**The European Partnership with Municipalities Programme**  
CRIS Number: 2010/242-918, IPA 2010, Serbia

**Overall objective:**  
To contribute to enhanced stability and socio-economic development in the South and South West Serbia.

**Purpose:**  
To enhance governance, municipal and inter-municipal management capacity and social, economic and physical infrastructure in a holistic, area-focused fashion.

**Total budget:**  
20.9 million Euros

**Start date:**  
1 May 2010

**End date:**  
31 March 2014

**Programme coverage:**  
Ivanjica, Nova Varoš, Novi Pazar, Priboj, Prijepolje, Raška, Sjenica, and Tutin in the South West Serbia  
Blace, Žitorađa, Kuršumlija, Prokuplje in Toplica  
Bojnik, Vlasotince, Lebane, Leskovac, Medveđa, Crna Trava, Bosilegrad, Bujanovac, Vladičin Han, Vranje, Preševo, Surdulica, Trgovište in the South Serbia.

**Donors:**  
The Delegation of the European Union (DEU)  
The Swiss Agency for Development and Cooperation (SDC)  
The Government of the Republic of Serbia

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

**Report date:**  
31 March 2014

**Period covered:**  
May 2010 – March 2014

**Prepared by:**  
Graeme Tyndall, Manager of the UNOPS Serbia Project Centre and  
EU PROGRES Programme Manager

UNOPS Serbia Project Centre  
Šumatovačka 59, 11000 Belgrade, Serbia
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANMC</td>
<td>Albanian National Minority Council</td>
</tr>
<tr>
<td>AoR</td>
<td>Area of Responsibility</td>
</tr>
<tr>
<td>BIC</td>
<td>Business Incubator Centre</td>
</tr>
<tr>
<td>BIRN</td>
<td>Balkan Investigative Reporting Network</td>
</tr>
<tr>
<td>CAC</td>
<td>Citizens Assistance Centre</td>
</tr>
<tr>
<td>CAS</td>
<td>Citizens Advisory Service</td>
</tr>
<tr>
<td>CB</td>
<td>Coordination Body for Bujanovac, Preševo and Medveđa</td>
</tr>
<tr>
<td>CIF</td>
<td>Citizens’ Involvement Fund</td>
</tr>
<tr>
<td>CIP</td>
<td>Capital Investment Planning</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organization</td>
</tr>
<tr>
<td>CzDA</td>
<td>Czech Development Agency</td>
</tr>
<tr>
<td>DEU</td>
<td>Delegation of the European Union</td>
</tr>
<tr>
<td>DRP</td>
<td>Detailed Regulation Plan</td>
</tr>
<tr>
<td>DS</td>
<td>Democratic Party</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EU PROGRES</td>
<td>European Partnership with Municipalities Programme</td>
</tr>
<tr>
<td>GEM</td>
<td>Gender Equality Mechanism</td>
</tr>
<tr>
<td>GG</td>
<td>Good Governance</td>
</tr>
<tr>
<td>GRP</td>
<td>General Regulation Plan</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>LSG</td>
<td>Local Self Government</td>
</tr>
<tr>
<td>LTA</td>
<td>Local Tax Administration</td>
</tr>
<tr>
<td>NES</td>
<td>National Employment Service</td>
</tr>
<tr>
<td>NIP</td>
<td>National Investment Plan</td>
</tr>
<tr>
<td>NMC</td>
<td>National Minority Council</td>
</tr>
<tr>
<td>OHMR</td>
<td>Office for Human and Minority Rights</td>
</tr>
<tr>
<td>OSDUA</td>
<td>Office for Sustainable Development of Underdeveloped Areas</td>
</tr>
<tr>
<td>OSS</td>
<td>One Stop Shop</td>
</tr>
<tr>
<td>PB</td>
<td>Participatory Budgeting</td>
</tr>
<tr>
<td>PSC</td>
<td>Programme Steering Committee</td>
</tr>
<tr>
<td>PUC</td>
<td>Public Utility Company</td>
</tr>
<tr>
<td>QMS</td>
<td>Quality and Management System</td>
</tr>
<tr>
<td>RNMC</td>
<td>Roma National Minority Council</td>
</tr>
<tr>
<td>SDC</td>
<td>Swiss Agency for Development and Cooperation</td>
</tr>
<tr>
<td>SEDA</td>
<td>Regional Development Agency of Sandžak</td>
</tr>
<tr>
<td>SEIO</td>
<td>Serbian European Integration Office</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SNS</td>
<td>Serbian Progressive Party</td>
</tr>
<tr>
<td>SPS</td>
<td>Socialist Party of Serbia</td>
</tr>
<tr>
<td>SS</td>
<td>South Serbia</td>
</tr>
<tr>
<td>SWS</td>
<td>South West Serbia</td>
</tr>
<tr>
<td>ToR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>UNOPS</td>
<td>United Nations Office for Project Services</td>
</tr>
<tr>
<td>WWTP</td>
<td>Waste Water Treatment Plant</td>
</tr>
</tbody>
</table>
Executive Summary

For almost four years, since mid 2010 until the end of March 2014, European Partnership with Municipalities Programme – EU PROGRES, worked with 25 municipalities in the South and South West Serbia on improving the governance, municipal management and development planning, infrastructure, and branding of areas. The Programme’s budget was 20.9 million Euros, provided by the European Union (14.1 million), the Government of Switzerland (3.2 million) and the Government of Serbia and the participating local self-governments (3.6 million). Out of 265 completed projects, majority (86%) were implemented through grant methodology, which was not only an assurance of the ownership but also served as a capacity building tool. Although much more time needs to pass before the full impact of the achieved is cognised, the initial results are not negligible.

There were over 40 projects for the development of industrial zones, enhancement of competitiveness and entrepreneurship, which contributed to commercial investments of at least 30 million Euros, facilitated employment of 300 people, and created a basis for opening of 3,000 jobs in the next one to five years. For example, the development of detailed regulation plans (DRP) and part of technical designs for the Free Zone in Vranje enabled issuing of the first construction permit in the Zone, to the Italian shoe factory Geox, which already employed 120 people and started construction of factory that will have 1,250 employees, an investment estimated at 15.8 million Euros.

In the South West, the Programme funded establishment of the Regional Centre for Development of Agriculture on the Pešter Plateau and development of the Centre’s feasibility study, construction of the building and procurement of agricultural machinery. The Centre will provide laboratory testing, cattle registration, machinery renting, education and advising, and thus directly benefit more than 200 agricultural producers in Sjenica, Novi Pazar and Tutin.

In order to increase municipal competitiveness, the Programme also supported setting up of four One Stop Shops, which should decrease the total time needed for issuing of construction permit from average 96 to 77 days and thus reduce one of the major obstacles for investors; five municipalities to develop capital investment plans (CIPs) and introduce programme budgeting, which already planned six million Euros for the projects identified in the plans; another five local governments were certified in Quality Management Systems (QMS) standards ISO 9001 and ISO 14001 and thus demonstrate their commitment to provide quality services to their citizens and business community; over 5,800 hectares of the construction land were covered with new, valid urban plans that regulate the industrial zones, tourism development areas, communal infrastructure, legalisation of informal settlements and housing and cross-border cooperation.

EU PROGRES’ support to local tax offices in eleven municipalities added 5,565 people to the databases, and generated increase of 47% in invoiced amount while, at the same time, the amount of collected taxes increased by 78 million dinars or 52%. 

Implementation of 45 local infrastructure projects directly made positive impact for 30,000 people, and indirectly for the entire area population. Within the education sector, 48 projects benefited 12,600 children: four reconstructed kindergartens enabled enrolment of 431 children, one new school was built and four were renovated, while taking into account the energy efficiency regulation. As a result, the new heating systems in schools and kindergartens only during winter 2012-2013 made cumulative savings of over 60,000 Euros.

New equipment was provided to twelve medical centres, giving citizens better access to screenings and health prevention, and in particular to women’s health. The most significant individual project was the provision of equipment worth 255,000 Euros for the Maternity Ward in Preševo, one of the high priority projects both for the Government of Serbia for the South and for the local government.

Ten projects directly improved water supply systems and enabled delivery of drinking water for tens of thousands of citizens. The connection to water supply network in three settlements made direct positive change for 687 Roma. In Prokuplje, asbestos pipes were replaced in four streets, providing improved water quality for 4,000 citizens. In Trgovište settlement Novo Selo, the construction of the main water pipeline and booster station doubled water inflow and provided stable water supply for 600 people.

EU PROGRES supported implementation of 48 projects that contribute to cleaner environment, while in particular the Programme ensured development of several projects of the national importance, in the field of solid and waste-water management. In line with the relevant national and regional strategies, and after the redesign of documentation for Banjica, four municipalities (Nova Varoš, Priboj, Prijepolje and Sjenica) founded a joint enterprise to manage the Landfill and allocated 31.5 million Dinars for operations in 2014, and started the works on the construction of access road to the Landfill, an investment worth eight million Dinars.

One of strongest features of EU PROGRES was the assistance to vulnerable communities, such as Roma, disabled, unemployed, elderly, and women. Over 10,000 vulnerable directly benefited from these activities. For example, 13 partnership projects between civil society organisations and LSGs facilitated access of some 1,200 Roma children to education and health; four Citizens’ Advisory Service Offices provided free legal aid to about 500 Roma citizens to obtain personal documents, access social welfare rights, education etc. The Programme’s work has been the key argument for decision of the Roma National Minority Council to award the Delegation of the European Union (DEU) and UNOPS for supporting the inclusion of the Roma community in 2013.

Significant progress has been made in the field of gender. At the end of the Programme, all 25 municipalities had a mechanism for gender equality (GEM), 22 developed local gender action plans, and 13 adopted European Charter for Equality of Men and Women. EU PROGRES also supported 24 projects that improved the position of women in the local communities, while nine women were assisted to start own businesses.
The work on good governance as a cross cutting theme distinguished EU PROGRES from other similar interventions in Serbia and theoretical principles, such as accountability, efficiency, or non-discrimination were transformed into clear and practical content. The Programme worked closely with the local governments to identify which aspects of a particular small infrastructure project need to be addressed in order to enhance governance – how to use/share benefits deriving from new equipment, how to use new sports facilities, how to ensure there was no discrimination during enrolment of children in the kindergarten etc. The solutions were turned into as many as 55 new or revised local policies and regulations, each and every enhancing one or more good governance principles. The good governance was also applied onto large infrastructure projects, and there was a good governance reform in one municipality. Bottlenecks in relations between the central state and municipalities were identified and reported to the Standing Conference of Towns and Municipalities which has a mandate to protect and advocate local governments’ interests before the Government.

EU PROGRES almost exclusively relied on local industries and service providers. Only four contracts were issued to foreign companies in the amount of 242,000 Euros. In other words, 98% of the funding planned for activities has been realised through local contractors and hence the Programme enhanced the turnover in the local economy.

However, not everything went smoothly and there were frequent delays in the implementation. Above all, the Programme activities slowed down six months ahead of the national and local elections in May 2012 and six months after, when the coalitions started to reshuffle. Those political changes implied appointment of new staff in charge of project management, but also, in some cases, reluctance of the new administrations to continue with those projects started by their predecessors. The economic crisis impacted the ability of the local governments to co-fund the projects, causing average delays of five months and extension of 27 projects. At the same time the ministries withdrew previously allocated funding for large development projects. Although it built capacity of municipal staff, the grant methodology delayed activities due to prolonged public procurements (on average eight months) and negatively impacted financial planning within EU PROGRES due to the fact that the exact value of any project was only known upon completion. The poor vertical communication between governments prolonged at least ten projects, while average delay was seven months. And finally, the severe weather, including state of emergency due to harsh winter and heavy snowfall, but also floods that regularly occurred in several municipalities were a reason for delays in implementation of the Programme.

The Programme regularly monitored development challenges in the area and tried to identify and systemise some bottlenecks. The two publications - “Obstacles to Infrastructure Development” and “Vertical Dimension of Good Governance” - provide potentially valuable insights for shaping of future development intervention in the country. Both are available to a wide audience through the Programme’s website.
For its assistance in the development in the South and South West Serbia, the Programme received awards from 13 local governments, and numerous certificates of appreciation from public institutions and civil society organisations. In 2011 EU PROGRES was ranked among UNOPS’ four best projects in the world, having been shortlisted among 1,000 projects from more than 80 countries. The National Council of the Roma National Minority awarded EU PROGRES for the contribution to improving the position of Roma in Southern Serbia.

Finally, EU PROGRES had solid partnerships, with the Government of Serbia and its ministerial representatives on the Steering Committee chaired and led by the European Integration Office which provided strong guidelines throughout Programme implementation; with the donors, the European Union and the Government of Switzerland, who in addition to providing funding remained supportive until the last day of the Programme; and above of all, with Programme’s contacts in the field - local governments, civil society organisations, development practitioners or ordinary citizens, which made all its successes possible.

Along with the Executive Summary, there are six chapters in this report: Review of Progress and Performance, including the policy and programme context, the progress towards objectives, the results, activities, management and coordination arrangements, risks and assumptions. The visibility of the Programme has been described in the Chapter 4, the lessons learned in the Chapter 5, while sustainability, including ownership, policy support, institutional capacity, financial and environmental aspects, technology and socio-cultural facts can be found in the Chapter 6. The penultimate chapter illustrates the key partnerships and cooperation, while the last one, Chapter 8, gives an overview of implementation of the indicators against the Logical Framework Matrix. Additional details of the implementation are found in a number of annexes accompanying this report, but also on the Programme’s website.
# Table of Contents

Executive Summary ................................................................. 4

1 Review of Progress and Performance ........................................ 9
   1.1 Policy and programme context ..................................... 9
   1.2 Progress towards objectives ....................................... 16
   1.3 Results ............................................................................ 29
   1.4 Activities undertaken .................................................. 44
   1.5 Management and coordination arrangements ................. 68
      1.5.1 Financial resources ................................................ 68
      1.5.2 Human resources .................................................. 70
      1.5.3 Administration/procurement .................................. 72
      1.5.4 Programme Steering Committee meetings ............... 73
      1.5.5 Implementation methodology ................................ 73
      1.5.6 Office Locations .................................................... 73
      1.5.7 Reporting ............................................................. 74
      1.5.8 Monitoring ........................................................... 74
      1.5.9 Programme’s evaluation ......................................... 75
      1.5.10 Security ............................................................... 76
      1.5.11 Information Communications Technology ............ 76
   1.6 Assumptions and risks ................................................... 76
      1.6.1 Assumptions ......................................................... 76
      1.6.2 Risks .................................................................. 77

2 Visibility ................................................................................ 85

3 Lessons Learned .................................................................... 86

4 Sustainability ......................................................................... 91
   4.1 Ownership ................................................................. 91
   4.2 Policy support ............................................................ 91
   4.3 Institutional Capacity ................................................ 92
   4.4 Financial sustainability .............................................. 93
   4.5 Environmental protection measures ............................ 95
   4.6 Appropriate technology .......................................... 96
   4.7 Socio-cultural factors ................................................. 97

5 Cooperation, Partnerships and Recognitions ............................ 99
   5.1 Cooperation and partnerships ..................................... 99
   5.2 Awards and Recognitions .......................................... 103

6 Progress against LFM Indicators ........................................... 104

Annex I - Component 1 ......................................................... 116

Annex II - Component 2 .......................................................... 116

Annex III - Component 3 .......................................................... 116

Annex IV - Component 4 .......................................................... 116

Annex V - Programme General .............................................. 116

Annex VI - Operations ............................................................ 116
1 Review of Progress and Performance

1.1 Policy and programme context

Elections

There were two parliamentary, one local and one Presidential election during the Programme implementation and all gravely impacted the pace of activities. Primarily, the composition of the local governments changed after parliamentary elections and, often, former political opponents formed coalitions.

After the local elections in 2012, for example, Sulejman Ugljanin’s Democratic Action Party (SDA) had a comeback and formed a coalition with the Sandžak Democratic Party (SDP) in Novi Pazar and Sjenica. Despite the fragility of these coalitions, this was a step forward having in mind previous elections when violent incidents occurred between the rivals, which sometimes ended with the casualties.

Such coalitions, though, due to unresolved issues from the past or different priorities were frequently inefficient and affected the Programme negatively: development and projects were not a top priority, misunderstandings slowed down implementation, changes involved new people managing EU PROGRES’ grants, and in turn requested significant time before ownership over activities was achieved.

On a positive note, during the first year of Programme implementation, the establishment of the multi-ethnic local government in Bujanovac granted the Serbian ethnic community six seats in the local coalition, and was a first step forward in improving interethnic relations, political stability and economic prosperity.1

Subsequently, and possibly one of the most important political developments in the South Serbia, was participation of ethnic Albanians in all but Presidential elections. In March 2014 Parliamentary vote, two representatives of the Party for Democratic Action (PDA) were elected to sit in the Parliament: Riza Halimi (from Preševo) and Shaip Kamberi (former Bujanovac Mayor).2 This was also a step forward to stability of the area, especially having in mind that the leaders of other five Albanian parties decided not to take part in the poll, and yet the turnout of voters was quite high - 24,274 people cast votes.3

The Government Platform for the South Serbia

In early June 2013, the Government of Serbia adopted the seven-point Platform that contains concrete steps for reaching understanding on improvement of economic situation, use of language and national symbols, infrastructure, construction of a maternity ward, education, integration of Albanians into the state system.

EU PROGRES contributed to the implementation of the Platform priorities, in cooperation with the Coordination Body for Preševo, Bujanovac and Medveđa and municipalities, and supported equipping of the outpatient Maternity Ward in Preševo, as well as development of the project that would result in the construction of the building for Bujanovac Department of the Faculty of Economy in Subotica. The Programme also facilitated the signing of the Memorandum of Cooperation between the Mayor of Bujanovac and the Dean of Subotica Faculty of Economy, which is one of the preconditions for the approval of the financial support for the construction of the building.

Census 2011

The Census in Serbia, held in October 2011, showed there were 377,000 less citizens (i.e. 5%), than in 2002. Although this is to a certain extent a consequence of a low birth rate and migrations, one should also have in mind the boycott by the ethnic Albanians in the South Serbia. In Bujanovac, some 40% of the estimated population were registered, and those were mainly Serbs. In Preševo, less than 2,500 citizens were recorded. However, this failure to register in the Census impacted the allocation of funding for the Albanian National Minority Council, as only 5,900 Albanians declared to be living in the South Serbia.

The Census’ results revealed that the average age of population on the country level was 42.2 while in the South East region it was 43.3. The oldest citizens lived in Crna Trava (53.7), while Novi Pazar (33.5), Sjenica (37) and Tutin (32.1) had the youngest residents. The largest increase in the number of citizens in the entire country was recorded in Novi Pazar, while the largest decreases were observed in Crna Trava and Trgovište. The results were not unexpected and confirmed the challenges and adverse situation in municipalities covered by the EU PROGRES.

---

The findings show that 58.66% of 7,186,862 citizens (4,215,642) were economically inactive, i.e. they didn’t work and didn’t look for a job. 8 The inactivity rate was lower among men (42.8%) than among women (60.1%). The highest inactivity rate, 53.3% is observed in the South and East Serbia region. The average employment rate is 37.4%, and it is higher among men (44.9%) than women (30.5%). Again, the lowest employment rate is recorded in the South and East Serbia Region – 34% on average. 9

In regards the education, the Census’ results pointed that the number of people without primary school dropped, while the number of people with high school education increased (by 4%). The total number of illiterate persons decreased by 45.28%. When observed by sex 82.1% illiterate people are women. Crna Trava is among the five municipalities with the largest share of persons without educational attainment - 34,84%. 10 According to the data on religion, the majority of population is Orthodox (84.6%), there are 5% Catholics and 3% inhabitants practice Islam. Serbian is the mother tongue for 88.09% people, Hungarian for 3.38%, Bosnian for 1.93%, while 1.4% speaks Romani. 11

EU Integrations

The first inter-governmental conference between Serbia and the European Union (EU), which marked the formal start of Serbia’s accession negotiations, was held on 21 January 2014 in Brussels. 12 The EU presented its Negotiating Framework, which reflects Serbia’s specificities, and aims at “Serbia integrally adopting the EU Acquis and ensuring its full implementation and enforcement.” 13 The main challenges, according to the EU officials, were in the rule of law, including reform of judiciary, fight against corruption and organised criminal, reform of the administration, independence of key institutions, freedom of media and protection of minorities. 14

In early 2014 public opinion poll, 51% of Serbian citizens replied they’d vote for Serbia’s membership in the EU, while the number of those who would vote “no” (22%) dropped by 2% in comparison to the previous survey. Furthermore, 68% of citizens believe the

---

8 This figure includes also those who are under age or have been retired
reforms that Serbia is implementing in order to join EU would be beneficial regardless of the EU conditioning.  

**Legislation**

Several strategic documents and laws were adopted which were relevant for the Programme’s implementation. To name a few:

- Serbia’s Gender Equality Action Plan for 2010-2015, which was used as a basis for drafting the local action plans (activity 1.6/whole Programme)
- The Law on the Spatial Plan of the Republic of Serbia, the first of the kind after 40 years, giving framework and conditions for development of planning documents on the local level.
- The Law on Efficient Use of Energy that regulates the framework, conditions and modalities of efficient use of energy and fuels in sectors of production, transmission and distribution of energy. It establishes: policies, from the National Strategy to the municipal level; the management systems; minimal requirements of energy efficiency etc. One of the outcomes of the EU PROGRES’ infrastructure project in Vladičin Han was forming of the municipal team for energy efficiency and appointment of the project manager, which is now formalised by the new Law.
- Almost five years after the new Serbian Constitution permitted de-centralization of the state-owned assets and their push down to the municipal level, the Serbian Parliament enacted the Law on Public Property in 2011, which regulates the peculiarities of the public ownership regime. The main positive aspects of the Law on Public Property are that it (i) decentralizes the ownership entitlements, (ii) provides specific rules for use and disposal of public property and (iii) sets the framework for potential public-private partnerships. The Law on Public Property recognizes three types of public property: state-owned property (i.e. property owned by the Republic of Serbia), provincial property (i.e. property owned by the autonomous province of Vojvodina), and municipal property (i.e. property owned by local municipalities, including the City of Belgrade). The Law regulates the deadline for updating inventory of the LSGs by 6 October 2014.

However, failure to adopt some laws negatively impacted the Programme effectiveness. Although the Strategy for Free Legal Aid was endorsed, the Law was not approved and this impacted the sustainability of the Citizens’ Advisory Services. Similarly, the One Stop Shops cannot reach full productivity before the Law on Electronic Signature, which would allow for electronic authentication of the scans of the Cadastre excerpts e.g., comes into force.

**Reports of the independent institutions**

The State Audit Institution reports for both 2011 and 2012 identified problems common for all inspected local self governments: failure to abide by the Law on Budgetary System,
the Law on the Salaries in the State Institutions and Public Service, the Law on Procurement, lack of internal revision, inappropriately calculated salaries of officials, poor registry of non-financial assets, employment that wasn’t in accordance with the rulebooks and systematisation.

The reports of the *Commissioner for the Protection of Equality* pointed there wasn’t much move forward in regards application of the Law on Employment, while discrimination based on sexual orientation and ethnic origin continued. Other cases of discrimination included use of buildings/land, public proceedings, gender, and political affiliation. There was a need for public administrations to apply the laws that regulate the rights of the national minorities and introduce the regulations that would ease implementation of the laws on all levels, but also the training of judges, prosecutors, lawyers, on protection from discrimination was deemed necessary. At the end of 2012, the Commissioner recorded that only one out 21 Commissioner’s recommendations in 2011 were taken on board. Roma continued to be the most discriminated minority, while the ethnic distance towards Albanians was the highest. 17

The key recommendations in the Annual Reports prepared by the *Commissioner for Information of Public Importance and Personal Data Protection* include: more intensive supervision and implementation of the Law on Free Access to Information, compliance with the Commissioner’s decisions, amendments to the Law on Free Access to Information of Public Importance to enable protection of the “whistle-blowers”, higher transparency and accountability of public authorities, to name a few. 18

**National Minority Councils**

Four key National Minority Councils (NMCs) operate in the Programme Area of Responsibility: Albanian, Bosniak, Bulgarian and Roma. EU PROGRES supported the Councils, by funding the first ever joint project of Albanian, Bulgarian and Roma NMCs - “Together Towards Inter-Culturalism”, which resulted in inter-ethnic dialogue and improvement of awareness of different cultures. Individually, EU PROGRES contributed 10,000 Euros for opening of the offices of the ANMC and by assigning a Project Coordinator to the Office for Human and Minority Rights (OHMR) who was tasked with coordination of support to the NMCs.

---

16 Both online and available at State Audit Institution: [http://www.dri.rs/poslednji-revizorski-izvesta.html](http://www.dri.rs/poslednji-revizorski-izvesta.html) (Both accessed on 26 March 2014)
Education

From December 2010, when the Ministry of Education, Science and Technological Development established the Working Group for Provision of Books in Albanian significant progress was made: in autumn 2011, there was an official presentation of the ABC book for Albanian pupils, imported from Albania and approved by the Ministry of Education; in total, 88 books and workbooks for primary schools in Albanian were provided, predominantly though translation of available editions in Serbian. The Albanian National Minority Council, with support from the Coordination Body for Preševo, Bujanovac and Medveđa continues efforts in this field, while focusing on providing textbooks for secondary school pupils.

By June 2012 the first diplomas issued by the University of Priština were recognised by the European Association of Universities, allowing the graduates to either proceed onto the post-graduate studies in Serbia or apply for a job in Serbia’s public services. In its April 2014 decision the Constitutional Court of Serbia found that the regulation on recognition of diplomas from was unconstitutional. It, however, rejected the request to suspend enactment of the regulation and postponed promulgation of its decision in the Official Gazette for six months, meaning that the decision will not come into force by then.

Teaching in Bosnian was introduced in Novi Pazar, Sjenica and Tutin in 2013, by holding the first public lecture in Bosnian culture, history and language on the International Mother Language Day. In early 2014, the Minister of Education said during his visit to Novi Pazar, that the teaching in Bosnian should be conducted in such a manner to avoid segregation of children.

Economy

Despite economic crisis, there has been a significant rise in the value of export from 25 EU PROGRES participating municipalities, which grew by 113% from 2009 to 2013 and reached 665 million USD. This is also positive development in comparison with Serbia’s national growth that was 78% for the same period. Dominant export products in the AoR are domestic appliances, spare parts for automotive industries, furniture, footwear, textile and fruit, to name a few.

---

23 The data obtained from the Serbian Chamber of Commerce
Vranje kept its seventh rank as the cost effective small city, according to a research conducted by a special division of the Financial Times - the fDi Intelligence that looked at economic potential, cost effectiveness, human resources, quality of life, infrastructure, business friendliness and foreign direct investments’ strategies. Two factories have been opened in this city since the Programme’s inception: one in 2011, a textile production “Novo tekstil” which employed 90 workers (out of 350 announced) and Geox in 2013, employing 120 (out of 1,250 announced). Two other agreements were signed with Italian companies: “Seci Energia” for opening mini hydro power plants and “Ditre Italia”, which is expected to invest 13.5 million Euros and employ more than 400 workers in the production of upholstered furniture.

In Leskovac, Falke sock factory was opened in December 2011, having invested 12 million Euros. The Serbian Government subsidized each new job with 6,000 Euros. By the end of 2013 the number of workers reached 315. Furthermore, the Korean Jura, which started in February 2012 with 500 employees, an investment worth 13 million Euros, by May 2014 had 1,600 workers.

The German cable factory “Leoni”, in Prokuplje, over the past three years increased the number of its employees to 1,989.

In the South West Serbia, the “Panorama Hotel” at Zlatar Mountain was taken over by Nova Varoš Municipality and although the profit it generated wasn’t significant, it employs 49 persons and is fully functional. Novi Pazar has been hosting the annual Textiles Fair for four years now, gathering over 30 companies from Turkey and more than 15 local. Ever since 2010 the cotton coming from Turkey to Serbia is considered as domestic (Serbian) product in the eyes of the EU market regulators, making the local textile producers eligible for tax/duties deductions. Just recently, textile producers from Novi Pazar signed a contract with the Polish company “Prelic” on exclusive distribution of products from ten local companies.

In Priboj, negotiations have been going on with a number of potential investors for privatisation of the FAP automobile factory and finally, at the end of May 2014, a strategic partnership was signed between the FAP and the Finnish SISU truck company, which should start production in September this year.

The International Fair in Lugano, Switzerland, awarded Leskovac with the title “City of Taste”, in the wine and food category. Four products from the Programme Area of

---

24 Balkan Insight (2012) FT Credits Balkan Cities as Cost Effective [Online] Available at:
FDI Intelligence: Vranje među 10 najpovoljnijih gradova za poslovanje [Online] Available at:
(Accessed on 25 March 2014)
25 Voice of Serbia (2014) Vučić: FAP will work successfully again [Online] Available at:
http://voiceofserbia.org/content/vucic-fap-will-work-successfully-again (Accessed on 31 May 2014)
26 JugMedia (2012) Švajcarska nagrada grad ukusa pripala Leskovcanima [Online] Available at:
Responsibility (AoR) received the indication of geographic origin during EU PROGRES’ lifecycle: ajar from Leskovac, sheep cheese from Sjenica, lamb meat from Sjenica and cheese from Zlatar. The South and South West Serbia, as the areas with many potentials in development of original and recognisable brand products, required support in form of trainings, identification and writing project proposals, and development and promotion of brands.

However, the number of unemployed in the Programme Area increased by 6,130 – from 135,415 in July 2010 to 141,454 in March 2014. The largest increase was noticed in Leskovac (1,916 registered unemployed persons) and Vranje (1,680), while the number of unemployed dropped in Novi Pazar (940) and Ivanjica (754).

While the Serbian average unemployment in 2013 was 29.2%, the unemployment in the Programme Area was 47.8%. The extreme examples of enlarged unemployment rates were identified in Žitorađa (from 51% to 65.3%) and Tutin (from 50.3% to 60%). The positive examples of reduced unemployment were noticed in Blace (from 49.8% to 45.3%) and Ivanjica (from 40.2% to 36.9%).

