have serious discussions with the City in the coming period.
- **EU PROGRES' Programme Manager, Graeme Tyndall**, added that the Programme was facing serious implementation challenges, such as the Green Zone, Raška river protection works etc. All municipalities stated that employment was their top priority but their action needed to fit the rhetoric. In Leskovac, there were several investors keen to enter the Zone and there was no reason why the City should not work with them. Tyndall said that the Programme was relying



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upon the grant methodology and that LSGs needed to take project implementation seriously and put aside development from politics. If municipalities wanted to participate in European PROGRES 2 they needed to respect the agreed project dynamics.

- **Mirić** said he hoped there was some kind of cost benefit analysis of turning to one investor instead of already agreed methodology and five investors. He said that the PSC needed to request a written explanation from the City of Leskovac on this change because the Programme could not afford to lose funds invested into the Zone development. It was also necessary to agree action plan how to overcome the situation.
- **Vujačić** explained that the only critical project was the second phase of the Medveđa Termovent factory where there was a four month delay in delivery and installation of machines. **The Mayor of Medveđa, Slobodan Drašković**, said that the reconstruction took longer than planned but the building was now operational. He highlighted that the delivery of machines was expected by 15 May when they could start their installation. The start of the testing period was expected in June. Drašković said that a protocol with the Slovenian investors has been signed and that both sides would respect the timelines and obligations. He added that a lawyer, on behalf of the municipality, prepared the draft contract on public-private partnership (PPP) and that EU PROGRES was consulted during the process, about the good governance aspects.
- **Mirić and Spasić** asked Medveđa Mayor to share with the PSC documentation on PPP so they can review and possibly provide advice, having in mind complexity of the project. Drašković confirmed he would share the documentation.
- **Vujačić** noted political instabilities and changes in ruling coalitions had been regular risks, which were causing weeks' long delays for some projects. In addition, changes in Law on Public Companies and Law on Value Added Tax posed challenges to the Programme.

AGENDA ITEM 5: PRESENTATION OF FRAMEWORK FOR THE CONDUCT OF MUNICIPAL COMPETITIVENESS STUDY

- **Development Consulting Group (DCG) Director, Mirjana Stanković**, presented the framework for the conduct of municipal competitiveness study. She said that the Study would help municipalities to get better starting position when entering the new Programme. It will also identify sectorial and individual needs of the regions. The Study will provide insight into the level of municipal competitiveness and will include recommendations on how to improve situation. The aim was not to provide data that are isolated from each other but to research how different factors jointly affect competitiveness. She concluded that the participation of all partners was crucial during the process.
- **Mirić** asked what would be the role of LSGs in the conduct of the Study. **Stanković** said that communication and coordination would be instrumental. DSG will ask support from LSGs to



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collect data and reach out to relevant stakeholders. DSG will organise a workshop at the beginning of the process, in order to agree roles and responsibilities of stakeholders.

- **Spasić** asked how benchmarks for municipalities would be set, having in mind their potentials were not even. Stanković confirmed that benchmarking would not be a simple cluster of indicators. There will likely be groups of municipalities, small, middle sized and large ones. This will be followed with development of specific criteria and instruments for each group. Spasić noted that ranking of municipalities is not popular and suggested presentation of data by certain criteria that also may be more relevant for those who observe municipal competitiveness. Stanković said this was exactly the reason for development of online competitiveness tool that will enable users to analyse data against different criteria and baselines.

AGENDA ITEM 6: PRESENTATION OF INTERNATIONAL LABOUR ORGANISATION (ILO)

ACTIVITIES IN SERBIA AND TERMS OF REFERENCE FOR THE CONDUCT OF SKILLS GAP ANALYSIS

- **EU PROGRES' Technical Specialist, Dušan Čukić**, said that job creation was instrumental. However, opening of jobs will not be worthwhile if there are no people who have skills to do the work. Education levels were not favourable, especially in the Programme area, and thus it was necessary to consider what should be done in order to enable local population to develop skills and knowledge and make them competitive on the labour market. The new Programme could include activities to tackle this issue. It was also needed to conduct skills gap analysis and the International Labour Organisation (ILO) was the organisation with relevant experience in this field.
- **ILO Coordinator for Serbia, Jovan Protić**, presented work of his organisation, while focusing on activities in Serbia. He said that ILO has been developing range of recommendations and analysis that could enhance employment levels in Serbia. ILO tried for the first time ever to establish link between educational system and labour market that was one of major weaknesses over the past decades. It conducted analysis to identify needs of local employers in Vranje and Leskovac regarding work force at the high school levels. Analysis identified six education profiles needed by local employers. Protić hoped that ILO would be able to expand this analysis to cover a broader area. He found that development of career management guidelines would also be helpful for youth.
- **Mirić** added that the Ministry of Education should be fully included in all these activities in order to ensure strategic rather than ad hoc approach. Protić confirmed this was ILO's common practice.
- **Tyndall** said that the next step was to develop a project proposal and share it with the PSC for comments. Mirić agreed and said they would be expecting it in the coming weeks.

