



European Partnership with Municipalities Programme

5th Quarterly Report

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Executive Summary

The elections on the national and local level have been called for 6 May and there was an immediate flurry of promotional activities and coalition negotiations across the EU PROGRES Area of Responsibility. Four Albanian parties from the South Serbia stated they would be contesting in the republican elections, while in the South West, speculations about possible involvement of the Mufti Zukorlić continued.

So far, the EU PROGRES has signed 120 grant agreements, worth over 4,4 million Euros, but equally important, the Programme continues to provide advisory support to all partners in the South and South West Serbia. Some of the key initiatives supported include: 40 partnership projects of civil society and local governments, 25 municipal infrastructure projects, two large inter-municipal infrastructure projects, 23 projects supporting development of regulation plans, development of technical documentation for eight priority municipal projects and three projects providing free legal aid.

However, the implementation continues to be hindered by a number of obstacles and currently 55 projects, or 49%, are delayed, while eight are critical. EU PROGRES applies an indirect implementation model, which means that beneficiaries receive grants and have the ownership of particular project activities. This approach is more effective in terms of capacity building but is currently the main cause for incurred delays. For example, municipalities experienced difficulties in providing co funding timely, in ensuring the quality of technical designs for approved infrastructure projects, the conduct of public procurement processes and fulfilment of contracting obligations, all causing postponements but not endangering the great majority of projects to eventual completion. In addition, severe weather conditions that hit Serbia in January and February 2012, obstructed activities.

EU PROGRES established and maintains strong relationship with the Government of Serbia, development agencies and programmes. The partnership is reflected in joint projects and activities with the Ministries of Environment, Mining and Spatial Planning, Economy and Regional Development, Human and Minority Rights, Public Administration and Local Self-Government, the Office for the Sustainable Development of Underdeveloped Areas and the Coordination Body for Preševo, Bujanovac and Medveđa. However, the issue of co-funding by the Ministries and the approaches to joint projects, as with LSG, cause delays and uncertainties also slowing down delivery rates.

In February, the Programme Steering Committee (PSC) met in Leskovac and approved projects worth over half a million Euro: regional fruit production in Pčinja, entrance for the emergency service in Blace, regulation of Straževačka River in Prokuplje, construction of dairy market in Žitorađa, technical documentation for transfer station in Sjenica; gender equality campaign concept. The PSC Chairperson announced the Serbian European Integration Office (SEIO) was starting consultations for a project that may succeed the EU PROGRES and asked EU PROGRES to assist with local consultations.

This report contains information about developments in the first quarter of 2012. The Section 1 is a summary of objectives, purpose, results and beneficiaries of EU PROGRES. The Section 2



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gives an update of political, economic and social developments, while Section 3 details activities of the Programme. Section 4 focuses on management issues, Section 5 provides an overview of partnerships that Programme facilitated. The last chapter, Section 6, offers an account of visibility efforts.

A number of annexes have been provided for in depth information about some specific actions taken by the Programme.

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Acronyms

ANMC	Albanian National Minority Council
AoR	Area of Responsibility
BIC	Business Incubator Centre
BIRN	Balkan Investigative Reporting Network
CAC	Citizens Assistance Centres
CAS	Citizens Advisory Service
CB	Coordination Body for Preševo, Bujanovac and Medveđa
CfP	Call for Proposals
CIF	Citizens Involvement Fund
CSO	Civil Society Organisation
DEU	The Delegation of the European Union to Serbia
DRP	Detailed Regulation Plan
EU	European Union
GG	Good Governance
GIT	Grant Implementation Team
GRP	General Regulation Plan
IP	Industrial Park
IT	Information Technology
IZ	Industrial Zone
LED	Local Economic Development
LF	Logical Framework
LSG	Local Self-Government
LTA	Local Tax Administration
MoEMSP	Ministry of Environment, Mining and Spatial Planning
MoERD	Ministry of Economy & Regional Development
MoU	Memorandum of Understanding
MHMRPALSG	Ministry of Human and Minority Rights, Public Administration and LSG
NGO	Non-governmental organisation
NMC	National Minority Council
OSCE	Organisation for Security and Cooperation in Europe
OSDUA	Office for Sustainable Development of Underdeveloped Areas
OSS	One Stop Shop
PSC	Programme Steering Committee
PRO	Municipal Development in South West Serbia
PUC	Public Utility Company
QMS	Quality Management System
RfP	Request for Proposals
SCTM	Standing Conference of Towns and Municipalities
SDC	Swiss Agency for Development and Cooperation
SEDA	Sandžak Economic Development Agency
SP	Spatial Plan
ToR	Terms of Reference
UNOPS	United Nations Office for Projects Services



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1 Intervention

1.1 Overall objectives

The Programme's overall objective is *to contribute to enhanced stability and socio-economic development in Serbia's poorest and most conflict-potential regions: the South and South West Serbia.*

1.2 Project purpose

The EU PROGRES purpose is *to enhance governance, municipal and intermunicipal management capacity and social, economic and physical infrastructure in a holistic, area-focused fashion.*

1.3 Planned results

Component 1: Good Governance

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

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

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

Component 3: Physical, Economic and Social infrastructure

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

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

Result 6: Selected projects financed and implemented through the EU PROGRES

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

Result 8: A plan to develop the areas' images and self-images as unique areas of Europe are established and implementation begun.

1.4 Beneficiaries

The direct beneficiaries of the EU PROGRES are the institutions (assemblies, executive councils and the municipal administrations) of the following municipalities:

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



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Other beneficiaries may include municipality-founded institutions and public utility companies (PUC), civil society organisations (CSO) and media on the territories of these municipalities.

However, the ultimate beneficiaries are the residents of the EU PROGRES participating municipalities in the South and South West Serbia.

Where Programme activities cover larger areas such as districts or regions, or national policy envisages additional municipalities to be involved regarding a specific issue, other municipalities may benefit indirectly.

2 Updates on political, social and economic developments

2.1 Political

ELECTIONS

The President of Serbia, Boris Tadić, announced both Parliamentary and local elections for 6 May 2012¹. Although most municipalities in the South and South West Serbia started a soft campaign in autumn last year, their activities intensified following the official announcement.

The leaders of four Albanian parties in the South Serbia: the Party for Democratic Action (Riza Halimi), Democratic Union of the Valley (Skender Destani), Movement for Democratic Progress (Jonuz Musliu), and Democratic Union of Albanians (Zulfi Azizi) agreed to jointly participate in the parliamentary elections. Media report that it was a surprise that the right-wing Musliu joined the coalition and not the moderate Nagip Arifi (the leader of Democratic Party formed last summer)². At the same time, the Mayor of Preševo, Ragmi Mustafa, said his party would boycott Parliamentary elections. The President of the New Socio-Democratic Party, Dušan Janjić, declared his party was considering a joint presentation with Albanian parties in local elections as Serbs and Albanians face the same problems at the local level³.

Former Mayor of Novi Pazar Mirsad Đerlek, who is leader of Sandžak People's Party, entered into pre-election coalition with the United Regions of Serbia promising 2,000 jobs and resolved water-supply issues in the City⁴ in case he wins the mayoral seat.

Bosniak People's Party formed coalition with the Serbian People Party (SNS)⁵ after which the party leader Mujo Muković explained that SNS leadership was honourable. This was in stark

¹Bloomberg (2012) *Serbia Schedules Parliamentary Elections for May* [Online] Available at: <http://www.bloomberg.com/news/2012-03-13/serbia-to-vote-for-parliament-on-may-6-tanjug-reports.html> (Accessed on 27 March 2012)

²Ok Radio (2012) *Albanci zajedno, Srbi posebno* [Online] Available at: <http://www.okradio.rs/vest.php?num=7&id=15953&oblast=lokalne> (Accessed on 27 March 2012)

³JugMedia (2012) *Koalicija Srba i Albanaca?* [Online] Available at: <http://jugmedia.info/2012/03/22/koalicija-srba-albanaca> (Accessed on 27 March 2012)

⁴Radio Sto plus (2012) *SNP u koaliciji sa URS u Novom Pazaru* [Online] Available at: <http://radiostoplus.com/politika/item/9650-snp-u-koaliciji-sa-urs-u-novom-pazaru> (Accessed on 27 March 2012)

⁵Sandžak Live (2012) *Muković: Nikolić i Vučić su časni ljudi* [Online] Available at: <http://www.sandzaklive.rs/index.php/novi-pazar-bns/731-mukovic-nikolic-i-vucic-su-casni-ljudinaizvortekstapostaviteovde> (Accessed on 27 March 2012)



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contrast to his previous public statements. Some see this as betrayal of Bosniak interest while the others think Muković is one of rare candid politicians who are openly doing what others will do after elections.

Three Bulgarian parties in Serbia will participate in the elections in three different coalitions: Democratic Party of Bulgarians with the United Regions of Serbia (URS), Democratic Union of Bulgarians with the Montenegrin Party and the Bulgarians in Serbia party probably with the Democratic Party⁶.

STATE OF EMERGENCY - SNOWFALL

The Government of Serbia declared a state of emergency in the whole country from 5– 26 February. There were serious problems in the EU PROGRES AoR, and 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.

The President of Serbia, Boris Tadić, paid a visit to Crna Trava and Surdulica in February⁷, to get a first hand account of the situation in the field. Media reported that this was the first time after two decades that the Head of State visited the smallest municipality in Serbia.

SOUTH SERBIA

A number of meetings were organised between the South Serbia Albanian politicians and the officials from Kosovo and Albania in the first quarter of 2012: the only Albanian Deputy in the Parliament of Serbia Riza Halimi, the Mayor of Bujanovac Shaip Kamberi and the President of the Albanian National Minority Council (ANMC) Galip Beciri, met with the Deputy Prime Minister of Kosovo Edita Tahiri in Priština, to discuss the rights of the Albanian minority in the South of Serbia⁸; in Tirana, Halimi and Beciri met with the Albanian Deputy Prime Minister and Minister of Foreign Affairs Edmond Haxhinasto to discuss full integration of Albanians from Preševo Valley into the state institutions of Serbia⁹; the president of the Socialist Party of Albania, Edi Rama, visited Preševo¹⁰ and said Serbia has to accept the fact Kosovo was an independent state. However, Kosovo Minister for Diaspora, Ibrahim Makolli, was refused entry to Serbia, as he had

⁶JUGPRes (2012) *Bugarske partije u različitim koalicijama*. [Online] Available at: <http://www.jugpress.com/index.php/jug-srbije/11638-bugarske-partije-u-razliitim-koalicijama> (Accessed on 25 March 2012)

⁷B92 (2012) *Tadić u Surdulici i Crnoj Travi*[Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2012&mm=02&dd=08&nav_category=12&nav_id=580777(Accessed on 25 March 2012)

⁸ The Republic of Kosovo Office of the Prime Minister (2012) *Deputy Prime Minister Edita Tahiri Meets a Delegation of the Presheva Valley* [Online] Available at: <http://www.kryeministri-ks.net/index.php?page=2,9,1952> (Accessed on 27 March 2012)

⁹ The Foreign Ministry of Albania (2012) *Deputy Prime Minister and Minister of Foreign Affairs, Mr. Edmond Haxhinasto received the representatives of Albanians from the Presevo Valley* [Online] Available at: http://www.mfa.gov.al/index.php?option=com_content&view=article&id=7942:zvkrayeministri-dhe-ministri-i-puneve-te-jashtme-z-edmond-haxhinasto-priti-perfaqesues-te-shqiptareve-nga-lugina-e-presheves&catid=112:lajme&lang=en&Itemid= (Accessed on 27 March 2012)

¹⁰Tanjug (2012) *Rama: European Perspective is in Belgrade's Hands* [Online] Available at: <http://www.tanjug.rs/news/31656/rama--european-perspective-is-in-belgrades-hands.htm> (Accessed on 27 March 2012)



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not asked for permission. He accused Serbian authorities of breaching the agreement on freedom of movement that was reached by officials from Serbia and Kosovo last summer¹¹.