During the lifetime of the Programme, the average monthly salaries in the 25 local self-governments were below the national average, although the increase trend was noticed at both levels. In 2013, the average monthly salaries after taxation in towns and municipalities were below the national average of 43,932 RSD. The citizens of Priboj had the lowest average income of 26,051 RSD while the highest average salary was paid in Preševo - 40,115 RSD.

1.2 Progress towards objectives

EU PROGRES was implemented at a time of global financial decline, which negatively affected Serbia’s economic performance and reduced her capacity for challenging reforms. However, four years of work on an ambitious and a wide-ranging development Programme in 25 municipalities in the South and South West Serbia have been fruitful.

EU PROGRES supported implementation of 265 development projects in the fields of infrastructure, municipal services, development planning, social inclusion, competitiveness and entrepreneurship, while ensuring good governance and gender equality were transversal themes. Great majority of these projects were realised through grant methodology, which stipulated that the grantees, municipalities and civil society organisations mainly, had ownership over activities while EU PROGRES maintained monitoring and advisory role. The graph 1 provides overview of projects that were implemented with EU PROGRES support.

---

27 Two have been registered prior to 2010 – Bujanovac mineral water “Aqua Heba” and barbeque meat from Leskovac.
28 The data obtained from the National Employment Service
29 Implementation Matrix provides basic data about all EU PROGRES projects and is available in Annex V, Attachment 5.1
There are clear indicators demonstrating Programme’s initial impacts while prospects for positive long-term effects are very positive. Overview of progress towards achievement is available in the update of the Logical Framework in Chapter.

**Economic Development**

Creation of conditions for accelerated economic development of the South and South West Serbia was a challenge in itself. At a time of a global economic crisis this was almost a mission impossible. EU PROGRES, however, successfully complemented efforts by the Government of Serbia and local self-governments to facilitate several major investments into the area, while in parallel the Programme was successful in laying foundations for increased economic activity in the coming years.

**Investments and Jobs**

EU PROGRES funded over 40 projects for the development of industrial zones, enhancement of competitiveness and entrepreneurship with one million Euros, which in turn contributed to commercial investments of at least 30 million Euros, facilitated employment of 300 people, and created a basis for opening of 3,000 jobs in the next one to five years. Furthermore, development of technical documentation for 25 projects resulted in a pipeline of “ready to build” projects of estimated value of 41 million Euros. To this effect, the support to development of Greenfield and Brownfield locations, proved to be effective even during the life cycle of the Programme.

The most effective individual projects were development of detailed regulation plans (DRP) and part of technical designs for the Free Zone in Vranje, which enabled issuing of the first construction permit in the Zone, to the Italian shoe factory Geox. Geox already employed

---

30 Impact Matrix provided overview of expected and realised outcomes and impacts and is available in Annex V, Attachment 5.2
31 Please see Annex III, Attachment 3.1 for information on “ready to build” pipeline of projects
120 people and started construction of a factory that will have 1,250 employees. Its total investment is estimated at 15.8 million Euros. Ditre Italia also signed a contract with the Government of Serbia to invest into the Industrial Zone, around 13.4 million Euros, and it will create 600 jobs. Vranje is expecting that these two investments will trigger arrival of sub-contractors that should open additional 500 employments.

The construction of the communal infrastructure within Leskovac Green Zone is another EU PROGRES’ project with major investment potential. The Zone covers 100 hectares, of which 42 are equipped with water, electricity and sewage and hence ready for the new investors, primarily the ones working on storage, processing and distribution of fresh fruits and vegetables. In response to the public call announced by the City at the end of 2013, four agribusiness companies expressed interest to invest 51 million Euros and create 850 jobs. These investments could create value chain, which will generate regular and stable business for more than 4,000 agricultural producers.

There is another indicator reaffirming high investment potential of the Free Zone in Vranje and Leskovac Green Zone: EU PROGRES’ Competitiveness Study of 34 municipalities in the South East and South West Serbia identified both as the two most significant greenfield locations in this part of the country, while the Free Zone in Vranje was also taken as an example of the best practice in terms of location management.

On the other hand the DRPs for the Industrial Zones in Vladičin Han were ranked the sixth, and Preševo, the tenth out of 12 projects identified as the national priorities within the Project Preparation Facility. This does not only confirm the relevance of provided support but also demonstrates there is potential for further development of the zones and hence attraction of investors.

The Green Zone project has been complemented with support to the fruit production in the Pčinja District. EU PROGRES funded establishment of an experimental orchard and provision of 202,247 fruit seedlings to 373 producers. This will increase the number of fruit trees in the Pčinja District by 12.5% and hence boost fruit production in the coming five years. Since 37 fruit processing companies from the South record annual growth of 5%, and one of the top ten juice European producers, “Nectar”, with a facility in Vladičin Han, mainly imports fruit from Macedonia, this is an indication that there is a demand for increased fruit production as well as potential benefit for producers and processors.

---


33 EU PROGRES supported development of the Competitiveness Study with specific objective to get a “snapshot” of the baseline status and current competitiveness situation at the local level. The Study was completed in February 2014 and is available with EU PROGRES.

34 PPF5 supports SEIO in the identification of national priorities for IPA co-funding and will provide assistance to SEIO and the line ministries on the formulation of sectorial objectives, priorities and measures for the annual and multiannual IPA 2014-2020 programming.

EU PROGRES supported one local infrastructure project that contributed to increased economic activity. The reconstruction of Medveđa wood processing factory “Termovent”, facilitated investment of a Slovenian donor and the Municipality into machinery for pellet production worth 820,000 Euros and contributed to opening of 42 jobs. The new factory will indirectly create business opportunities for approximately 200 local wood suppliers, while there is agreement to export at least two thirds of its production into Slovenia and other EU countries.

In Vranje, the Programme, in partnership with the Business Incubator Centre, supported three entrepreneurship projects targeting vulnerable groups. The interventions enabled registration of 26 new businesses and creation of 41 jobs for Roma, women and youth. The operations of newly registered enterprises are stable while there are examples of business expansion and value chain benefits.36

In the South West, the Programme funded establishment of the Regional Centre for Development of Agriculture on the Pešter Plateau and development of the Centre’s feasibility study, construction of the building and procurement of agricultural machinery. The Centre will provide laboratory testing, cattle registration, machinery renting, education and advising, and thus directly benefit more than 200 agricultural producers in Sjenica, Novi Pazar and Tutin.

Not surprisingly, EU PROGRES’ Skills Gap Analysis37 confirmed it was necessary to improve the link between education and the labour market. The Programme implemented one project targeting this issue: it provided new sewing machines and learning tools to the Textile and Leather Design School in Novi Pazar, as support to establishment of new vocational programmes that benefit local textile, footwear and clothing industry, which struggled to find workers of suitable educational profile and skills. The school works intensively on education of ten technicians and is in consultation with the local clusters and companies to ensure adequate quality of programme and subsequent employment of its students.

There were also indirect positive impacts on economic development. First, the Programme enabled opening of over 100 jobs through infrastructure and civil society organisations’ projects. For example, after reconstruction of three kindergartens 56 people were employed.38 Second, EU PROGRES almost exclusively relied on local industries and service providers. Only four contracts were issued to foreign companies in the amount of 242,000 Euros. In other words, 98% of the funding planned for activities has been realised through local contractors and hence the Programme enhanced the turnover in the local economy.

---

36 For example, privately owned recycling yards in Bujanovac and Vladičin Han benefited more than hundred people who collect secondary raw materials.
37 EU PROGRES in cooperation with the International Labour Organisation (ILO) completed Skills Gap Analysis in 25 Programme participating and nine additional municipalities. The Study reconfirmed it was necessary to improve the link between education and labour market, invest into human capital development, and to use but carefully design employment subsidies. Available at: http://www.euprogres.org/dokumenti/en/6_46_Skills_Gap_Analysis_in_South-West_Serbia.pdf
38 In Ivanjica, Raška and Tutin
**Competitiveness**

Assistance provided by EU PROGRES to local self governments (LSGs) for the conduct of a range of reforms that contribute to creation of a more conducive business environment should in the long run bring positive effects on economic activity in the area. The construction and equipping of Citizens’ Assistance Centres (CAC), higher citizens’ participation in municipal budget hearings, larger number of partnership projects between LSGs strengthen respect of accountability, transparency, efficiency, participation and equality. Enhancement of these principles is instrumental ingredient of any favourable “doing business” setting.

Four One Stop Shops were established and they should decrease the total time needed for issuing of construction permit from average 96 to 77 days and thus reduce one of the major obstacles for investors. Although a lot of work remains on LSGs to fully materialise this benefit, major improvements are recorded in Leskovac, Vranje and Ivanjica with an average of 30 days in 2013\(^\text{39}\), which is 69% reduction in comparison to the baseline of 96.58 days for the assisted local governments.\(^\text{40}\)

The five municipalities that were supported to develop capital investment plans (CIPs) and introduce programme budgeting, planned six million Euros for the projects identified in the CIPs, with 729,000 Euros foreseen for economic development proposals.\(^\text{41}\) For the first time, municipalities in the Programme AoR planned multi-annual implementation. Furthermore, the design of five Foreign Direct Investments Plans will also enhance municipal management and planning, such as development of planning documentation, and with the nine branding and promotional projects supplemented previous interventions.

The Programme successfully completed several activities enhancing local government capacities to manage own resources and potentials. Five local governments were certified in Quality Management Systems (QMS) standards ISO 9001 and ISO 14001 and thus joined a small group of municipalities in Serbia with the same accreditation. Through certification and, more importantly, consistent application of standards, municipalities demonstrate their commitment to provide quality services to their citizens and business community. This in turn will bring enhanced trust by citizens and business community.

EU PROGRES’ assistance for the establishment of three clusters was a relevant competitiveness element and although the clusters are in an early phase there are encouraging indicators of their sustainability and effectiveness: from the initial 27 entities in the second half of 2012, clusters now gather 73 members, of which 50 are small and medium enterprises. The clusters should enable their members to improve business processes, introduce innovations, develop joint marketing approaches and thus win (new) markets and increase profits.

\(^{39}\) This significant decrease is also consequence of economic crisis that reduced any investment undertakings and significantly limited number of construction projects

\(^{40}\) The overview of One Stop Shop baseline and realised indicators is available in the Annex II, Attachment 2.1.

\(^{41}\) For an overview of Capital Investment Plans and Programme Budgeting, please see Annex II, Attachment 2.3
In total, over 5,800 hectares of the construction land were covered with new, valid planning documents that regulate the industrial zones, tourism development areas, communal infrastructure, legalisation of informal settlements and housing and cross-border cooperation. Overall, this planning documentation creates conditions for investments into technical documentation, which in turn could attract tens of millions of investments.

Finally, to give an appropriate example of how a local government strategically approached its improvement of competitiveness, one should mention Vranje. Instead for infrastructure, the City applied, and received funding, for development of planning and technical documentation, establishment of One Stop Shop, development of FDI Plan and a branding project. EU PROGRES’ Competitiveness Study ranked Vranje the first of 34 municipalities, while the Financial Times’ magazine fDi Intelligence selected Vranje among the top ten business destinations in the category of European cities of the small size. EU PROGRES’ support to the City for sure contributed to these recognitions.

**Social Development**

Already visible impact made by the Programme is the improvement of living conditions of citizens in the South and South West Serbia. Implementation of 45 local infrastructure projects, directly benefiting 30,000 people, and indirectly the population of the entire area, lies at the heart of these advancements. EU PROGRES’ support to over 70 partnership projects and initiatives of civil society and local self-governments, primarily targeting vulnerable communities, has also been contributor to positive changes in the area.

**Education**

Within the education sector, more than 1.4 million Euros were invested to support 48 projects that benefited 12,600 children. Four reconstructed kindergartens enabled enrolment of 431 children. In parallel with the construction, EU PROGRES facilitated adoption of amended rulebooks on children admission in three kindergartens, which now include positive discrimination of children from vulnerable groups. One new school was built and four were renovated, while taking into account the energy efficiency regulation. As a result, the new heating systems in schools and kindergartens only during winter 2012-2013 made cumulative savings of over 60,000 Euros.

The Programme also funded development of four technical designs that create conditions for new infrastructure investments into education: in Vranje, Caritas already completed the

---

42 Please see Annex II, Attachments 2.4 and 2.5 for overview of EU PROGRES’ work on urban plans
43 Some of these investments were already realised. In Vranje, the works on the first phase on the reconstruction of the Theatre, worth 31.5 million Dinars, started. In the South West Serbia, a contract was signed to construct the access road to the Banjica Landfill, for eight million Dinars, while Nova Varoš financed the construction works in the Recycling Centre.
44 The EU PROGRES Final Evaluation finds that the most notable already realised impacts are improvements of the quality of life.
reconstruction of the Elementary School “Dositej Obradović”, worth 85,000 Euros, while using the documentation developed through EU PROGRES.

The Programme participated in the work of Stakeholders’ Committee for Bujanovac Department of Subotica Faculty of Economics of the University of Novi Sad and supports partners to create conditions for the construction of the building to be used by this high education institution. This is instrumental effort for the area, both in terms of socio-economic development and integration.

Finally, 17 small, partnership projects between civil society organisations and local governments improved different aspects of schooling. For example, in Leskovac, more than 400 Roma and Serbian children from schools were included in educational workshops and multi-ethnic activities promoting tolerance and multi-cultural cooperation.

Health

The basis for improved health services were set by renovation of health care facilities, provision of medical equipment and conduct of awareness raising campaigns, through projects whose value exceeded 727,000 Euros.

The new equipment was provided to twelve medical centres, giving citizens better access to screenings and health prevention, and in particular related to women’s health. The most significant individual project was the equipment worth 255,000 Euros for the Maternity Ward in Preševo, one of the high priority projects both for the Government of Serbia and for the local government. In addition, one medical laboratory was constructed, which can perform around 115,000 analyses annually, while there were three campaigns aiming to raise awareness on women’s health.

Communal

More than 1.9 million Euros were invested to support 34 communal infrastructure projects, which contributed to improved living conditions of tens of thousands people and created favourable business environment for more than 800 local companies that were affected by the interventions.

The Programme supported 16 water supply projects, delivered four modern communal trucks, funded four projects for reconstruction and or equipping of green and dairy markets, and two for regulation of rivers through urban area. In addition, eight partnership projects between local governments and civil society organisations resulted in small but useful improvements of communal infrastructure.

45 The Health Centre from Kuršumlija, whose part is the new laboratory, has been selected the best in the region and the seventh institution of this kind in the country.
Vulnerable

One of strongest features of EU PROGRES was the assistance to vulnerable communities, such as Roma, disabled, unemployed, elderly, and women. Support has been multi-dimensional, from provision of free legal aid to citizens in order to enable them to access some of their rights, funding of small scale partnership projects of civil society and LSGs that addressed particular problems in the local (vulnerable) communities, strengthening gender and inter ethnic mechanisms at the local level, but also infrastructure interventions. Over 10,000 vulnerable directly benefited from the activities.

The Programme in particular put efforts to address the difficult position of Roma community. Assistance has been versatile: access to clean water has been provided for 687 Roma through inter-municipal infrastructure targeting communities in Novi Pazar, Vranje and Surdulica; the DRP for Mala Guba settlement in Prokuplje was not only declared the best plan at the international exhibition of urban planners but enabled 47 Roma families to submit requests for legalisation of their houses; 13 partnership projects between civil society organisations and LSGs during this period facilitated access of some 1,200 Roma children to education and health; four Citizens’ Advisory Service (CAS) Offices provided free legal aid to about 500 Roma citizens to obtain personal documents, access social welfare rights, education etc. EU PROGRES also supported a Roma entrepreneurship project that enabled employment of 28 people. The Programme’s work has been the key argument for decision of the Roma National Minority Council to award the Delegation of the European Union and UNOPS for supporting the inclusion of the Roma community in 2013.

Support to people with disabilities and elderly was primarily provided through partnerships of civil society and LSGs and approximately 1,850 people benefitted from 23 such projects.

Gender

Significant progress has been made in the field of gender. Mechanisms for gender equality (GEM) at the local level have been institutionalised in all 25 municipalities in the South and South West, 22 GEMs developed local gender action plans, and 13 adopted European Charter for Equality of Men and Women. Programme’s advocacy efforts influenced introduction of budget lines and allocation of funding for the work of GEMs in nine municipalities. The budget lines were introduced in those municipalities in which EU PROGRES worked on gender issues and may signal effectiveness of Programme’s approach. EU PROGRES also supported 24 projects that improved the position of women in the local communities, while nine women were assisted to start own businesses.

46 EU PROGRES’ contribution to this positive change has been instrumental as it directly supported establishment of 12 GEMs and facilitated adoption of nine gender action plans and nine Charters.
47 The overview of budget allocations for gender and the CSOs is available in Annex I, Attachment 1.2
Graph 2: EU PROGRES’ results in the field of gender equality

Institutional support for the improvement of equality was given through establishing an office of the Commissioner for the Protection of Equality (CPE) in Novi Pazar, which will enable the citizens to get easier access to this institution.

After elections held in May 2012, women representation in local assemblies in EU PROGRES municipalities that were targeted by intervention rose to 29%, which is the increase of 11% in comparison with 2008 elections and on the edge of legally prescribed 30%. This is a strong indicator of positive change in gender equality, however, failure to elect a single female mayor in 25 municipalities points out the need for continuing efforts in this field.

Civil society

Working with the civil society organisations (CSOs) and empowering them to be a partner of choice for municipalities, but also to endure in their role of watchdogs – and to remind the local administrations to be accountable, efficient and to respect the rule of law, was one of the areas where EU PROGRES achieved remarkable results. This was done through 66 small projects, financed with 530,000 Euros during two (CfP) proposals of the Citizens’ Involvement Fund (CIF), all of which were realised in partnerships between civil society organizations and local government institutions. There were 16,500 direct beneficiaries of activities. Through these small projects, the Programme enabled permanent employment for 15 people and temporary jobs and occasional income for 83 people.

Along with the improvement of living conditions in the local communities, CIF projects were highly important in terms of capacity building of the civil society organisations themselves. The efficiency and accountability of the organisations grew and other donors started to observe that CSOs became “more reliable partners”.

---

23 Projects of Local GEMs supported  9 Women-owned businesses were registered

12 Local Gender Equality Mechanisms (re)established
12 Gender Local Action Plans adopted
9 Municipalities adopted the EU Charter on Gender Equality
9 Municipalities allocated budget for gender
Almost half of the CSOs (45%) that took part in the survey conducted by EU PROGRES in April 2014\textsuperscript{48} said that their cooperation over the last five years with the local governments improved, contrary to 25% who think there was no improvement. This was observed through increased number of partnership activities, better communication, higher financial support, regular calls for distribution of funds, assistance in project proposal writing. There are two more pointers of strengthened civil society: from 2010-2014 the municipal funds allocated for CSOs increased by 40.68\%\textsuperscript{49}; while the two thirds of surveyed organisations confirmed the increase in the number of projects they work on.

However CSOs (continue to) identify insufficient transparency in allocation of funds as the main problem in relation with LSGs. The State Audit Institution also warned municipalities in 2012 and 2013 about need to enhance transparency of the funding distribution mechanisms as well as monitoring of their use. LSGs responded to this warning and majority introduced public calls for provision of grants to CSOs.\textsuperscript{50}

EU PROGRES also supported small, independent media, through three small projects. Radio Sto Plus’ project “EU Funds – What’s in It For Me?” through seven radio shows reached about 7,500 people, emphasizing donor support to development of the South West Serbia and underlining the European values. The daily newspaper Danas, in its supplement Sandžak Danas, published 13 articles on gender equality to increase awareness on importance of gender equality and impact on higher involvement of women in decision-making.

**Environment**

EU PROGRES supported implementation of 48 projects, worth about 2.4 million Euros, that contribute to cleaner environment, while in particular the Programme ensured development of several projects of the national importance, in the field of solid and waste water management.

In line with the relevant national and regional strategies, the Programme completed work on the Main Design for the Expansion of the Meteris Landfill in Vranje and on the re-design of technical documentation for the Banjica Regional Landfill. The documentation for Meteris creates preconditions for transformation of Vranje Landfill into a regional one that should enable 243,500 inhabitants of the Pčinja District to dispose solid waste in the next 25 years. Following the redesign of documentation for Banjica, four municipalities (Nova Varoš, Priboj, Prijepolje and Sjenica) founded a joint enterprise to manage the Landfill and allocated 31.5 million Dinars for operations in 2014, and started works on the construction of access road to the Landfill, an investment worth eight million Dinars. These developments, and

\textsuperscript{48} Twenty-eight out of 36 CSOs participated in the survey. The results of the survey are available in Annex I, Attachment 1.1
\textsuperscript{49} The overview of budget allocations for gender and the CSOs is available in Annex I, Attachment 1.2
\textsuperscript{50} Baseline Competitiveness Study noted that 21 of 34 municipalities that were included in research, or 61.7\%, introduced public calls for CSOs.
announced mission for May 2014 by the Ministry of Energy, Development and Environmental Protection to access readiness of project for further investments, that could reach six million Euros, may be taken as indicators of significant project’s potential.

The development of the Preliminary Design for the Waste Water System for the National Park and Tourism Centre Kopaonik, which includes feasibility study and environmental impact assessment, is another project of the national importance. This design creates condition for investment of 8.5 million Euros that should include the construction of the WWTP, development of the main design for the collectors and their installation. Completion of this project will benefit half a million people – those living at the foot of the mountain and those visiting it as tourists.

EU PROGRES’ assistance included the construction of the Waste Water Treatment Plants (WWTP) in Trgovište and Crna Trava. While the former will improve the eco system of the Pčinja River basin and will enable irrigation of 200 family farms in Trgovište and 300 in Staro Nagoričane in the neighbouring Macedonia, for organic food production, the latter will improve the quality of water in the Vlasina River and contribute to safer water supply of 15,882 citizens of Vlasotince. In addition, Vlasina is recognised as the top touristic attraction in the Serbian National Tourism Strategy, which makes this project even more relevant.

The Programme also developed the main designs for the recycling centres in Nova Varoš, Vranje and Raška. The one in Nova Varoš is completed with the funding provided by EU PROGRES, municipality and the EU cross border programme CLEAN in the total amount of 120,000 Euros.

This, however, wasn’t the end of the Programme’s efforts to improve environment: the Environmental Management System ISO 14001:2004 was introduced in five municipalities, seven small scale partnership projects between the local self-governments and the civil society were funded, and more than half of 32 developed planning documents included environmental impact assessment, while the Programme implemented one campaign promoting recycling and energy efficiency.

Finally, six main designs were developed for water supply systems, river regulation and sewage collectors and the development of technical documentation already facilitated investments. For example, Tutin and the Ministry for Agriculture, Forestry and Water Management provided 140,000 Euros for the construction of 2.8 km of sewage collectors’ system in the municipality, while using the documentation developed through EU PROGRES.

51 In Trgovište, Ivanjica, Raška, Tutin, Novi Pazar and Vranje
Governance

The Programme’s work on good governance (GG) as a cross cutting theme distinguished EU PROGRES from other similar interventions in Serbia. Rather theoretical GG principles, such as accountability, efficiency, or non-discrimination were transformed into clear and practical content. EU PROGRES worked closely with the LSGs to identify which aspects of a particular small infrastructure project need to be addressed in order to enhance governance—how to use/share benefits deriving from the new equipment, how to use new sports facilities, how to ensure there was no discrimination during enrolment of children in a kindergarten etc. The solutions were turned into as many as 55 new or revised local policies and regulations, each and every enhancing one or more GG principles. The Programme organised its GG activities also around large infrastructure projects, it introduced GG reform in one selected municipality and identified bottlenecks in relations between the central state and municipalities.

The participatory budgeting, conducted in twelve municipalities, resulted in priorities specified by some 5,800 citizens being accepted while defining of 2013 budgets. Three municipal/city councils adopted decisions institutionalizing the Participatory Budgeting process, while 11 municipalities passed decisions on establishing local PB teams for future activities. For the preparation of 2014 budgets, five municipalities repeated the participatory budgeting.

The citizens’ satisfaction with the ease of access to personal documents increased in the municipalities where EU PROGRES supported the Citizens’ Assistance Centres. The municipal surveys showed that the efficiency in service delivery has increased by 90% in Trgovište and by 50% in Crna Trava. Their open and user-friendly environment as well as enhanced transparency was commended in both.

The work with the local tax offices resulted in almost 5,565 people being added to the databases, which created an increase of invoiced amount issued to taxpayers of 819,222 Euros in total or on average 47%. At the same time, the increase in collected (paid) property tax was 690,880 Euros in total or on average 52%. There is a great cost-benefit ratio of this action as well. The total investment was approximately 129,000 Euros, and the return in collected property tax is more than quintuple sum during the first two years of implementation period only while the benefits will continue to increase and accrue yearly.

The second Citizens’ Satisfaction Survey (CSS) showed the citizens’ trust in mayor’s office increased by 4%, while the number of those who believed it was easy and not complicated...
to finish administrative tasks in a municipality rose by 13%. More than half of the surveyed said there have been no changes in the performance of local public services in comparison to 2010, which is actually a good result, having in mind the worsening economic crisis in the last three years. The citizens perceive local administrations and tax offices as the best performing parts of the public services.

However, the Programme did observe improvement in municipal capacities, primarily through evaluation the application of the grant methodology, which was used in 86% of projects. For example, the average delay per project in 2011 was 7.1 months, in 2012 4.3, while in 2013 it was 1.9 months. In addition, the time needed for preparation of public procurement documents reduced, while the quality of the tenders increased. In 2011, LSGs needed two-three months to prepare tenders, while the compilation of tender packages for the last batch of local infrastructure projects was completed in three weeks in 2013, albeit under strict supervision.

Graph 3: Average delays per implementation year

The Programme facilitated establishment of municipal horizontal cooperation, for example in the implementation of inter-municipal projects or in dissemination of good practices in the field of good governance. For instance, Žitorađa applied a Bojnik model for management of its green market, through assistance provided by EU PROGRES. The Programme facilitated establishment of project organisation for five inter-municipal/regional projects, i.e. the Banjica Landfill, Pčinja Fruit Production Improvement, Leskovac Green Zone, Regional Centre for Development of Agriculture for Pešter and Pčinja District “Meteris” Regional Landfill.

There are two key elements that EU PROGRES used in implementation of five inter-

Knjaževac and Svrljig. The Survey results are available on EU PROGRES’ website: http://www.euprogres.org/biblioteka.php?id=46

56 Please see Annex V, Attachment 5.3 for Analysis of Delays

57 Ibid.

58 The Final Evaluation confirmed that EU PROGRES managed to facilitate horizontal municipal cooperation.
municipal projects, which are in principle linked to good governance work. First, whenever several municipalities perform together, it is imperative that they first agree a common objective and a common approach. Second, it is necessary to properly consider a range of project issues: legal, technical, institutional, financial and other in order to enable project partners to make informed decisions as well as to enhance prospects for success and/or sustainability of the initiative.

1.3 Results

Result 1 - Participative, responsible and transparent management with respect of human rights

Through two calls for proposals within the Citizens’ Involvement Fund (CIF) 66 projects were supported: 40 in the first and 26 in the second. More than half of the projects were focused on support to marginalised and vulnerable groups and addressed the needs of Roma, people with disabilities, youth and women. Other areas of support included application of good governance principles, environment protection, rural development and promotion of inter-ethnic tolerance. Compared to CIF-1, when half of the projects were delayed, which led to contracts’ extension, less than 25% of the CIF-2 projects were rescheduled, which clearly demonstrates capacity improvement of projects’ implementers. Furthermore, although the number of received applications within CIF-2 was much lower than within CIF-1 (125 less applications), percentage of project proposals recommended for financing by evaluation commission is much higher - almost 70%, while within the CIF-1 only around 30% got the green light.

The improvement in project management practices was noticeable in audit visits; for example, after the first audit, 70% grantees had smaller or higher challenges in implementation of projects. By the second audit, half of all grantees had some problems, while by the time of the third audit, only 5% made small errors.

Several services were established or improved through CIF: weekend programme for children with disabilities and their families in Ivanjica, water finding service and club for elderly people in Novi Pazar, assistance and care of elderly people at their homes in Priboj, children’s sports and cultural centre in Tutin, tourist info centre in Surdulica, cleaning public utility service in Preševo, mini rehabilitation centre in Leskovac, a youth centre in Prijepolje.
Graph 4: Overview of Citizens Involvement Fund projects

Installation of heating and sanitary and partial equipping of the Regional Centre for Mentally Challenged Individuals in Novi Pazar improves conditions for 60 direct beneficiaries from the region. Novi Pazar administration awarded the two project managers within the Centre on the occasion of the Day of the City for the efforts to improve the position of the mentally challenged individuals in the society.

The machinery provided to the Association for People with Special Needs of Raška for carpentry works and this project until now generated employment for 19 members of the Association. In Vranje, through purchase of a stall and photo copier machines four members of the Association of Disabled were employed. The graph 4 provides overview of thematic areas covered by CIF projects.

The Citizens’ Satisfaction Surveys (CSS) were conducted in the first and the third year of the Programme implementation. The first CSS covered 25 municipalities, with a sample of 6,500 citizens, while the second included the nine new municipalities, which will be a part of EU PROGRES’ successor Programme, with a sample of 8,000.

The Programme supported establishment of four Citizens’ Advisory Services (CAS) offices, in Žitorađa, Preševo, Novi Pazar and Prokuplje, and they provided assistance to 2,374 people from vulnerable groups. Legal assistance has been provided to 53% Albanians, 21% Roma, 20% Serbs and 4% Bosniaks. According to the gender structure 78% of users were male, and 22% female. There were 42% unemployed users, whilst 24% of them were social protection beneficiaries. The CAS office in Novi Pazar was integrated in the local administration. Prokuplje CAS is not yet functional, mostly because of the employment restrictions that the Government imposed to the
LSGs on new employments in the public sector. The same situation is in Preševo municipality. There is readiness for a functional CAS’ office in both municipalities.