AGENDA ITEM 7: VOTING

The PSC anonymously approved the following:



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- Quarterly Report for January-March 2013
- Minutes of the PSC meeting held in Ivanjica on 24 February
- Minutes of the Extraordinary PSC meeting held in Belgrade on 5 April.

AGENDA ITEM 8: OTHER BUSINESS

- **EU PROGRES' Component 3 Manager, Jasmina Ilić**, urged the municipalities to be more efficient in spending funds. She added that the changes in the Law on Value Added Tax affect certain projects. Namely, in the construction industry, VAT tributary was not any longer contractor but investor. This meant that in cases where EU PROGRES had engaged contractor there was no mechanism to conduct VAT exemption. This in particular affected construction of the Regional Centre for Development of Agriculture on Pešter. The PSC agreed to discuss this issue separately.
- **The President of Priboj Municipal Assembly, Saša Vasilić**, expressed disappointment by the PSC decision to put their project for Youth Office adaptation on the reserve list of infrastructure projects. The requested amount of about 38,000 Euros was relatively modest. In the meantime Priboj signed a contract with the Ministry of Education for provision of equipment for the Office. Vasilić wanted to know what prospects of getting funding for this project were.
- **Mirić** said there was a chance for provision of funding to support some projects in case of favourable exchange rate fluctuations or lower actual values of tenders. The final answer will be provided during the next PSC, at the latest.
- **Mayor of Preševo, Ragmi Mustafa**, objected PSC's decision to reject their infrastructure project proposal. He understood that distribution of funds through EU PROGRES has never supposed to be proportional among municipalities but was disappointed that his municipality received only 100,000 Euros instead of expected 700,000. Mustafa also called for implementation of decentralisation process and asked the PSC to put across this message to the Serbian Government.
- **Mirić** said that proportional distribution of funds was and would not be practice in the future. Preševo project was in the group of proposals that did not meet technical requirements and thus could not be recommended for funding. He also said that work on decentralisation strategy was ongoing. **Spasić** confirmed the MRGLSG was intensively working to list competencies of LSGs and other public bodies in order to develop proposal for a specific decentralisation model. The MRGLSG would also announce other calls for financing of projects and Spasić called municipalities to develop their proposals. "There will be funding opportunities for key projects that bring change in local communities", she said.
- **Mayor of Vlasotince, Nebojša Stojanović**, said that project from his municipality for construction of outdoor school was on the waiting list. He agreed that municipalities should not



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get funding per se but thought that their good projects should be supported. No municipality should be favoured, and smaller municipalities should also benefit.

- **Representative of the Ministry of Finance and Economy, Žarko Malinović**, said he was not under impression that any municipality was a favourite one but thought it would be useful to conduct a simple analysis that will show ratio between submitted and funded projects per municipality. He pointed out that the number of projects is not a guarantee they would be funded – there was a need to ensure their quality, they need to reflect priorities and target relevant sectors. **Mirić** said that Vlasotince project had been put on the reserve list and added that sustainability aspect was not clearly defined. **Stanković** reminded municipalities that projects were evaluated on the basis of submitted documentation and thus municipalities needed to pay attention to the quality.
- **Drašković** said that Medveđa project was rejected because no proof of ownership was provided. That was not logical because the municipality provided building permit that meant ownership issues were solved. **Ilić** confirmed that in addition to building permit, EU PROGRES requested land registry papers. There were cases in the past in which there were clear discrepancies between owners noted in the building permits and land registry paper and the Programme could not take that risk.
- **The President of the Association of Persons with Paraplegia, Srđan Trajković**, handed a certificate of gratitude to the EU PROGRES for efforts put in the employment of people with disabilities.
- **Mayor of Bujanovac, Nagip Arifi**, thanked EU PROGRES for the support offered so far and offered to host the next PSC meeting.
- **Mirić** thanked everyone for participation and said that the next meeting will be held in Bujanovac.