Despite initial threats to leave Bujanovac ruling coalition, in a protest against the Assembly Decision to change the names of 17 streets and squares named after renowned Serbs into those of prominent Albanians, Democratic Party (DS) councillors remained in position. They said the initiative was intended to raise tensions. However, legally, in Serbia, no street name can change without the approval from the Ministry of Human and Minority Rights, Public Administration and Local Self Government (MHMRPALSG). The Minister of MHMRPALSG, Milan Marković, said the Albanian move was a provocation and an attempt to destabilize the situation in the South of Serbia¹².

In Bujanovac, on the occasion of the fourth year of Kosovo independence declaration, artists, municipal employees and journalists made a “New-born” snow statue, resembling the inscription in Priština¹³, as a protest to a regulation of Kosovo authorities to charge visitors to Kosovo 63 Euro.

Sixty-five members of the Council of Albanian Deputies, from municipal assemblies in Preševo, Bujanovac and Medveđa, adopted a declaration reaffirming the stands from the 1992 Referendum and calling for cessation of discrimination of Albanians¹⁴.

Vranje Assembly held its last session in the current constitution, adopting a decision to change the City Statute, to allow direct elections for Vranjska Banja Assembly. The newly formed City municipality will have 15 councillors, Mayor and Municipal Council¹⁵.

Criminal charges have been filed against Zoran Antić the president of the Socialist Party of Serbia (SPS) Vranje Committee and the vice president of the City Assembly, for allegedly concealing tax in the amount of 100,000 Euros. Antić claimed that he had nothing to do with this adding that he had evidence to prove his claims¹⁶.

The old electric installation was burned in the first floor of Bojnik municipality, in mid January. No major damages caused to the building, except wall painting and smoke. The building has been repainted since.

¹¹Balkan Insight (2012) *Serbia Denies Entry to Kosovo Minister* [Online] Available at: <http://www.balkaninsight.com/en/article/kosovo-minister-on-route-to-serbia> (Accessed on 1 March 2012)

¹²B92 (2012) *Bujanovac: Srbi ostaju u koaliciji* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2012&mm=02&dd=07&nav_category=11&nav_id=580641 (Accessed on 27 March 2012)

¹³JuGmedia (2012) *Umesto prave proslava pored skulpture od snega* [Online] Available at: <http://jugmedia.info/2012/02/17/umesto-prave-proslava-pored-skulpture-od-snega/> (Accessed on 27 March 2012)

¹⁴Politika (2012) *Albanci sa juga Srbije ostaju dosledni Referendumu iz 1992.* [Online] Available at: <http://www.politika.rs/rubrike/Politika/Albanci-sa-juga-Srbije-ostaju-dosledni-referendumu-iz-1992.lt.html> (Accessed on 27 March 2012)

¹⁵OK Radio (2012) *I Banjčani dobili Skupštinu* [Online] Available at: <http://www.okradio.rs/vest.php?num=49&id=15861&oblast=lokalne> (Accessed on 27 March 2012)

¹⁶JuGmedia (2012) *Zoran Antić negira krivicu* [Online] Available at: <http://jugmedia.info/2012/02/29/zoran-antic-negira-krivicu/> (Accessed on 27 March 2012)



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Municipal administration staff in Žitorađa went on strike in mid-March, protesting against reduced salaries. The Government of Serbia adopted a decree to reduce coefficient for calculation and payment of salaries for employees with secondary and elementary education¹⁷. Citizens Assistance Centre (CAC) in Žitorađa was opened in February.

SOUTH WEST SERBIA

During a visit by 14 diplomats from African and Arab countries to the South West, the Minister without Portfolio Sulejman Ugljanin said that Sandžak was the most underdeveloped part of Serbia and that it was “far away from the public eyesight”¹⁸.

Bosniak People’s Party was formed in Novi Pazar. Mujo Muković, former Sandžak’s Democratic Party (SDP) Deputy President, and allegedly a close ally of Mufti Zukorlić, has been elected the President of the Party. His Deputy, Izet Crnišanić was once SDP’s President for Novi Pazar. At its constituent assembly, the Party adopted a political platform regarding the status of Bosniaks and position of Sandžak in the process of democratization of Serbia.

Mufti Zukorlić called upon ‘opposition’ imams [the ones who formed Islamic Community of Serbia] to return to the real Islamic Community in Serbia, to no effect. Analysts don’t see this as a sign of reconciliation but rather as Mufti showing superiority.

In February, Mufti announced he received assassination threats. Rasim Ljajić, the President of the Social Democratic Party of Serbia, dismissed Mufti’s statements and attributed them to pre-election campaign¹⁹.

During a recent public tribune²⁰ in Novi Pazar, the Mufti advised all Bosniaks who to vote in the coming elections. Mufti said that those who got directives from Belgrade should not get Bosniak votes. In another statement, the Mufti said that if the referendum was to be held immediately, 80% - 90% of the population would support the autonomous region of Sandžak²¹.

Finally, during an interview to national TV B92²², Mufti stated that he had no political ambitions and that the reason he supported Bosniak Democratic Community (Bošnjačka demokratska zajednica) was because he wished to influence his life and the Islamic Community.

¹⁷ JuGmedia (2012) *Štrajk činovnika u Žitorađi i Nišu* [Online] Available at: <http://jugmedia.info/2012/03/12/strajk-cinovnika-zitora-di-nisu/> (Accessed on 27 March 2012)

¹⁸ B92 (2012) *“Sandžak-daleko od očiju javnosti* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2012&mm=03&dd=18&nav_category=11&nav_id=592038 (Accessed on 27 March 2012)

¹⁹ Blic (2012) *Ljajić: Zukorlić pričom o atentatu opravdava svoju paravojnu formaciju* [Online] Available at: <http://www.blic.rs/Vesti/Politika/308042/Ljajic-Zukorlic-pricom-o-atentatu-opravdava-svoju-paravojnu-formaciju> (Accessed on 27 March 2012)

²⁰ SandžakInfoNet (2012) *Zukorlić pozvao Bošnjake na oprez: ne smete glasati ni za jednu stranku vezanu uz Tadića, Jovanovića, Dinkića ...* [Online] Available at: <http://sandzakinfo.net/info/iz-u-srbiji/4642-zukorli-pozvao-bonjake-na-oprez-ne-smete-glasati-ni-za-jednu-stranku-vezanu-uz-tadia-jovanovia-dinkia-daiaoni-nisu-nai> (Accessed on 27 March 2012)

²¹ Sandžak Press (2012) *Muftija Zukorlić: autonomija Sandžaka nužna* [Online] Available at: <http://sandzakpress.net/muftija-zukorlic-autonomija-sandzaka-nuzna> (Accessed on 27 March 2012)

²² B92 (2012) *Zukorlić: Glas za politiku, ne za šuraka* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2012&mm=03&dd=20&nav_category=11&nav_id=592821 (Accessed on 27 March 2012)



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The President of the Bosniak Minority Council (BNC, in technical mandate), Esad Džudžević, announced extension of the public debate on the "Declaration on the Exercise of the Rights of Sandžak Bosniaks in Serbia". Džudžević said that he expected this declaration would unite all Bosniaks in reaching a national consensus regarding a minimum understanding of their aims and goals. A deputy in Serbia Parliament from Priboj, Kenan Hajdarević, condemned the declaration calling it "late, dishonest and illegitimate".

2.2 Socio-economic

General

Governments of Serbia and Denmark will invest nine million Euros to improve fruit production/processing in Pčinja, Jablanica and Toplica Districts²³, in the next two years. Denmark will invest 5,35 million, the Government of Serbia 3,3 million, while the municipalities will participate with 300,000. Grants will be awarded for plantation of berries, purchasing of equipment and construction of cold storage facilities. The programme will also include trainings.

The Ministry of Labour and Social Affairs transferred 8,3 million RSD to 16 municipalities in Serbia, as emergency assistance, including: Vlasotince, Trgovište, Tutin, Medveđa, Priboj, Ivanjica, NoviPazar, Prijepolje, Nova Varoš, Kuršumlija and Sjenica²⁴.

Pčinja District

Presentation of the Police Academy was held at the Police station in Bujanovac, in cooperation with the Coordination Body, promoting the basic studies for 2012-2013 for all interested candidates of age up to 22, from municipalities Bujanovac, Preševo and Medveđa²⁵.

The youth of Preševo and Bujanovac built eleven access ramps for people with disabilities and painted fences of two schools and Cultural Centres in two towns, within Civic Initiatives "Youth Build" programme²⁶.

Caritas Luxembourg launched a new project in Vranje and Bujanovac with a goal to support implementation of the National Strategy for Poverty reduction. Activities are directed towards IDPs (primarily Roma living in collective centres) and promote education, income generation, information, and minor reconstructions of health institutions²⁷.

Bujanovac received 12,6 million dinars from the Ministry of Environment, Mining and Spatial Planning (MoEMSP) for the purchase of a garbage truck and bulldozer for the maintenance of the town landfill.

²³Nišava and Pirot, outside EU PROGRES AoR

²⁴EMPortal (2012) *Uplaćeno 8,3 miliona dinara za 16 opština* [Online] Available at: <http://www.emportal.rs/vesti/srbija/174656.html> (Accessed on 27 March 2012)

²⁵JUGPress (2012) *Promocija upisa na kriminalističku akademiju*. [Online] Available at: <http://www.jugpress.com/index.php/jug-srbije/11757-promocija-upisa-na-kriminalistiku-akademiji> (Accessed on 25 March 2012)

²⁶JUGPress (2012) *Priznanja mladima* [Online] Available at: <http://www.jugpress.com/index.php/jug-srbije/11756-priznanja-mladima> (Accessed on 25 March 2012)

²⁷<http://www.vranje.rs/vest.php?id=1556&oblast=vesti>



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The President of the Coordination Body and the Minister of HMRPALSG, said during his visit to the village Klenike that in the previous four years over 150 million dinars had been invested into Serbian local community offices in Bujanovac municipality²⁸.

The OSCE High Commissioner for National Minorities Knut Vollebaek visited Bujanovac and said that the stability in the South Serbia was extremely important for the entire region and invited all contestants in the pre-election campaign to refrain from creating tensions. Vollebaek stressed the importance of participation of minorities in the elections²⁹.

The MHMRPALSG approved the decision of Bujanovac Assembly to celebrate 9 May as an official municipal Day. This date is also celebrated as the Europe Day.

Local Economic Development (LED) office was opened in **Trgovište**, with support from PBILD.

Vranje received 30 garbage containers from the MoEMSP that will be used in villages along the South Morava river basin.

Vranje has been ranked the seventh city in Europe in terms of cost effectiveness, according to a research conducted by a special division of the Financial Times - the fDi Intelligence. The research was conducted among 253 cities, looking at economic potential, cost effectiveness, human resources, quality of life, infrastructure, business friendliness and foreign direct investments' strategies³⁰.

The City Council agreed to sign a contract with the German KFB Bank for reconstruction of water supplies and replacement of asbestos pipes in the sewage, a project worth around six million Euros.

The Swedish Ambassador opened a bakery "Tradition", supported by PBILD, and engaging 13 women, mostly single mothers.