During the first year, the Programme supported three municipalities to prepare their budgets in transparent and efficient manner, while a similar process was repeated in 12 municipalities subsequently. As a result, the budgets for 2013 reflect the priorities specified by their citizens. For example, in Vranje, the highest priority for the citizens was youth employment and the City allocated 38 million Dinars for this purpose for the first time. The priority for Leskovac citizens was opening of jobs and the City assigned funds to employ 54 young professionals with the average grades above 9,00 while 70,000 Euros were put aside for employment subsidies. In comparison to 2012, cumulative LSGs’ allocation in 2013 was about 1.85 million Euros more for priority issues identified by the citizens. Three municipal/city councils adopted decisions institutionalizing the Participatory Budgeting process, while eleven municipalities have passed decisions on establishing local participatory budgeting teams for future activities. The Programme followed up how 12 beneficiary municipalities conducted participatory budgeting during development of budget for 2014 without its technical support and determined that five LSGs applied EU PROGRES’ (comprehensive) methodology. Having in mind that participatory budgeting is a rather novel practice for local self-governments this may be considered as a solid achievement.

EU PROGRES also supported 19 municipalities to finalise their obligation and held two workshops on the content of integrity plans (IPs), stages of drafting, forming of working groups and competencies thereof. Eight municipalities finalised the IPs: Vranje, Prokuplje, Surdulica, Vladičin Han, Vlasotince, Bosilegrad, Ivanjica, and Medveđa. The plan was partially developed in Crna Trava.

The work on gender equality (GE) exceeded the plans. Along with the focus on institutional sustainability of gender equality, which included establishment of local gender equality mechanisms (GEMs), preparation of their action plans and adoption of the EU Charter on Equality of Men and Women in Local Life, EU PROGRES supported 24 GEM projects in two calls for proposals, which ranged from improvement of health of women and youth, prevention of violence to economic empowerment and improvement of political representation. GEMs were further capacitated through trainings, exchange of experience during a peer-to-peer conference, while the women local councillors were included in the training on policy making, advocacy, lobbying and representation skills.

Nine women-owned business start-ups were supported with small grants for equipment/durable goods, resulting in nine new jobs and nine new businesses registered. The outreach activities, supporting the Commissioner for Protection of Equality (CPE), were carried out in six municipalities, while the first regional CPE office was established in Novi Pazar.

Following delivery of the related medical equipment to Preševo maternity Ward and seven other medical centres, EU PROGRES sponsored a series of educational and awareness raising activities. A public awareness campaign on women health “Find the Time” marked the European Cervical Cancer Week with public events in Vranje, Preševo and Bujanovac and
covered approximately 270,000 citizens. As a result of a small campaign in Priboj, 1,800 women took mammography screening, which is 90% from the total number of the planned check-ups for the year. A similar campaign in Sjenica resulted in the increased number of preventive check-ups among women by around 35%.

The new premises of the Albanian National Minority Council (ANMC) were furnished and equipped. Roma, Albanian and Bulgarian National Minority Councils (NMCs) project benefitted about 33 people from minority groups who developed knowledge on multiculturalism. This project promoted tolerance, human rights, and cooperation between majority and minority groups. EU PROGRES’ associate supported the Office for Human and Minority Rights (OHMR) in preparation of the Draft Strategy for the Fight against Discrimination (2013-2018) as well as in monitoring the work of NMCs.

The Programme worked with 12 municipalities to establish local Inter Ethnic Relations Councils (IERC), by improving their legislative framework and development of capacities of the Councils to perform their duties. All 12 municipalities developed and adopted new municipal decision on establishment of the local IERC, which were prepared with substantial amendments in the field of jurisdiction.

In eight out of 14 municipalities, where the Programme provided assistance to link small infrastructure projects (SIPs) with the good governance (GG) practices, 55 regulations have either been adopted or revised. Five large inter-municipal projects function according to the good governance organisation, with process structure established using Programme’s expertise and assistance. In Bojnik, for example, market income increased by 15%; in Bosilegrad the quantity of collected waste almost tripled on daily basis, the savings in funds for the heating fuel are allocated for current repairs and maintenance as well as professional development of employees and procurement of new equipment; the number of parents that participated survey organised by the Kindergarten in Raška on the basis of decisions and templates developed with EU PROGRES’ support, increased by 50%, while the number of enrolled children belonging to vulnerable groups increased by 20%. In Ivanjica pure Good Governance reform resulted in the Rulebook for oversight of the local PUCs and the new, adapted Statute. Two books on Good Governance (Making Good Governance Tangible and Good Governance - Vertical Dimension) were developed and published.

Result 2: Municipal organizational effectiveness and efficiency improved and capacities to deliver services to citizens and business increased

Citizens’ Assistance Centres (CAC) were formed in Trgovište, Bosilegrad and Crna Trava. In addition, nine LSGs (Raška, Medveđa, Lebane, Blace, Novi Pazar, Preševo, Vladičin Han, Bojnik and Kuršumlija) were supported to upgrade their existing CACs. In Novi Pazar, for example, where the services were enhanced in 16 local communities, issuing of birth certificate took several days, while now it is executed in a matter of minutes. The estimated number of beneficiaries benefiting only from Novi Pazar project is 125,000.

59 Please see Annex I, Attachment 1.3 for more details on effects of the new regulations
60 Both available on EU PROGRES’ website library: http://www.euprogres.org/biblioteka.php?id=46
In Trgovište, 11,000 citizens have been served since the opening of the CAC, while 25% of all registry books (approximately 43,000 entries in total) were recorded electronically, and are connected to the Central Registry Database, which allows the municipality to provide distant service to citizens throughout Serbia. The most noticeable difference thus far, according to the 90% citizens who provided feedback in the impression book, is the user-friendly and open environment of the CAC.

Raška is also a good illustration of benefits of the EU PROGRES’ support for modernisation of CACs. After expansion of CAC to four local community offices, 8,000 citizens obtained service locally instead of having to travel between eight and 30 kilometres. For them, this intervention approximately saved 18,240 Euros of travel costs. This is also an example of project’s cost benefits – EU PROGRES invested 8,000 Euros into modernisation of Raška CAC and savings for the population only after the first year is more than double.

BICs in Prokuplje and Vranje completed projects in 2012. Seventeen businesses were registered in Vranje from EU PROGRES’ grant and one entrepreneur from the budget provided by the “Fund for an Open Society”. Businesses include printing, production of PVC joinery, souvenirs, hairdressing, butchery, fitness shop, recycling, car mechanics, fast food, video production, game arena and Internet café. Two BIC tenants supported by EU PROGRES received additional grants in the amount of 145,000 Dinars (approximately 1,300 EUR) per grantee for the purchase of supplementary equipment. Twenty-nine sustainable jobs were created after the registration of Roma start-up businesses, through a distant incubation in Vranje.

Three clusters formed – “Radan Mountain Tourism”, “Pešter Agro” and “South Serbia Fruit”, and successfully finalised planned activities. FDI attraction planning process completed in five municipalities and Ivanjica and Novi Pazar assemblies already adopted the plans.

Four One Stop Shops are functional (Ivanjica, Novi Pazar, Vranje and Leskovac), five municipalities received Quality Management and Environment Management Certificates (Novi Pazar, Bujanovac, Prokuplje, Ivanjica, Surdulica), and five adopted capital investment plans (Medveđa, Nova Varoš, Raška, Vladičin Han and Vlasotince).

The work with the local tax offices resulted in an increase of invoices issued to taxpayers on average 45.18%, and the increase in collected (paid) property tax on average 72.94%. Such increase had a definite positive effect, or at the very least eased down the negative effects of the national budget deficit crisis. The effects were particularly visible in Bojnik, Bujanovac, Lebane or Prokuplje where the increase in collection rate more than doubled in 2013 compared to 2010 data.
EU PROGRES also provided technical assistance to five local governments to develop Capital Investment Plans for 2014-2019 and municipal budgets for year 2014 in the Programme Budgeting format. As a result Medveđa, Vladičin Han, Raška, Nova Varoš and Vlasotince have cumulatively developed 117 projects valued over 109 million Euros, adopted by municipal assemblies through the five-year Capital Investment Plans. In addition, the local governments allocated budget for implementation of these projects through their 2014 budgets also adopted by local assemblies. Having in mind that the new programme budgeting format implies projection of budget over a three-year period, the LSGs have disbursed funding for CI projects over the 2014-2016 period. The 2014 budget allocates funds of almost six million Euros for implementation of 43 capital investment projects, out of which ten projects are related to economic development with allocation of 729,263 Euros for 2014. This proves commitment of the LSGs to implement capital investment projects, their readiness to implement a transparent and inclusive process for development of projects, and pioneering efforts to comply with the current legislation (as programme budgeting will be legally required as of Year 2015).

The Municipal Inventory Software, installed in 24 local governments, assists the municipalities to meet the requirements of 2011 Law on Public Property, and register own property, thus creating new value through increased revenues and expenditure control.

Result 3: Capacities for planning municipal and regional sustainable development strengthened and relevant development documents created

At the end of 2011, there was only one EU PROGRES’ municipality with general regulation plan, while seven had no detailed regulation plans. At the end of the Programme, all

---

61 Raška wasn’t included as it already has a similar software
partner municipalities have spatial plans, 12 LSGs adopted GRPs while eleven are underway. The Programme’s contribution to this positive change has been major, through development of 33 urban planning documents and studies in 21 local self-governments. Detailed Regulation Plans developed through the Programme cover the area of over 1,300 hectares of the construction land, whereas General Regulation Plans regulate almost 4,500 hectares. In addition, the *Spatial Plan Elaborate for Identification of Water Source Sanitary Protection Zones for Water Supply System in Bujanovac*, developed with EU PROGRES support, has provided foundation for improved water supply for 17,000 inhabitants of Bujanovac.

**Graph 6: EU PROGRES’ work on urban plans**

The equipping of the Urban Planning Directorates in Novi Pazar and Leskovac with GPS geodetic surveying sets has resulted in savings of approximately 10,000 – 12,000 Euros for the two cities, considering that almost 60 hectares of dense urban area were surveyed using internal capacities instead of outsourcing these services as before.

In addition, the Programme contributed to improvement of living conditions of Roma minority, by constructing a water supply system in Vranje settlement “Ćoška” and Blaževo in Novi Pazar.

**Result 4: Projects and project documentation prepared for key economic, environmental and social projects**

The Programme exceeded the planned results in many areas: technical documentation was prepared for five inter-municipal (main designs for the Banija and Meteris Landfills; Feasibility Study with Preliminary Design for Waste Water System for the National Park and Tourism

---

Centre Kopaonik and the Technical Study of Underground Drinking Water Reserves for Raška Municipality; the bypass road to the Industrial Zone in Vranje) and 20 local infrastructure projects

For example, the preparation of the main design for Vranje bypass road that will allow easy and fast access to the Industrial Zone from the Corridor X, will also dislocate the heavy transport from the City, thus reduce the emission gases by 5%. For the first six months of functioning, Nova Varoš recycling centre collected and separated 20 tonnes of paper, 1.5 tonnes of PET, 2538kg of PVC and 50m3 of various metals and generated income of 350,000 Dinars.

The finalisation of the designs for collectors network enabled Tutin to contract the works worth 140,000 Euros and thus increase the number of connections to sewage system from current 21,500 to 37,300 by 2030. Two other local infrastructure projects were supported: CARITAS funded renovation of Elementary School “Dositej Obradović”, while various donors provided about 400,000 Euros to assist the reconstruction of Vranje Theatre.

Sources were already identified for funding of three inter-municipal projects: the Ministry of Energy, Development and Environment will consider to apply to IPA 2014 for Banjica Landfill, Serbia Waters expressed interest in funding the flood protection structures in the Raška River basin, while the construction of the Waste Water Treatment Plant in Raška (for which the preliminary design was developed by the EU PROGRES’ predecessor) is also planned from IPA funding.

**Result 5 - Project financing facilitated through enabling contacts with ministries, donors and other projects**

EU PROGRES’ consultants gave significant support to developing legal and management documents for municipalities. The most important one was for the development of founding documents for the Regional Centre for Development of Agriculture (Pešter Development Centre) and for the Banjica Landfill managing company. The consultants worked to develop the business plan for the Regional Centre for Development of Agriculture and helped Medveđa municipality to choose the most suitable management modality for the Termovent Factory.

Another important activity was the development of the project proposal for the construction of the Department of the Faculty of Economy building in Bujanovac, which EU PROGRES’ consultants worked on together with the Municipality of Bujanovac and the Coordination Body.

Consultants’ support to municipalities in public procurement procedures shows further positive effects. The period to prepare tender documents dropped from almost two months to three or four weeks in municipalities that had to repeat tenders or procure additional works. The last approved eleven infrastructure grants were prepared by the municipal teams and with the strong support from the legal consultant in three weeks.

---

63 The full list of developed technical designs is available in Annex III, Attachment 3.1
Result 6: Selected projects financed and implemented through EU PROGRES

The plan to implement three inter municipal projects was exceeded three times and nine were identified and supported: Leskovac Green Zone, Pešter Agro Business Development Centre, water supply to Roma settlement in Jelašnica, Regulation of the Raška River watershed, Effluent metres for four municipalities in the South Morava basin, Vlasina River protection, Regional Centre for Day Care and Vocational Training for People with Disabilities in Novi Pazar, Vocational Education for Textile, Clothing and Footwear Industry in Novi Pazar, Banjica Landfill Recycling Centre Nova Varoš.

EU PROGRES also exceeded results related to implementation of small infrastructure projects: compared to the plan to support 25 such initiatives, a total of 45 were completed with their positive effects felt across the Programme area, directly benefiting 160,000 people. The projects enhanced business infrastructure, waste management, water supply, energy efficiency, and conditions for education, health, youth and sports.

The replacement of the pumping system in the water station Suho Polje in Sjenica provided regular supplies to 2,500 households from higher parts of the municipality. The project also brought savings to the Public Utility Company (PUC) “Vrela” of up to 6,000 Euros per month. These savings increased to 8,000 Euros after the replacement of the old asbestos pipes, another EU PROGRES’ funded project. Combined, these two projects contributed to 30% increase in the water flow, which meets the town’s needs. The Municipality of Sjenica adopted a Decision to use 80% of the saved funds for further improvement of the water supply network and 20% for subsidies. Thanks to this, the Municipality covers the costs of water for more than 35 socially vulnerable households. In Trgovište settlement Novo Selo, the construction of the main water pipeline and booster station doubled water inflow and provided stable water supply for 600 people, while construction of the water reticulation in Blace village Džepnica enabled connection of 76 households to the water supply system.

As a result of EU PROGRES’ support, 25,400 citizens (patients and staff) have access to modern laboratories in Kuršumlija, primary health care screenings (Nova Varoš), and faster access to services (Blace, Prokuplje, Novi Pazar). The construction of the Plateau outside the Health Centre in Prokuplje created 69 new parking spaces, which meant reducing traffic congestions in front of the building and contribution to the safer transport of patients particularly in emergency interventions and patients on dialysis. Similarly, in Blace, the construction of an emergency entrance annex to the Medical Centre reduced the time needed for the transportation of patients from the ambulance car to the medical office from four minutes to one. This resulted in increase of citizens’ satisfaction by 50%, according to the survey conducted by the Health Centre. The central laboratory in Kuršumlija should perform around 115,000 analyses every year, but the construction of the new building also enabled easier access for persons with disability and created much better working

---

64 Please see Annex III, Attachment 3.2 for overview of infrastructure projects, as well as Annex V, Attachments 5.2 to get insight into outputs, outcomes and impacts of realized projects.
conditions for medical staff. In Nova Varoš the number of dental examinations of school children, from October-December 2013, increased by 137% from the average in the same quarter in 2011, while the number of examinations with the new ultra-sound in the last quarter of 2013 equalled the number of all examinations during 2011. The new X-Ray machine delivered to Leskovac Health Centre can perform two additional tests – endoscopy and colonoscopy – while the number of exams should increase by 25%. Equipment for early detection and treatment of pulmonary diseases was delivered to the Special Hospital in Surdulica, thus increasing its capacity by 40%

The replacement of external joinery in Preševo, the largest elementary school in Serbia, improved education conditions for 2,500 pupils, while the school made savings of 8,000 Euros during the heating season. In Novi Pazar Gymnasium, there were no shortening of classes thanks to the new boilers. The expenses in the City budget were reduced six times per heating season. In Vladičin Han kindergarten, the costs for heating were reduced by 20% in the first year after the reconstruction. In Prijepolje the installed heating systems using biomass fuel records a trend of savings: 10% or 4,000 Euros in Technical and Economy Schools and 45%, or 7,000 Euros saved compared to the previous heating period in Prijepolje municipality building and the Museum. The Elementary School “Raška” conducted environmental awareness campaign, purchased recycling bins and around 900 pupils were educated on primary separation of solid waste. In Blace, 687 pupils of the Primary School got access to adequate sanitary facilities, while the overall conditions in Vlasotince Library and Priboj Museum were enhanced.

There were two infrastructure projects that contributed to preservation of cultural and historical heritage: the reconstruction of Priboj Homeland Museum and the restoration of the library in Vlasotince. "Gigina kuća", that has been housing Vlasotince library for 101 years, and one third of its book fund, were burned during a fire in 2008. The reconstructed Museum increased incomes generated from visitors by 30%, It also signed a contract with the University College London to become a part of Balkan Copper Mining Exploration Works hence opening perspectives of regional cultural cooperation for this institution. The Vlasotince Library renewed the work after completion of reconstruction and now records increase in the number of cultural events and prepared publications.

Conditions for sports events were improved in Žitorađa, Kuršumlija and Surdulica for 2,580 club members. Žitorađa expects increase in number of events from 72 in 2012 to 110 in 2013, and the projected rise in income for the club from 30,000 Euros to 38,000 Euros. In Kuršumlija, the rise of number of events and activities is projected from 1,960 in 2012 to 2,500 in 2013. In Surdulica, with 930 members, the Sports Hall is fully booked for trainings and events (on a daily bases there are three slots for the recreational groups, four slots for the sport clubs and two slots for the workers’ unions).

There have been improved sanitary conditions in the dairy markets (Bojnik, Žitorađa) and green market in Kuršumlija. The Programme delivered one modern water tank truck and one modern truck for pumping out sewerage pipes to Novi Pazar, and two waste collection trucks to Bosilegrad and Trgovište. Procurement of the vehicles increased the technical capacities of
public utility companies which are now able to deliver faster and better-quality services to the citizens. For instance, Novi Pazar truck has improved maintenance of the system for 3,000 households and 30 companies in the City and reduced spillage of rain water and sewerage, while Trgovište municipal utility company collects waste from additional 1,000 households and now covers 80% of its residents with the waste collections services.

However, it is the inter-municipal projects that are going to significantly contribute to the socio-economic development of the South and South West Serbia. Along with those already mentioned in the Contribution to Overall Objectives section, the Environmental Protection of Vlasina River project was emphasised within Crna Trava and Vlasotince’s Spatial Plans and Development Strategies. Likewise, the effluent metres for the Pčinja District project were direct technical support to the PUCs in Vranjska Banja, Vladičin Han, Preševo and Bujanovac to collect data on waste water effluent, pollution of the South Morava River and connected water flows, planning on protection of those resources, as well as further waste water treatment infrastructure/plant development. This is also relevant in connection with Serbia’s accession to the European Union, as settlement wastewater treatment plants were planned on a mass scale in the country, and thus far the quantity and regime of wastewater, generated by the settlements, has not been subjected to direct measurement and registration.

The Raška River flood protection project included development of the main design, construction of the eight dams on five tributaries and forestation on 120 ha in the river watershed, as part of the biological works. The project already proved its effectiveness: the constructed dams saved Novi Pazar from floods that hit in particular South and South West of the country in early April 2014. This is a major achievement knowing that the total damage in 2013 was more than one million Euros, while in 2012 surpassed two million Euros. In addition, 90% of seedlings that were planted during forestation are in excellent condition thus creating another floods defence mechanisms.

In Novi Pazar, the Regional Centre for Mentally Challenged Individuals received support for heating and sanitary works. The regional character of the Centre is a pioneering venture, and combined contribution of the whole community, especially parents, private entrepreneurs, non-government organizations, ministries, Balkan Community Initiatives Fund (BCIF) and the European Union. The Centre provides welfare service, support and care for 60 direct beneficiaries.

65 The Final Report covers implementation period which ended on 31 March. It was, however, important to note some of the benefits that were realized during preparation of the Report, such as is the case with Raška River flood protection.
66 Confirmed during regular spring inspections conducted by SrbijaŠume. The relevant report is available with UNOPS SRPC
Result 7: Awareness of the need for, the logic of, and the effects of changes communicated to a broad public

The planned indicators within the Result 7, relating to the implementation of the Communications Strategy were exceeded: the number of high profile visits that promoted donors’ support and EU PROGRES’ intervention in the area was tripled (27 in total); the number of press releases quadrupled (123 during three years), while there were 3,200 positive media reports, more than five times higher than originally planned.

Graph 7: Media coverage in the national and local media

In addition, 14 interviews were organised, 18 blogs were published on the website, there were 166 news stories and ten success stories on the Programme’s Internet presentation which had 130,343 visits (68,274 unique visitors). Twelve newsletters were produced and each was distributed to an average of 1,100 email addresses.

---

67 Please see Annex IV, Attachment 4.1 for media coverage
68 Please see Annex IV, Attachment 4.2 for website statistics
Three campaigns were implemented successfully – promoting good governance, the European values and environmental protection, recycling and energy efficiency. In preparation of all three, six national stakeholders were involved, including the SEIO, the Ministry of Agriculture, Forestry and Water Management, the Ministry of Regional Development and Local Self-Government, the Ministry of Energy, Development and Environmental Protection, the Cabinet of the Deputy Prime Minister for European Integrations and the SCTM. Two international stakeholders were included: the MISP and the EU Info Centre.

The Good Governance campaign lasted from January to November 2012, and included an upgrade of 15 municipal websites in order to increase transparency and access to information. For its efforts, the Commissioner for Information of Public Importance and Personal Data Protection awarded Nova Varoš for transparency and contribution to affirmation of the rights to access to information of public importance. In Blace and Ivanjica the Open Door mechanism was introduced. The documentary film on good governance was aired on 23 media across the country, over 50 times, while the street events on budget planning were organised in Novi Pazar and Vranje and were strategically connected with the EU PROGRES’ project that introduced participatory budgeting practices on the local level. Furthermore, the participative budgeting practice, which implies the immediate access to the budgeting process, using mechanisms that enable citizens to directly participate in decision-making, contributed to improvement of efficiency, accountability, transparency and equality – which are the basic underlying principles of good governance.

69 Please see campaign’s report in Annex IV, Attachment 4.3
The second campaign, “Europe, that is You”\(^{70}\) was fully in line with the Communications Strategy for the Accession of the Republic of Serbia to the European Union. A total of 17 events gathering separately the Mayors and their Deputies, local economic development officers, journalists, agriculture producers, businessmen and students, but also involving general population, were an opportunity to step away from the negative perceptions and equip the citizens with the knowledge that will allow them to make informed decision on country’s EU accession. “You have helped us to obtain resources for improving the quality of lives of our residents and in that manner you have made our job easier”, Jovan Čorbić, the Mayor of Raška, said in a meeting held between the representatives of the DEU, SEIO, EU PROGRES and 22 Mayors and deputies. In an interview for the national daily Danas, Prijepolje Mayor Emir Hašimbegović said that the projects financed by the European Union and the Government of Switzerland through EU PROGRES led to concrete results, which gave new energy and a stimulus to the citizens to work harder on the development and improvement of living conditions.

The 35 journalists who attended two media seminars increased their capacities for reporting on themes related to European integrations, with special emphasis on situation in the local communities they come from. RTV Vranje journalist, Milica Aleksić, produced a video report using the free European Commission website footage, as it was suggested during the training. This was the first time that any RTV Vranje journalist used footage other than own. “I am very happy as I finally get the space to do what interests me the most. For my report, I received praises even from the representatives of the local self government”, Aleksić said.

Leskovac Economy School won the quiz competition that attracted 81 pupils and 26 teachers from 19 high schools. DEU Ambassador handed the awards to the two best schools. The students who participated in the quiz were very motivated and showed a high level of knowledge about Europe.

Overall, the entire “Europe that is You” awareness campaign presented a ground for strengthening partnerships with the Government institutions on all levels and provided support to the SEIO to explain EU integration process to the citizens in the South and South West and gain more support from this part of the country.

In the six months of the environmental campaign\(^{71}\), “Where is Your Threshold of Responsibility” 15,000 educational brochures were disseminated to the broad public; different actions saw the participation of 1,700 people, campaigns’ key messages were transmitted through 152 media reports, there were 37,000 visits on the website page (27,000 unique visitors) and 2,612 followers on the Facebook page. The external evaluation of the campaign confirmed this project’s intervention was relevant to the needs of the country, and in line with EU PROGRES’ objectives, while the campaign was shortlisted for the annual award of the Serbian Public Relations Society in the non-profit sector category.

\(^{70}\) Please see campaign’s report in Annex IV, Attachment 4.4

\(^{71}\) Please see campaign’s report in Annex IV, Attachment 4.5
Finally, an external evaluation confirmed that the purpose of the Communications Strategy was achieved, as it contributed to successful implementation of EU PROGRES, with the right communication delivered to the right audiences at the right time.\textsuperscript{72}

\textbf{Result 8: A plan to develop the areas’ images and self-images as unique regions of Europe is established and implementation begun}

The planned result was exceeded: two branding plans were fully developed and presented to the public, while another five branding plans were drafted. There were over 160 media reports about branding activities, which is almost four times more than planned.

The \textit{Blace Plum Festival} project brought the Festival to a higher level through improved marketing and visual identity. During its tenth anniversary, in 2012, the Festival attracted a record number of 100,000 visitors, which is an increase of 40 per cent comparing to 60,000 in previous year. The Programme’s influence on the local government to avoid the drinking contest, and promote safe driving, mitigated possible risks and resulted in no negative media reports about the event. The project also equipped the Tourist Information Centre in Blace, which will enable easier organisation of the event in the following years. A database of all participants of the lectures on maintaining an orchard, a new website and a refreshed visual identity guarantee more successful organisation of the event in the future.

One person was employed through the “\textit{Golija Lakes Myths and Legends}” project in the elite Mountain Rescue Services on Javor Mountain.

The final route of the hiking trail for the project “\textit{Preservation of Natural and Cultural Values on the Mountain Zlatar}” was mapped in the length of 56 kilometres, instead of the initially planned 25. The trail connects two destinations in municipalities of Nova Varoš and Prijepolje, and goes over the Zlatar Mountain. Trainings were organised for households on rural development and provision of tourism services, which improves the overall quality of services for potential tourists.

“\textit{Vlasina Health Factory}” project contributed to improvement of tourism offer by improving the tourism infrastructure and providing better promotion of the Vlasina Lake. The unique sunbathing platform produced through this project, creates a recognisable picture of the Vlasina Lake, essential for branding of any tourism destination. Surdulica municipality said they intended to further invest into production of at least two or three more such platforms, a potential additional investment of 2,600 or 3,900 Euros.

“\textit{Novi Pazar Way of Living}” organised caravans in seven cities throughout Serbia (Subotica, Leskovac, Vranje, Kragujevac, Novi Sad, Niš and Kraljevo) gathering youth promoters, Novi Pazar officials, and a theatre group, with a goal to present City’s rich cultural heritage under a slogan “Fall in love with Novi Pazar”. The Mayor of Vranje, Zoran Antić, spoke about good cooperation between the two cities, in his statement to the national newspaper Danas and

\textsuperscript{72} Please see the full report in Annex IV, Attachment 4.6
said that the meeting with Novi Pazar officials was “another good occasion to meet and talk about cooperation and possible joint projects in the area of economy and culture. Sometimes people from abroad, in this case the EU and Switzerland know better our needs for inter-municipal cooperation than we know them ourselves.”

Two projects, “Branding of Pešter Products” and “Promotion of Vranje as an Investment Friendly City” directly contributed to promotion of products and investment capacities in three areas with the greatest capacity for the regional economic development, thus contributing to increased economic activities in the South and South West.

Organisation of the Cherry Festival near Leskovac in July 2013 contributed to raised awareness about Oblačina Cherry and products made of it, while series of educational workshops pointed to diversity of possibilities for utilization of sour cherry, including the use of cherry stone as a renewable source of energy. An agreement was signed between Leskovac, Lebane and Merošina, on cooperation on the production and placement of sour cherry.

EU PROGRES, in cooperation with the Ministry of Finance and Economy, Sector for Tourism, also supported the preparation of the “Tourism Strategic Marketing Plan for the part of the South West Serbia Tourism Cluster”, which should lead to strengthening regional competitiveness in the national and international tourism market, while setting the basis for linking stakeholders and directing them to sustainable tourism development.

1.4 Activities undertaken

Component 1: Good Governance

Result 1: Participatory, accountable and transparent governance, respecting human rights

Activities

1.1. Citizens’ Involvement Fund supports projects that have resulted from partnerships of civil society organisations and local government institutions

There were two CfPs within the CIF: one in 2010, and the other in 2012. Ahead of the first, the Programme organised four presentations for more than 160 representatives of civil society organisations (CSO) and local governments, and a separate session for 60 Roma activists. The Programme Steering Committee (PSC) approved issuing of 40 grants, out of 169 received. Six municipalities - Vlasotince, Trgovište, Crna Trava, Bojnik, Žitorađa and Kuršumlija didn’t submit any proposals. Two trainings in financial administrative managing were conducted for the grantees covering: communication and visibility guidelines, contract responsibilities, vendor profile form, tax exemption and financial reporting. The total disbursed funds in the CIF 1 were 344,406.69 Euros, while the co-funding was 12,674 Euros.