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III LIST OF PARTICIPANTS

	Name	Institution/Organisation	Function
PROGRAMME STEERING COMMITTEE VOTING MEMBERS			
1.	Ognjen Mirić	Serbian European Integration Office	Deputy Director
2.	Ana Stanković	Delegation of the European Union (DEU)	Project Manager
3.	Petar Vasilev	Swiss Agency for Development and Cooperation (SDC)	National Programme Officer
4.	Janičije Jeremić	Ministry of Labour, Employment and Social Policy	Secretary
5.	Jelena Spasić	Ministry of Regional Development and Local Self-Government	Assistant to the Minister
6.	Milica Rodić	Coordination Body for Preševo, Bujanovac and Medveđa	Director's Advisor
7.	Žarko Malinović	Ministry of Finance and Economy	State Secretary Cabinet
PROGRAMME STEERING COMMITTEE PARTICIPANTS			
8.	Negovan Stanković	Ministry of Labour, Employment and Social Policy	State Secretary
9.	Jovan Protić	International Labour Organisation	Coordinator for Serbia
10.	Galip Beqiri	Albanian National Minority Council	President
11.	Branko Budimir	The Serbian European Integration Office	Head of the Department for Planning, Programming, Monitoring and Reporting on EU Funds and

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			Development Aid
12.	Zoran Antić	City of Vranje	Mayor
13.	Nagip Arifi	Bujanovac Municipality	Mayor
14.	Milomir Zorić	Ivanjica Municipality	Mayor
15.	Slobodan Drašković	Medveđa Municipality	Mayor
16.	Ragmi Mustafa	Preševo Municipality	Mayor
17.	Jovan Čorbić	Raška Municipality	Mayor
18.	Hazbo Mujović	Sjenica Municipality	Mayor
19.	Nenad Krstić	Trgovište Municipality	Mayor
20.	Šemsudin Kučević	Tutin Municipality	Mayor
21.	Nebojša Stojanović	Vlasotince Municipality	Mayor
22.	Saša Vasilić	Priboj Municipality	President of the Municipal Assembly
23.	Fevzija Murić	City of Novi Pazar	Mayor Assistant
24.	Arandžević Milan	Prokuplje Municipality	Municipal Council member
25.	Jasmina Perunović	Prokuplje Municipality	Head of PR department
26.	Snežana Radović	Kuršumlija Municipality	Head of LED Office
27.	Marinko Đorđević	Vlasotince Municipality	LED office
28.	Milan Vučković	Vladičin Han Municipality	LED office
29.	Ankica Milenković	Surdulica Municipality	LED office
30.	Saša Dodić	Bojnik Municipality	Head of LED Office
31.	Fazila Azemović	Bujanovac Municipality	LED Office Manager
32.	Beljuli Nedžad	Bujanovac Municipality	LED Office
33.	Jasmina Petrović	City of Vranje	LED office

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34.	Vida Stojanović	City of Vranje	Mayor's Cabinet
35.	Kadrija Redžepović	Association for Education of Roma	President
36.	Milkica Tasić	Association for Education of Roma	Coordinator
37.	Srđan Trajković	Association of Persons with Paraplegia, Vranje	President
38.	Milica Aleksić	RTV Vranje	Reporter
39.	Petar Stojković	Vihor - Niš	Director
40.	Enis Ujkanović	UNOPS-HSTF	Project Coordinator
41.	Mirjana Stanković	Development Consulting Group	Director
42.	Tatjana Strahinjić Nikolić	PBILD	Deputy Programme Manager
43.	Dragan Ristić	PBILD	Operations Manager
44.	Dejan Radivojević	UNOPS-Livelihood Enhancement for the Most Vulnerable Roma Families in Belgrade	Project Manager
45.	Dragana Milosević	UNOPS-Livelihood Enhancement for the Most Vulnerable Roma Families in Belgrade	Social Inclusion Associate
46.	Emilija Raicević	UNOPS-Livelihood Enhancement for the Most Vulnerable Roma Families in Belgrade	Social Inclusion Associate
47.	Nevenska Gril Timotijević	UNOPS-Livelihood Enhancement for the Most Vulnerable Roma Families in Belgrade	Civil Engineer/Architect
EU PROGRES			

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48.	Graeme Tyndall	EU PROGRES	Programme Manager
49.	Marko Vujačić	EU PROGRES	Deputy Programme Manager
50.	Dušan Čukić	EU PROGRES	Technical Specialist
51.	Dragan Mladenović	EU PROGRES	Component 1 Manager
52.	Jasmina Ilić	EU PROGRES	Component 3 Manager
53.	Dejan Drobnjak	EU PROGRES	Component 4 Manager
54.	Nermin Hasanović	EU PROGRES	Head of South West Serbia Office
55.	Milan Kolašinac	EU PROGRES	Engineer
56.	Ivan Mladenović	EU PROGRES	Engineer
57.	Ivana Todorović	EU PROGRES	Coordinator
58.	Evgjenije Islami	EU PROGRES	Coordinator
59.	Boris Zlatanov	EU PROGRES	Coordinator
60.	Mladen Cvetanović	EU PROGRES	Programme Assistant
61.	Petar Janjatović	EU PROGRES	Communications Assistant

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