Representatives of Greek town Trikala visited Vranje in March, within the EXCHANGE project "e-government in Vranje" and opened the server room. Also within EXCHANGE a study tour by Bujanovac LSG staff went to the City of Odenza in Switzerland as a preliminary to establishing a GIS.

The MoERD has granted 18 million RSD for the electricity supply of the ski resort in Vranje, Besna Kobila, and the neighbouring village Kriva Feja.

In **Vladičin Han**, Geographic Information System (GIS) project started with support from PBILD, aiming to create conditions for socio-economic development. Draft Local Action Plan for Employment and Entrepreneurship is on public hearing.

²⁸JUGPress (2012) *Milan Marković u Bujanovcu* [Online] Available at: <http://www.jugpress.com/index.php/jug-srbije/11751-milan-markovic-u-bujanovcu> (Accessed on 25 March 2012)

²⁹JUGPress (2012) *Volebek sa Albancima i Srbima u Bujanovcu: stabilnost važna za region* [Online] Available at: [http://www.jugpress.com/index.php/jug-srbije/11732-volebek-sa-albancima-i-srbima-u-bujanovcustabilnost-vana- za-region](http://www.jugpress.com/index.php/jug-srbije/11732-volebek-sa-albancima-i-srbima-u-bujanovcustabilnost-vana-za-region) (Accessed on 25 March 2012)

³⁰ Balkan Insight (2012) *FT Credits Balkan Cities as Cost Effective* [Online] Available at: <http://www.balkaninsight.com/en/article/balkan-cities-business-environment-poorly-ranked> (Accessed on 25 March 2012)



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Bosilegradis considered one of ten poorest in Serbia according to official data from the last census. The population has decreased by 20%. There are 1,195 employed while 1,489 are without job³¹.

Jablanica District

According to the latest data from the National Employment Service there are 39,200 unemployed workers in six Jablanica municipalities. Solely in Leskovac, more than 23,000 people are looking for a job³². And yet, only three municipalities participated in the implementation of active employment measures in 2011: Lebane got 1,5 million, Bojnik three and Vlasotince four million RSD³³.

Austrian Porr Werner Weber, waste management company, opened a Regional Office for Jablanica, Pčinja and Toplica Districts in Leskovac.

Leskovac will receive the highest transfer of funds from the Government of Serbia in 2012 (881,687,715 RSD), more than Novi Sad and Niš³⁴.

Leskovac City Council adopted the Local Action Plan for Roma, which provides a range of activities in local communities, schools, health and other institutions. In addition, 20 apartments for the poorest Roma will be built in spring 2012. The City Council also voted to grant a 25% discount to all businesses and entrepreneurs, who regularly pay the local utility tax.

Leskovac was included in the project "Rehabilitation of remote heating system in Serbia", supported by the German Government. Two existing boilers in the plant "Crvena Zvezda" will be replaced and adjusted to the use of gas and oil instead of coal while 700 meters of pipelines will be replaced, and 90 new substations set up.

An agricultural census is expected in late 2012 in Leskovac, after 50 years³⁵.

Association "People's Parliament" in cooperation with the municipal administration started a one-year project "Initiative to increase the transparency of local government in Leskovac". The main objective of the project is to establish the "Office for communication with citizens and public information," by the end of 2012.

A group of NGOs, led by the Education Centre Leskovac, proposed to the Government of Serbia to provide budget data and information of public importance more often and to communicate regularly with citizens through social networks, in "Open Government" initiative³⁶.

³¹Jug Media (2012) *Svi beže u veće gradove* [Online] Available at: <http://jugmedia.info/2012/02/23/svi-beze-vece-gradove/> (Accessed on 25 March 2012)

³²Južne Vesti (2012) [Online] *Rekordan broj nezaposlenih u Jablaničkom okrugu*. [Online] Available at: <http://www.juznevesti.com/Drushtvo/Rekordan-broj-nezaposlenih-u-jablaničkom-okrugu.sr.html> (Accessed on 15 March 2012)

³³Južne vesti (2012) *Malo para za nova radna mesta*. [Online] Available at: <http://www.juznevesti.com/Ekonomija/Malo-para-za-nova-radna-mesta.sr.html> (Accessed on 1 March 2012)

³⁴Južne Vesti (2012) *Najviše novca iz budžeta za Leskovac* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Najvise-novca-iz-buzeta-za-Leskovac.sr.html> (Accessed on 27 March 2012)

³⁵Južne Vesti (2012) *Popis poljoprivrede u Leskovcu* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Popis-poljoprivrede-u-Leskovcu.sr.html> (Accessed on 27 March 2012)

³⁶Naslovi (2012) *Akcija narodnog parlamenta i grada Leskovca* [Online] Available at: <http://www.naslovi.net/2012-03-08/telegraf/inicijativa-za-otvorenu-vladu/3253091> (Accessed on 27 March 2012)



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A photovoltaic power plant, worth 2,9 million Euros, was constructed in Leskovac and will start production of energy in June.

Seven hundred people were employed, thanks to foreign investments in **Vlasotince**. Factories "Fiorentino Group" from Italy, "Elrad" from Slovenia and "Gruner" from Germany, and local meat industry "Lemes", were opened in the industrial zone³⁷. Belgrade City Council donated 3,5 million dinars for the reconstruction of communal infrastructure in **Vlasotince**³⁸, while the Government of Japan donated 66,770 Euro for procurement of special vehicles for unclogging the sewage³⁹. Women from Ladovice, one of the biggest villages in Vlasotince municipality, formed an association aiming to preserve old traditions and promote this area⁴⁰.

Toplica District

The farmers living in **Žitorada** received 250 heifers from Austria, through a joint project of the Ministry of Agriculture and the local self-government, worth 65 million RSD. Some 80% of municipality's inhabitants live from agriculture production⁴¹.

The Ministry of Agriculture approved a project worth five million RSD, for repair of roads in **Prokuplje** at the villages of Đurevac and Balinovac. The project may solve the problem of poor access to rural and mountainous villages, which in turn may encourage young people to remain in the area⁴².

A private solar plant was opened in Vrbovac, near **Blace**, an investment worth 30,000 EUR, expected to earn 400-500 Euro monthly⁴³.

Forty-three farmers from **Kuršumljia** successfully passed training in business planning organised within the Danish programme for development of fruit growing in the South Serbia and thus became eligible for grants from the Danish Government, worth from 500 to 200,000 Euro⁴⁴.

³⁷Južne vesti (2012) *Vlasotince: Stranci otvorili 700 radnih mesta* [Online] Available at: <http://www.juznevesti.com/Ekonomija/Vlasotince-stranci-otvorili-700-radnih-mesta.sr.html> (Accessed on 25 March 2012)

³⁸Južne vesti (2012) *Uređenje centra Vlasotinca* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Uredjenje-centra-Vlasotinca.sr.html> (Accessed on 25 March 2012)

³⁹Južne vesti (2012) *Japan pomaže vlasotinčki vodovod* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Japan-pomaze-vlasotinacki-Vodovod.sr.html> (Accessed on 25 March 2012)

⁴⁰Južne vesti (2012) *Udruženje žena sela Ladovice* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Udruzenje-zena-sela-Ladovice.sr.html> (Accessed on 25 March 2012)

⁴¹Južne vesti (2012) *Žitorada: podeljeno 250 junica* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Zitoradja-podeljeno-250-junica.sr.html> (Accessed on 25 March 2012)

⁴²Južne vesti (2012) *Prokuplju pet miliona za seoske puteve* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Prokuplju-5-miliona-za-seoske-puteve.sr.html> (Accessed on 25 March 2012)

⁴³Južne vesti (2012) *Počela sa radom solarna elektrana u Blacu* [Online] Available at: <http://www.juznevesti.com/Ekonomija/Pocela-sa-radom-solarna-elektrana-u-Blacu.sr.html> (Accessed on 25 March 2012)

⁴⁴Južne vesti (2012) *Kuršumljia: sertifikati za poljoprivrednike* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Kursumlja-sertifikati-za-poljoprivrednike.sr.html> (Accessed on 27 March 2012)



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The municipal building housing socially vulnerable population was on fire. Four apartments were completely destroyed, and four Roma families with five children left homeless.

South West Serbia

Serbia Parliament Speaker, Slavica Đukić-Dejanović, gave an interview to Sandžak Danas saying that Raška region and Sandžak are the wealth of Serbia⁴⁵. This is one of the rare instances when Sandžak has been referred to in a positive context.

Novi Pazar hosted the first annual Textiles Fair, organized in cooperation with the Government of Turkey with direct participation of over 30 textile companies from Turkey and 14 domestic companies. Starting from 2010, cotton coming from Turkey to Serbia is considered domestic product in regards the EU market regulators, making all Novi Pazar textile products eligible for tax/duties deductions when exported to the EU. It represents a good opportunity for Novi Pazar exports, especially having in mind that Serbia uses a fraction of EU textile export quotas⁴⁶.

Five Novi Pazar textile companies (Bros, Brug, Classic, Exact and Maxers) participated in the Moscow International Fair, under a joint brand 'Jeans from Serbia'. The visit was supported by the USAID and Serbia Investment and Export Promotion Agency (SIEPA).

Novi Pazar finished cadastre of real estate, enabling both the citizens and the municipal government a better overview of cadastral plans. In March, the Assembly adopted the Novi Pazar Spatial Plan and the five-year action plan for the implementation of the City Sustainable Development Strategy.

The Director of the Novi Pazar Medical Centre refused to accept a donation (from the City Council) of nightgowns and headscarves for women that wear hijab, claiming this was against hospital rules⁴⁷.

In **Prijepolje** the construction of the Lim River dams by the Canadian company REV created massive protest of several NGOs, in front of the municipal building. The protests are expected to intensify as the campaigning gets more serious.

Priboj Assembly adopted the Spatial Plan, Local Sustainable Development Strategy 2012-2017, and Local Waste Management Plan.

Raška Assembly adopted local action plans for gender and employment.

MISP is completing the feasibility study for water management in Raška, for wastewater collection and treatment in Raška and Kopaonik, as well as for the potable water pipeline replacement in Raška.

The MoERD organized "Supporting entrepreneurship at your doorstep" event in Raška with the aim of bringing republic institutions to local communities and citizens.

"Veselo detinjstvo" kindergarten from Raška celebrated its 35th anniversary and presented EU

⁴⁵ Danas (2012) *Raška oblast i Sandžak su bogatstvo Srbije* [Online] Available at: http://www.danas.rs/dodaci/sandzak/raska_oblast_i_sandzak_su_bogatstvo_srbije_42.html?news_id=236046 (Accessed on 25 March 2012)

⁴⁶ Less than 20%, according to some data

⁴⁷ RTS (2012) *Hidžab razdora* [Online] Available at: <http://www.rts.rs/page/stories/sr/story/125/Društvo/1049226/Hidžab+razdora.html> (Accessed on 25 March 2012)

PROGRES with a letter of gratitude for the contribution of the Programme to improvement of childcare services in the municipality.

Ivanjica is one of first three municipalities in Serbia whose annual budget was prepared in accordance with the MSP IPA 2007 instructions for programme budgeting.

Ivanjica Assembly adopted the Strategy of Environment Protection, prepared with support of MSP IPA 2007. The Spatial Plan is on public hearing and will be adopted after the elections.

Ivanjica is taking part in a project of the Directorate of Gender Equality, supported by Sweden, which will help women in rural areas to acquire new knowledge and skills for modern business.

Ivanjica NGO for helping persons with cerebral palsy (CIF grantee) received an off-road vehicle from BCIF, to be used to transport beneficiaries from rural areas to weekend programme activities in town.