The CIF team continuously worked with the CSOs on their capacity building: a) after signing of
grants, trainings were held in financial and administrative managing and reporting; b) during regular audit visits grantees received direct instructions how to improve project management.

In the second CfP 44 proposals were received, while the PSC approved 29 for funding. Two applicants requested withdrawal of projects, while signing of one contract was cancelled in June 2013, as the applicant had long-standing issues with location permits. The total disbursed funding was 201,421.44 Euros, with 35,630.80 Euros co-funding.

1.2 Citizens’ Satisfaction Surveys

The results of the first Citizens’ Satisfaction Survey (CSS) were presented in January 2011 in Novi Pazar and Leskovac, in an event that gathered Mayors, municipal administrations, representatives of the CSOs. The number of interviewees per municipality was between 250 and 400, depending on the size and heterogeneity. All data were collected in direct, face-to-face interviews.

The presentation of the results of the second Citizens’ Satisfaction Survey were organised in December 2013 in Vranje, Bela Palanka, Leskovac and Novi Pazar. In order to contribute to preparations for EU PROGRES’ successor programme, the second survey was extended to: Brus, Aleksinac, Gadžin Han, Doljevac, Svrljig, Knjaževac, Bela Palanka, Babušnica and Merošina. As in the first CSS, each surveyed municipality received its specific report, while the entire Survey is available on the Programme website: http://www.euprogres.org/biblioteka.php?id=46.

The questionnaires for both polls were prepared in Serbian and Albanian, and contained inputs from the municipal representatives as well as those from the Programme and the donors, as well as the lessons learned from previous similar surveys.

1.3 Citizens’ Advisory Services provide practical assistance and information to citizens, enabling them to access their rights and entitlements

Following the advice of the Ministry of Justice, it was decided that the most appropriate modality for organisation of the Citizens’ Advisory Services (CAS) was within the free legal aid system of local governments.73

Initially, the Programme established three CAS offices: two in Toplica District (Prokuplje and Žitorađa) and one in South West Serbia (Novi Pazar). All CAS offices cooperated with respective Centres for Social Work, the State Retirement Fund branches, local judiciary outposts and other relevant local or state government institutions in order to provide best possible assistance.

The CAS project in Prokuplje ended on 31 January 2013 with the service temporary integrated into the Mayor’s People Office. In May 2013 the contracts with the employees in

---

73 Since the PBILD project was looking to support municipalities in the South Serbia, modelled on and drawing on the lessons learnt from the PRO/PROGRES Migration project, it was agreed that EU PROGRES would focus on the South West Serbia and Toplica District.
the CAS were terminated and as the municipality didn’t draft a new job classification nor did it transfer the CAS methodology to another service dealing with the provision of legal assistance to citizens.

The CAS project in **Novi Pazar** ended in March 2013. The City Assembly adopted a Decision on the Legal Assistance Service (LAS) in mid June 2013 and hired four trainees, in line with the job systematization. The CAS project’s implementing partner Sandžak Committee for Human Rights and Freedoms (SCHR) held a training for the new employees.

Grant agreement for CAS in **Žitorađa** ended on 31 January 2013, after a four-month extension due to substantial savings in the budget. The integration of the CAS methodology into the municipal administration commenced and a short-term contract was issued to a coordinator for free legal assistance in April. However, the municipality didn’t pass a decision on appointment of a person who would officially perform tasks regarding the provision of free legal assistance services.

In early 2012 EU PROGRES established the fourth CAS, in **Preševo**. Following a tender, the Community Resource Centre (CRC) was contracted to run the office. Three people from Prokuplje CAS visited Preševo and shared their experience and knowledge with the new office, while Preševo staff also went on a five-day training with the CSO Praxis in Kraljevo. Although the office reported good results, the implementing partner had a series of oversights in management and the project ended without CAS being incorporated into the municipal services.

![Graph 9: Citizens advisory services - location, type, and beneficiaries](image_url)
1.4 Support local self governments to conduct appropriate consultation on annual budgets, involving representatives of civil society and media

In the first phase of the support to local governments to conduct appropriate consultations on annual budgets, three administrations were selected: Leskovac, Blace and Novi Pazar. While the Toplica Centre (TC) supported Blace in organising the public hearings, the Balkan Investigative Reporting Network (BIRN) carried out activities in Leskovac and Novi Pazar. The three municipalities also benefitted from training on the roles of local administrations and journalists in the fight against corruption, organised in partnership with the Organisation for Security and Cooperation in Europe (OSCE). The representatives of the State Agency for Fight against Corruption presented and discussed the existing legal framework, while two renowned media experts conversed with the local journalists about their experiences and expertise in investigative journalism, one of the key links in anti-corruption fight.

In the second year, the Programme planned to replicate the process of annual budget discussions in the remaining municipalities, but the CfP yielded no valid consultancies’ applications, which in a way demonstrated how new the topic was to the Serbian context.

An agreement was reached with the BIRN to continue with the implementation of the participatory budgeting (PB) in all 25 municipalities and the new project started in March 2012. There were two phases: the assessment of municipal budgets and the existing budgetary practices to tailor-make the methodology; and PB activities in 12 municipalities that passed the capacity assessment and were willing to participate in the process.

Finally, the Programme, in consultations with the key stakeholders, supported 19 municipalities to develop, adopt and publish Integrity Plans (IPs) and Information Bulletins. Two workshops were held on the content of IPs, stages of drafting, forming of working groups and competencies thereof.

1.5 Assembly members and City Councils, from municipalities participating in the Programme are provided with information and resources which enable them to better monitor the performance of local institutions, including PUCs

The initial plan for this activity, to organise round tables on monitoring of performances of municipal organisations and parallel media trainings, looked less relevant and feasible as the election campaign gained pace from the Q4 2011. Furthermore, a part of this activity was in the meantime re-assigned to a new activity 1.8, dealing exclusively with good governance. The PSC therefore approved conduct of a baseline competitiveness survey, in 34 municipalities, which was also going to be used for drafting EU PROGRES’ successor project. The Study analysed: the elements of legal and administrative framework, quality of and

---

74 The LSGs were selected based on the population size (to ensure adequate coverage and impact), annual budget value (to give example of budget consultations on more complex budgets) and availability of local media (who can publicize the news about the process).
75 The part that envisaged involvement of a “willing municipality” to oversee local public utility companies (PUC)
access to infrastructure, economic and business environment, market efficiency, health and education, labour force, technology readiness and business sophistication. The Study was completed in February 2014.

Another study approved by the PSC, was the **Skills’ Gap Survey**, led by the International Labour Organisation (ILO), and performed by the Statistical Bureau of Serbia, which covered 1,503 respondents (465 entrepreneurs and 1,038 corporate businesses). The challenges in gathering data included refusal of some enterprises to answer telephone interviews without a written request. In many instances the data provided was incomplete or incorrect, which required an increase of the original sample. After one-month no-cost extension, the final report was submitted in February 2014.

1.6 **Support municipalities to develop and adopt Local Gender Strategies and Action Plans, with the aim of strengthening women participation in policy making processes**

Through several different approaches, the Programme achieved quite remarkable results related to gender.76 The first was with the Novi Pazar based NGO DamaD, which was granted funds for a project to: lobby for the adoption of the European Charter and work on preparation of Action plans for 12 municipalities in the South West Serbia and Toplica.77 Although there were management issues with the project, programmatically, it was a success.

The support continued through engagement of a consultant, and tailor-made assistance, to finalise the work started through DamaD project. This also included help to gender equality mechanisms (GEMs) to prepare proposals for the first CfP. Eleven out of 12 GEMs submitted projects that ranged from improvement of health of women and youth, prevention of violence to economic empowerment and improvement of political representation. Seven were approved for funding. The paid municipalities’ co-funding stood around 12,5% of the Programme’s part, which is higher than the usual 10%.

In September 2013, the SDC signed a contract with EU PROGRES for implementation of a new gender project, worth 402,850 Euros. The following activities were realised with that support:

- **The second CfP** for GEMs: 17 contracted projects, total value around 29,000 Euros. Novi Pazar project had to be cancelled due to lack of capacity of the GEM to conduct any activities
- **Women Entrepreneurs’ Start-ups**: there were 36 applicants for support in start-ups, ten were selected, nine contracted (one woman withdrew application due to health reasons). All completed business registration and started working. The Business Incubator Centre (BIC) Vranje provided expert support to the selected beneficiaries and administration for the whole activity
- **Commissioner for the Protection of Equality (CPE) outreach activities**, held in Vranje, Bujanovac, Leskovac, Vlasotince, Prijepolje, Prokuplje and Novi Pazar

---

76 Please see sections Contribution to Overall Objective, Results and Progress against LFM Indicators for details

77 This was to complement activities of other donors in the area, particularly PBILD, which operated in Jablanica and Pčinja Districts and had gender equality as one of key activities, but also SCTM that has a country-wide perspective.
included round tables, meetings with representatives of local self-governments, women’s actives (CSOs), citizens; gathering of complaints from citizens. More than 500 representatives of local level institutions and organizations met with CPE representatives (406 women and 95 men); 22 local media (TV, radio and print) attended events and had coverage of CPE visits

- **Establishing CPE Office in Novi Pazar:** the office, located in the Football Stadium complex, was opened in March 2014. In addition to IT equipment the Programme procured office furniture. The CPE selected two members of staff for the office, in an open recruitment process

- **All equipment for Preševo Maternity Ward** was delivered.

- **Eight other medical centres** received the required equipment

- **Public Awareness Campaign on Women Health:** the campaign “Find the Time” started with three public events in Vranje, Preševo and Bujanovac within the European Cervical Cancer Week. Eight lectures were organised on reproductive health, family planning, protection against sexually transmittable diseases and sexually responsible behaviour gathering 550 young people. Broadcasting of a video and a radio commercial organised on local televisions and radio stations, and billboards were placed at several locations. An expert meeting and conference was organised on the occasion of the World Day of Fight Against Malignant Illnesses in Bujanovac, with participation of 70 people.

- **Capacity Development for Women in Public Sector and Sensitizing on Gender Equality of Men Decision Makers at Local Level:** around 40 representatives attended four workshops (one for men and three for women decision makers). The workshops were structured around three modules: gender equality, general management/policy making, communication

- **GEMs training:** based on the assessment of capacities and needs of local GEMs UN WOMEN designed a training programme. Twenty-two representatives of local gender equality mechanisms (GEMs) from 17 EU PROGRES municipalities passed a two-day training on Gender Analysis

- **Peer to Peer Conference:** was held in March; 25 representatives of 14 local GEMs and 38 representing key partners in the field of gender equality presented examples of good practice. The key conclusions were that insufficient funding, political commitment and sustainability remain the key challenges and limitations of the work of GEMs.

1.7 Improve inter ethnic representation of local-decision making in the Programme Area through inter ethnic cooperation

One of the projects planned within this activity was to be subcontracted to the Project for Ethnic Relations (PER) with an aim to break the deadlock in establishing the multi-ethnic local executive in Bujanovac and to encourage interethnic cooperation in decision making in

---

Preševo. Following extensive consultations with the stakeholders in the area, as well as assessment of the current situation, the PER was asked to revise their proposal and review the methodology. Although EU PROGRES provided thorough guidance on possible areas of intervention, the PER decided to decline the grant in October 2010.

The first joint project of the three national minority councils (NMCs) – Albanian, Bulgarian and Roma - “Together Towards Inter-Culturalism” included training of 30 trainers specialised in inter-ethnic or inter-cultural issues, facilitated inter-ethnic dialogue through round-tables, visit of beneficiaries to the National Assembly and organisation of inter-cultural events. There were series of challenges in project implementation, firstly due to financial insolvency of the Roma National Minority Council (the grantee), change of staff in the Albanian National Council and general low capacity to carry out such a complex initiative, which meant that the contract had to be extended twice in order to achieve project’s results. The new offices of the Albanian National Minority Council (ANMC) were opened on 14 September 2012 in Bujanovac. EU PROGRES’ 10,000 Euros contribution went towards furnishing the offices, provision of computers and other equipment.

EU PROGRES supported the Office for Human and Minority Rights (OHMR) by assigning a Project Coordinator to coordinate support to NMCs, but also supported implementation of affirmative measures for enrolment of Roma children to high schools and universities, and took an active part in preparation and presentation of the Draft Strategy for Fight Against Discrimination (2013-2018).

The Programme also worked with 12 municipalities in Jablanica, Pčinja and Toplica to establish local Inter Ethnic Relations Councils (IERC), by improving the legislative framework and development of their capacities. Each municipality has at least prepared all necessary legislative. Most challenges were encountered in Bujanovac and Preševo, which haven’t established the IERCs, nor did they have proper representation of the ethnic groups or the adequate way of reaching decisions.

Finally, the Programme purchased books for 24 Roma high schoolchildren in Prokuplje, which have previously attended preparation classes supported through EU PROGRES, and snacks for 70 pre-school and school children who attend classes up to three times per week at the Roma Education Centre in Leskovac.

1.8 Good Governance as a cross-cutting aspect of the Programme

Internally, with the assistance provided by the Swiss experts in good governance, the Programme worked on expansion of its existing related knowledge base. To that purpose, nine experts’ missions were organized over the Programme lifespan. In addition to this, the Programme had intensive internal discussions on good governance during two staff meetings, the retreats and in a number of the Programme management meetings.

Externally, the Programme organised eleven seminars, workshops and meetings with municipal officials and CSO representatives to introduce the municipalities’ decision makers
and other stakeholders with the concept and principles of good governance, but also to
discuss vertical coordination and a number of unresolved issues in functional relationship
between LSGs, the state and the citizens. EU PROGRES presented an overview of all
statements and constructive proposals to institutions, which can contribute to better work
of local self-governments, such as the Standing Conference of Towns and Municipalities,
competent ministries and representatives of the Delegation of the EU in Serbia.

During 2011, EU PROGRES started linking GG-principles with small (SIPs) and large
infrastructure projects (LIPs). The work on SIPs resulted in 55 revised or new local policies or
regulations adopted, while the assistance for LIPs was given to order the process, making it
more accountable, transparent and thus sustainable between participating municipalities.

Pure Governance reform in Ivanjica was a pilot endeavour, and it wasn't linked to an
infrastructure project, but rather sought to test municipal readiness to enter a more
structured governance reform. The consultant’s work with the municipal officials and
public utility companies resulted in the Rulebook for oversight of the local PUCs and the
new, adapted Statute are ready for adoption and should be discussed in Ivanjica
Assembly’s in May 2014.

Component 2: Municipal Management and Development Planning

Result 2: Municipal organizational effectiveness and efficiency improved and
capacities to deliver services to citizens and business increased

Activities

2.1. Establishment of Citizens’ Assistance Centres in municipalities where they do not exist,
and further improvement of services in existing CACs

During the inception period, EU PROGRES ascertained that Citizens’ Assistance Centres (CAC)
didn’t exist in Crna Trava, Bosilegrad, Trgovište and Žitorađa. The first PSC meeting in
October 2010, approved activities to establish the CAC in three municipalities, while in
Žitorađa the CAC establishment was supported through EXCHANGE project.

The Programme supported both creation of technical designs, works and equipment, except
in Crna Trava, which received a grant from the Office for Sustainable Development of
Underdeveloped Areas (OSDUA) for technical design for the complete reconstruction of
almost dilapidated municipal building.

Trgovište CAC was officially opened in mid April 2012. The co-funding for the project, in the
amount of 3,000 Euros, was provided by the OSDUA. The input of all registry books
(approximately 43,000 entries in total) started in January 2013 and 1,600 are already in
electronic form.
Bosilegrad and Crna Trava experienced prolonged problems with preparation of technical designs and advertisement of the public procurement. Furthermore, although both municipalities wanted to use the CAC establishment to engage in wider reconstruction of municipal hall buildings, only Bosilegrad succeeded in securing funds from own budget sources. Crna Trava waited for almost three months for the responsible central government institution to learn that they cannot obtain co-funding for works on the building. Finally, Bosilegrad and Crna Trava were among the first municipalities to announce the state of emergency and the last to end it during three winter months in 2012, which further postponed the start of activities.

After 14-month delay in Crna Trava, the works started in March 2013 and the CAC was opened in September 2013. It has three counters and back office space, equipped with the most modern IT and office equipment with an upgraded software and renewed municipal website through which citizens can also submit their administrative requests. 79

In Bosilegrad, total delays in implementation amounted to eleven months. Along with the above-mentioned, there was a problem in the public procurement, when the procurement commission dismissed a complaint of one of the bidders on the software tender, an act that was found as negligent by the Republican Committee for Protection of Bidders Rights. Although the CAC was finished in the late 2013, and the equipment delivered, the municipality still needs to train the staff who would work in the Centre.

The total allocation for the three CAC was 195,000 Euros. However, as the works on the construction of the new CAC cost 136,000 Euros, this allowed the Programme Steering Committee to approve more funds for the modernization of the already existing CACs. New IT hardware equipment (servers, computers, routers, printers) was delivered to nine municipalities. Due to savings, EU PROGRES was able to include yet another initiative for CAC expansion from Novi Pazar and 16 local offices were equipped and reconstructed.

2.2 Strengthening of LED offices in their abilities to provide coherent and strategic support to business growth in their municipalities through promoting innovativeness and competitiveness of SMEs, and Industrial Park and Business Incubator Cluster Developments

The assessment of the needs of the Business Incubator Centres (BIC) showed that only Vranje could be a sustainable project, as the BIC in Prokuplje reached an understanding with the Government to become the Free Trade Zone South. 80 Nevertheless, in Prokuplje the grant was awarded for initiation and promotion of clustering of agricultural producers in the Toplički District. By the end of April 2012, the Prokuplje BIC finished activities and, following a series of meetings, declined further technical support from EU PROGRES, while at the same time asking for funds for support to the Toplica Fruit Cluster. As the EU PROGRES planned to directly support clusters, the BIC was informed that there would be no further funding available for this.

79 http://www.opstinacrnatrava.org.rs/лична-документа.html
80 One of the major obstacles for EU PROGRES to support BICs were ownership issues - most of the premises were in private ownership.
In Vranje, EU PROGRES supported a project dealing with the employment of emigrant returnees (with a focus on Roma, youth and other vulnerable groups), and provided training to potential tenants in business planning, administrative procedures and financial management. The authors of the two best business plans became BIC tenants, received machinery and equipment grants and employed eight people.

In a subsequent project with BIC Vranje, for distant incubation, 32 candidates, out of 150 who applied for the training, were taught about legal framework and regulations for business establishment, management for entrepreneurs and marketing. Additional support was extended to five Roma start-ups who were in need for small equipment or construction works on the objects they’ve initially refurbished for their businesses. This was made possible due to savings made in the original procurement.

Following the assessment, the Local Economic Development (LED) experts recommended support to the following clusters: Pešter Plateau Agro, Radan Mountain Tourism and South Serbia Fruit. Each cluster received EU PROGRES’ operational grant that enabled adaptation of premises, purchase of basic office furniture and IT equipment, as well as planning for market research and expansion, diversification of products and branding. With EU PROGRES’ technical assistance, the clusters started creating baseline database to enable them to identify employees’ skills gap, company services’ need and cluster members’ interdependence. Capacity building trainings were organised on the project management, preparation for the Ministry of Economy cluster grant scheme, promotion of products in the market, while clusters’ managers and chairmen of boards underwent cluster management capacity building trainings on innovation and diversification of cluster products. The managers of three clusters attended different events where they established contacts with similar initiatives from the region that offered business opportunities. In addition, the training and services needs analyses were produced, identifying needs for all members for a two year period.

Individually, the key activities include:

- **South Serbia Fruit Cluster**: signing of the Memoranda of Understanding with Trgovište, Vladićin Han, Bojnik and Kuršumlija, as well as Agriculture advisory service from Vranje to coordinate resources toward improvement of fruit production; training for 100 cluster members on ISO 9001, ISO 2200 and HACCP; desk market research for EU, CEFTA and Russian market, which was later distributed to the small and medium enterprises (SMEs).

- **Radan Tourism Cluster**: with the Regional Chamber of Commerce the Cluster organized event “Džipijada” on the Radan Mountain.

- **Pešter Agro Cluster**: 36 farmers participated in three sessions regarding milk productions and cow feeding in Novi Pazar and Sjenica. Business to business “Meet

---

81 The assessment criteria were based on geographical concentration, percentage of turnover in the area, willingness of potential founders and maturity of public institutions to support them.
82 E.g. an investment conference in Vienna organized by the Austrian Chamber of Commerce/Austrian Development Agency, the Agricultural Fair in Novi Sad and the Agro-investment Fair Bujanovac, Belgrade and Novi Sad Tourism Fairs.
the Buyer” event held in November in Novi Pazar, where 12 potential national and international buyers visited.

Finally, EU PROGRES’ experts’ assessment regarding LED office support suggested hands-on-job coaching/training for the creation of Foreign Direct Investment (FDI) Plans in Novi Pazar, Prokuplje, Leskovac, Vranje and Ivanjica. All five local governments have identified, developed and inserted the common projects into the plans: attracting foreign direct investments by developing a chain of local suppliers, improvement of promotional activities for FDI, organization of FDI services, improving the skills of the workforce, improvement of ethno funding. Ivanjica Municipal Assembly was the first to adopt the FDI Plan.

2.3. Technical Assistance to municipalities in establishing ‘One Stop Shops’ and simplifying administrative procedures for small and medium sized businesses

The Regional Economic Development Agency for Šumadija and Pomoravlje (REDASP) was contracted to support establishment of One Stop Shops (OSS). Its methodology included presentation of the OSS concept to all 25 EU PROGRES municipalities in workshops in Leskovac and Novi Pazar; followed by a detailed assessment of municipal capacities and a report. The consultancy recommended setting up OSSs in Leskovac and Vranje, and the proposal was endorsed by the PSC in April 2012.

Vranje OSS was opened on 20 April 2013, while Leskovac inauguration took part on 14 May during the visit of the DEU Ambassador. Prior to the openings, protocols of cooperation between local self governments and public utility companies, that regulate communication procedures and deadlines for completion of steps within the permitting process through specialized web based software, were signed.

In October 2012, the PSC approved establishment of OSSs in Novi Pazar and Ivanjica. Novi Pazar has been operational since June 2013, while Ivanjica started in October 2013.

The Programme organised knowledge sharing visit to Leskovac OSS, for 37 representatives of Novi Pazar, Ivanjica and Vranje, in March 2014. The visit provided a platform for discussion of issues related to functioning of the four OSSs and best practices sharing. Leskovac stands out as the model of the best organised OSS, since its established within the Citizens’ Assistance Centre.

2.4 Support to LSG to improve the rates of collection of property taxes

The establishment of joint IT centres for inter-municipal local tax administrations has been abandoned due to the fact that the sole provider of database software, the institute “Mihajlo Pupin”, has increased the purchase prices and, at the same time, decreased the maintenance discount from 35% to 5%. Consequently, the municipalities lost interest in the centres and EU PROGRES shifted all available funds to support the update of taxpayers’ databases. This approach was greeted by the municipal authorities as, they said, it would tackle the most urgent issues regarding LTA: assessment of the situation in the field,
widening of the tax collection base and increase in the nominal amount of property tax invoices value and collection.

Following the evaluation of questionnaires received from all municipalities, support to eleven municipalities was approved by the PSC in October 2011. All projects were successfully completed.83

2.5 Re-conceptualized. Support LSG to implement Programme budgeting

In light of legislative developments on municipal finances, the EU PROGRES requested and got approval from the PSC84 for reconceptualization of this activity, with a new approach that envisaged support to five LSGs to implement programme budgeting and capital investment planning. Fifteen EU PROGRES municipalities decided to go on a study tour to Ivanjica and Pirot, which were already applying programme budgeting approach.

Five municipalities were selected to participate in the process: Medveđa, Vladičin Han, Raška, Nova Varoš and Vlasotince.85 All attended a training that equipped them with knowledge about approaches to accomplishing the goals of the programme, concepts and methodology, planning life-cycle costs, financial and cost benefit analysis, credit worthiness assessment.

Due to savings in the activity, the PSC approved in July 2013 procurement of specialized software for inventory database in 24 municipalities.86 Trainings were organised for over 70 representatives of local governments, covering legal aspects and methodology of property registration, while 54 system administrators and software users attended separate sessions.

2.6 Introduce Quality Management System in Municipal Administration

Following the assessment of municipal capacities, questionnaires and interest87, recommendation was made that Vranje, Bujanovac, Surdulica, Novi Pazar and Ivanjica are eligible to introduce Quality Management (QMS)/Environment Management Systems (EMS). There have been series of challenges, in this activity as well. For example, in Prokuplje, the Head of Administration changed three times in a year. Due to the changes in local government in Novi Pazar, the City requested (and was granted) additional trainings for up to ten representatives of its management and four internal auditors on foundation of QMS and EMS.

83 Details presented in the Sections Contribution to Programme Objectives and Result 2
84 In February 2012
85 The municipalities were selected based on criteria of previous participation in similar activities (participatory budgeting), participation in the study tours organized in May 2012, dispersion of EU PROGRES’ activities, sequenced approach and territorial coverage.
86 Raška already has a similar product in use
87 Assessment criteria included: 1. Number and structure of employees in the municipal / city government; 2. Infrastructure; 3. Document management of existing municipal administration; 4. Organisation structure; 5. Communication
Surdulica was the first municipality to receive the QMS certification, at the end of September 2013, while others did so by the end of the Programme.

**Result 3: Capacities for planning municipal and regional sustainable development strengthened and relevant development documents created**

**Activities**

**3.1 Support to municipalities in preparation of spatial, urban and waste management plans**

As the deadline for adoption of municipal spatial plans was March 2011, most EU PROGRES’ municipalities contracted the design well before Programme’s official start. Therefore, the Programme received approval from the PSC to focus on urban planning documentation: general regulation plans (GRPs) and detailed regulation plans (DRPs). Seven GRPs and 25 DRPs were developed, out of which eleven are yet to be adopted.

The support for development of municipal spatial and urban planning documents has become one of the most time consuming activities due to the fact that budget savings achieved through public procurement have made another two rounds of support to planning documents possible. As a result, the number of prepared documents has almost doubled in comparison to the original plan.

The Urban Planning Directorates in Novi Pazar, Vranje and Leskovac received, during May 2012, software, hardware and furniture. They are now ready to produce GRPs and DRPs, which in turn can be a basis for faster and more effective construction and development.

**3.2 Re-conceptualized. Assistance to municipalities to establish effective and sustainable mechanisms for capital investment planning**

The initial coordination with the Peace building and Inclusive Local Development programme (PBILD), which was looking to establish monitoring mechanisms in almost all municipalities of the South Serbia, resulted in EU PROGRES getting the PSC go-ahead in April 2011, to focus on the South West Serbia and Toplica District only.

Following a high financial offer during the public procurement process for establishing monitoring and reporting mechanisms for implementation of Local Sustainable Development Strategies (LSDS) in late summer 2011, which could not be decreased in subsequent negotiations, the Programme decided to reconsider the approach to this activity. This was also deemed necessary as proper multi-annual programme budgeting was not in place yet, which would make the EU PROGRES’ efforts feeble. Therefore, it was decided to support municipalities in producing plans for capital investments and thus complement Activity 2.5 (programme budgeting). The motion was approved by the PSC in February 2012 meeting, granting support to five municipalities for this effort.
3.3 Support to LSGs in planning to improve citizen access to key public services and social welfare entitlements regardless of citizenship status or ethnicity

EU PROGRES PSC, in April 2012, approved inter-municipal project “Improvement of Roma Community Living Conditions” that was to provide the clean water to 30 Roma families in Vranje settlement Ćoška, 140 families in Novi Pazar settlement Blaževo and 500 families in Jelašnica in Surdulica.

Ćoška Roma settlement project finished in the last quarter of 2012, almost three months earlier than originally planned.

There were problems with start of works on the water supply provision in Novi Pazar, which included delays in conducting the hydro-geology survey for finding a suitable water source for an independent water supply system, ownership of the lot where the source is situated, obtaining exploration rights from the Ministry of Mining and Spatial Planning. It was only in May 2013 that the Programme was informed about the positive opinions from the relevant state bodies, creating conditions for public procurement process for design and works. After the main technical design was finished, a reservoir and the pipeline to the settlement were constructed, while a water truck was delivered to Novi Pazar Public Utility Company, to supply the water to the reservoir.

Component 3: Physical, economic and social infrastructure

Result 4: Projects and project documentation prepared for key economic, environmental and social projects

Activities

4.1 Support to prepare documentation for inter-municipal economic and/or environmental and/or social infrastructure projects

Five projects were supported: four environmental and one communal infrastructure.

Banjica Landfill: in February 2011, the PSC approved EU PROGRES’ contribution of up to 200,000 Euros for the redesign of the main design. Although there was a six-month delay in obtaining the consent from the MoEMSP for the ToR for the redesign, the consultations with the Ministry helped the Programme decide to conduct separate procurement for the geological study, which made technical preconditions for the redesign clear. The geodetic study was completed in May 2012, and delivered to Nova Varoš, the lead municipality for the project. The hydrological and geo-mechanical studies were completed in June 2012 and they served as a base for redesign. The main design was completed in August 2013. The Serbian Business Registry Agency registered a joint LLC that will manage the Landfill in September

Funding from the project is coming from the budget lines of Activities 3.3 and 6.3
The Deputy Manager of Nova Varoš PUC was appointed the Manager of Banjica LLC. Each of the four municipalities set aside funding for the functioning of the PUC and additional five million Dinars for infrastructure works on the Landfill in 2013. This project included delivery of 100 solid waste containers of 1.1m³ and four containers of 5m³ to Prijepolje, while Priboj got 50 containers of 1.1m³ and 18 of 5m³, which fully met the current needs as defined by the Local Waste Management Strategies. Although initially there was a plan to support the main design and the construction of the transfer station in Sjenica, due to failure of the municipality to issue the location permit, the project was cancelled.