3 Activities during reporting period

Component 1: Good governance

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

Key outputs

- 35 out of 40 CIF-1 projects completed; one project received follow up funding, expanding positive impact on the community
- CIF-2 Call for Proposals approved by the PSC and advertised; three introductory workshops held
- Prokuplje and Žitorađa CAS opened and provided service to some 100 beneficiaries in the first two months
- Participatory budgeting project approved and the contract signed in February. Assessment of situation in 25 municipalities is underway
- Re-conceptualised activity 1.5, which includes public expenditure performance measuring, approved by the PSC
- Gender Equality Awareness Campaign ToR approved by the PSC and advertised
- All 12 municipalities in the SWS and Toplica supported in preparation of local gender action plans. Raška and Novi Pazar adopted gender equality Local Action Plan. Sjenica, Tutin, Raška and Novi Pazar adopted the EU Charter on Gender Equality
- Activities within the three NMCs project underway, according to the plan
- Coordination with Directorate for Minorities and Human Rights strengthened
- Leskovac Green Zone, Meteris Landfill and Pčinja District Fruit Production inter-municipal projects provided with GG guidance and planning
- GG as a cross-cutting theme of small infrastructure projects discussed with municipalities and projects chosen

Activities:

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

CIF-1



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Regular monitoring and auditing of the grantees continued in January and February with difficulties, caused by bad weather. All first audits, except for Medveđa Municipal Administration have been finalized; 33 out of 40 second audits, and 17 of 38 third audits were conducted. The audits showed that the majority of CIF grantees implement projects and spend funds in accordance with the agreements. Every next audit was demonstrating improvements with regard to grantees' observance of contractual obligations. In addition, the grantees confirmed the audits have been useful and educational. All this indicates positive CIF contribution to capacities of the civil society to implement projects.

By the end of March, 35 out of 40 projects were completed, while three projects were still under watch for possible breach of deadlines: Youth Office Novi Pazar, Medveđa Municipal Administration and CA Flores in Sjenica.

Youth Office Priboj project will be terminated: after numerous tries and a meeting with the Mayor, no progress was made in project implementation. It remains to ascertain how much unspent funds there are and to start the procedure for recovering them. The four remaining projects are to be finalised by the end of May.

Some success stories from the CIF-1:

- Around 800 women in rural and urban areas, through 34 education sessions organised by the Sandžak Carpet Sjenica, were informed about female reproductive system diseases and prevention methods. Within the same project, pre-conditions for women economic empowering were achieved: 24 unemployed women were trained in weaving and with the weaving material provided by the Sandžak Carpet women can earn income.
- Association of Poliomyelitis and Cerebral Paralysis Patients of Ivanjica weekend programme of support (educational and therapeutic assistance) for children with disabilities and their families won funding from the EU Commission.
- CA Optimist from Bosilegrad received a grant from the Balkan Fund for Local Initiative for financing the project developed on the basis of "Gradinari", which was funded within the CIF-1. Through the new project ten Roma families will be able to start producing strawberries in greenhouses, using the land that was secured through CIF-1 project.

CIF-2

The Criteria for CIF-2 were approved by the Programme Steering Committee in February meeting and immediately advertised on the Programme and other websites. The Call will be open for two months, from 1 March –30 April. The implementation is expected to start in July 2012. The applications will be evaluated by an outsourced, independent commission.

A mini-survey, with ten grantees of CIF-1 (equal number from the South and South West, including representatives of minorities) was conducted during February and some recommendations were taken into account when preparing CIF-2 criteria. Lessons learned from the auditing process were also included into the CIF-2 call for proposals.

Eligible projects will focus on one of the following: integrated approach of public, civic and private sectors in dealing with community problems and issues; creation of permanent employment within vulnerable and marginalised groups in urban areas; creation of sustainable



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conditions for economic empowerment of vulnerable groups in rural areas; enhancing citizens' participation and interaction with local governments, especially for marginalised groups; enhancing citizens' access to relevant information of local importance; support to establishment of a permanent watchdog function at local level aiming at increasing transparency and integrity of public policy delivery; promotion of intra-community dialogue (inter-ethnic, or inter-cultural, or among different social strata or similar) aiming at increasing community cohesion; creation of sustainable mechanisms for resolving known local environmental issues which have impact on human health; women empowerment: support women challenging and changing the environment in which they live; promotion of gender equality and fight against discrimination in general and enhancing the quality of and access to the services local self-governments are providing to citizens.

Three introductory CIF-2 workshops were prepared and delivered to around 120 would-be applicants. The workshops provided detailed information on call's propositions, criteria, administrative and financial rules and regulations and visibility guidelines as well. The assessment of interest of participants to attend project cycle management training is underway. The trainings are envisaged for early April.

1.2 *Citizens' Satisfaction Surveys*

Preliminary consideration of the second survey is underway. The aim is to screen municipalities at the beginning of 2013. Draft ToR will be prepared by mid-summer 2012.

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

The Sandžak Committee for Human Rights and Freedom (SCHR) reported potential problems in project implementation due to absence of cooperation with the City of Novi Pazar that is claiming that the free legal aid already exists within the City. EU PROGRES organised the meeting with the SCHR and the City at which Novi Pazar provided reassurance it will observe its contractual obligations to the fullest.

Comparing CAS reports, for July – December 2011 and December 2011 – March 2012, there was a significant increase in number of beneficiaries, by over 50% on monthly basis and this trend continued (from 8 in February, the number of applicants rose to 27 in March). As a result of permanent media campaigns, the number of those who applied for the first time for the services had increased as well (e.g. out of 27 beneficiaries who applied for the assistance in March, 23 of them were applying for the first time). Most of the beneficiaries were Bosnians and Roma (52% and 40% respectively). The number of IDPs applying for the assistance rose from 25% out of the total number of applications in February to 44% in March.

It is expected that the representatives of Sandžak Committee will visit Prokuplje and Žitorađa in order to transfer their knowledge and experience. The realisation of this peer-to-peer technical assistance is going to be carried out in April 2012.

Prokuplje Citizens' Advisory Service (CAS) was officially opened for clients in January, in a ceremony attended by the Prokuplje Mayor, the Special Advisor to the MHMRPALSG Minister and EU PROGRES PM. The visibility campaign in media and public resulted in the number of clients increasing every month. In March, the Centre served more than 60 people.

Approximately 30% of them were Roma; 54% receive welfare support, 40% were single mothers. Writing legal documents and filling-in the forms takes up 80% of activities, while the rest refers to provision of legal advice.

CAS project in Žitorađa was opened in February and two professionals will provide different services for residents and specifically for marginalized groups. Since the official opening, 78 clients were served (17 women), of various levels of vulnerability and marginalization. The clients were mostly interested in submitting necessary documentation for obtaining financial support through welfare system, obtaining personal documents, and getting subsidies for agriculture. Promotional material, leaflets and brochures were printed and distributed to communities, institutions and organizations.

Both CAS in Toplica District should be integrated into the municipal administration at the end of the project.

Compared to Žitorađa and Prokuplje, the clients' cases in Novi Pazar area appear to be more complex and demanding, as they include complaints on proceedings at courts of law, police behaviour in investigation cases, examination of the status of persons under arrest and on-going investigation, alimony rights, mobbing at work, IDPs legal assistance, etc.

1.4 Support local self-governments to conduct appropriate consultation on annual budgets, involving representatives of civil society and media

As agreed, the Balkan Investigative Reporting Network – BIRN submitted the final project proposal with accompanying budget and work plan in February and the contract was signed in March 2012, with immediate commencement of activities.

The assessment of capacities of 25 municipalities and their readiness to conduct the participatory budgetary process is underway. BIRN is expected to prepare a list of municipalities recommended to enter the fully-fledged process, along with the interim report, by the beginning of June. Some delays are anticipated due to 6 May elections.

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

Reconceptualization process for this activity had been finalized and the PSC approved the new approach during its February session. This redefinition will enable the Programme to support performance measurement of public expenditures and financial accountability of the municipalities willing to take part. The following has been considered:

- The assessment should be used by LSGs as a basis for improvement of efficiency and effectiveness of public expenditures. It should also be a valuable tool in negotiating and attracting funds either from the government, donors or private investors. The data provided by the assessment could be used for planning purposes
- The assessment should take at least six months, depending on the methodology
- The assessment should consist of analysis of the credibility of the budget, of its comprehensiveness and transparency, of its relation to existing local policies, of predictability and control in its execution, of accountancy, recording and reporting processes and availability of public expenditures to external auditing.



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The first part of the ToR dealing with public expenditures measurement has been drafted. It is related to good governance key principles and is compatible to activities 1.4 and re-conceptualized 2.5 and 3.2. In addition, the Programme is developing the additional section of the ToR that will deal with the conduct of municipal competitiveness baseline study.

Discussions have been held with the USAID funded SLED Programme and with the SCTM (which has received funding from Switzerland and Sweden on complementary initiatives) to assess their views on a baseline study of this nature. A draft TOR will be developed to aid detailed discussions towards finalisation of a TOR be presented, we hope, at the July PSC meeting.

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

During the first quarter, Sjenica, Tutin, Kuršumljija and Novi Pazar adopted the European Charter for Equality of Men and Women on the Local Level.

In February, DamaD worked with 12 gender equality committees on elaboration of their action plans. Raška and Novi Pazar adopted Action Plans in March. Sjenica and Tutin secured funding in the municipal budgets for gender related activities.

Gender Equality Public Awareness campaign ToR was approved by the Steering Committee in February. The campaign is expected to raise general awareness on concept of gender equality, familiarize citizens with gender-based issues in their everyday lives, point to the importance of overcoming existing barriers to gender equality as beneficial for all, demonstrate and promote links between democracy and gender equality, promote gender mainstreaming and highlight links between gender equality and related principles of good governance. The RfP is open until the beginning of April.

So far, all 12 municipalities have established local gender mechanisms, the EU Charter was adopted by seven municipalities, six municipal assemblies have approved elaboration of local action plan, first adoptions of the plans are expected in early April, six municipalities assigned a budget line for activities and six municipalities have adopted gender equality platform. The said is in line with the overall efforts the State is making in the field, mainly through the Directorate for Gender Equality, but also through other mechanisms, and especially efforts related to the *National Strategy for improvement of women position in the society and advancements of gender equality agenda*.

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

The project "Together towards Interculturalism" prepared by the Albanian, Bulgarian and Roma NMC, has officially started on 1 January 2012. The project was presented in Prokuplje, on 25 January, to more than 60 participants and local and regional media. The round table on "Interculturalism in Serbia-challenge and perspectives", ensued after the presentation, attended by different stakeholders including representatives of Greek and Macedonian NMCs. Different aspects of culture, from the perspectives of minorities, were elaborated.



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In February, ten candidates (aged 18-26, five men, five women) were chosen in a public competition to take part in the Training of Trainers (ToT). The training was delivered by the consulting agency Link Team, from 23-26 February, for Roma and Bulgarian NMCs' candidates. Through two modules "Interculturalism" and "Training knowledge and skills" young Bulgarians and Roma were taught how to address ethnic and cultural values to others. Theoretical knowledge related to power of minority/majority, identity, dialogue, educational framework for inter-culturalism etc., were processed. For logistical reasons, for the Albanian NMC, the same ToT was delivered at the beginning of March.

The new trainers started with a set of workshops for youth. In Prokuplje, the first workshop "Preparation for Youth Cultural Exchange" gathered more than 20 participants, Roma and Serbian, while the second, "Minority and Majority", was delivered to 27 participants. The participants, students of high schools and faculties from Prokuplje and Leskovac, were selected considering gender balance, age, nationality, and community representation. In Bosilegrad, workshops were held on 8 and 15 March with 17 and 20 participants respectively and with the same topics as in Prokuplje. Workshop of the same format in Bujanovac is planned for beginning of April.