**Waste Water System for the National Tourism Centre Kopaonik:** three preliminary technical solutions for the Waste Water System, as requested by the Water Directorate, were presented to the stakeholders: 1) WWTP in Rudnica – preferred option and approved for further designing by the Directorate; 2) WWTP in Lisina weekend settlement, collects all waters from the tourist centre as well; 3) WWTP in Repuške Bačije, with another WWTP in Lisina. Since no agreement was reached with the owners of the parcels for Rudnica, which was preferred location, the Municipality of Raška proposed another site, 1,000 metres downstream from the original one. The contractor adjusted the design, including collector’s length, the fortification structure for the WWTP, the urban design, the access road, the geo mechanical design, as the location was still in line with the results from the Feasibility Study. Raška needs to make changes in the Spatial Plan according to the Urban design done by Vodotehnika, as part of their contract; resolve ownership issues and enter the change in the cadastre; issue the location permit, with new conditions from the PUCs.

**The Technical Study of Underground Drinking Water Reserves for Raška** is a part of the Kopaonik project. The Study sets the procedure with the PUC Raška for continuous measuring of hydrological data. Recording of data needs to be done until the full hydrological year is completed, by July 2014 and before submission of the final readings to the Ministry of Natural Resources, Mining and Spatial Planning, which will issue the permit to the PUC to use the drinking water reserves for the town water supply.

Following an assessment of the existing documentation and a comparative analysis of potential solutions on Vranje Meteris landfill, the MoEMSP issued an opinion that the landfill has to become regional and that the construction of its second phase should be based on the existing Spatial Plan for Vranje. In addition to the main design, EU PROGRES prepared the Strategic Environmental Impact Analysis for the Regional Waste Management Implementation (RWMP). Vranje Assembly subsequently adopted the DRP for the Landfill, while all seven Pčinja municipal Assemblies voted for the decision about the development of the Regional Waste Management Plan. All steps leading to the construction permit are recorded in the hand over note, signed between the EUPROGRES and the City in October 2013.

---

89 Following adoption of the new Law on Public Enterprises, effective from December 2012, and consultations with the Standing Conference of Towns and Municipalities on forming the regional Public Utility Company, the founding documents for the Banjica management company were adjusted and all four municipalities - Priboj, Prijepolje, Nova Varoš and Sjenica agreed to form a limited liability company (LLC).
The Main Design for the **Bypass Road to the Industrial Zone in Vranje**, which enables fast access to the Industrial Zone from the Corridor X, was also developed.

4.2 **Support selected municipalities to prepare documentation for municipal economic, environmental and social infrastructure projects – SLAP database**

Following the PSCs approval, EU PROGRES signed grant contracts worth 75,000 Euros for developing of planning documents and main technical designs for the recycling centres in Vranje, Raška and Nova Varoš in April 2011, as a part of a bigger programme for integral solution for waste management. Initial delays in implementing recycling centres’ projects amounted to seven months. There were different reasons for this: in Raška, the administration was waiting for the consent from the MoEMSP for the location; in Nova Varoš there was postponement of co-funding contribution from the Eco Fund; in Vranje, the City could not finish the ownership and location issues. Raška and Vranje grants were closed in Q3 2012. The Ministry of Energy, Development and Environment replied to both municipalities that the contracts for construction of recycling centres were no longer valid.

Nova Varoš financed the construction works necessary for the installation of the equipment with three million Dinars and obtained additional two million for the construction of the transformer station. EU PROGRES provided funding for a sorting line and 22 different types of containers that solved the problem of sorting the solid waste in Nova Varoš. The centre was opened by the DEU Ambassador in June 2013. Delivery of additional horizontal presses through (EU) Cross Border Serbia - Montenegro project was also finished in June 2013. Within the public awareness campaign, 5,000 flyers and 1,000 posters were distributed, more than 600 pupils took part in two school competitions and collected recyclable paper; in the cleaning campaign of urban and rural part of Nova Varoš 400 kilos of PVC, 350 kilos of paper and 250 kilos of other recyclables collected. There were 30 reports in local, regional and national media about activities.

In June 2011, in an agreement with the Office for Sustainable Development of Insufficiently Developed Areas, EU PROGRES collected information on municipal needs for development of technical documentation for infrastructure projects, which could be eligible for joint support. EU PROGRES received 134 questionnaires (potential projects) and majority related to reconstructions and replacements of old networks with insignificant number of new structures or economic infrastructure projects. Twenty technical designs were prepared: six communal, six education and culture, six environment and two health infrastructure projects. Five projects had to be cancelled, as the municipalities could not solve the land ownership issues, necessary for issuing the location permit.
Result 5: Project financing facilitated through enabling contacts with ministries, donors and other projects

Activities

5.1 Support inter-municipal partnerships to develop project finance plans

As agreed with the donors, this budget line was mainly used to provide consultants to work on inter-municipal projects from the Activities 4.1 and 6.3. Support was given for preparation of legal and business plan documents, as well as organisational structures, that would potentially lead to secured funding for further implementation: the Green Zone in Leskovac, the Pčinja District Regional Fruit Production Centre, the Regional Centre for Development of Agriculture for Pešter, Banjica Landfill (drafting foundation papers for the public utility company to manage the landfill, but also the business plan), the Coordination Body for Bujanovac, Preševo and Medveđa in preparing the project proposal and establishing the implementation modality for the construction of the building of the Department of Economic Faculty in Bujanovac and in preparation of the founding documents for the limited liability company Termovent in Medveđa.

In Blace, the consultant worked with the Municipality to develop the model for the future regional collaboration in the food production chain that was presented at the Moscow Investment Fair in November 2013.

Five one-day training sessions on Grants and Works Contracts for 86 representatives of a range of national partner institutions to raise their capacities in implementation of grants methodology, contracting and successful implementation of works contracts in December 2013.

Result 6: Selected projects financed and implemented through EU PROGRES

Activities

6.1 Implementation of small municipal infrastructure projects in Blace, Kuršumlija, Prokuplje and Žitorađa municipalities

Ten projects were supported in four Toplica municipalities. In the first CfP, 15 projects were received and it was already evident that the municipalities didn’t think strategically in choosing priorities. Most proposals were simple reconstruction of the streets, without the prospect of any serious economic, environmental or social impact on citizens. The implementation was also slow and it was only after the second PSC meeting in early February 2011, when the PSC Chairman pointed to the limited funding, that the dynamics improved.

In Blace, three projects were supported: construction of the road to the health clinic, reconstruction of the toilets in Elementary School Stojan Novaković and water system in Džepnica village. Kuršumlija had two projects: construction of the clinical laboratory and finishing works on heating for the Sports Hall. In Prokuplje, support was extended or
regulation of Strazevačka River (two projects) and regulation of the plateau in front of the Health Clinic, while in Žitorađa stadium stands and the dairy market were constructed.

6.2 Call for proposals for small scale municipal or inter-municipal projects

There were three open CfPs, through which 33 projects were supported.

The first CfP was advertised in December 2010 and the introductory presentations / workshops were held for at least 250 relevant stakeholders. The Call was closed on 28 February 2011, and PROGRES received 27 applications from 24 municipalities. The evaluation of full applications showed that 25 need additional technical documentation or updating of existing ones and all municipalities were given a month to complete this. Although the quality of written applications was satisfactory, there was a problem with the quality of technical designs, which were not ready in the municipalities before the Call (and hence could not be produced at a short notice up to a high standard). In the extraordinary PSC meeting on 30 May 2011, 14 projects were recommended for funding worth 1,292,192.52 Euros.

The second CfP included the obligation for the municipalities to identify some of the principles of good governance and measures for starting the processes using the infrastructure project grants. A pool of three consultants was available to work with municipalities and support them in preparing applications.

April 2013 PSC approved additional 11 projects for funding, worth 750,000 Euros, which had complete technical documentation and building permits, and that could be finished within six months.

6.3 Financially and technically support the implementation of the projects of inter-municipal or national importance

The construction works on communal infrastructure on 42 hectares inside the regional Green Zone (Processing, Storage and Distribution Agribusiness Centre) in Leskovac were completed and commissioned in Q4 2012. However, the works on the roundabout to the Green Zone, through the contract with the Roads of Serbia, stopped because the design was not in accordance with the location permit. In early 2013, the Agency for Local Economic Development (ALED) was officially appointed by the Assembly to manage the Green Zone. Soon afterwards the ALED was relieved of its responsibility as they claimed they didn’t have sufficient capacities for this task. EU PROGRES supported the City to produce a road map, which contains actions to be done, decisions that should be made, actors and timeframes. The roadmap for attracting the first investors for the Leskovac Green Zone was developed and presented to the Mayor in June 2013. In early September in the meeting with the Mayor and the managers of the local and national public companies involved in Green Zone, the duties, as defined in the roadmap, were delegated. The City announced the public call at the

90 All but Kuršumlija have applied for this call.
end of 2013 to invite interested investors to express interest for the Zone. The ALED is currently preparing an elaborate on feasibility of giving land to the users without a fee.

The Pešter Agro Business Development Centre was opened in November 2013. The construction was preceded by preparation of a feasibility study that formed the basis of the business plan, preliminary design and selection of the contractor for earth works/foundation slab for prefabricated building. The Centre was registered with the Serbian Business Registers Agency (APR) at the end of June 2013. The support included delivery of agriculture machines as well. The total investment into the construction and equipping of the Centre is 230,000 Euros, Sjenica contributing with 47,000 Euros and OSDUA contributing with 40,000 Euros. This initiative is complementary to previously contracted project between the Czech Development Agency (CzDA) and SEDA to provide 16 lacto freezers and equipment to the Centre’s laboratory. The consultations with the Ministry of Agriculture, Trade, Forestry and Water Management were crucial in aligning the project with the national regulations.

In April 2012, the PSC approved six inter-municipal construction projects: finishing works on the Regional Centre for People with Disabilities in Novi Pazar; procurement of effluent metres for Pčinja District municipalities; environmental protection of Vlasina River; flood protection in the Raška river basin; Implementation of Regional Waste Management Plan for Nova Varoš, Priboj, Prijepolje and Sjenica; water supply to Roma settlements in Novi Pazar, Vranje and Surdulica. Although the PSC preliminary approved the construction works of up to 200,000 Euros for the construction of the building of the Department of Economic Faculty in Bujanovac, there were two main issues why the project didn’t go ahead: the property ownership and a gap in funding. The funding was allocated to other projects (including the Vocational Training and Day Care Centre is Novi Pazar).

Following the development of the main design for all 13 structures for the regulation of the Raška River, the construction of six was contracted. During the implementation, certain changes had to be applied to the design, to avoid the complicated ownership issues on the ground. After the contractor finished five structures, and forestation on all 120 hectares, he got into the financial trouble. The remaining works were re-advertised in December 2013, and the contract was signed in February 2014. In total, eight structures were constructed, due to previous savings.

During the first public procurement no bids were received for the construction of the Waste Water Treatment Plant in Crna Trava, the municipality returned the funds to EU PROGRES, and the Programme advertised Invitation to Bid (ITB) on 15 June 2013, with a closing date on 15 July, which put the project back on track. The construction and the installation of equipment were finished in January 2014.

The finalisation of the construction of the Regional Centre for Day Care and Vocational Training for People with Disabilities in Novi Pazar included funding the works on toilets and central heating for the building, as well as equipment (for kitchen, playgrounds and a washing machine) and a minivan. The Centre provides day care services in line with the Law
on Social Services and is expected to have 60 direct beneficiaries, from Novi Pazar and
neighbouring municipalities and 41 staff.

In Novi Pazar School of Textile, within the **Vocational Training Programme**, classrooms were
adapted, sewing machines delivered, while teachers received training in Belgrade School for
Textile Design. The new curricula for the new vocational training was accredited by the
Ministry of Education, Science and Technological Development at the beginning of April 2014.

### 6.4 Implementation of municipal infrastructure projects in Pčinjski District municipalities

A total of 600,000 Euros was added to the EU PROGRES budget from an unexpended
European Union IPA budget line, for implementation of municipal infrastructure projects in
Pčinjski and Jablanički Districts in March 2011. A consultant was engaged to help the inter-
municipal working group produce a proposal that was approved by the PSC for the
development of the **fruit production in the Pčinja District**. The lead municipality, Vladičin
Han, allocated land for the experimental orchard. The land was cleared and the seedlings
were planted in the newly designed orchard in 2013. The management of the orchard was
delegated to the Public Utility Company, which has necessary capacities, basic operational
skills and equipment. All beneficiaries (373) participated in the practical education on
modern fruit production techniques, held at the demonstration orchard and they planted
202,129 seedlings (covering approximately 200 hectares). In addition, agricultural machines
were delivered for the orchard. The municipality set aside 200,000 Dinars in the 2014
budget for additional engagement of the consultants to introduce the “intensive fruit
growing” to farmers.

The contract for construction of the **Waste Water Treatment Plant (WWTP) Trgovište** was
signed in late September 2012 and a consultant supported preparation of tender
documents. Following the finalisation of the main design and issuance of the building permit
for the Waste Water Treatment Plant in Trgovište, the construction was completed in
October 2013.

### Component 4 - Public Awareness and Branding of Areas

**Result 7: Awareness of the need for, the logic of, and the effects of changes
communicated to a broad public**

**7.1 Communicate Achievements of Governance, Municipal Management, Development
Planning, and Infrastructure Components**

The Programme **Communications Strategy** was developed at the beginning of
implementation, with Action Plan as an integral part and instrumental tool for planning and
implementation of all communications activities. The document was approved by the DEU
and SDC. At the start of 2012, Communications Strategy and Communications Manual were
revised as per recommendations from the donors, SEIO, local stakeholders and independent
consultant. The revision was preceded by a desktop assessment of EU PROGRES strategic
communication documents, in depth face to face interviews with stakeholders, content analysis of randomly selected media articles and a focus group meeting on communications with donors and SEIO.

The first big visibility event was the Programme signing ceremony in Vranje on 19 July 2010, in the presence of the Government of Serbia Deputy Prime Minister, Božidar Delić, the Head of the Delegation of the European Union, Ambassador Vincent Degert, and the Director of the Swiss Agency for Development and Cooperation (SDC) in Serbia, Beatrice Meyer. Subsequently, there were 14 Programme Steering Committee meetings, over three and a half years, including three annual and one final event, in Novi Pazar, Prokuplje, Bujanovac (twice), Bosilegrad, Sjenica, Leskovac, Trgovište, Raška, Medveđa, Ivanjica, Vranje, Nova Varoš and Niš.

EU PROGRES was also presented to municipal assemblies, which voted to approve cooperation with the Programme and were continually informed about Programme activities.

During EU PROGRES Day, which symbolically marked the first Programme anniversary, activities were organised in Prokuplje, and the President of Serbia Boris Tadić, who was in town on the day, visited the Programme info point and talked to the staff and volunteers.

The Programme contributed to promotion of diversity and cultivating relationship with local communities by supporting numerous local initiatives: Bosilegrad International Folklore Festival, EU PROGRES Day in Novi Pazar, the World Roma Day in Leskovac, Surdulica and Vladičin Han, the Children Creativity Festival FEDES in Toplica, as well as five local summer festivals that were visited by over 146,500 people: “Blace Plum Festival”, “Raška Holy Festivity”, “Priboj Lim Fest”, “Kuršumlija Summer Festival”, “Nušićijada” in Ivanjica.

The website was launched in December 2010. Its content has been continuously upgraded – e.g. by including a section with reports in minority languages - Roma, Bulgarian and Albanian placing municipal profiles, or by a number of blogs written on topics related to Programme implementation: urban planning, gender, good governance, infrastructure, to name a few. In July 2012, the website was hacked by the so-called "Albanian Hacker's Terrorist". EU PROGRES' Communications Team reacted quickly and restored the website within two days.

The Programme Facebook page attracted regular attention of the younger population.

There were twelve EU PROGRES e-newsletters, and one final publication. This tool helped to present Programmes’ activities and achievements as well as to facilitate coordination between relevant stakeholders and reach out to ministries, international organisations and civil society. It also promoted the South and South West and work of EU PROGRES’ partners, in a simple and creative fashion. By the end of the Programme, the distribution list included 1,200 email addresses, while all editions were available on the Programme’s website in both English and Serbian.

There were four competitions for EU PROGRES’ calendar, on the following topics: social inclusion and gender equality, diversity of cultures, ‘welcome to my Europe’ and ‘responsibility towards nature has no limits’. The number and quality of works increased over the years and in the last competition there were 139 submissions. Each year, the
twelve best works were selected for the calendar and the winners and the winning schools received adequate prizes.

Three **media projects** were implemented: two with the Radio Sto Plus and one Sandžak Danas. Through Radio Sto Plus project “Acting Locally, Thinking Globally” 24 radio shows were produced on good governance, encouraging citizens’ initiatives as well as cooperation between local governments and civil society. The other project included broadcast of seven shows, one more than planned, promoting European assistance to the South West Serbia. All shows are available for download at: http://www.radiostoplus.com/index.php?option=com_k2&view=itemlist&layout=category&task=category&id=64. Sandžak Danas published 13 articles on gender equality (one more than planned).

**Thirty-five signboards** that emphasize EU support were installed in all 25 municipalities, on all main access roads.

Publication “**Obstacles to Infrastructure Development**” was produced and printed in 500 copies, in Serbian and English and registered in the national catalogue. It pinpoints legal and institutional barriers, which delay development of infrastructure. It was distributed to donors, ministries, local self-governments and other interested parties, and is available on the Programme website.

Support has been extended to the EU Info Centre for production of TV reports about EU funded projects for major national TV stations. The national TV Prva prepared two reports, one in Bosilegrad (support to Roma) and one on Pešter Agro Cluster. RTV Vojvodina recorded a report about additional education for Roma children in Leskovac.

**Six short videos** about EU PROGRES’ results in the following areas: economic development, social inclusion, municipal services, environmental protection, education/youth and a project for Vocational educational training for textile producers in Novi Pazar were produced at the end of the Programme and broadcast at the final event. They are also available on EU PROGRES website.

7.2 **Information-education and/or advocacy campaigns are implemented in partnership with civil society**

Three campaigns were implemented during the Programme, all prepared in consultations with the stakeholders, and approved by the Programme Steering Committee.

The **Good Governance** (GG) campaign started in April and lasted until November 2012. There were public debates in Novi Pazar, Leskovac and Vranje with 100 representatives of CSO, media, business sector; three open classes for high school students in Raška, Kuršumlija and Bujanovac, for around 100 students to discuss the work of School Parliament; campaign visual materials (posters, leaflets and wobblers) were distributed and displayed mostly in the Citizens’ Assistance Centres, healthcare centres, post offices and schools, but also during public events; the TV spots in Serbian and Albanian were distributed to local stakeholders
and media and uploaded on EU PROGRES’ YouTube channel, while five video success stories about good governance were produced and broadcast over 50 times on more than 20 local and cable television stations in Serbia. In addition, analysis of 25 municipal websites was done and 15 municipalities followed recommendations made how to improve their web portals in order to comply with the five principles of good governance and enhance overall transparency. In Blace, in the first two months since the introduction of the Open Door, the Mayor met with 110 citizens. In Ivanjica, the mechanism was officially introduced on 14 October 2013 and in the first three and a half months 70 meetings between the citizens and the Mayor occurred.

The campaign “Europe That is You” started in March and ended in July 2013. About 600 representatives of specific target groups (media, municipal administrations, agriculture producers and business community, high-school pupils, students), were directly involved in the campaign activities. More than 12,000 informative leaflets, 500 fridge magnets, 500 balloons, 400 posters and 1,600 stickers were distributed during the events, which contributed to the visibility of the donors and the ideas promoted through the campaign.

The campaign promoting environmental protection, sustainable energy sources and recycling “Where is your threshold of responsibility?” was launched with two workshops for pre-school children in Vladičin Han kindergarten “Pčelica” and Tutin kindergarten “Poletarac”, marking the International Day of Protection of the Ozone Layer in September 2013. During the campaign, 15,000 educational brochures were disseminated to the broad public; different actions saw participation of 1,700 people, campaigns’ key messages were transmitted through 152 media reports, there were 37,000 visits on the webpage (www.tvojprag.rs) and 2,612 followers on campaign’s Facebook page. Fifty representatives of SMEs attended seminars on corporate social responsibility, 20 primary schools applied for small school campaigns and three – from Nova Varoš, Blace and Leskovac – were selected as finalists; TV spot and radio jingle was broadcast on 39 TV and radio stations in 22 municipalities; billboards displaying messages written on white panels by citizens during the public street performances were produced and installed in Bujanovac and Nova Varoš; a short documentary was filmed and distributed to local stations. It is also available on EU PROGRES’ YouTube page http://www.youtube.com/watch?v=AkM-t4Ao8iA. The external evaluation of the campaign provided a valuable set of recommendations for future campaigns.

Result 8: A plan to develop the areas’ images and self-images as unique regions of Europe is established and implementation begun

Activities

8.1 Design of plans and implementation of projects for image building in partnerships with relevant organizations

Nine branding projects were supported after the municipalities attended workshops on branding. The focus of all projects was on economic/business development, in order to
maximise the market potential of the regions and municipalities, rather than to purely focus on branding per se.

**Blace Plum Festival:** The main objective of the project was to support branding/promotion of Blace and Toplica fruit potentials as well as to attract visitors to the area. One of the final activities was the organisation of the Festival itself, which was held from 23 till 26 August 2012, for the tenth time and attracted a record visit of 100,000 (last year it was 60,000). There were six lectures on robotisation in agriculture, ecological safety of agricultural products, new technologies in plum processing, new standards in plum growth, health protection of fruit and writing of a business plan, which gathered more than 200 participants. The competition for the best young entrepreneur in agriculture had nine contestants, for the first time there were two women. EU PROGRES put efforts to mitigate possible risks – for example to influence local government to avoid drinking contest as well as to use the Festival to promote safe driving. No negative media reports were registered. The Tourist Information Centre in Blace that was equipped through the project was officially opened in February 2013. The project was promoted during the Tourism Fair in Belgrade where 8,000 people visited the municipal stand.

Within **Golija Lakes Myths and Legends project**, two persons were trained for the elite Mountain Rescue Services; hiking trails were mapped; the brochure promoting Golija was finalised and the catalogue number ISBN purchased with additional funds from the municipality.

Tourism infrastructure on the Vlasina Lake has been improved with procurement of additional outdoor furniture within the project **Vlasina Health Factory**. One info centre, 15 benches, three viewpoints, three bus stops, arrangement of 20 picnic areas and one unique sunbathing platform were produced through this project. The sunbathing platform creates a recognisable picture of the Vlasina Lake, essential for branding of any tourism destination. Surdulica LSG decided to provide funds for production of up to three additional sunbathing platforms. As the last activity the Tourism Organisation of Surdulica organised closing press conference during June, when the official tourism season starts.

The slow start of the **Novi Pazar Way of Living** project and issues during preparation of the visual identity and promotional material, lack of pro-activity and change of the project manager were compensated by the amazing results during the caravan organised in seven cities across Serbia. The main activities commenced in February 2013, with a promotional press conference symbolically organised on the Valentines’ Day to correspond to the project slogan “Fall In Love with Novi Pazar”. During the campaign, the volunteers of the Novi Pazar Youth Office distributed 5,000 flyers, 1,000 postcards, 2,000 brochures, 2,000 fridge magnets and 2,000 balloons in the cities’ squares. The representatives of the City Administration had warm welcome by the hosts and discussed the possibility of cooperation, projects of economic importance, tourism, overcoming prejudice, sports and exchange of cultural programmes. Novi Pazar Mayor joined the group in Novi Sad and met with the high

---

91 Subotica, Leskovac, Vranje, Kragujevac, Novi Sad, Niš and Kraljevo
officials of the host city. During each visit, in the evening, the Regional Theatre from Novi Pazar performed a theatre play for free. Twenty influential journalists, from national media spent two days in Novi Pazar. Promotional cookbook was printed.

The three-day Cherry Festival was held in July 2013. The project included design of the festival logo, and promotional materials – flyers, posters, fridge magnets and bags; support for organisation of scientific lectures about the renewable energy sources and the production of pellet from sour cherry pits, production of cherry and cherry brandy, the best cherry pie and brandy contest, and numerous traditional dancing performances. Leskovac, Lebane and Merošina signed a Cooperation Agreement for the production and placement of sour cherry.

Preservation of Natural and Cultural Values on the Mountain Zlatar included: mapping of the route of the hiking trail in the length of 56 kilometres (instead of initially planned 25kms), which connects two destinations in municipalities of Nova Varoš and Prijevopolje; cleaning and widening of the trail where necessary; positioning of tourism signs and establishing two bird watching points, with adequate equipment; and training of ten local households in improving their tourism offer.

Promotion of Vranje as an Investment Friendly City project included preparation of the brochure in Serbian (1,500 copies), English (2,000 copies), German and Italian (1,000 each) and Android and iOS application connected to the official website of the City of Vranje.

Branding of the Pešter Products: after a market analysis, and discussion with the agricultural producers from Novi Pazar, Sjenica and Tutin that provided insight into the current situation in the agricultural sector in the area, the marketing plan was developed. Due to slow implementation there was no time to complete educational training for agricultural producers and to produce promotional material.

Tourism Strategic Marketing Plan for Zlatibor/Zlatar was prepared following several workshops with the key stakeholders and in close coordination with the Tourism Sector at the Ministry of Economy.

“Visibility of the Green Zone” ended without implementation of any activities. Due to the issue of the management of the Green Zone, the project activities were initially paused, but as this has not been clarified, the contract expired.

1.5 Management and coordination arrangements

1.5.1 Financial resources

The Programme implementation started in May 2010, when the financial resources were secured through a bridging agreement with the Swiss Agency for Development and
Cooperation (SDC). The IPA 2010 Financial Agreement was signed on 25 May 2010, and the Delegation of the European Union (DEU) contracted the United Nations Office for Project Services (UNOPS) as the implementing partner, from 1 July 2010 for a 36-month implementation period.

The original contract with the DEU was for 13.5 million Euros. With the Addendum I, extra 600,000 Euros brought the total contracted amount to 14.1 million Euros in March 2011.

The Swiss Agency for Development and Cooperation (SDC) originally allocated 2.5 million Euros. By the end of the Programme the contribution amounted to 3,233,598 Euros, including the following:

a) PROGRES Bridging Contract from 1 May 2010 to 31 October 2010 in the amount of 200,000 Euros

b) PROGRES Migration Component Contract executed from 1 May 2010 to 31 December 2010 in the amount of 330,000 Euros

c) EU PROGRES Contract signed for the period of 1 November 2010 to 31 October 2011 in the amount of 717,778 Euros

d) EU PROGRES Addendum I with extra 1,580,000 Euros, for the period until 30 June 2013 brought the total contracted to 2,297,778 million Euros

e) EU PROGRES Addendum II, with extra 405,820 Euros for the period until 31 March 2014, bringing the total Swiss contribution to 3,233,598 Euros.

Following the recommendations of the mid-term evaluation, EU PROGRES submitted a nine-month no-cost extension (NCE) request to both donors, in order to deliver targeted outputs, continue to use grant methodology, strengthen intervention effects, follow up achievements, and close down the Programme. The request did not alter the intent of the Action; there were no new budget lines, and no overall extra costs. Both donors approved the NCE, operationally and financially, extending the Programme implementation to 31 March 2014.

At the end of March 2014, the Programme delivery, including co-funding realised by the Government, in financial terms was 20,274,842.90 Euros. The spending per donor was: 13,988,578.04 Euros or 99.21% of EU contribution and 2,677,833.98 Euros or 99.05% of SDC contribution. The Government provided and realised co-funding in the amount of 3,608,430.88 Euros and hence exceeded the minimum co-funding requirement of 1.5 million Euros.

In addition, the SDC provided 530,000 Euros for the bridging period and migration activities, of which 528,992.29 Euros were disbursed. This raised the total EU PROGRES disbursement to 20,803,835.19 Euros.

---

92 This was also agreed by the Government and the Delegation of European Union
93 Exchange rate used for conversion of RSD to EUR is the rate of exchange of National bank of Serbia on the date contribution to the EU PROGRES project implementation account has been made
94 The bridging period started on 1 May 2010 and enabled transfer of the just completed Municipal Support to South West Serbia Programme (PRO) to PROGRES, thus ensuring continuity of EU and Swiss Government
More details on spending are available in Annex VI, attachment 6.1, Financial Statements and Reports. EU PROGRES also established a system for tracking and monitoring of co-funding, which was a part of the grant methodology used by the Programme. The proofs of payment were secured in the form of:

a) Copy of Contract for provision of goods/works/services for specific project
b) Copy of Invoice received for provided goods/works/services
c) Copy of Bank statement confirming payment was made.

The consolidated overview of co-funding is available in Annex VI, attachment 6.3 while supporting documentation is provided on a CD that is enclosed to this Report. All copies were filed and are available in the EU PROGRES archive.

The pace of delivery can be seen in Annex VI, attachment 6.2, Graph of Expenditures as of 31 March 2014.

The programme realised 19,000 financial transactions. These include but are not limited to: opening Atlas Bank account with appropriate signatory panel, setting up Atlas Annual Work Plans and cash flow estimates, monitoring and management of exchange rate fluctuations, preparations of requisitions / payment requests, vendor management, preparation of payments, review that accurate and correct project accounts and accounting entries are used, processing of payment through Atlas bank account, reconciliation of payments, correction of wrong entries, internal report and monitoring on daily, weekly, monthly, quarterly and yearly basis, reporting to donors as per project agreement.

Graph 10: Financial transactions in numbers

For information on distribution and allocation of funding per components and municipalities please see Annex VI, attachment 6.5.

1.5.2 Human resources

---

Support to underdeveloped areas in the South West and South Serbia. Migration project was started within PRO and completed during EU PROGRES realisation.  
95 Available only on a CD due to file size, in Annex VI, attachment 6.4
The national staff capacity development has been important priority for EU PROGRES. Five EU PROGRES’ staff underwent the project management training including PRINCE 2 certification with UNOPS’ HQ in Copenhagen. All staff has undergone a PRINCE 2 foundation certification organized by UNOPS HQ in Belgrade. In addition, the Deputy Programme Manager and the Good Governance Component Manager attended training on good governance in The Hague Academy for Local Governance. The Operations Manager attended IPSAS training in UNOPS HQ and Procurement Advisor participated in the training course on Introductory Certificate in Public Procurement – Level 2. This capacity building also contributes to sustainability of EU PROGRES’ action, as it will produce a number of national project managers capable to lead and implement future projects in their local communities.