Following discussions with SDC, EU PROGRES conducted a screening of current donors' activities with the NMCs active in the AoR, namely Albanian, Roma and Bulgarian. The assessment provided also data on immediate needs of the said NMCs.

The PSC decided that the Albanian NMC's project, which asked for support in renovating the premises of the Council in Bujanovac, may continue only after the NMC completes its Action Plan and completes the reconstruction of building with its own funds. The EU PROGRES would fund purchase of furniture and IT equipment.

Selection process for Programme Assistant who is to support the project work of the Directorate for Human and Minority Rights with NMCs has been concluded. The Assistant will start working on 2 April and his responsibilities will include the establishment and maintenance of NMCs projects data base, projects management and coordination with NMCs stakeholders.

1.8 Good governance as a crosscutting aspect of the Programme theme

Small infrastructure

Meetings related to linking small infrastructure projects (SIP) to good governance (GG) were held in February and early March in all municipalities that received grants⁴⁸. Primary GG aspect of each project was set and then discussed with relevant local officials. Each activity tackles GG issues of a specific project, striving to address lacking procedure, or a regulative, or a decision or other items established as missing. The ultimate aim of the exercise was communicated in a clear and unequivocal way to the municipal officials and was received with approval and acceptance: the process of getting the solutions to the established issues is as important at this stage of introducing GG as concept and practice as getting the final product (decision, regulation, procedure etc.). The first feedback from the meetings started coming in as agreed with municipalities. The inputs will be analysed and if needed cross- checked with the legal expert.

⁴⁸ For list of projects please see Annex I



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Medveđa project needs to be re-visited from the GG standpoint, although there are other issues with this grant as well⁴⁹.

The original plan to finalise meetings by the end of February had to be revised due to bad weather. There could be further delays, having in mind the local and national parliamentary elections.

Leskovac Green Zone

A meeting with the Leskovac Mayor and his associates, in the second half of January, was used to pass the information on GG aspects which included a list of steps the City needs to take in order to address issues such as private-public-partnership or establishment of the functioning public enterprise. A mid-February deadline was set to the City to produce the enterprise constitution act to be circulated for consideration of all interested parties, including the Programme.

Since the City failed to meet the agreed deadline, another meeting was held with the Mayor and his team when the Mayor reaffirmed his and the City's commitment to the project and new tasks and deadlines were set. The decision has been drafted and should be adopted in one of the next Assembly sessions.

In the meantime, the City has also sought guidance in drafting criteria for investors, and with the support of EU PROGRES, the City agreeing to finalise at the beginning of April.

Pčinja District Fruit Production and Meteris Landfill

GG processes were set for both inter-municipal infrastructure projects and inputs were provided for Pčinja District Fruit Production project. These processes will be followed and reassessed in following months. First consultations for "Meteris" Landfill in Vranje were held, with a clear plan for moving forward produced.

Pure governance reform – Ivanjica

It was decided to approach Ivanjica with a proposal for introduction of pure governance reform as the municipal performance in previous processes was good and Ivanjica appeared to be ready for such an endeavour. In addition, Ivanjica is currently working on implementation of introduction of Quality Management System (through C-2) in local administration and had adopted programmatic budgeting approach to local finances. Preliminary discussions will be organised in April.

GG Vertical Dimension

The Programme staff continued to contribute to the database on the GG vertical dimension. Although still in its early stage, the database will serve well as introduction points for the related workshops scheduled later in the year.

⁴⁹Please see Activity 6.3



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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

Key outputs

- Crna Trava and Bosilegrad CACs delayed due bad weather. Contracts extended for both
- The IT equipment specification for the CACs modernization contracts signed during January, delivery started in February. Delays due to a problem with supplier
- All LTA grants signed in the first quarter. Implementation started on 1 March
- BIC project activities in Prokuplje and Vranje going according to the plan. Prokuplje contract extended till 30 April
- Five of GRP/DRP grants from the first batch have been annexed and extended

Activities:

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

New CACs

The implementation of CAC establishment projects in Crna Trava and Bosilegrad was slowed down in January and then put on hold in February due to the state of emergency. In February, Crna Trava was granted a six-month extension of the contract, following a request justified by harsh weather. Bosilegrad CAC will have to be extended both due to weather, but also due to late co-funding, long tender process, weak administration capacities. As the works in both towns are related to reconstruction of the entire buildings, the opening of the CACs cannot be expected any time prior to late June.

The works on Trgovište CAC were completed in March, and the delivery of furniture and IT equipment was contracted and scheduled for early April, leaving only the procurement of software and training of CAC employees for the last month of implementation. The CAC will be officially opened on 18 April, to coincide with the Programme Steering Committee Meeting in Trgovište.

Modernization of existing CACs

Contracts for software, hardware and furniture procurement were signed and the delivery terms for equipment and software per lots commenced in February 2012. Although most equipment was delivered by the end of March, there were problems with some computers that were supposed to be provided by "JM Solutions" which insisted to change technical and delivery elements in the contract, with no valid justification. As a result, EU PROGRES terminated the contract. The second best offer from the original tender was chosen for the new contract and delivery can be expected by mid-April. The procurement was combined with the procurement for the Urban Planning Directorates under Activity 3.1.

As this activity has a balance of almost 30,000 EUR, additional requests for modernization coming from Novi Pazar were discussed during March and a field assessment of the situation in the City regarding expansion of the CACs onto three community offices (mesna zajednica) in the outskirts of the urban area.



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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*

Both Vranje and Prokuplje BIC grant agreement implementation is going smoothly. Within the first stages of project, the Vranje BIC completed promotional campaign, purchased IT equipment, held promotional events and identified 20 young beneficiaries belonging to vulnerable communities, primarily Roma and readmission returnees. Prokuplje BIC represented the Toplica fruit producers on the “Business Base” fair and promoted Clustering throughout the Toplica District were completed successfully. Following a positive report of the auditors, the second tranches of EU PROGRES funding were transferred. Prokuplje grant agreement was extended for 60 days, due to extreme weather conditions that prevented field visits and workshops with agriculture producers, which all happened consequently in March.

Service agreements with two local economic development (LED) experts were signed in January 2012. In February, the experts started assessment and desk review of documents related to clusters and LED capacities of municipalities. An action plan was produced for March – May 2012, with a primary focus on the area where EU PROGRES is already supporting inter-municipal economic development projects funded from Component 3 (Pešter Agro Development Centre, Leskovac Green Zone, Pčinja District Fruit Production) and even complementary actions from this very activity – continuation of the Prokuplje BIC project grant.

One expert will start an assessment of BICs and explore possibilities of further assistance in terms of restructuring and developing business plans for their sustainable functioning over the next three to five years.

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

The contract with the Regional Development Agency (RDA) from Kragujevac, as a support organisation to establish at least two, One Stop Shops (OSS) in the EU PROGRES AoR, was signed in January 2012, with the 1 February as the commencement date. In February, the RDA presented their initial work plan, methodology and assessment questionnaires, which were approved by EU PROGRES. In March, two initial presentations and consultation workshops were held in Leskovac and Novi Pazar. In addition, assessment questionnaires were delivered to all municipalities for the purpose of selecting the most suitable municipalities for establishment of OSS. The final recommendation is expected in early April. Having in mind the significant savings achieved on the tender, the possibility of OSS establishment in another two LSGs is considered.

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

Projects supporting Local Tax Offices (LTAs) in Preševo, Bujanovac, Vranje, Surdulica, Lebane, Blace, Prokuplje, Žitorađa, Bojnik, Sjenica and Priboj

Following negotiations with applicants, due to unrealistic budgets, grant agreements with all beneficiary municipalities were signed in February. Only five out of 11 transferred co-payments, formed implementation teams and started selecting workers. In other six municipalities all conditions for start were not met which will cause a one-month delay, without a solid justification. The contracts will have to be extended to the next quarter.



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2.5 *Support LSG to strengthen financial management capacity (renamed following the PSC decision to **Support LSG to implement Programme budgeting**)*

The re-conceptualization draft proposal that focuses on introduction of programme budgeting in five municipalities was finalised in January and approved by the PSC in February. The activities started immediately in March with preparations of two study tours to municipalities that have already introduced programme budgeting with the support of the MSP IPA 2007 project. The study tours are tentatively scheduled for late April.

This activity from hereon will be referred to as **Support LSG to implement Programme budgeting** and it remains complementary with the Activity 3.2 that will support introduction and creation of Capital Investment Plans in the same municipalities.

2.6 *Introduce Quality Management System in Municipal Administration*

During January, all five municipalities recommended for QMS/EMS implementation (Ivanjica, Novi Pazar, Bujanovac, Prokuplje and Surdulica) sent Expression of Interest Letters and confirmed their commitment to this demanding task. The RFP has been finalized, pre-cleared and advertised in February. Ten offers were received by the closing day. Seven passed technical evaluation stage. After opening of the financial offers, it turned out that the best-value-for-money offer was priced almost six times cheaper than budgeted. However, the financial offer was deemed unclear in certain aspects and clarification was sought from the tender. The final decision on contract award will be made in the first week of April.

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

Expected Outcomes:

- Enhanced local capacities for the development of planning documentation resulting from provision of new IT equipment to Urban Planning Directorates
- Improved ability of local governments to issue construction permits due to development of General Regulation Plans and Detailed Regulation Plans

Activities:

3.1 *Support to municipalities in preparation of spatial, urban and waste management plans* **General Regulation Plans (GRP)**

Nova Varoš and Prijepolje: implementation is ongoing. Due to delays in the first six months in Prijepolje, an extension was requested and approved in February 2012. Further delays were observed in March as the GRP concept to be submitted was postponed into April due to technical consultation with republic public companies that the contractor was required to complete by Law, but was not able to arrange. The project is still not critical in terms of successful completion but is lingering on to an unacceptable point.

After addressing earlier reported delays in Priboj, the implementation is ongoing in accordance with the implementation action plan.

Although a contract with Bujanovac was signed in November 2011, at the end of January, the contractor still didn't start the implementation in the field due to ill communication with the municipal finance department. The coordinator has repeatedly requested from the GIT manager



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to speed up and resolve issues related to the advance payment invoice and VAT exemption. In February, the municipality finally got the contractor to submit the right pro-forma invoice. This has added another four months to delay (of six months) and brings the project to the verge of failure. The PSC in February was warned about this possibility.

In March, the municipality has continued with low performance in managing the grant as they have processed the first (advance) payment to the contractor without receiving the bank guarantee (required by contract) and by violating the stipulation on double joint signature policy whereby all bank transfer orders have to be signed by the Mayor and the EU PROGRES Component Manager. Such actions are bringing under a question mark the reliability of the municipal GIT and especially the abilities of the Grant Manager. EU PROGRES has reacted immediately by sending letters and requesting an urgent meeting with the Mayor in order to resolve this situation and prevent possible future repetitions of similar events. The PSC was warned of the possibility of not completing the project on time and this warning is still valid.

Detailed Regulation Plans (DRP)

Tenders in all municipalities have been finished and contracts have been signed, except for Blace.

Raška contract extension request and budget revision submitted during January and annex was issued in the first half of February. The first payment was transferred in March and the implementation is on schedule (revised plan).

Tutin was significantly late with the submission of revised project files and extension request. Following grant extension the project is on schedule with the amended action plan.