Graph 10: EU PROGRES’ human resources statistics

* 156 Individual Contractors Agreements plus one Fixed Term Appointment. The Individual Contractors Agreements include both full time and part time / retainer posts.
1.5.3 Administration/procurement

The Programme administered 515 procurement cases, 237 grants and 240 amendments to agreements. The graphs 11 and 12 provide overview of statistics on procurement and grants.

Graph 11: Statistics on procurement

Graph 12: Statistics on grants, which are the Programme’s implementation modality
Complete inventory account of the Programme assets that was transferred to European PROGRES, which is the successor Programme, is attached as Annex VI, attachment 6.6. UNOPS and the European PROGRES will take the responsibility to transfer the ownership of all European PROGRES equipment and vehicles to final beneficiaries in line with the programme document, programme needs and implementation progress as well as donor contracts.

Copies of agreements on donation with every beneficiary for all assistance provided during the life of the Programme are available in EU PROGRES archive.

1.5.4 Programme Steering Committee meetings

There were three annual, eleven regular and two extraordinary Programme Steering Committee (PSC) meetings. On average, each meeting gathered around 70 participants, providing a forum for exchange of information between the central, regional and local levels, and all development stakeholders in the EU PROGRES’ area, thus impacting on both the awareness of the Programme intervention and on the awareness of the steps needed to take to ensure sustainable socio-economic development. Furthermore, the meetings provided an opportunity for improving inter-municipal cooperation, while the discussion about challenges and critical projects often resulted in a faster reaction by the beneficiaries. The SEIO leadership meant that the national institutions were more engaged.

1.5.5 Implementation methodology

The Programme used in 86% of projects grant implementation methodology. The methodology envisaged a dedicated, dual signatory (one municipal and one EU PROGRES), bank account to be opened by each beneficiary municipality. Once projects had been approved, funds for implementation from both EU PROGRES and municipal co-funding were paid to the account. The municipal officials responsible for project management processed all payments from this account with EU PROGRES providing technical assistance; assist in control and monitoring of project implementation.

1.5.6 Office Locations

EU PROGRES had offices in Novi Pazar, Prokupljje and Vranje. Presence on the ground has been a comparative advantage of the Programme, when trying to reach full efficiency, achieve planned results and enable effective cooperation with the partners. Distribution of offices was also important to facilitate good quality and efficient logistics for the Programme.

UNOPS Serbia Project Centre was established in early 2013. Part of EU PROGRES’ support staff was relocated to join SRPC with intent to streamline UNOPS’ operations in Serbia, making implementation of donor funded projects more efficient, effective and less costly. The focus
remained on promoting national staff, maintaining close cooperation with the EU and the European Integration Office, making further contacts with Ministries and other national development actors.

1.5.7 Reporting

EU PROGRES produced monthly, quarerly and annual reports. In addition, as stipulated by the Programme Document, the Bridging and Inception Reports were prepared. The Programme staff regularly prepared weekly reports, that were primarily used to track personnel performance and pace of activities.

Monthly reports
EU PROGRES submitted 27 monthly reports. Due to the abundance of events, the main challenge was to keep the monthly reports brief and they varied from seven to ten pages, summarising Programme/components’ progress, issues or constraints encountered and gave proposals to changes and solutions. The reports also provided brief updates of the key political, economic and social events in the South and South West Serbia.

Quarterly Reports
The Programme prepared ten quarterly reports detailing progress, accomplished results, difficulties encountered and resources utilised. In line with the MTE recommendations, the reporting format of the quarterly report was adjusted, in order to shift the focus towards “reporting against achievements” and better respond to the key stakeholders’ requirements. All reports were adopted by the Programme Steering Committee.

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

1.5.8 Monitoring

UNOPS provides both governance framework and tools to enable tracking of Programme’s performance. The Programme used a range of such instruments to track progress against the set outputs, budget and timeframe. Global tools such as Atlas, Leeds or Management Workspace were instrumental in monitoring of financial performance and procurement activities.

In line with the project management good practices, EU PROGRES developed the Programme Work Plan during the Inception Period. This Plan was subsequently updated on annual basis and provided the foundation for development of the Work Plans for each quarterly period.

EU PROGRES Bridging and Inception Report, all annual and quarterly reports are available on EU PROGRES website at http://www.euprogres.org/biblioteka.php
The Programme also developed the Implementation and Impact Matrices, which provided basic details about EU PROGRES’ projects, their status, and overview of realised outputs, outcomes and impacts.

In addition to the system for financial monitoring, the Programme put efforts to capture information on the main financial trends, co-funding, facilitated investments etc.

1.5.9 Programme’s evaluation

EU PROGRES was evaluated twice during its life cycle. The mid-term evaluation (MTE), based on assessment of output-to-impact, was conducted during May-June 2012 and its results were presented at the annual PSC meeting in July 2012. The MTE reaffirmed Programme’s relevance, its contribution to enhanced governance, municipal management capacity and infrastructure as well as to stronger social inclusion and potential high impact. EU PROGRES implemented recommendations of the MTE: first by updating the work plan and secondly by drafting, submitting and getting approval for a no-cost extension. Furthermore, the Programme revised the entire monitoring and evaluation system, identified recommendations for the existing tools and developed versions of new tools (such as the Impact Matrix). The strengthened monitoring approach includes far clearer definition of staff responsibilities and monitoring areas. In addition, the Log Frame was adjusted accordingly.

The final evaluation (FE) was conducted during January-March 2014. It’s findings verified high relevance of EU PROGRES, confirmed high degree of effectiveness, and identified efficiency as the Programme’s strongest aspect. The FE also concluded that the strongest impacts were enhancement of municipal capacities and improvements in the quality of life in the AoR, while pointing out that interventions in the field of economic development have not yet produced significant impacts, despite some positive contributions. Integration of good governance principles, gender equality, social inclusion, and human rights were assessed positively, as well as the Programme’s approach to environmental issues. The findings confirmed that the Programme implemented all recommendations provided in the MTE. The FE, among other, recommended increased focus on economic development, implementation of a project preparation facility, continuing support in some areas, such as provision of assistance to Roma community, with objective to reinforce impacts and sustainability. The FE initial findings were presented at the final PSC in March 2014.97

Assessment of the Programme’s performance was subject of three Results Oriented Monitoring Missions.98 EU PROGRES considered findings of these missions to strengthen relevant areas of its work.

---

97 Mid Term Evaluation and Final Evaluation Reports are available on EU PROGRES’ website at http://www.euprogres.org/biblioteka.php?id=247
98 Results Oriented Monitoring Missions is an EU review tool for projects and programmes which provides recommendations for improvement and an overview of EuropeAid’s portfolio’s quality.
1.5.10 Security

There were no major security incidents that would influence the Programme implementation. A few instances were recorded:

- During the weekend of 14-15 July 2012, the Programme’s website www.euprogres.org was hacked by the so-called "Albanian Hacker's Terrorist". The hacker's page contained nationalist messages, Albanian flag and machine gun sound effects. The website was restored on 16 July 2012.

- During the second year of EU PROGRES implementation, there were severe weather conditions that led to introduction of state of emergency in the entire country, which lasted for months in some local self-government areas and brought all activities to a standstill. For example, the state of emergency in Sjenica lasted from 7 January to 21 March and in Crna Trava from 9 to 26 February 2012.

1.5.11 Information Communications Technology

Programme ICT infrastructure functional, continually maintained. Backup and system updates are constantly performed. There is a regular maintenance of the offices’ hardware equipment; network server administration is performed per pre-arranged schedule while backup is done daily and antivirus definitions weekly.

1.6 Assumptions and risks

1.6.1 Assumptions

The great majority of assumptions that the Programme initially identified proved to hold true and hence had limited negative influence on the success of the intervention. Elections from May 2012 were disruptive for the Programme but the overall political stability in the country has been maintained. Despite occasional turbulences in Serbia’s relations with the European Union (EU), mainly due to Kosovo issues, the decision of the Council of the European Union of 28 June 2013 to open negotiations on EU accession marked a new chapter and created basis for deepened cooperation. The Government of Serbia remained committed to reforms although there were occasional shifts in the (national) development policies and priorities. For sure, there was a need for more consistency and clarity regarding reforms, and this was especially the case regarding public administration reform and in particular of (fiscal) decentralisation. The key stakeholders, cities and municipalities participated in the Programme and generally demonstrated high level of commitment.

Out of 27 original assumptions, 20 were accurately identified, six were partially materialised, while two were inaccurate. Assumption that the economic crisis will not impact municipal
finances was wrong, since the decline prolonged and eventually led to decrease of LSGs’ budgets. On a positive note, despite this negative trend, municipalities managed to provide contribution to EU PROGRES’ grants. Further, the Law on Free Legal Aid, despite numerous official announcements, was not adopted. Absence of clear legal framework reduced Programme’s efforts to ensure full institutional sustainability of Citizens’ Advisory Services.

The assumptions that partially materialised concerned: coordination between PUCs and municipal administration, which can and should be better; usage of development strategies that, in general should be more systematic, despite variations from municipality to municipality; inter-municipal cooperation, which could expand significantly; other financial sources for the area, that were in place but for sure reduced due to crisis; and, building permits for infrastructure projects, which LSGs provided for EU PROGRES’ supported projects but clearly remained an area where they need to invest more efforts.

1.6.2 Risks

EU PROGRES put regular efforts to identify and assess the risks, and implemented a range of mitigation measures that reduced negative effects on the Programme. The following were the main risks that materialised during the implementation:

Political changes and instabilities

Political situation was the most complex risk for the Programme. The main trigger for the changes was the national and local elections held in May 2012. The Serbian Progressive Party (SNS) won the largest number of votes and took a leading role in establishment of the national and majority of local governments, which meant significant change of the overall Serbian political landscape. The gravity of the impact on EU PROGRES municipalities could be seen through statistics: the composition of ruling coalitions changed in 18 of 25 participating municipalities, while in eleven municipalities coalitions formed initially after the elections have been replaced with the new ones in order to mirror the set up at the national level.

The joint rule by the former political opponents was frequent in all municipalities, and such coalitions, due to unresolved issues from the past or different priorities were often inefficient. For example, after the local elections in 2012 Sulejman Ugljanin’s Democratic Action Party (SDA) had a strong comeback and formed a coalition with the Sandžak Democratic Party (SDP) in Novi Pazar and Sjenica. While this was positive development for overall stability, the cooperation between partners was marked by distrust and disagreements that in turn reduced administration efficiency.

Although the Programme was aware of the elections and planned mitigation measures, the scope of changes outweighed the risk assessments that had been made. The activities were slowed down six months ahead of the elections, since political objectives and campaign were dominant in this period, but also during the six months after, since establishment of the coalitions on the national level reflected on the set up in local administrations.
Changes in municipal ruling coalitions and leadership often meant appointment of new people in the key management positions, which in many cases implied replacement of staff that worked on EU PROGRES’ projects. Both the new municipal leaders and staff needed time to learn about the Programme approaches, requirements and ongoing projects and this additionally reduced efficiency.

There were cases in which changes in local leadership brought shifts in development priorities, as expected and justifiable to some extent. EU PROGRES, however, witnessed situations in which newly elected leaders did not continue projects started by their predecessors, with same level of commitment and interest, without clear development argumentation. For example, the progress of the Green Zone project in Leskovac slowed down after the change of the ruling coalition and although this remains the key Greenfield location in the South there was room for local authorities to manage it more efficiently. There were also situations in which new leadership and people brought new ideas, energy and commitment and thus offered opportunities for the Programme. For instance, new political set ups in Nova Varoš, Priboj, Prijepolje and Sjenica facilitated significant progress on the Regional Landfill Banjica project, as described in the previous sections.

Finally, along with the pre- and post-electoral changes, political instabilities were regular occurrence. There were quite a few issues in relations between the local Albanian leaders and the Government, including periods of boycott of the regular talks on implementation of the seven-point Platform. Two former Mayors, from Leskovac and Vlasotince, both from Democratic Party (DS), and their several associates were arrested for abuse of authority, while Bojnik Mayor was detained for alleged purchase of votes. And, although these should be related to the rule of law and fight against corruption they were also perceived as retaliation of political opponents and caused additional instabilities. Inter-municipal cooperation was often influenced by political factors, meaning that municipalities with similar ruling coalitions were more open to cooperation. And yet, inter-municipal development projects remained a sound vehicle for cooperation and contributed to enhanced relations between opposed political options.

New political composition on the national level also affected the Programme, with lesser impact but in a similar fashion. Many EU PROGRES’ contact persons in the Government have been replaced, while in quite a few cases national (development) priorities have changed. For example, the Ministry responsible for environment prior the elections took commitment to fund construction of three recycling centres for which EU PROGRES developed the main

---


designs. After the elections these projects were of the lesser priority level and eventually were not funded by the Ministry.

EU PROGRES was present in the field and generally was able to identify the risks, and took some effective mitigation measures. It managed to maintain relations with all key political figures at the local level, for example through presentation of Programme activities to municipal assemblies, and increased number of meetings after the elections. These enabled efficient (re)establishment of relationships with the new leadership and, in most cases, smooth continuation of projects. Efforts were also invested to “incorporate” risk effects into plans, for example through focusing on activities in pre and post election period that require limited engagement of local self governments. Despite all this, the cumulative effects of elections caused a six month delay.

Economic crises

Economic crises affected the Programme negatively and at different levels. First, the prolonged crisis caused budgetary cuts at the national level, which reduced capacities of the ministries to co-fund projects or to develop further some of the EU PROGRES’ initiatives. For example, the Ministry of Regional Development and Local Self Government had to cancel two grants of 30 million Dinars that were allocated for the development of the Preševo Industrial Zone and for the construction of the part of the bypass road to Vranje Free Zone. This directly reduced benefits of EU PROGRES’ actions, since the Programme developed DRP for the Preševo Zone and the main design for the by-pass road.

Economic crisis also hit local governments since transfers from the central level were generally reduced. This in turn reduced LSGs’ capacity to provide co-funding to EU PROGRES projects. Inability of LSGs to provide timely co-funding was the second most common reason for delays, generated average delays of five months and caused extension of 27 projects.101 Except delays, there were no other negative effects since EU PROGRES’ grant methodology stipulated provision of municipal co-funding prior to provision of Programme’s funds.

The private sector has also not been immune to the crisis. The Programme, directly or through grants, used local companies, mainly from the construction sector. Many companies struggled with liquidity, especially during 2013. This affected EU PROGRES since selected contractors, in some cases, were not able, due to their limited financial capacity to engage/pay workforce of sub contractors, thus causing delays to activities. The most serious problem arose when the accounts of a company that was engaged on the construction of Novi Pazar floods protection dams were blocked. EU PROGRES had to re-advertise tender for the remaining work and eventually successfully completed the project. Still, the delay accumulated due to efforts to sort out relations with the contractor and to re-advertise was almost six months. The Programme’s close monitoring of infrastructure projects, increased

---

101 EU PROGRES, within preparations of the Annual Report, produced Analysis of Project Delays. The Analysis is available in the Annex V, attachment 5.3.
engagement with the contractors and insistence on respect of dynamics generally proved successful in tackling these risks.

EU PROGRES’ experience confirms that fragile finances of the national and local governments endanger co-funding, implementation of particular projects and, ultimately, may reduce the impact of development programmes. In the longer run, this could be a risk for provision of co-funding for projects supported through IPA and therefore should be carefully considered.

**Limited municipal capacities**

The Programme applied the grant methodology in 86% of projects, thus primarily relying on LSGs to implement the activities. This made the Programme more exposed to the risks related to, in some areas still limited municipal capacities.

For example, despite some improvements regarding the time needed for preparation of tender documentation, 18 projects were delayed due to prolonged public procurements (e.g. bidders’ complaints, delayed municipal decisions, last minute changes in documentation). Average delay caused by prolonged procurements was eight months.

The project management also remains an area for improvement, in particular preparation, monitoring, and evaluation. LSGs generally need to work on preparation of key development projects continually, better plan and respect activity schedules, and financial, reporting and other (contractual) obligations. Weaker project management and/or administrative performance by some municipalities generated average delays of five months in 40 projects.

There were projects whose implementation was endangered due to unresolved legal or technical issues, such as land ownership. The Programme monitored these and in some cases, after the PSC approval, cancelled support. This confirms it is necessary to enhance preparedness of projects, but also to establish clear criteria for cancelation of projects.

**Grant Methodology**

The grant methodology, although instrumental capacity building and sustainability tool, posed risk for the Programme. The first deriving from, in some cases, limited capacities of the grantees that, as described in the previous paragraph, caused delays. In addition, application of grant methodology made Programme’s financial planning more difficult. While the Programme (Steering Committee) approves one grant amount, the exact value is known only upon completion of a particular project. The methodology prevents the Programme to bear higher costs than initially approved. However, when the actual project costs are lower than initially approved, the unspent funding is returned to EU PROGRES. This risk was manageable in early and mid stage of implementation. In the final implementation
phase, it was necessary to identify a range of small and quick intervention to utilise the funds. EU PROGRES with support of the Programme Steering Committee was efficient.

Severe weather and natural disasters

During all planning stages possible impact of severe weather was taken into consideration (e.g. limited infrastructure works were planned for winter months). The Programme also quickly responded to crisis, with the objective to reduce effects on the activities (e.g. through increased engagement in LSGs after the crisis) and to help the suffering municipalities to overcome the consequences. However, severe weather and natural disasters affected performance of EU PROGRES as the Programme area was hit with floods during each implementation year as well as with harsh winter 2012/2013.

The earthquake that hit Kraljevo in November 2010, although outside the Programme area was the first test for EU PROGRES. With the support of the donors and the Steering Committee, EU PROGRES quickly reacted and deployed of Programme engineers to assess damage on 19 public buildings. Their assessments served as the starting documentation for subsequent reconstruction of these buildings.

The floods regularly occurred in several municipalities, but especially Trgovište and Novi Pazar. Trgovište suffered major flooding in early 2010 and to a lesser extent in early 2013, Prijevoj towards the end of 2010, Bujanovac in spring 2013, and Novi Pazar in June 2011 and early 2013. Only in Novi Pazar, in 2011, the floods affected around 3,000 people, and left more than half homeless, causing damage estimated at two million Euros. Two years later, the damage was one million. Thanks to the dams constructed with EU PROGRES’ assistance, Novi Pazar wasn’t flooded in April 2014, when six Programme municipalities declared state of emergency (Kuršumlija, Prokuplje, Medveđa, Lebane, Trgovište and Žitorađa).

In early 2012, the Government of Serbia declared a state of emergency in the whole country, for a period of three weeks, due to heavy snowfall, while in some municipalities in the Programme Area of Responsibility (AoR) the state of emergency lasted even longer. The most critical situation was for those living in remote or mountain territories: Sjenica temperatures went below -30 Celsius, many rural areas were facing electricity cuts; in Kuršumlija one person was frozen to death; a large proportion of Crna Trava and Bosilegrad settlements were cut off.

During August 2012, fires raging in Toplica affected forests and several agricultural facilities. According to the Office for Rural Development the estimated drought damage in Kuršumlija was more than one million Euros.

Legal framework changes and uncertainties

The Programme has been affected by the changes of at least two laws. The first, the new Law on Public Companies from December 2012 delayed establishment of a joint enterprise that was supposed to manage the regional landfill Banjica. The second, the Law on Value
Added Tax (VAT) from September 2012 introduced changes in the VAT payment procedures for the construction works, which slowed down several Programme payments. After consultations with EU PROGRES and SEIO, the Tax Service applied the procedure, which is the same as the one prior to the Law changes and payments continued without hindrances.

Furthermore, the non-existence of the Law on Free Legal Aid, negatively impacted the Programme efforts to ensure sustainability of the Citizens’ Advisory Service, while the absence of the Law on Electronic Signature prevents electronic authentication of the Cadastre excerpt as original, which impedes full functioning of the OSS.

Other legislation that imposed certain requirements on the local self governments, such as the Law on the Spatial Plan of the Republic of Serbia, or the Gender Equality Law, didn’t envisage any sanctions for those municipalities that fail to implement their provisions, which again delayed activities or increased pressure on the Programme staff during implementation.

**Vertical Dimensions**

Relationships between LSGs and national institutions, the so-called vertical governance dimension, have been a challenge at times. For example, resolution of the land ownership depended from inputs from Republic Geodetic Authority, Srbija Šume or line Ministries. LSGs often complained they did not know how to approach the responsible national institution, what the procedures were, while there were no clear time frameworks in which the national institutions needed to respond. Poor vertical communication prolonged at least ten projects, while average delay was seven months. EU PROGRES has been using the Programme Steering Committee to facilitate communication with the relevant national bodies and this proved effective at times. The Programme identified and systemised some bottlenecks in two publications “Obstacles to Infrastructure Development” and provided framework to address these issues in the “Vertical Dimension of Good Governance” publication.
<table>
<thead>
<tr>
<th><strong>Cause</strong></th>
<th><strong>Event</strong></th>
<th><strong>Effects on the Programme</strong></th>
<th><strong>Applied mitigation</strong></th>
<th><strong>Lessons</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Elections</strong></td>
<td><strong>2012</strong></td>
<td>Delay in activities</td>
<td>Field presence, cultivation of relationships with broad range of partners</td>
<td>Delink development from politics</td>
</tr>
<tr>
<td></td>
<td>Changes in leadership</td>
<td>Reduced benefits of projects</td>
<td>Regular communication, ensuring involvement of all key political stakeholders</td>
<td>Ensure continuity of development priorities</td>
</tr>
<tr>
<td></td>
<td>Changes in national and local government staff</td>
<td>Cancelled projects</td>
<td>Timely preparation and adjustment of plans</td>
<td>Political changes may provide opportunity for more efficient development</td>
</tr>
<tr>
<td></td>
<td>Changes in local and national development priorities</td>
<td>Distrust between the Programme and new leadership/beneficiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Continued political instability in some LSGs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Low municipal capacities</strong></td>
<td>Inefficient public procurements</td>
<td>Delay in activities</td>
<td>Technical assistance for procurement</td>
<td>Establish criteria for project delays/criteria</td>
</tr>
<tr>
<td></td>
<td>Poor projects’ preparedness, monitoring and evaluation of projects</td>
<td>Endangered projects</td>
<td>Introduction workshops</td>
<td>Enhance projects’ preparedness, including proposals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Audit visits</td>
<td>Provide additional assistance to weaker LSGs</td>
</tr>
<tr>
<td><strong>Grant methodology</strong></td>
<td>Financial position determined by final and not approved grant value</td>
<td>Delays due to grantees’ limited capacities</td>
<td>Monitoring and advisory support to grantees</td>
<td>Timely communicate challenges of grant methodology</td>
</tr>
<tr>
<td></td>
<td>Ownership of implementation handed over to the grantee</td>
<td>Difficult to determine exact financial position</td>
<td>Regular audit of grantees</td>
<td>Ensure maximum transparency of grants related activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Develop list of quick and small projects</td>
<td></td>
</tr>
<tr>
<td><strong>Severe weather and natural disasters</strong></td>
<td>Floods</td>
<td>Delays in activities</td>
<td>Incorporation of severe weather into plans (e.g. limited infrastructure)</td>
<td>Consider ways to reduce future risks</td>
</tr>
<tr>
<td></td>
<td>Earthquakes</td>
<td>Logistical difficulties</td>
<td></td>
<td>South Serbia is</td>
</tr>
<tr>
<td></td>
<td>Severe winter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
<td>Impact</td>
<td>Action</td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Economic crisis</td>
<td>Reduction in national and local budgets</td>
<td>Delays in activities</td>
<td>Ensured provision of co-funding in advance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fragile liquidity of companies, especially in construction sector</td>
<td>Reduced co-funding</td>
<td>Checks of companies’ balances conducted</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduced outcomes and impacts</td>
<td>Close monitoring of contractors and their performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cancelled projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ensure stronger financial commitment of the Government</td>
<td></td>
</tr>
<tr>
<td>Law changes</td>
<td>Different legal regulations</td>
<td>Delays in activities due to the need to adopt changes</td>
<td>Close monitoring of national legal framework changes</td>
<td></td>
</tr>
<tr>
<td>Vertical dimension</td>
<td>Obstacles for projects implementation</td>
<td>Delays in activities</td>
<td>Used Steering Committee to facilitate communication</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Identified bottlenecks systematised and published</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Better projects’ preparedness needed</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Use contacts with the Government and the SCTM to advocate for solution of VD problems</td>
<td></td>
</tr>
</tbody>
</table>
2 Visibility

Strong visibility to the donors and the Programme was ensured through the extensive work with the media, which resulted in over 3,200 published reports. Over 28 per cent of all media coverage was acquired in the major national media including Radio Television of Serbia, TV B92, TV Prva and Happy TV, and newspapers with the highest circulation Blic, Večernje novosti, Danas and Privredni pregled. The coverage in the national media has increased significantly in the last month (43%), with most major national outlets covering the final results of the Programme that were presented at the final Steering Committee meeting.

Significant increase in the national coverage was also noticed in the individual months during the DEU and the Swiss Ambassador’s visits to the South and South West Serbia – 35.71% in November and 31.72% in October 2013 and 35.56% in April 2012.

The increase in the national media coverage was also noticed during August 2012 (30%) and 2013 (35.56%) when the Programme supported the local summer festivals.

The impact on the public through media work and overall communication efforts was much deeper than only ensuring the visibility for the donors. Ambassadorial visits to the area were for example an important tool to pass the key messages (included in draft speeches and media releases prepared by the Programme) to the national and local public. The headlines after those visits were: “DEU Ambassador Vincent Degert: EU Expects the Implementation of the Brussels’ Agreement”, “Coordination Body Chairman Zoran Stanković: New Jobs Priority in South Serbia Priority”, “DEU Ambassador Michael Davenport: EU Supports the Development of the South Serbia”, “Chief EU Negotiator Tanja Miščević: The Road to EU Depends upon Local Self-Governments”, “Michael Davenport: Negotiation with the EU is a Chance for Local Communities”, “Minister for EU Branko Ružić: EU will Continue Support to Novi Pazar”, “DEU Ambassador Michael Davenport: EU Supported Efficient Work of Local Self-Government”, “DEU Ambassador Michael Davenport: Money from the EU with (Inter-)municipal Cooperation”, “Swiss Ambassador Jean Daniel Ruch: Important that minorities vote in parliamentary elections”, etc.

Almost half of all media reports were based upon 173 press releases and announcements distributed by the Programme, which journalists had often used verbatim. The key messages sent through the headlines set by the editors and journalists were focused on description of the outputs or outcomes of the projects, donors’ support to the development of the underdeveloped areas, the development of the infrastructure with European donations etc. For example “Roma in Jelašnica get Water Supply System”, “Green Zone Construction in Progress”, “New Heating System for Gymnasium”, “Free Legal Aid for the Marginalized”, “Support from Europe to Leskovac”, “Stadium Stands Being Built”, “Bridge for the Inhabitants of Tibužde”, “Swiss and EU Invest 7.5 Million”, “EU PROGRES Supports Construction”, “New Glam for the new Library”, “Pešter Agro Cluster Established”, “A Chance for the Unemployed Women”...
3 Lessons Learned

EU PROGRES put continuous efforts to identify lessons learned with the objective to provide insight that could be used in the future by development agents. While some of the findings have been systemised in the publication “Obstacles to Infrastructure Development”, study “Vertical Dimension of Good Governance”, and Analysis of EU PROGRES Project Delays, this Report provides an overview of the key lessons that could be considered by the Government, local self governments, donor community and development projects.

For the Government

**Area based programmes**: The implementation of programmes that focus on underdeveloped parts of Serbia, such as MIR1 and MIR2, PRO1 and PRO2, and EU PROGRES proved to be relevant and effective. These programmes (may) include work in different sectors, however, with proper planning remain fully within the strategic framework of the Government of Serbia and reforms needed along the EU path.

Apart for aiding socio-economic growth, **inter-municipal projects** made municipalities recognise the need to jointly solve common problems, to develop, finance and manage projects together. Involvement of line ministries was and will be crucial for successful achievement of inter-municipal projects’ goals.

When there are no legal consequences for failure to adhere to requirements and deadlines set by the national legislation, prospects that local governments will meet their obligations decrease. For example, out of 25 EU PROGRES’ municipalities only three succeeded to complete their spatial plans by initially prescribed deadline of 31 March 2011. It is also necessary to realistically assess capacities of LSGs to implement particular requirements. Therefore, any lawmaker should define clearly accountabilities and, where appropriate, consequences for failure to comply with legal requirements. Where necessary, provision of adequate support, financial and or technical, should be also envisaged.

EU PROGRES, with support from the SEIO, managed to facilitate active participation of the line ministries in the work of the PSC and implemented a range of joint projects and initiatives with the Governmental bodies. There is, however, need for **even stronger engagement of the Government**, on particular projects and this could be formalised through MoUs or other similar documents. Furthermore, Ministries’ representatives could take stronger role in the PSC in order to ensure this body is an effective working group which links the central policy and funding to the local level of implementation.

**UN a reliable partner**: Having international organization under UN umbrella as implementing partner proved to be adequate choice, as it provides neutral and impartial venue for supporting reforms and development of the municipalities in the AoR.102

102 Findings of EU PROGRES Mid Term Evaluation, June 2012
**For local self governments**

**Local strategies**: Despite efforts invested over the past decade into development of different strategies at the local level, in most municipalities, link between these documents and annual budget cycles remains weak, while there are no proper implementation and monitoring mechanisms.

Although municipalities state that unemployment is their number one problem, projects and activities tackling employment and **local economic development** (LED) in general are not number one priority, and great majority of municipalities remain focused on communal infrastructure. In addition, the level of insight and knowledge of developments and trends in the business sector in the respective LSGs and cooperation with the national institutions dealing with investments remains on a very modest level.

Municipalities should make greater **efforts to attract investments**, in particular: by simplifying administrative procedures, enhancing quality of services, modernising administration, by preparing planning and technical documents.

**Project preparedness**: the lack of planning documents, unclear land ownership, issues with the real estate cadastre, poor technical documentation, and poor project applications pose problem for programmes such as EU PROGRES. Municipalities need to invest far more efforts in identification and development of projects – this will enhance chances for **municipality** to win the funding and for particular project’s success.

The LSGs are often looking for “shortcuts” in implementation of projects, which usually leads to clear examples of bad governance. A sustained effort in advancing good governance concept, its principles and applicable practices in the projects is needed in a foreseeable future.

**Weak inter-municipal cooperation** is symptomatic. Examples can be found in spatial plans of neighbouring municipalities that foresee separate industrial zones in remote locations rather than considering a joint industrial zone/industrial park in the border zone between two or three municipalities. In some municipalities there were cases of ministries starting projects without any consultations with the LSG, or, vice-versa, some municipalities engaging in planning or construction without proper consideration of national entity jurisdiction. Therefore, LSGs need to work on identification and development of inter-municipal projects, with structured processes and improved project organisation.

**LSGs involvement**: proactive and continuous engagement by municipalities enables them to better prepare for impending tasks, improves chances they win the funding, and subsequently are more successful in implementation.
For development programmes and projects

Continuous presence of the implementation team in the field facilitated development of good quality relationship with beneficiaries, which in turn contribute to higher efficiency and effectiveness.

Embedding good governance principles in projects, as well as the insisting on respect of national legislation and EU standards, had positive impact on the profile of the Programme and changes in the mind-sets of partners.

Grant methodology has been an excellent capacity development mechanism, which introduced some new approaches and ways in thinking and doing business in the municipalities. However, due to possible limited capacity of the grantees work plans and grant contracts should be developed to reflect the timeframe within which it is feasible to organize and implement projects with this modality. It is also necessary to consider steps to enhance efficiency of the grant methodology: depending on the grant amount, number of tranches should be reduced. The experience showed that financial incentive should be offered in order to motivate civil servants. Finally, more time should be allowed for grant implementation than for direct implementation.

Monitoring and auditing of all projects prior to transferring every tranche has been an excellent capacity building practice, as each monitoring visit was an opportunity for municipalities and the Programme to share lessons learnt, advise each other on improvements and changes in the approach to project delivery.

Weaker municipalities: there are municipalities that previously had limited or no support through development programmes such as EU PROGRES and they struggle more in following the project management requirements and specific donors’ requests. It would be, therefore, beneficial to conduct capacity assessment of municipalities and consider development of individual approach for the newcomer municipalities. Individual approach could include provision of technical assistance that would enable targeted municipalities to lift their capacities in particular area. Other approaches should be considered.

Municipal financial resources: inability of municipalities to provide co-funding has in some cases resulted in delays in the start and implementation of project activities. EU PROGRES methodology foresaw provision of entire co-funding amount in advance and this proved to be effective risk mitigation measure, despite delays it caused. The Programme also considered enabling LSGs to provide co-funding in tranches but with fragile municipal finances this is a higher risk. Therefore, where applicable, development intervention should have carefully design mechanism for mitigation of risks deriving from reduced municipal capacity to provide co-funding.

Calls for Proposals (CfPs) proved to be most transparent mechanism for awarding grants to beneficiaries. Clear criteria and professional conduct of the process, which includes strong communication element, preparation of applicants and sufficient time, calls also attract
good quality proposals. Announcing CfPs and deadlines should be done in advance (when possible at the beginning of the programme) and the programme should ensure there are no more calls at one certain period.

**Insufficient local capacities** may negatively affect implementation at different levels: first, partners may show lack of initiative to take ownership of the projects; project management and other specific skills are poor; appointments and even decisions in some municipalities are still made on the political basis and thus in turn additionally reduce LSGs capacities to work on development; LED offices are not organisationally integrated / linked with the PUCs and building directorate so they sometimes lack essential information when writing project proposals; finally, the local governments still do not grasp to the fullest the importance or the potentials of partnerships with CSOs and see them as competition rather than partners.

**Extensions and cancellations:** criteria and rules for addressing delays and extension requests, for declaring particular project critical and for recommending cancelation of support, should be devised and put in place. The decisions remain with the PSC but the Programme should base its recommendations on clear criteria and rules.

**Rural population** has not been sufficiently included in previous projects despite the fact that it is high in numbers in the areas of interventions. It is necessary to consider inclusion of specific activities or criteria that will ensure benefits for the rural area and population.

**Steering Committee:** Decision making by the Programme Steering Committee, whose meetings were held on the benefactor’s turf, and in a dialogue with the LSGs’ representatives, ensured equal involvement of beneficiaries and stakeholders.

**Synergies:** Coordination and partnership with national sector projects resulted in synergic effects both in programming and financial aspects of actions.

It is necessary to identify the critical success factors (at all levels) in order to increase likelihood of positive impact and long term sustainability of particular intervention.

Possible resistance or lack of cooperation within the existing political/administrative structures in local governments should not be underestimated and proper strategies for answering these challenges must be devised and adopted in early stages of any intervention. In case of changes in political structures at the local level, an assessment of possible consequences for all projects that were/are being implemented in that municipality, needs to be performed, risks identified and mitigation measures proposed and put in motion.

**Capacitating the LSGs** is likely most successful when coupled with support offered to local public investments (infrastructure projects). Work on capacitating local elected and appointed official in terms of improving and developing their competencies as public representatives/officials should be considered in the future.
Respond to policy demands: the interest of LSGs to act in response to policy demands, such as programme budgeting, capital investments and municipal property inventory, has ensured stronger commitment and efficiency in implementation activities. It is important for programmes to remain flexible to be able to insert new perspectives.

Support fully prepared projects: when recommending proposals for funding, it is necessary to ensure that conditions, including financial plan, for the completion of the particular project is in place. Otherwise, projects should not be recommended for funding.

While definitions of large project vary, any development Programme should consider conduct of cost benefit analysis of significant projects, prior to approving funds for implementation.

General

Incorporating good governance concept and its principles, where appropriate, into the Programme activities, especially linking them to implementation of the infrastructure projects, contributes not only to improvements in local regulations pertaining to and overall sustainability of projects in the matter, but also provides better understanding of the nature of a development programme, and of the reasons behind the donors’ interventions, which is always – the change for the better of a society in general, including the change in the prevailing mind-set, both among local official and citizens, on how local authorities should better respond to their tasks and responsibilities. Introduction of Good Governance concept and practices needs to be on-going for a sustained period of time, in order to achieve meaningful results.

The gender equality agenda should be more observed during preparation of project criteria and other related conditions, as well as during project proposal evaluation processes, with a particular focus on addressing gender stereotyping.

Implementation of projects of strategic importance for the entire region, both for the municipalities covered by the programme and those located outside the Programme AoR, has resulted in wide impact on the whole area.

Cooperation with other donor programmes ensures leverage and increases chances of sustainability.
4 Sustainability

The issue of sustainability of intervention was instrumental for EU PROGRES. Sustainability was firstly facilitated through predominant application of grant methodology. Further, interventions and projects at all times remained within the national, regional and local development policies and priorities. In selection of the infrastructure projects, sustainability, including financial, has been one of the main criteria.

4.1 Ownership

The grant methodology, giving beneficiaries ownership over projects, from identification and formulation to implementation, has been the cornerstone of the Programme efforts to build capacities and ensure sustainability. Despite the fact that this methodology reduced Programme’s efficiency, EU PROGRES used it consistently: from 265 projects that were supported, 229 or 86% were implemented through grants.

Changes in the composition of the national and local governments following May 2012 elections affected the Programme, and additional efforts were needed to ensure support from new leaderships to projects and activities that were in progress. For example, the new Mayor in Prokuplje was not supportive of integration of Citizens’ Advisory Service in municipal administration, despite formal obligation taken by his predecessor.

Similarly, the changes on the national level were not beneficial as they included personnel alterations and occasional shifts in policies and priorities. However, the Government, primarily through the SEIO kept ownership over the Programme throughout the duration, while the Programme managed to facilitate continuing engagement and support from the line ministries in its Steering Committee, which was actually responsible for approval of projects. This, however, remains area for development as the line ministries can take a stronger role in the work of the Programme Steering Committee and generally into identification, development and implementation of particular projects.

4.2 Policy support

There was a high degree of correspondence between EU PROGRES and the national policies. On the one hand, the Government of Serbia was committed to support impoverished areas while the issue of balanced regional development was often articulated as one of the priorities. The activities of the Ministry of Regional Development and Local Self Government and the Office for Sustainable Development of Underdeveloped Areas signal country’s policy and plans in this area, while the Coordination Body for Preševo, Bujanovac and Medveđa, established in 2000 to reduce inter-ethnic tensions in three municipalities, shifted priorities towards socio-economic development. These three bodies participated actively in the Steering Committee and successfully worked with EU PROGRES on several joint projects. On
the other hand, EU PROGRES’ activities were strictly embedded in relevant national, regional and local development policies, while at the same time complemented Serbia’s reforms along EU integration path.

The Programme’s work on good governance was rooted in the national strategies and legislation regulating gender equality, transparency of public finances, access to information of public interest, anti-corruption, provision of free legal aid, and minority rights. For example, establishment of local gender equality mechanisms at the local level, development of gender action plans, provision of medical equipment addressing women reproductive or maternal health were tied to appropriate priorities within the National Strategy for Improvement of Position of Women. Introduction of participatory budgeting was in line with the Law on Budget System, which prescribes organisation of consultation processes with citizens during the work on preparation of annual budget, and the Law of Local Self-Government, which requires the municipalities to provide information of local importance to the citizens.

Efforts to enhance municipal management, such as support to clusters, were in line with the National Economic Development Strategy and the Strategy for Development of Competitive and Innovative Small and Medium Size Enterprises. Adoption of general and detailed regulation plans remained fully compatible with the Law on Planning and Construction, despite the fact that the Law changed in December 2012. Precondition for supporting infrastructure was compliance at least with local development strategies, while inter-municipal actions had to be supportive of regional and national development priorities. For example, EU PROGRES’ support to landfills was embedded in the national and regional waste management plans.

Two of three Programme’s campaigns supported national strategies. “Europe, that is You” campaign derived from the Communications Strategy for the Accession of the Republic of Serbia to the European Union and identified need to bring closer accession process to general public, while “Where is Your Threshold of Responsibility?” was in line with the National Programme for Environment Protection and the National Waste Management Strategy.

Despite several new laws or delays in their adoption and some shifts in development priorities\footnote{Described in Section 3.6, Assumptions and Risks}, on a whole the Programme remained on a course of national policies.

4.3 Institutional Capacity

Local institutions through application of the grant methodology implemented 86% projects and this is one guarantee that they will be capable to continue the flow of benefits. It is even of greater importance that partners on projects were those LSG units responsible for issues targeted by particular projects (e.g. for infrastructure project related to kindergarten the key partners/beneficiaries were the kindergartens themselves).
In limited number of cases EU PROGRES’ activities encompassed reform of existing local institutions or establishment of the new ones. Then, the Programme strived to combine different forms of support in order to prepare new or reformed institutions to enhance sustainability prospects. For example, establishment of Citizens’ Assistance Centres and One Stop Shops, involved reorganisation of municipal administration. EU PROGRES’ support included, in addition to adaptation works and provision of furniture and equipment, staff trainings, continued mentoring, exchange of best practices among LSGs, and provision of support in development of legal acts that regulated performance of the newly established units.

While supporting establishment of new institutions within local governments, such as gender equality mechanisms (GEMs), the Programme provided comprehensive support, including development of local action gender plans and awarded grants for implementation of priority projects. Such an approach built institutions’ capacity and enhanced chances for their survival.

EU PROGRES’ work on linking good governance with infrastructure is a special contribution to sustainability. The local policies that were developed in parallel with the implementation of local infrastructure enhance respect of principles of accountability, transparency, efficiency, non-discrimination and citizens’ participation with regard to project’s output. For example, when EU PROGRES funded construction of a kindergarten, it also provided good governance support to beneficiary to develop regulation ensuring non-discriminatory enrolment of children and to establish mechanism for collection and analysing of parents’ feedback regarding institution’s work. In other words, kindergarten’s (institutional) capacity to better run operations i.e. continue benefits is enhanced.

The work on inter-municipal projects included, in addition to construction or procurement of goods, provision of: assistance for establishment of project organisation schemes, development of legal documents, business strategies, and feasibility studies, mentoring and similar. For example, when EU PROGRES supported the establishment of the Regional Centre for Development of Agriculture on the Pešter Plateau, in addition to construction and provision of agricultural machinery, the Programme funded development of the Centre’s Feasibility Study, Business Plan, management model, and founding documents. It provided support to each and every step in the process of establishment and continued to provide mentoring by the end of the Programme.

On a whole, the Programme was deeply embedded in local structures and prospects for sustained benefits are very high. In cases where the Programme identified risks, it applied a range of measures to reduce risks and hence facilitate (institutional) sustainability.

4.4 Financial sustainability

The prospects of financial sustainability are generally positive. The Programme supported reforms that enhanced or should enhance efficiency and effectiveness of local governments,
meaning that impact on municipal finances is or should be positive. For example, support to local tax administrations already resulted in an average increase of 52% in the collected tax in the first two years upon completed activities – clearly, benefits are affordable and will be maintained. Similar logic is applicable to numerous other activities: functioning of One Stop Shops should reduce municipal costs for issuing of building permits rather than increase them, establishment of Citizens’ Assistance Centres improved efficiency of services and reduce costs to citizens, introduction of capital investment planning, programme and participatory budgeting will increase financial planning and discipline that will in turn improve financial status.

Financial sustainability remains fragile within some “soft” interventions, primarily those supported through CIF. It was not expected that all these small projects will continue to live but economic crisis reduced financial capacity of LSGs to fund new or continue some projects. In particular, there are Roma education activities or gender equality interventions that need assistance in the future, and this should be considered by LSGs and donors. Despite this, over 70% CIF 2 projects are (financially) sustainable. Another example of problematic (financial) sustainability were Citizens’ Advisory Services (CAS). Although four municipalities formally obliged to establish CAS within administration, sustainability has been fully ensured only in Novi Pazar. Inclusion of these services within municipal administration and possible employment of several new staff members would be contrary to current ban on employment but would also increase public expenditure.

There are excellent examples of local infrastructure projects that produced savings to municipal budgets and thus provide prospects for long term sustainability. Those particularly relate to actions tackling water supply and energy efficiency. For example, in Sjenica, after replacement of water pumps, the municipality saves 8,000 Euros per month due to reduced electricity bills. The Programme registered no case of infrastructure project that had issues with financial sustainability.

Benefits of the planning and technical documentation started to show. Availability of technical documentation facilitated investment of 1.26 million Euros from the Government and other donors into the construction works while some of EU PROGRES’ sponsored DRPs contributed to investments of over 30 million Euros.

EU PROGRES’ inter-municipal projects also have good prospects for financial sustainability for three main reasons: they are designed to increase economic activity and generate profit; where needed, there is a business plan providing road map to achieve planned profitability; LSGs co-funded and continue to invest their funds into these projects. For example, each of four municipalities involved in Banjica Landfill set aside eight million Dinars for 2013 and 31.5 million Dinars all together for 2014 in order to continue work on the construction of the

---

104 Further information available in Result 2 Section
105 As per description in the relevant result and activity section
106 Preševo, Žitorađa, Prokuplje and Novi Pazar
107 Please check the Section 3.3, Result 6
108 Prijepolje, Priboj, Nova Varaš and Sjenica
landfill. Leskovac Green Zone, in particular, should attract significant investments and open new jobs and thus provide broader positive impact on the municipal finances. The continuing commitment and engagement of involved municipalities in these projects, however, remain instrumental ingredient for ensuring economic success and long term financial sustainability.

It is also positive that the Government and donors are interested to further support several major EU PROGRES’ projects. The construction of the Waste Water Treatment Plant (WWTP) for Raška, estimated at eight million Euros, is among candidates to be supported through IPA 2013 – the preliminary design for this project has been developed by EU PROGRES’ predecessor, PRO. The Ministry of Energy, Development and Environmental Protection is considering options to access funds for the construction of the Banjica Landfill through IPA. Most importantly, EU PROGRES’ successor, European PROGRES has been approved by the Government and donors, DEU and SDC, includes 34 municipalities in the South East and South West of the country. It will build on achievements of EU PROGRES but also include support to those initiatives that were successfully started in EU PROGRES, but need further attention in order to reach its full potential and sustainability, such as clusters, OSS or some good quality “soft” interventions.

4.5 Environmental protection measures

Environmental protection was among priorities for the Programme and EU PROGRES worked on 48 projects, worth 2.4 million Euros that tackled environmental issues. Out of that number 19 were inter-municipal and local infrastructure projects, worth more than 1.75 million Euros. All work was guided by the national strategies regulating solid waste and waste-water management.

The work on solid waste management included the construction of the Recycling Centre in Nova Varoš, provision of containers to four municipalities in the South West, and delivery of garbage trucks to Bosilegrad and Trgovište. EU PROGRES also funded the main designs for two regional landfills, three recycling centres and one transfer station, as well as design of documentation for re-cultivation of an old landfill. Seventeen general and detailed regulation plans, i.e. 53% of all urban planning documents that were developed with EU PROGRES’ support, included the preparation of Strategic Environment Impact Analysis (SEIA). These documents set limitations for future construction in order to ensure the environment is not endangered.

Waste water management has been an important effort: technical documentation was developed for the Waste Water Treatment Plant (WWTP) for Kopaonik, while in addition to preparation of documentation WWTPs were constructed in Crna Trava and Trgovište. Effluent metres were provided to four Pčinja municipalities. EU PROGRES supported major
flood protection project for Novi Pazar that produced benefits shortly after completion\textsuperscript{109} prevent frequent damaging of buildings, roads and agricultural land, which only in 2011 was almost two million Euros.

The results of several small infrastructure projects will also have impact on environment: installation of bio-fuel boilers in Prijepolje and of heating system in Novi Pazar Gymnasium, replacement of joinery in Preševo School and Vladičin Han kindergarten enhanced energy efficiency of these buildings. Only those four projects contributed to savings of about 62,000 Euros in electricity bills and fuel per heating season.

The last of the three Programme public awareness campaigns “Where Is Your Threshold of Responsibility?” was designed to promote environmental accountability of each citizen, and increase knowledge about recycling and energy efficiency. On a small scale, seven environmental projects were supported through the Citizens’ Involvement Fund. In Leskovac, the so-called “turbolators” for three boilers on the heating plant were replaced and directly reduced CO\textsubscript{2} emissions. In Novi Pazar a picnic area in Golija Mountain was arranged, enabling organisation of series of environmental lectures. The most popular old sport and tourist destination in Novi Pazar "Borići" with the old trail for running, located in the old pine forest, was revived. Primary waste separation system in the biggest elementary school in Raška with around 1,000 pupils was established. In Preševo, green area and plants within the schoolyard in Elementary School "Ibrahim Kelmendi" are protected and the trash containers installed, while pupils marked the Earth Day within the action organized by the then Ministry of Environment Protection. As a result of a mini project in Toplica District, four composters were installed in the High School in Blace while public places in Prokuplje, Žitorađa and Blace were cleaned.

Finally, the Environmental Management System ISO 14001:2004 was introduced in five municipalities, in parallel with the Quality Management System ISO 9001:2008, verifying that the local self governments are aware of the environmental management importance.

4.6 Appropriate technology

The Programme used the technology that took into consideration the existing systems in municipalities, but also LSG abilities to operate newly procured equipment in the longer run. The following few examples give an overview of the approach taken.

Equipping of the Urban Planning Directorates in Novi Pazar and Leskovac with GPS geodetic surveying sets resulted in savings of approximately 10,000 – 12,000 Euros, enabling these entities to conduct services that used to be outsourced before. Designs for water pumps in Sjenica and Vlasotince, heating boilers in Novi Pazar and Prijepolje schools were developed by beneficiaries, with EU PROGRES’ advisory support, and met the national standards. The

\textsuperscript{109} Please check the Result 6 section
medical equipment delivered to Leskovac, Surdulica, Ivanjica and Preševo is of the latest professional and technical standards in the field of diagnostics.

Establishment of four One Stop Shops and Citizens’ Assistance Centres included procurement of IT equipment. Specifications were developed in consultations with beneficiary LSGs, while the Programme provided training for the use of software.

In regards infrastructure, all used materials respect the quality standards and tests at the end of projects confirm the quality of works.

4.7 Socio-cultural factors

The Programme’s approach took into consideration a range of socio-cultural factors. First, EU PROGRES had offices in Novi Pazar and Prokuplje and a sub-office in Vranje. Its presence in the field and direct cooperation with municipalities, civil society and local community enabled establishment of strong relationships with them. Field presence also enabled the Programme to follow area development, learn about beneficiaries needs from the first hand, and capacitate local partners through on job training and regular mentoring that, although not formalised through activities, was standard practice.

The respect of the national and local ownership was Programme’s strength. Local ownership over activities facilitated sound engagement of local communities in the implementation while the national ownership was ensured through the Programme Steering Committee and development and implementation of joint project with the national partners.

Knowing that underdevelopment and poverty hit hardest those who are most vulnerable and on the margins of society, EU PROGRES, through good governance work, and to lesser extent though infrastructure and entrepreneurship projects, supported Roma, disabled persons, women, elderly and other minorities.

While funding and other support is in principle provided on a competitive base, the Programme introduced measures to ensure even distribution, as much as possible. For example, individual municipalities were able to win funding for implementation of only one local infrastructure project during the one public call for proposals. Meetings of the Programme Steering Committee were held across the EU PROGRES’ area of responsibility and this was another way to ensure respect of local stakeholders.

Having in mind that the Programme covered multi ethnic area, efforts were put to ensure fair ethnic balance among employees, as much as possible. About 25% of EU PROGRES’ staff were from the minority groups – this proved to be beneficial for relationship with local communities. In addition, EU PROGRES was most of the time a team of 30 people, originating mainly from the South and South West Serbia. On the one hand such reliance on the national staff provided to the Programme in depth understanding of the area. On the
other, through application of UNOPS’ methodologies, standards and tools in the project management as well as through increasing number of training opportunities\textsuperscript{110} the national staff obtained experience and expertise that, no doubt, will be a valuable asset for the development of the area and of the whole country.

\textsuperscript{110} As per description in management and coordination section
5 Cooperation, Partnerships and Recognitions

5.1 Cooperation and partnerships

In addition to close cooperation with the LSGs and civil society organisations, and participation of the line ministries in the work of the Steering Committee, the Programme implemented numerous joint projects with the Government and other development organisations and projects.

Cooperation with the Government

EU PROGRES respected the national ownership over the Programme and established productive cooperation with a range of Government’s institutions and bodies. The SEIO chaired the Programme Steering Committee and provided continuous strategic support and leadership to both EU PROGRES and participating municipalities. It also effectively facilitated coordination with the key central level stakeholders.

EU PROGRES’ work on development of planning and technical documentation for industrial zones in Vranje, Preševo and Vladičin Han was complementary to the Ministry of Regional Development and Local Self Government’s efforts to develop business infrastructure, while the MRDLSG contributed to design of some activities, such as the Baseline Competitiveness Study.

The cooperation with the Ministry of Finance and Economy \(^{111}\), primarily the Sector for Tourism, was focussed on preparation of the “Strategic Marketing Plan for Zlatibor and Zlatar Mountains”. The Programme also delivered training for the Central Financing and Contracting Unit on FIDIC contract modality.

The work with the Ministry of Environment and Spatial Planning\(^{112}\) was especially productive in the first two years of implementation. EU PROGRES’ project on the Green Zone internal infrastructure was continuation of investments made by this Ministry and the City of Leskovac. The Ministry also supported Programme’s work on technical designs for landfills and recycling centres and planned to use the developed documentation to fund the construction. Due to economic crisis and shift in priorities after 2012 elections this didn’t happen. Nevertheless, the Programme continued to coordinate activities with the Ministry of Energy, Development and Environmental Protection, and one of the projects that was successfully implemented across the Programme’s Area of Responsibility was the environment campaign (Where is Your Threshold of Responsibility).

EU PROGRES and OSDUA co-funded the establishment of the Regional Centre for Development of Agriculture (Pešter project) and jointly worked on development of

\(^{111}\) Following the reconstruction of the Government of 1 September 2013, the Ministry of Finance and Economy has been split.

\(^{112}\) After the elections in May 2012, environment was under the Ministry of Energy, Development and Environmental Protection.
planning and technical documentation for the Regional Landfill “Meteris” for Pčinja municipalities. The Programme also supported organisation of OSDUA annual conference, key event whose purpose is to raise awareness of problems existing in underdeveloped areas and to present Government’s measures, while possibly seeking support from other development stakeholders.

Together, EU PROGRES and the Coordination Body created conditions for reopening of Preševo Maternity Ward. Joint activities to renovate wood processing factory and enable (re)start of pellet production in Medveđa were also effective. Work on development of project for the construction of the higher education building in Bujanovac to be used by the Subotica Economic Faculty Department in Bujanovac has also been productive: progress regarding provision of plot of land planned for the construction was made and steps agreed towards a contract between Bujanovac Municipality and Economic Faculty about usage of the building. The Coordination Body was actively involved in monitoring all Programme activities targeting Preševo, Bujanovac and Medveđa and gave a valuable contribution at the Programme Steering Committee meetings.

The Programme also seconded an expert to the Office for Human and Minority Rights to increase its capacity to respond to issues arising in the work of the National Minority Councils. EU PROGRES cooperated with Roma, Albanian and Bulgarian National Minority Councils by financially backing their joint project.

The Programme collaborated with the Water Directorate of the Ministry of Agriculture, Forestry and Water Management on development of technical documentation for waste water projects for Kopaonik, Sjenica and Tutin. This Ministry was also supportive and contributed to implementation Pešter project.

The first regional office of the Commissioner for the Protection of Equality outside Belgrade was opened in Novi Pazar with the support from EU PROGRES. An expert has been seconded to the OHMR. The Programme maintained communication with the Directorate for Gender Equality, Anti-Corruption Agency, Ombudsman and many more Government bodies.

The cooperation with the Standing Conference of Towns and Municipalities (SCTM) has been of special importance having in mind this organisation’s role to protect and advocate LSGs’ interests before the Government. EU PROGRES coordinated activities contributing to reform of LSGs and, through good governance activities, shared its experiences regarding obstacles negatively affecting communication and coordination between municipalities and line ministries, and thus in turn hamper performance of the local self-governments. The SCTM took forward some of the Programme’s findings and use/will use them to advocate for better solutions.

**Cooperation with the Regional Development Agencies**

The cooperation with the Regional Development Agencies (RDA) has not been a priority for EU PROGRES having in mind that another EU funded project, RSDP2 had as the main
objective to (further) capacitate and support these institutions. Despite this, the Programme consulted RDAs in its AoR on development issues and, in addition, awarded several grants to three agencies. The Regional Development Agency of Sandžak (SEDA) was a partner on Pešter Centre establishment as well as for the development of Pešter produce branding plan. The RDA Zlatibor was the implementing partner for the development of Marketing Plan for Zlatibor and Zlatar Mountains while the Centre for Development of Jablanica and Pčinja Districts implemented several activities related to development of fruit production in the Pčinja District.

**Cooperation with international organisations and development projects**

There are quite a few examples in which EU PROGRES worked jointly with international organisations and development programmes, or where they co-funded projects. The Czech Development Agency funded provision of the laboratory equipment for the Pešter Centre that was constructed with EU PROGRES’ support. EU funded CLEAN project and EU PROGRES co-funded equipping and establishment of the Recycling Centre in Nova Varoš. CARITAS Luxembourg, on the basis of technical documentation developed through EU PROGRES, invested 86,000 Euros and renovated a part of the largest elementary school in Vranje.

There were synergies between EU PROGRES and USAID’s Sustainable Local Development Programme (SLDP). Following completion of EU PROGRES’ infrastructure work on the Green Zone, USAID SLDP worked with Leskovac to develop supply and demand research for agricultural products and has been providing expert advice for further development of the location. It also funded work on the Environmental Impact Assessment that is integral part of the Regional Waste Management Plan for the Pčinja that was developed with EU PROGRES’ funding. Two parties also cooperated on provision of effluent metres to four municipalities in the District, harmonised support to the project for the construction of higher education building in Bujanovac and worked on Foreign Direct Investment (FDI) initiatives (EU PROGRES supported development of the FDI plans and the SLDP provided technical assistance for design of specific projects and their presentation at international fairs). Cooperation was also established for Municipal Property Registry, with EU PROGRES procuring the software and conducting basic training, and SLDP providing technical assistance.

With USAID’s Business Enabling Project (BEP), the Programme cooperated in policy development in the area of construction, by providing insights and comments to the draft Law on Spatial Planning and Construction.

The Programme coordinated programme budgeting and support to local tax administrations with GIZ MSP IPA 2007; integrative planning approach with the SCTM Exchange 3 and GIZ Land Management Project; provision of support for registration of municipal property with SCTM Exchange 4; for development of One Stop Shops the Programme used the legal approach and methodology from a project funded by the Swiss State Secretariat for Economic Affairs (SECO) while synergies were created with OPTIMUS and the USAID BEP; cluster establishment was coordinated with LEDIB Cluster House, to name a few.
EU PROGRES invested significant efforts to facilitate partnerships and effective coordination with the United Nations system in Serbia. The work in the field of gender and free legal aid has been coordinated with the PBILD programme in Jablanica and Pčinja Districts. The Programme regularly consulted UN Women on gender related issues and contracted it to conduct gender related outreach activities. In Novi Pazar Blaževo Roma settlement EU PROGRES constructed the water supply network, while through a Human Security Trust Fund project the local population is getting support for employment generation through establishment of a recycling/waste collection centre, as well as a better access to health, through renovation of the local health centre. With ILO, the Programme conducted a Skills Gap Analysis for 34 municipalities in the South East and South West Serbia. This document provides valuable insight for the design of employment activities within EU PROGRES’ successor. Finally, EU PROGRES strived to participate in all relevant One UN discussion forums with objective to share information and lessons learned, as well as to explore opportunities for synergies.