Blace DRP is significantly late. The public procurement tender package has been prepared and submitted for clearance to the CM2 with almost three months delay with no serious explanation other than “the Grant Manager being too busy”. The tender package was approved and was advertised in the first week of February. However, the initial tender evaluation was not approved by the CM2. After consultations and renewed evaluation and scoring of offers, green light to proceed was finally given in the third week of March. Blace has submitted an official extension request due to all delays in the past 4 months. Since the project was on verge of failure the PSC was informed duly.

Second batch of 12 DRP grants

As for the second batch of 12 DRP grants, six (out of nine) municipalities have completed the initiation phase of the grant implementation. Most have appointed grant managers and GIT members, all have dedicated grant accounts, and all have submitted the grant implementation action plan, paid any co-funding and begun serious work on the preparation of public procurement.

However Ivanjica DRP is the only one on time and schedule. Money transferred, tender completed, implementation on field started.

EU PROGRES consultant supported Prokuplje in defining the project tasks for public procurement and cadastre layers that were problematic. Blace still didn't resolve the administrative problems reported previously; Trgovište is late due to low solvency; in Bojnik budget accounts frozen; while in Preševo there are problems related to the composition of the GIT since the Mayor and the Municipal Council have appointed members that were not involved in the preparation of the proposals from the very beginning.



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Both reasons are just one indication of, in some participating LSGs', a failure to separate politics from development, rigid directing, intransparency and unaccountable management as well as a failure to prioritize and properly manage available financial resources.

In addition, capacity to identify planning needs and obtain proper administrative papers, decisions and especially cadastre layers has been a great problem for all municipalities. The weak relations with the National Cadastre Department is evident in almost every LSG and the geodetic surveys needed for updated cadastre layers is a problem in the implementation of all planning projects and EU PROGRES will assist to address these.

More details on projects status are available in Implementation Matrix Overview which is attached as Annex III to this report.

Third Call for DRP grants

There was a third call for LSGs to submit their needs for DRPs, cadastre-topographic layers and/or cadastre or planning capacity building during March 2012. The deadline for submission was 30 March, after which EU PROGRES will complete assessment and recommend to the PSC projects for funding in April.

Procurement of equipment for Urban Planning Directorates

The provision of new computers, plotters, scanners, and other specialized equipment along with specialized software such as ArchiCad, ArchiPlan, Tower 12, will enable the Urban Planning Directorates in Novi Pazar, Vranje and Leskovac to fully utilize their HR capacities and independently produce spatial and regulation planning documents was contracted in January 2012, delivery started in February and most of it was completed by March. However, a few minor items that should have been delivered by JM Solutions were late⁵⁰.

In order to assure cost-effective purchase but also a standardized quality of equipment for the end recipients, the procurement of hardware and software for the Directorates was done together with the procurement of IT equipment from Activity 2.1.

3.2 Assistance to municipalities to establish effective and sustainable mechanisms for implementing their development strategies, and reporting on progress to the municipal assemblies (following approval of the PSC, this activity is renamed to: **Assistance to municipalities to establish effective and sustainable mechanisms for capital investment planning**)

The proposal to re-conceptualize this activity was approved by the PSC in February (and we hope finally approved by Donors when contract addendums are requested), and henceforth this activity will be dedicated to introduction of capital investment planning in five municipalities. In March, preparation of two study tours to municipalities which have already introduced programme budgeting with the support of the MSP IPA 2007 project was underway⁵¹. The study tours are tentatively scheduled for late April and will also serve as one of the selection tools for the implementation of capital investment planning.

⁵⁰More information in Activity 2.1

⁵¹This is co-ordinated with the Activity 2.5

The new name of the activity, which will be used from hereon is: ***Assistance to municipalities to establish effective and sustainable mechanisms for capital investment planning.***

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.

Following the review of the proposed concept and analysis of the situation in the field, meetings in Kraljevo and Belgrade Housing Agencies were planned for the first half of February. This never occurred due to extreme weather conditions and later due to uncooperative attitude of the Agencies that kept postponing the meeting or failed to answer phone calls and emails.

Therefore, projects for potential funding that were identified during the previous quarter were assessed in February and March. The assessment indicated that the strongest candidates were projects dealing with the clean water provision for Roma settlements in Vranje and Novi Pazar. Other possibilities were either too expensive or too complex for implementation by the end of EU PROGRES.

The final recommendation on the proposed funding will be made in line with the technical feasibility aspects, especially legal issues related to the resolution of property ownership which the administrations of Vranje and Novi Pazar have to deal, ahead of the PSC meeting in April.

Component 3: Physical, economic and social infrastructure

Key outputs:

- Recycling Yards – location permit issued in Raška; Eco Fund transferred money to Nova Varoš for purchase of property; technological design completed for Vranje
- Six contracts signed for development of technical documentation
- Banjica Landfill – geological survey and geo-mechanical study contracted. ToR for redesign (main technical design) advertised
- Meteris Landfill – PSC approved in principle development of technical documentation
- Toplica municipalities – works resumed at all building sites, after harsh winter conditions in January and February
- Implementation of all 17 small municipal infrastructure projects ongoing: eight projects started, three contracts signed with contractors, six projects are in tendering stage and four in preparation stage. Medveđa contract critical
- Leskovac Green Zone – contract signed for primary infrastructure works. The founding documents for the PUC reviewed by legal expert. The business plan expert prepared incentives and criteria for acceptance of investors in the Green Zone
- Pešter Development– The contract with Czech Embassy signed. Relations and contacts with Ministry of Agriculture, Trade, Forestry and Water Management established. The new contract signed with SEDA. The contract for the technical design of the Centre in Sjenica and parking lot in Tutin signed with “Kontra Studio” Architects from Niš
- Establishment of Pčinja District Regional Fruit Production Centre -PSC approved the project in principle

Imminent outcomes:

The Programme is funded by the European Union, the Government of Switzerland and the Government of Serbia and it is implemented by the UNOPS, in partnership with 25 municipalities of the South and South West Serbia.



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- Partnership with MoEMSP yielding results (co-funding from the Eco Fund and participation in defining the ToRs)
- Increased information between all relevant stakeholders for implementation of large inter-municipal projects

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

Banjica Landfill

Geo-Test from Belgrade was selected to prepare geological and geo-mechanical surveys, following a public procurement process. The consultancy will have until mid May to finish the studies.

ToR for the redesign (main technical design) was advertised and the call for proposals is open until 8 April. Nova Varoš, as the lead municipality in the project, applied to the Eco Fund (MoEMSP) asking 2,18 million dinars co-funding for this project. EU PROGRES coordinator assisted in preparation of the application.

The position of Programme Officer – Project Manager for Banjica Landfill has been also advertised.

At the end of March, this project has been delayed for nine months, compared to the overall work plan. The largest delay occurred due to late signing of the MoU with the MoEMSP and obtaining consent to proposed ToRs for the redesign (from July - December 2011). On the positive note, after the consultations with the MoEMSP, the Programme decided to conduct separate procurement for the geological study (originally planned to be part of one complex ToR). This made technical preconditions for the redesign very clear. If sufficient number of qualified offers is received, there should be no further significant delays on this activity.

Waste Water Treatment and Water Supply System – Kopaonik Tourist Centre

The activities are further delayed due to lack of funding from the MoERD. Serbia Waters sent another request to the Ministry for funding of the project from 2012 budget. The EU PROGRES had three meetings in March with partners and stakeholders in this project, in an effort to clarify and confirm the scope of works. The meetings involved MISP (working on the feasibility study for WWTP for Kopaonik tourist centre), Water Directorate, and the Tourism Sector of the MoERD, SAFEGE (working on the West Morava master plan for waste waters which includes Raška), Serbia Waters and Raška officials. The EU PROGRES will finance technical documentation for water and waste water systems respecting the procedures and laws of Serbia and full support was obtained from the Water Directorate.

Raška contracted “Vodotehnika” from Belgrade for the General design for Water Supply system for the whole municipality, and main design for water supply of weekend settlements on Kopaonik. The scope of works for the EU PROGRES grant can change accordingly to include the Study on Clean Water Resources for Raška as well.

It was planned to complete the project in October 2012, but will likely be extended into the first half of 2013. This is caused by the delay from the MoERD to transfer funds (co-funding) to Serbia



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Waters. After all consultations conducted this month, EU PROGRES will propose new scope of works for the project.

Meteris Landfill Vranje

An initial meeting with Vranje team assigned by the Mayor to work on the preparation of the project proposal for the development of the main project design for the second phase of the Meteris Landfill was held in mid January 2012. The first concept, prepared by the team, solely made up of Vranje members, was of poor quality. The project is envisaged as regional, and should have involved other Pčinja District municipalities in the process: Bujanovac transfer station and Preševo with a mini transfer station. This was re-emphasised in the meeting between the EU PROGRES Programme Manager and the Mayors of Vranje and Preševo, on 9 February. It was agreed that the project of this size and importance needed a project manager. The concept was presented at the PSC meeting and it was agreed that the decision on project funding should be made subsequently, after additional information is collected. The consultant engaged by the Programme started to work on the proposal for the main technical design for resubmission to the PSC for approval in April.

USAID confirmed it would finance the Regional Waste Management Plan. The MoEMSP promised full support in defining the ToR for the landfill design. The municipalities from Pčinja District reconfirmed their participation in the project.

The six month delay in development of the proposal was caused by the slow response of partner municipalities to form and control the work of selected members in the working group. The USAID plans to have first results and inputs from the Regional Waste Management Plan in May 2012. The project will extend into first half of 2013.

4.2 Selected municipalities supported to prepare documentation for municipal economic, environmental and social infrastructure projects

Recycling Yards

Raška requested opinion for two locations from the MoEMSP twice and it was finally after the PSC meeting in February that the Ministry extended the contract with municipality until 1 September and gave the permit for the location (the one originally planned). Tender will be advertised in April.

Nova Varoš was delayed for months as it was waiting for the transfer of funds from the Eco Fund to purchase the property. Again, after the PSC meeting, the municipality received 24 million dinars. Transfer of ownership procedure is ongoing. The location permit can be issued after the change of ownership is recorded in the cadastre.

Vranje issued the location permit; tender was advertised for the technological design, after which the Faculty of Technology and Metallurgy (TMF) from Belgrade was contracted for the job. The contract for the main technical design (for the construction works) with "GRAD" Architects from Vranje was signed. Contract duration is 60 days.

Technical Assistance (TA) – 20 technical designs approved at the PSC meeting in July

Six contracts were signed: Vranje, Vlasotince, Leskovac, Bosilegrad, Bujanovac and Ivanjica formed grant implementation teams and work on ToRs for the design. Ivanjica was the only who paid municipal contribution.

The PSC approved change of projects for Novi Pazar which will now have funds for four projects at the lot for social housing (Erozija) and one for the Diagnostic Centre. Blace sent the project



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proposal for the main design for the reconstruction of kindergarten. Žitorađa officially confirmed that they cannot provide the conditions for the design of the trade business centre meaning no grant contract will be signed for project.

The OSDUA office informed EU PROGRES that two million dinars will be available for each of Vlasotince, Tutin and Žitorađa municipalities for development of technical documentation and Tutin is informed to apply.

The projects from the reserve list were assessed and the recommendation for the PSC meeting in April is being prepared. The assessed projects that could be implemented are water supply systems in Trgovište, green market in Prokuplje and sewage systems in Nova Varoš and Jošanička Banja.

Bujanovac finalised the project proposal for the main design for the transfer station only thanks to EU PROGRES coordinator, and showed no real commitment. At the moment we are waiting for the municipality to sign the project proposal form to be able to contract.

Sjenica municipality could not solve the ownership issues and EU PROGRES will recommend to PSC to cancel this project.