The Programme has also maintained regular communication with the OSCE regarding human rights issues in the area, while two parties joined efforts to make advancement regarding construction of higher education building in Bujanovac.

With the joint efforts, shared objectives and genuine commitment, those partners, through EU PROGRES, are contributing to shifting the South and South West from the map of the least developed and conflict prone municipalities into the area that is attractive to investors, with skilled people and potentials for socio-economic growth that could benefit the entire country.
5.2 Awards and Recognitions

For its contribution to the local development and appreciation of efforts to improve living conditions in the South and South West Serbia, EU PROGRES received certificates and awards from 13 local self governments: Leskovac, Vranje, Vlasotince, Lebane, Trgovište, Bojnik, Bujanovac, Ivanjica, Sjenica, Nova Varoš, Žitorađa, Tutin, Raška.

Public institutions and civil society organisations also appreciated the Programme’s approach in development activities:

- Office for Sustainable Development of Underdeveloped Areas under the Minister without Portfolio
- Albanian National Minority Council
- Bosniak National Minority Council
- The Alliance of Roma Societies of Serbia
- Kindergartens “Veselo detinjstvo” Raška and “Habiba Stočević” Tutin
- Civil society organisations “Flores” Sjenica and Association of Persons with Paraplegia Vranje
- Organization Committees of International Folklore Festival Bosilegrad, Children’s Creativity Festival FEDES Prokuplje and Raška Spiritual Ceremony
- Public Library “Desanka Maksimović” Vlasotince
- Health Centre Kuršumlija
- Culture Centre “Vučje” Leskovac
- Basketball Club “BSK Junior” Bujanovac
- The Alliance of Roma Societies of Serbia.

The National Council of the Roma National Minority awarded EU PROGRES for the contribution to improving the position of Roma in Southern Serbia.

In 2011, EU PROGRES was ranked among UNOPS’ four best projects in the world, having been shortlisted among 1,000 projects from more than 80 countries. This was a significant acknowledgment for the Programme, its importance and quality, particularly having in mind that other three finalists worked in extremely difficult and challenging conditions - in Afghanistan, Honduras and South Sudan.
## 6 Progress against LFM Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Overall Status</th>
</tr>
</thead>
</table>
| **LEVEL OF IMPACT**  
(OVERALL OBJECTIVE) | |
| Contribute to creation of 1,500 jobs in the EU PROGRES AoR by 2017. | EU PROGRES’ projects for the Industrial Zone in Vranje, the Centre for Pešter Development, Support to Fruit Production in Pčinja, the Green Zone in Leskovac, and renovation of Termovent Factory in Medveđa are expected to contribute to creation of **3,000 jobs** in the next one to five years while several hundred entrepreneurs and several thousand agricultural producers should be positively affected. During implementation of EU PROGRES, the projects contributed to creation of **305 jobs**. |
| Contribute to investments of 20 million Euros into economic, social and environmental projects in the EU PROGRES AoR by 2017. | EU PROGRES work on technical and planning documentation for the Vranje Industrial Zone is a part of the “package” that facilitated investments of Geox and Ditre worth over **30 million Euros.** The Green Zone in Leskovac, whose internal infrastructure has been constructed with EU PROGRES’ support, is one of the key investment locations in the South Serbia. The total value of the technical and planning documentation, developed with EU PROGRES’ support is 41 million Euros. The municipalities already accessed 969,100 Euros from the Government of Serbia and other donors. |
| Reduced level of air and water pollution by 5% in the EU PROGRES AoR by 2020. | EU PROGRES’ work on development of technical documentation for three recycling centres and the regional landfills Banjica and Meteris, work on studies for Kopaonik Waste Water Treatment Plant (WWTP), than construction of WWTPs in Crna Trava and Trgovište, and implementation of several local infrastructure projects which introduce bio fuel and reduce CO₂ emissions, will contribute to cleaner air and water in the area. |
| The number of women at decision making positions in EU PROGRES participating municipalities increased by at least 5% during the Programme lifetime. | Women representation in municipal assemblies in the South West and Toplica, where EU PROGRES worked on gender, is 11% higher after 2012 elections. The number of female local councillors has in some cases doubled after 2012 elections. There are 58.33% women who are heads of administration. |
| Contribute to improvement of living conditions of the marginalised and vulnerable | About 9,100 vulnerable directly benefited from the projects: 2,374 people received free legal aid through Citizens’ Advisory Services and exercised their rights in |
### Indicator

**Overall Status**

groups by providing access to employment, housing and social support to at least 3,000 people in the AoR

obtaining personal documents, access to health protection, pension, education etc. Seventy partnership projects of civil society and LSGs benefited 4,850 people. Projects providing access to clean water for 687 Roma in Novi Pazar, Surdulica and Vranje reduced harsh living conditions of this vulnerable group. EU PROGRES project with BIC Vranje facilitated employment of 29 Roma while nine unemployed women established their own business through start-up grants.

Some urban plans will facilitate legalisation of informal Roma settlements, while some infrastructure projects improve physical access to public institutions. Work on good governance meant that local policies were developed or redesigned in a manner that ensured rights of vulnerable communities were addressed.

<table>
<thead>
<tr>
<th>Level of outcomes (programme purpose)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased satisfaction of citizens with public services over three years of EU PROGRES’ implementation</td>
<td>In the second CSS, conducted in the late 2013, the citizens said they’d like to see more responsiveness of the local authorities, but at the same time their trust into mayor’s office increased by 4%, while 13% more believed it was easy and not complicated to finish administrative tasks in a municipality. More than half of the surveyed said there have been no changes in the performance of local public services in comparison to 2010, which is actually a good result, having in mind the worsening economic crisis in the last three years. The citizens perceive local administrations and tax offices as the best performing parts of the public services. Approximately 13% more citizens are now satisfied with the ease they are finalising their affairs with the municipal administration compared to 2010. Awareness that local infrastructure must be improved to attract investments increased by average 3% for roads, water and sewage and health infrastructure compared to 2010 survey. According to the municipal surveys, the Citizens’ Assistance Centres provided easier access to documents for citizens, especially those established in local communities. The feedback provided by the citizens showed that the efficiency in service delivery has increased by 90% in Trgovište and by 50% in Crna Trava, and open and user-friendly environment as well as</td>
</tr>
<tr>
<td>Indicator</td>
<td>Overall Status</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Gross LSGs allocations for the CSOs in the EU PROGRES AoR increased by at least 10% by the end of the Programme. At least five partnership projects between LSGs and CSOs established and continue independently of the Programme.</td>
<td>Through CIF and CAS, the Programme facilitated 70 partnership projects between civil society organisations (CSOs) and local self-governments (LSGs). EU PROGRES assessed possible effects of CIF and reviewed the grantees’ reports: for CSOs this opened up room for more regular communication and better cooperation with LSGs; 16 partnerships between LSGs and CSOs continued after CIF 1. From 2010-2014 the municipal funds allocated for CSOs increased by 40.68%\textsuperscript{113}, while the two thirds of surveyed organisations confirmed the increase in the number of projects they work on.</td>
</tr>
<tr>
<td>At least five municipalities adopt mechanisms for sustainable and continuous participatory budgeting processes.</td>
<td>The participatory budgeting, conducted in 12 municipalities, resulted in priorities specified by some 5,800 citizens being accepted while defining of 2013 budgets. In Vranje, the highest priority for the citizens was youth employment and the City allocated 38 million Dinars for this purpose for the first time. The priority for Leskovac citizens was opening of jobs and the City assigned funds to employ 54 young professionals with the average grades above 9,00 while 70,000 Euros were put aside for employment subsidies. In comparison to 2012, cumulative LSGs’ allocation in 2013 was about 1.85 million Euros more for priority issues identified by the citizens. Three municipal/city councils adopted decisions institutionalizing the Participatory Budgeting process, while 11 municipalities passed decisions on establishing local PB teams for future activities. Five LSGs applied EU PROGRES’ (comprehensive) methodology during development of budget for 2014, without assistance from the Programme and this is indicator of sustainability.</td>
</tr>
<tr>
<td>Citizens’ Advisory Services continue in at least two municipalities after the Programme finishes</td>
<td>In Novi Pazar, the CAS Office was integrated into the City Administration and is fully operational. There is readiness in Prokuplje and Preševo to integrate the CAS office, however there are Government imposed employment restrictions on the LSGs.</td>
</tr>
<tr>
<td>Local mechanisms for gender equality in place in at least twelve municipalities; at least five municipalities allocate funding for gender equality</td>
<td><strong>EXCEEDED.</strong> Local gender equality mechanisms (GEMs) were (re)established in all 12 municipalities (Toplica District and South West Serbia), while nine municipalities set aside budgets for gender issues. Nine municipalities adopted gender Action Plans and adopted...</td>
</tr>
</tbody>
</table>

\textsuperscript{113} The overview of budget allocations for gender and the CSOs is available in Annex I, Attachment 1.2
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Overall Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>activities.</td>
<td>the European Charter on Equality of Men and Women in Local Life.</td>
</tr>
<tr>
<td>Period for responding to requests regarding building permits and conditions reduced by 20% in at least four EU PROGRES participating municipalities.</td>
<td>The results of the four One Stop Shops (OSS) show that total time needed for issuing of construction permit was reduced by 69%. For example, in 2013 Leskovac registered an average of 40 days for building permits issuing which is 60% decrease compared to 98.33 days baseline data. Indirectly, development of 33 planning documents and design of technical documentation for more than 20 projects also enhances LSG’s efficiency for issuing of building permits.</td>
</tr>
<tr>
<td>Increased level of tax collection in at least ten municipalities by at least 10% by the end of the Programme.</td>
<td>EXCEEDED. There is 47% increase in invoiced amount of local taxes in eleven participating LSGs and 52% increase in collected tax which is over 690,880 Euros in municipal revenues in these LSGs.</td>
</tr>
<tr>
<td>Increased level of services for businesses in at least two municipalities. At least 20 enterprises from the Programme AoR involved in clustering by end of the Programme.</td>
<td>Support to businesses is provided on several levels: three clusters involving 74 entities established (out of which 53 are SMEs), 17 businesses established through BIC Vranje, four One Stop Shops were set up and enhanced quality of services to investors, five Capital Investments Plans provide valuable inputs for development of business related infrastructure.</td>
</tr>
<tr>
<td>Spatial and General Regulation Plans, and priority Detailed Regulation Plans in place in all municipalities by the end of the Programme</td>
<td>EU PROGRES supported development of one Elaborate for Spatial Plan, seven GRPs and 25 DRPs, out of which 21 were approved by the assemblies (19 DRPs and two GRPs) and 11 were awaiting approval in the coming months. In addition, the Programme provided equipment for geodetic surveys and IT hardware and specialised software for Urban Planning Directorates in Vranje, Leskovac and Novi Pazar which significantly reduced costs of geodetic services and increase coverage of the territories in the three cities with the urban planning documents.</td>
</tr>
<tr>
<td>Up to 40 projects from SS and SWS on the SLAP data base – the third level until the end of the Programme (Indicator not fully applicable after November 2012 reform of SLAP IS)</td>
<td>There are 100 projects from 23 EU PROGRES municipalities in the SLAP; 14 were developed through EU PROGRES: designs for Banjica and Meteris Landfills, recycling centres, Erozija infrastructure in Novi Pazar, waste water system in Raška, water supply in Šjenica, WWTPs in Crna Trava and Trgovište, Water</td>
</tr>
</tbody>
</table>

114 Data from end of April 2014.
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Overall Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant in Lebane, reconstruction of the water supply in Vladičin Han. EU PROGRES funded the last four, in total value of 690,000 Euros, while the estimated value of works for others is slightly over 23 million Euros. EU PROGRES supported five projects that are on PPF5 list, based on the strategic relevance assessment. Regarding solid waste sector, Meteris is ranked 12th and Banjica 20th, out of 21 projects. In regards waste water sector, Novi Pazar WWTP is on the 11th place, out of 17 projects, while the Brownfields Redevelopment Initiative includes DRPs for the Industrial Zone Vladičin Han on the sixth and DRP for Industrial Zone Čukarka in Preševo on the tenth, out of 12 places.</td>
<td><strong>EXCEEDED.</strong> EU PROGRES supported development of five technical designs for regional projects and 20 designs for local infrastructure to the stage of building permits. The value of the pipeline of “ready to build” projects, prepared with EU PROGRES’ support is estimated at 41 million Euros. The planning documentation developed through EU PROGRES creates conditions for investments into technical documentation, which could attract tens of millions of investments.</td>
</tr>
<tr>
<td>Municipal capacity for absorption of funds for implementation of infrastructure projects enhanced by 40 million Euros by the end of the Programme.</td>
<td><strong>EXCEEDED.</strong> Implementation of seven local projects and one inter-municipal project will directly improve water supply for more than 65,000 citizens. The Programme also supported development of documentation for Kopaonik Mountain that will provide overview of water sources for Raška and the area, approximately covering half a million users. This is key for future water supply system development.</td>
</tr>
<tr>
<td>Access to clean water improved for at least 20,000 citizens from the EU PROGRES AoR (2.5% of the total area population) by the end of the Programme.</td>
<td><strong>EXCEEDED.</strong> Implementation of eleven local infrastructure projects improved conditions for education for about 12,600 children. EU PROGRES was also involved in development of the project for construction of premises for the Department of the Faculty of Economy in Bujanovac, which is instrumental effort for the area, both in terms of socio-economic development and stability.</td>
</tr>
</tbody>
</table>

---

116 Water supply in Sjenica, WWTPs in CrnaTrava and Trgovište, reconstruction of the water supply in Vladičin Han and water plant in Lebane
117 PRO 2 project

<table>
<thead>
<tr>
<th>Level of results</th>
</tr>
</thead>
</table>

108
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Overall Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two calls for proposals within CIF implemented with 80 projects supported</td>
<td>CIF 1: 40 projects supported and CIF-2: 26 projects funded. There were 16,500 direct beneficiaries of actions. More than half projects were focussed on providing support to marginalised and vulnerable groups and addressed the needs of Roma, people with disabilities, youth and women. Other themes included good governance, environment protection, rural development and promotion of inter-ethnic tolerance. Compared to CIF-1, when half of the projects were delayed, which led to contracts’ extension, less than 25% of the CIF-2 projects were in a need of an extension, which clearly demonstrates capacity improvement.</td>
</tr>
<tr>
<td>expected to bring along increased participation of different communities</td>
<td></td>
</tr>
<tr>
<td>in the work of local government. First CIF in year 1 with 40 projects and</td>
<td></td>
</tr>
<tr>
<td>CIF 2 with additional 40 projects in year 2.</td>
<td></td>
</tr>
<tr>
<td>Citizens’ Satisfaction Surveys conducted in year 1 and year 3 of the</td>
<td>The first Citizens’ Satisfaction Survey (CSS) was conducted in November-December 2010 in 25 municipalities, on the sample of approximately 6,500 citizens. The second CSS was conducted in late 2013 and included additional nine municipalities (which will be part of EU PROGRES’ successor programme). The survey sample was over 8,000 citizens.</td>
</tr>
<tr>
<td>Programme serve municipalities to improve their efficiency and</td>
<td></td>
</tr>
<tr>
<td>accountability.</td>
<td></td>
</tr>
<tr>
<td>Improved access of vulnerable and marginalized groups to municipal</td>
<td>The four CAS offices offered free legal assistance to 2,374 users. Legal assistance was provided to 53% Albanians, 21% Roma, 20% Serbs and 4% Bosniaks. According to the gender structure 78% of users were male, and 22% female. There were 42% unemployed users, whilst 24% of them were social protection beneficiaries.</td>
</tr>
<tr>
<td>services in up to four targeted municipalities during Programme</td>
<td></td>
</tr>
<tr>
<td>implementation.</td>
<td></td>
</tr>
<tr>
<td>Transparent and efficient preparation and monitoring of budget, with</td>
<td>The first phase of this activity included the assessment of municipal budgets and existing budgetary practices, after which recommendations were made how to improve the processes. Tailor-made methodology for implementation in municipalities was prepared. The second phase focussed on planning and conducting participatory budgeting (PB) activities with 12 municipalities that passed the capacity assessment and were willing to participate in the process. As a result, the budgets for 2013, in all 12 municipalities, reflected the priorities specified by their citizens.</td>
</tr>
<tr>
<td>elements enabling public participation, realization in three pilot</td>
<td></td>
</tr>
<tr>
<td>municipalities during the first year of Programme implementation.</td>
<td></td>
</tr>
<tr>
<td>The same process conducted in 25 municipalities in two phases: the</td>
<td></td>
</tr>
<tr>
<td>first phase assessment and analysis of local budgetary practices and</td>
<td></td>
</tr>
<tr>
<td>capacities for PB; the second phase actual PB process in at least 12</td>
<td></td>
</tr>
<tr>
<td>municipalities.</td>
<td></td>
</tr>
<tr>
<td>One anti-corruption seminar for EU PROGRES supported 19 municipalities</td>
<td></td>
</tr>
</tbody>
</table>
| to work on the
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Overall Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Gender Equality Mechanisms established and operational in 12 municipalities until the end of the Programme, thus increasing the levels of non-discrimination and inclusion. At least ten Action Plans produced with the aim of increasing non-discrimination and encouraging participation and inclusion by the end of the Programme. European Charter on Gender Equality adopted or National Gender Equality Strategy localised in at least six municipalities by the end of the Programme. At least five local Gender Equality Mechanisms capacitated for preparing gender equality related projects. Provide expert support to the Department for Human and Minority Rights in the form of Project Coordinator for at least nine months, thus increasing</td>
<td><strong>EXCEEDED.</strong> Local GEMs) were (re)established in all 12 municipalities (Toplica District and South West Serbia), GE LAPs were adopted in nine, the EU Charter on Gender Equality on the Local Level has also been adopted in nine, while nine municipalities have set aside budgets for gender issues. Seven GEMs’ projects were approved for funding in the first call for proposals (out of 11 submitted), while the second call was extended to all municipalities in the EU PROGRES’ area and 16 were supported. Nine women-owned businesses were registered, resulting in nine new jobs being created. The outreach activities, supporting the Commissioner for Protection of Equality, were carried out in six municipalities and the establishment of the Commissioner’s first regional office, in Novi Pazar, was supported. One public awareness campaign on women health issues carried out in Preševo, Bujanovac and Vranje following delivery of the related medical equipment to Preševo maternity Ward and seven other medical centres. GEMs from the entire AoR were capacitated through the trainings and a peer-to-peer conference. The Programme also enabled capacity building of women local MPs in policy-making, advocacy, lobbying and representation skills. The new premises of the Albanian National Minority...</td>
</tr>
<tr>
<td>Indicator</td>
<td>Overall Status</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>their capacities to deal with projects targeting National Minority Councils. Provide specific support to NMCs operating in the AoR by funding at least two projects by the end of the Programme.</td>
<td>Council (ANMC) were furnished and equipped. Roma, Albanian and Bulgarian National Minority Councils (NMCs) project benefited about 33 people from minority groups who developed knowledge on multiculturalism. This project promoted tolerance, human rights, and cooperation between majority and minority groups. EU PROGRES’ associate supported the Office for Human and Minority Rights (OHMR) in preparation of the Draft Strategy for the Fight against Discrimination (2013-2018) as well as in monitoring the work of NMCs. All 12 municipalities that the Programme worked with adopted decision on establishment of the local Inter Ethnic Relations Council (IERC), with substantial amendments in the field of jurisdiction and all received mentoring/coaching on IERCs’ role and responsibilities.</td>
</tr>
<tr>
<td>At least 15 new municipal regulations, rule books or decisions contributing to enhanced Good Governance adopted by the end of the Programme. At least one inter-municipal project functioning according to Good Governance organisation scheme by the end of the Programme. At least one booklet on collected obstacles local governments are facing in their everyday functioning pertaining to the discrepancies in interpretations of positive legislature or lack of regulative or confronting regulations coming from different government levels and institutions or other reasons published by the end of 2013. Pure good governance activities carried out in at least one municipality, result in at least one new regulation/decision/new procedure.</td>
<td>In eight out of 14 municipalities, where the Programme provided assistance to link small infrastructure projects (SIPs) with the good governance practices, 55 regulations were either adopted or revised. Four large inter-municipal projects function according to the good governance organisation, with process structure established using Programme’s expertise and assistance. In one municipality (Ivanjica) pure good governance reform process was carried out resulting in the Rulebook for oversight of the local PUCs and the new, adapted Statute, as well as the templates and harmonization/adjustments documents on the annual work-plan elements and structure as well as templates for reporting, strategic part of the local public utility companies’ plans (with the aim of increasing overseeing role and capacity of local assembly over the municipal PUCs). Two booklets on Good Governance (Making Good Governance Tangible and Good Governance Vertical dimension) developed and published.</td>
</tr>
<tr>
<td>Three Citizens’ Assistance EXCEEDED. Citizens’ Assistance Centres formed in</td>
<td></td>
</tr>
</tbody>
</table>

111
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Overall Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centres formed and functional in municipalities where they didn’t exist. Eight municipalities supported in technical renewal of CACs by the end of 2012.</td>
<td>FULLY MET. Tрговише, Bosilegrad and Crna Trava. In addition, nine LSGs (Raška, Medveđa, Lebane, Blace, Novi Pazar, Preševo, Vladičin Han, Bojnik and Kuršumlija) are supported in technical upgrade of the existing CACs.</td>
</tr>
<tr>
<td>At least five FDI attraction plans developed by the end of the Programme. At least two BIC received financial and technical support by the end of the Programme. Three clusters formed and functional; three promotional campaigns regarding innovativeness and competitiveness conducted by the end of the Programme.</td>
<td>FULLY MET. FDI attraction planning process completed in five municipalities(^{118}) and Ivanjica and Novi Pazar assemblies adopted their plans. BICs in Prokuplje and Vranje completed projects in 2012. The project for distant incubation of Roma entrepreneurs in Vranje BIC completed in 2013. Three clusters formed – “Radan Mountain Tourism”, “Pešter Agro” and “South Serbia Fruit”, and successfully finalised planned activities.</td>
</tr>
<tr>
<td>Two One Stop Shops formed and functional by the end of the Programme.</td>
<td>EXCEEDED. Four One Stop Shops (Novi Pazar, Ivanjica, Leskovac and Vranje) formed and functional as of June 2013.</td>
</tr>
<tr>
<td>At least ten municipalities have updated taxpayers’ database by the end of 2012.</td>
<td>EXCEEDED. Eleven municipalities updated tax payers’ database: Blace, Bojnik, Bujanovac, Lebane, Preševo, Priboj, Prokuplje, Sjenica, Surdulica, Vranje, Žitorađa</td>
</tr>
<tr>
<td>Programme budgeting implemented in at least five municipalities by the end of the Programme.</td>
<td>FULLY MET. Programme budgeting process completed in five municipalities: Medveđa, Vladičin Han, Raška, Nova Varoš, Vlasotince</td>
</tr>
<tr>
<td>Five municipalities are QMS certified by the end of the Programme.</td>
<td>EXCEEDED. In addition to obtaining QMS certificates, Novi Pazar, Bujanovac, Prokuplje, Ivanjica and Surdulica, were also certified for EMS.</td>
</tr>
<tr>
<td>At least four general and at least eight detailed regulatory plans developed and adopted by the end of the Programme.</td>
<td>EXCEEDED. One special purpose Elaborate for Spatial Plan, seven General Regulation Plans (GRPs) and 25 Detailed Regulation Plans (DRPs) were developed.</td>
</tr>
<tr>
<td>Capital Investment Planning (CIP) adopted in at least five municipalities by the end of the Programme.</td>
<td>FULLY MET. Capital Investment Plans (CIP) adopted by local assemblies in Medveđa, Nova Varoš, Raška, Vladičin Han and Vlasotince.</td>
</tr>
<tr>
<td>At least two social housing pilot</td>
<td>FULLY MET. Improvement of living conditions through</td>
</tr>
</tbody>
</table>

\(^{118}\) Leskovac, Prijepolje, Novi Pazar and Vranje
<table>
<thead>
<tr>
<th>Project Area</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply system construction project completed in Vranje Roma settlement “Ćoška” at the end of 2012. Another water supply system for Roma settlement “Blaževo-postenje” in Novi Pazar completed.</td>
<td></td>
</tr>
<tr>
<td>At least three inter municipal and six local infrastructure projects developed up to the built-ready stage by the end of the Programme implementation.</td>
<td>EXCEEDED. Technical documentation for five inter-municipal (main design for the Banjica Landfill; Feasibility Study with Preliminary Design for Waste Water System for the National Park and Tourism Centre Kopaonik, Technical Study of Underground Drinking Water Reserves for Raška Municipality; the Main design for Meteris Landfill and the Bypass road to the Industrial Zone in Vranje) and 20 local infrastructure projects developed.119</td>
</tr>
<tr>
<td>Financial sources for up to three inter municipal and up to six local infrastructure projects identified during Programme implementation.</td>
<td>PARTIALLY MET. Sources identified for three inter-municipal projects. There is a plan to seek funding from IPA 2014 for Banjica Landfill and for the Raška Waste Water Treatment Plant. Serbia Waters expressed interest in funding the flood protection structures in the Raška River basin. Funding provided for three local infrastructure projects: primary collector construction in Tutin (the Ministry of Agriculture, Forestry and Water Management), renovation of Vranje Elementary School “Dositej Obradović” (CARITAS), the Vranje National Theatre (various donors).</td>
</tr>
<tr>
<td>Three inter-municipal project proposals identified and timely implemented by the end of Programme.</td>
<td>EXCEEDED. Nine inter municipal projects identified and implemented: Leskovac Green Zone, Pešter Agro Business Development Centre, water supply to Roma settlement in Jelašnica village, Regulation of the Raška River watershed, Effluent metres for four municipalities in the South Morava basin, Vlasina River protection, Regional Centre for Day Care and Vocational Training for People with Disabilities in Novi Pazar, Vocational Education for Textile, Clothing and Footwear Industry in Novi Pazar, Recycling Centre Nova Varoš (within the integrated waste management solution in Banjica Landfill).</td>
</tr>
<tr>
<td>At least two projects in Jablanički and Pčinjski Districts funded from the new funding source by the end of the Programme.</td>
<td>FULLY MET. EU PROGRES supported two projects in the Pčinja District: establishment of the Pčinja District Regional Fruit Production Centre and the design and the construction of the Waste Water Treatment Plant (WWTP) in Trgovište.</td>
</tr>
<tr>
<td>At least 25 small scale municipal infrastructure projects implemented.</td>
<td>EXCEEDED. 45 small-scale municipal infrastructure projects implemented.</td>
</tr>
</tbody>
</table>

119 Please see Annex III, attachment 3.1 for the list of developed technical designs
| Infrastructure projects developed and implemented by the end of Programme. | Projects completed and their positive effects are directly benefiting 160,000 people. The projects enhanced business infrastructure, waste management, water supply, energy efficiency, and conditions for education, health, youth and sports. |
| Communication Strategy developed and implemented, contributing to increased awareness of target audiences about logic and effects of the Programme. Per each of three Programme years: organized at least three high profile visits/events promoting EU PROGRES intervention; at least ten press releases, ten interviews and two press conferences resulting in minimum 200 media reports annually about the Programme; at least six blogs prepared by key stakeholders promoting good governance, municipal reform and sustainable development. Website created by the end of 2010 and attracts minimum 10,000 visitors in 2011 and 2012 and 5,000 in 2013. Produced ten issues of newsletter in three years and circulated quarterly to a minimum of 1,000 recipients. At least three media projects and five community initiatives promoting good governance, public administration reform and sustainable development. At least five different media reported on good governance, public administration reform and sustainable development in at least 20 different articles in each of the Programme year. | EXCEEDED. Communication Strategy developed and implemented successfully: 27 high profile visits organised promoting donors’ support and EU PROGRES’ intervention in the area. 123 press releases prepared and timely distributed to the media. 14 interviews organised. 3,200 positive media reports generated in national, regional and local media. 18 blogs published on the website. 166 news stories published on the website and ten success stories. 130,343 visits by 68,274 unique visitors to the website. 12 newsletters produced and each distributed to over 1,100 email addresses. Three media projects completed. Over 100 media reports generated promoting good governance, public administration reform, sustainable development and European values. |
| Three campaigns addressing different social challenges in the | FULLY MET. Three campaigns developed and implemented successfully – promoting good |
Programme area developed and implemented: the first in 2012, the second by mid 2013 and the third by the end of 2013. At least one national and two local stakeholders involved in each of three campaigns.

- governance, the European values and environmental protection, recycling and energy efficiency.
- Six national stakeholders involved, including the SEIO, Ministry of Agriculture, Forestry and Water Management, Ministry of Regional Development and Local Self-Government, Ministry of Energy, Development and Environmental Protection, Cabinet of the Deputy Prime Minister for European Integrations and the SCTM. Two international stakeholders involved including the MISP and the EU Info Centre.

Image building plans for at least three selected areas within the Programme territory developed by mid 2013. At least four projects deriving from the plans implemented by mid 2013, of which at least one contributed to increased economic activity (products sale, employment, manufacturing capacity utilisation, entry into new markets). At least five positive media reports generated by each supported project.

- **EXCEEDED. Two branding plans** were fully developed and presented to the public, while another **five branding plans have been drafted. Nine branding projects** successfully implemented. At least two projects (Branding of Pešter Products and Vranje as investment friendly City) contribute to increased economic activity. Over 160 media reports resulted from the branding activities.
Annex I  -  Component 1
Annex II  -  Component 2
Annex III -  Component 3
Annex IV  -  Component 4
Annex V   -  Programme General
Annex VI  -  Operations