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

The engagement of consultants who support municipalities in preparing projects that would secure additional funding continues. Support has been provided to the Leskovac Green Zone, Pešter Development Centre, and Pčinja District Regional Fruit Production Centre.

Result 6: Selected projects financed and implemented through EU PROGRES

Key outputs:

- Start of construction works in the Leskovac Green Zone
- New contracts with SEDA and Czech Development Agency signed
- Cooperation established with the Ministry of Agriculture, Trade, Forestry and Water Management - Veterinary Directorate
- Three new proposals from Žitorađa, Blace and Prokuplje

Imminent outcomes:

- Leskovac adopted systematic approach for forming the PUC for the zone
- The municipalities acknowledge the importance of the technical design and the importance of good technical specifications for the tender packages

Activities:

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



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Žitorađa

Works on the Sports Stadium are going with small delays after harsh winter. The second tranche was paid, following the interim report and auditing.

The project for the construction of dairy market building was approved in February PSC meeting and full proposal was submitted to EU PROGRES for issuing of the grant contract.

Prokuplje

Works have been completed at the Plateau for Health clinic. The Contractor and the municipal grant implementation team started the handover procedure, after several reminders to do so from EU PROGRES coordinator and engineer. The inspection of site and recording of deficiencies could not take place due to bad weather. Testing results obtained from the contractor failed on asphalt joints. Those deficiencies will be recorded in the handover report and the supervision will issue the order to repair. The contractor has proposed the methods for the supervision to decide. The methodology to correct deficiencies in works agreed with the supervision.

In regards Regulation of Straževačka River the main design is finished (after the delays caused by unsolved ownership issues) and it passed technical control. The project proposal for the second lot of works (approved by PSC in February) is with EU PROGRES for issuing of grant contract.

Blace

The municipality selected the contractor for the Reconstruction of Primary School Toilets and signed the agreement on 14 February. Works will start as soon as the weather conditions allow. Reconstruction of Primary school toilets started and the first payment to the contractor approved. The PSC approved the project for the construction of an entrance to the medical centre and the full proposal for the construction was submitted to EU PROGRES for issuing grant contract.

Blace representatives approached the PSC Chairperson requesting an extension to develop a new project to use up their allocation and the Chairperson gave them a deadline until the next PSC meeting in April or the funds would be reallocated.

Kuršumlija

Deadline for municipality to advertise tenders for the Laboratory and the Sports Hall was set for the first half of February. The municipality missed the deadline and the EU PROGRES engineer spent time in Kuršumlija to make sure the documents are prepared. The grant contract for the construction of the Sports Hall was extended in February. The documentation was finalised in March and both tenders will be advertised in April.

Delays in this activity, due to harsh winter conditions in January and February, range from seven days for School Toilets project in Blace to 42 days for the stadium stands in Žitorađa. The handover of works for the Health clinic plateau in Prokuplje completed in February is 60 days late. However, no postponements will influence the overall work plan implementation as all projects should finish by the end of 2012.

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

Eight projects started: Surdulica, Vladičin Han, Bojnik, Vranje, Leskovac, Novi Pazar, Sjenica and Nova Varoš.

Three contracts were signed and the start is planned in April: Priboj, Prijepolje and Lebane.



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Six projects are in tendering stage: two advertised (Trgovište and Bosilegrad), four in preparation stage: Preševo, Ivanjica, Raška and Tutin.

One grant critical: Medveđa is working on the tender BoQ for the reconstruction works on the Termovent factory but it has not managed to obtain the necessary consents from the Slovenian partners on the layout. The tender BoQ will be different from the one in the project application. The electrical and water installation works have been taken out. The justification provided by the municipality can be accepted only if the municipality provides certificates from the relevant institutions that the installations are sufficient, in good condition to satisfy new equipment and to pass commissioning. EU PROGRES staff works with the municipality to solve all outstanding issues and report to PSC in April.

Crna Trava is still on hold until evidence is provided to EU PROGRES that the project will not pose any danger to Vlasotince water supply. Programme is considering development of a joint project for Crna Trava and Vlasotince that will both ensure that the Crna Trava waste water is treated before it flows into Vlasina River. In addition, EU PROGRES proposes to provide equipment to PUC in Vlasotince for the water quality control.

Besides two month delays due to bad weather, other delays in this activity are related to the late start of procurement. Contract extensions are being issued when the contracts with the contractors are signed and the extension is needed for the completion of works. However, this does not affect eventual completions.

Weather delays for the contracts where the works started: Surdulica 60 days, Kumarevo school 45 days. Start of works delayed for the same reason: for Vladičin Han 70 days, Bojnik 40 days.

With all but few tender procedures completed, there will be approximately 100,000 EUR surplus funds left to the Programme after the grant contracts are finished. EU PROGRES team confirmed that two projects from the reserve list (Novi Pazar Sports Hall and Vlasotince Library) can be proposed to the PSC in April in order to commit funds still available in this activity. Programme is awaiting resolution of ownership issue for the third project on the reserve list (Kuršumljija Green Market) before possible submitting it to the PSC.

Details on individual project status are available in Implementation Matrix Overview which is attached as Annex III to this report.

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

Leskovac Green Zone

The works on primary infrastructure started in March, after 70-day delay due to bad weather. The City gets permanent support from the legal expert regarding the organizational structure of the future PUC that will run the Zone. The City of Leskovac failed to submit draft decision on founding and draft statute to EU PROGRES by the end of February, as agreed⁵². In March, the documents were ready and were reviewed by the legal expert. The business plan expert

⁵²More details have been presented in the description of Activity 1.8



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prepared incentives and criteria for acceptance of investors in the Green Zone. Both documents will support the Leskovac Assembly's decision to form the PUC Green Zone in April. Considering the width of this project, the current delays are not influencing the general work plan.

Pešter Development Centre

During the start of activities on this project, it was ascertained that SEDA was not able to provide contracted co-funding for the project and the existing grant agreement with the EU PROGRES had to be revised significantly. A new contract, worth 29,780 USD was prepared and the one signed in August 2012 cancelled by mutual consent. SEDA revised role include: organisation of trainings of commercially oriented dairy producers, registration of food cluster, coordination and facilitation of activities related to the establishment of Centre with the national and local government bodies.

Further meetings of EU PROGRES with the Veterinary Directorate reinforced the necessity of the Feasibility Study as the first document to define the need for the Laboratory and to specify the list for the machinery. The study will analyse the current situation and the need for certain services in Pešter.

Following agreement from Czech Development Agency (co funders) and SEDA to allow EU PROGRES to directly tender and contract, "Kontra Studio" from Niš was contracted, following a public procurement process, to produce the main design for the Centre in Sjenica and parking in Tutin. Sjenica and Tutin work on issuing the location permits.

Finally, EU PROGRES has received additional funds in the amount of about 57,000 EUR from the Czech Development Agency (CDA), related to monitoring and supervising the establishment of food cluster, additional training of the food producers, and development of the Feasibility study and accreditation of the future laboratory. The contract was signed in January.

The above noted readjustments in the implementation approach changed the initial time framework and now it is expected that the project will be completed by the end of 2012.

There are still around 1.3 million Euros available for the Activity 6.3.

The EU PROGRES is trying to identify options for committing remaining funds by the April and July PSC meetings. Some options considered: Improvement of sanitary conditions for the Roma in Programme AoR, Protection against floods – regulation of Raška river, Banjica Landfill related projects (building works for Sjenica transfer station, procurement of street containers for member municipalities, equipping the recycling yard in Nova Varoš, Environmental protection of Vlasina river – waste water solutions in Crna Trava and Vlasotince municipalities).

6.4 Implementation of municipal infrastructure projects in Pčinjski and Jablanicki District municipalities

The initial meeting on the Fruit Production project in the Pčinja District took place in mid January with an aim to start development of a proposal for an inter-municipal initiative which would deal with the improvement of fruit production and distribution.

The EU PROGRES provided a consultant to help the working group produce a concept paper that was presented and tentatively approved at the PSC meeting in February.



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In March, it was agreed that EU PROGRES Coordinator for Vranje would be responsible for the management of the project. The Centre for Development of Jablanica and Pčinja Districts was appointed by member municipalities to represent them in this project. The preparation of the project action plan is ongoing.

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

Key outputs:

- Sixth Programme Steering Committee meeting successfully organised in Leskovac in February
- Over 1,000 contacts received the Annual Newsletter, prepared in English and Serbian
- The Executive Summary of the Fourth Quarterly Report available in Albanian, Roma and Bulgarian, following recruitment of translators
- Contractors selected for provision of visibility materials
- Communications strategy revised as per the recommendations from the donors, SEIO, local stakeholders and independent consultant
- Preparation of visibility materials and project signboards in progress
- Stickers with donor logos printed and posted on all equipment donated through EU PROGRES projects
- Preparation of campaign promoting good governance ongoing. Visibility materials finalised
- Two workshops on preparation of destination branding plans successfully organised in Sjenica and Vranje. Sixteen applications for branding plans received and presented at the workshop in Kopaonik
- Communications Assistant position advertised

Outcomes:

- High quality of communication with the stakeholders has maximised EU/SDC visibility and positioned EU PROGRES as a leading development initiative in the South and South West Serbia

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

The **sixth Programme Steering Committee** meeting was organised in Leskovac on 23 February and despite extreme weather conditions it gathered around 60 attendees from line ministries, municipalities, NGOs and EU PROGRES partners. The meeting lasted for over four hours and stimulated a vivid discussion on the ongoing projects and future plans, including those considering concept for a possible IPA 2013 development programme. Although the meeting was originally scheduled for Trgovište, the plan had to be changed due to floods in the venue, caused by melting snow.



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The **2011 Annual Newsletter** was prepared in English and Serbian and distributed to about 1,000 contacts, through emails. This, special, 12-page edition contained information about EU PROGRES achievements in 2011, a report on how EU PROGRES adds value, a story about the Green Zone project in Leskovac, an insight into the good governance concept, status of EU PROGRES approved projects, summary of the Study on Barriers to Infrastructure Development, a feature about a CIF project that lead to employment of seven persons with disabilities in Raška, announcement of two new laws prepared by Aleksandar Radosavljević, Adviser to the Minister for HMRPALSG, and a story about EU PROGRES calendar for 2012. All feedback received, from diverse audience, was positive – texts were well written, there was a good selection of topics and design was attractive.

The Programme **Communications Strategy**⁵³ has been revised after workshoping and discussions with the donors, SEIO, local stakeholders and independent consultant. During the revision interviews were organised with representatives of target audience and desktop assessment of available documents and press clippings was done. It was ascertained that the Programme was highly successful in conveying good governance and its key messages. In terms of communication and visibility, the interlocutors ranked the EU PROGRES as one of the leading development initiatives in the South and South West Serbia: “generally speaking, there are no better communicators than the EU PROGRES”; “EU PROGRES is excellent, much better than anyone else”; “people are open for cooperation, there is no wandering with EU PROGRES”. The Programme staffs, it was felt, are committed and have professional attitudes.

The recently **refreshed EU PROGRES logo** has been used in all newly produced documents. A new set of templates has been produced for EU PROGRES staff and for grantees and already is in use. It is also displayed on different grantees websites.

After a thorough analysis of three offers for the production of **visibility materials** it was concluded that the most favourable option was to procure best priced items from all three companies. Thus, the total cost will be significantly lower than if the materials were procured from one company that gave the inclusive lowest offer.

Preparation of the signboards for projects is in progress. Two large signboards were finished for the Green Zone in Leskovac; one big signboard and an aluminium plaque prepared for newly constructed school in Kumarevo; other signboards will be prepared in April and May. Stickers with donor logos have been printed and are being posted on all equipment and furniture donated through EU PROGRES projects.

Following selection of **translators for Roma, Bulgarian and Albanian**, the executive summary of the EU PROGRES Fourth Quarterly Report was translated in all three languages and is available on the website. There was Albanian translation (consecutive) during the PSC meeting in Leskovac, which was much appreciated by the Albanian speaking participants.

Programme **website** has been regularly updated throughout the first quarter in 2012, and revisions include: new blogs by Aleksandar Radosavljević, Adviser to the Minister for HMRPALSG and Dragan Mladenović, EU PROGRES Component 1 Manager; stories, photo galleries, Programme documents (including those in minority languages), grant tables. In addition, all

⁵³ The revised Strategy and the assessment report are available at EU PROGRES.



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newsworthy stories were published on Programme Facebook group. One new video – TV report from RTS 1 morning programme with interview with Ognjen Mirić, PSC Chairman, was posted on YouTube and Facebook. The registration of new website domain name www.euprogres.org is in progress.

Regular communications support has been provided to other **components** in order to ensure that grantees respect visibility requirements and provide appropriate visibility for the donors: CAS and NMC events in Prokuplje, a magazine advertisement for Business Incubator Centre in Vranje, launch of CAS in Žitorađa, CIF2 presentation, and infrastructure project in Nova Varoš.

Input for **UN in Serbia Annual Report** for 2011 prepared emphasizing EU PROGRES work contributing to UNDAF outcomes for strengthening good governance, sustainable development, social inclusion and increasing regional stability and cooperation.

Communication Assistant post has been advertised. Deadline for applications is 1 April.

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

The consortium between BIRN and Executive Group finalised promotional materials for the GG campaign: posters, wobblers, TV spot, both in Serbian and Albanian and distributed to local stakeholders. In addition, the list of indicators for outputs and outcomes, as well as draft messages and questions/answers were prepared but had to be revised during March prior to the campaign launch. The first activities will be public debates in Novi Pazar, Leskovac and Vranje in the second week of April. The launch is delayed for a month, due to extreme weather conditions.

The concept for the second campaign, “Bringing Europe Closer to People in South and South West Serbia”, was prepared and approved by the Steering Committee in February meeting. ToR for second campaign will be prepared and advertised in the second quarter 2012.

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

Outputs

- Two workshops on preparation of branding plans organized in Vranje and Sjenica
- Sixteen proposals for branding plans were presented at the workshop in late March

Imminent Outcomes

- Enhanced understanding of local development stakeholders of branding basics and encouraged development of branding ideas
- Facilitated inter-municipal cooperation through branding workshops and preparation of applications

Activities

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

The Programme is funded by the European Union, the Government of Switzerland and the Government of Serbia and it is implemented by the UNOPS, in partnership with 25 municipalities of the South and South West Serbia.



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Two workshops on preparation of destination branding plans were successfully organised in January: one in Sjenica with 26 and the other in Vranje with 32 participants. All participants confirmed they were satisfied with organization, content and delivery of the workshops. Specifically, 96% of participants who filled the evaluation form in Vranje and 83% in Sjenica said the workshops were either “very interesting” or “interesting” in terms of providing value for participants’ own situations; 73% of participants who responded in Vranje and 54% in Sjenica said they learnt “a lot” that they could put into practice when they returned to work. Some of the comments were: “In one word, one of the best workshops”, “Very useful for understanding the concept of branding” and “Praise for presentations, dynamic, interesting, full marks - 10/10.”

The most popular themes chosen by the participants to practice developing branding plans in the workshops were: nature, agricultural produce, culture, events and festivals. It is expected that some of these themes may be subject of proposed destination branding plans.

Draft application form for proposals for branding plans were finalised in February, and distributed to all stakeholders. Since the weather conditions slowed down a lot of operations across EU PROGRES AoR, deadline for preparation and submission of applications was extended from 13 to 20 March. Sixteen applications were received and presented at the second workshop held on 29-30 March in Kopaonik.

According to Tom Buncl, the Managing Director of the consultancy Yellow Railroad, the quality of the applications and their presentations was very high. Everyone put an enormous effort into preparing their branding submissions, as well as energy and creativity in presenting them. This shows the potential of South and South West Serbia – firstly in the domestic market, but also in the international market for several tourism destinations and natural produce. A major opportunity for many municipalities with similar appeals lies in working together through a “clustering” approach to achieve synergy and greater market impact. This particularly relate to those who prepared proposals as they thought hard and analysed their competitive strengths and market position, which will give them a sound strategic base to build a brand, regardless of whether their projects are selected for funding within EU PROGRES.

Participants praised the workshop format that enabled everyone to present their proposals and receive feedback from EU PROGRES and others. Many of them said this reinforced discussion and interaction between representatives from different municipalities and helped in networking.

Yellow Railroad will recommend at least five proposals to be presented at the PSC meeting in April. Due to small delays in organisation of the second workshop and deadline extension for submission of applications, caused mainly by weather in January-February, as well as a need to ensure high quality proposals, the contract with consultancy Yellow Railroad is recommended for two months extension until 7 June 2012.

4 Management and administration

UNOPS Management decided to establish the UNOPS Serbia Project Centre (SRPC) and officially nominated Graeme Tyndall as the SRPC Manager and UNOPS Representative in Serbia.

The main purpose of the SRPC will be to streamline UNOPS business in the region and increase efficiency and effectiveness of operations and thus strengthen its ability to support the Government of Serbia and provide high quality services to donor community and all relevant stakeholders.

4.1 Procurement

- Summary of procurements, tenders, grants as well as HR are available in the Annex IV of this report
- Programme Manager was granted Procurement Practice Delegation of Authority Level 2, enabling approval of procurement and HR cases up to 250,000 USD. This will quicken the review and award procedure for all procurement cases
- Complete inventory account of programme assets checked – all accounted for

4.2 Human resources

- A number of recruiting procedures finalised: Local Economic Development Experts, Good Governance Coordinator, Bulgarian Translator, Roma Translators, Albanian Translator, Component 4 Manager, Programme Assistant, Project Coordinator for Minority Councils, Office Administrative Assistant
- A number of positions has been advertised with contracting planned for Q2: mid-term evaluation team, Communications Assistant, On call Good Governance expert, four site engineers, Project Manager for Banjica, CIF2 Evaluation Committee
- Operations Manager appointed ICA reviewer for EU PROGRES cases. This will quicken the review and award procedure for both local and international ICAs
- Upon request by the donors, ToRs of the managers have been changed to include crosscutting GG approach in quantitative terms (20% of DPM time and 10% for the CMs)

4.3 Finance

- Operations Manager was appointed Finance Manager Level 2, Finance Assistants appointed Finance Authority Level 1. This will enable EU PROGRES payments to be processed in house through the local RSD bank account thus increasing project efficiency and delivery
- Fourth payment from the SDC, 500,000 EUR in total, received
- EU PROGRES budgets for 2012 in Atlas active and functioning
- There could be delays in sub-project implementation/delivery due to bad weather and travel restrictions, which caused slower verification of payments and processing of new grant support advances
- Review of commitments and exchange rate fluctuations monitored more closely. The next two PSC's approvals will be crucial for approving the Programme delivery

4.4 Security

- The Government of Serbia declared a state of emergency in the whole country from 5– 26 February 2012. During the week starting 13 February 2012, staff were allowed to work from home due to dangerous driving conditions
- UN Country Team in Serbia approved the Minimum Operating (Residential) Security Standards in its meeting on 27 March 2012



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4.5 Logistics / travel

- CD fuel cards introduced as replacement for fuel coupons enabling more efficient refuelling of vehicles with less paperwork

4.6 ICT

- Internet and telecom infrastructure stable in three offices.
- Hardware equipment and network infrastructure are being maintained and serviced on regular basis. Backup and system updates performed on a regular basis

5 Coordination and development partnerships

On several occasions, it was noted by local officials that the actions of EU PROGRES are providing the practices that are going to become a standard soon and as such are very appreciated by the local governments. Dragiša Rakonjac from the LED Office in Prijepolje was praising the integrative approach and the desire to also support economy growth and businesses through development of various municipal services.

Faruk Suljević, the acting Mayor of Novi Pazar, participated in a meeting with EU PROGRES staff, Novi Pazar LED office and Spatial Planning Department in March, and stated that he preferred EU PROGRES approach which entailed learning experience. He was especially praising introduction of new approaches such as FIDIC models in contracting. Amela Eminović, Novi Pazar LED department stated that the most valuable thing EU PROGRES provides is not the resources and technical assistance, but the knowledge and the knowhow that remain behind, embedded in their procedures, permanently improving capacities and ways of doing things.

The Director of Coordination Body for Preševo, Bujanovac and Medveđa stated that due to the workshop that EU PROGRES funded last December, the CB was able to leverage 6m Dinars in extra funding for economic support programmes.

Coordination with the Czech development Agency through the Embassy, with USAID funded programmes, and with the UK Embassy development staff especially, remain close.

Apart from Ministries and the CB, coordination and cooperation with the Office for Sustainable Development of Undeveloped Municipalities is outstanding and is increasingly giving results to LSGs.

The SEIO presented, at the Leskovac Steering Committee meeting in February 2012, an outline of the project that they wish to submit to IPA 2013, which should be a continuation of the Government and donor efforts, through EU PROGRES, in the South and South West Serbia. It was announced that the EU PROGRES team would be authorised to facilitate local consultations. EU PROGRES then facilitated discussions in four separate meetings with 25 local self-governments and other development stakeholders. Initial feedback on the proposed project concept was very positive.



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6 Visibility

In **January**, most of 50 media reports focussed on destination branding workshops, CAS promotion, and infrastructure and CIF projects. Mainly all local, regional and some national media reported about the branding workshops, including national Radio Television of Serbia (RTS), daily newspapers Blic, Večernje novosti, Danas and Privredni pregled.

Programme website had 1,342 unique visitors, with 2,167 visits and 130,458 hits. The highest volume of visits was recorded in the second week of January when the most people returned to work after the holidays. This also corresponded to publishing of a new blog and two news stories. Most of the new uploads have been promoted through Facebook group and hence there were 52 redirections to the Programme website. Other redirections were from the UN country site, DEU, and official Internet presentation of EU PROGRES municipalities. Three redirections from the website of Tourist Organisation in Surdulica which was created within a CIF project now occur.

During **February**, 30 media reports were generated, including those in Serbia's news agencies Tanjug and FoNet, national dailies Politika, Blic, Večernje novosti and Danas, and regional newspaper Narodne novine. Besides two main events – Programme Steering Committee meeting and opening of the CAS in Žitorađa, the focus of media attention was on upcoming branding activities and CIF projects. Regional Radio Sto plus produced a report about EU PROGRES annual newsletter praising transparency, saying that the “EU PROGRES was the only development programme of its kind to have a newsletter”.

Programme website had 1,320 unique visitors, with 2,250 visits and 120,762 hits. A slightly lower visit is not unusual for February as this was the shortest month. Higher frequency was recorded at the beginning of the month corresponding with publishing of annual newsletter. The most visited pages were those about the Programme, public calls, news, library section and blog. Like in the previous months, most redirections towards the Programme website were from Facebook, 60, and from official Internet presentation of 25 municipalities. Facebook “like” button which was during February introduced on all pages of the Programme website had 18 hits.

In **March**, some 40 media reports mostly focussed on infrastructure projects and the second call for projects within CIF. The Radio Television of Serbia, in their morning programme, broadcast interview with Ognjen Mirić, the Chairman of the EU PROGRES PSC, including a statement from EU PROGRES DPM. Reports were also generated in national daily newspapers Večernje novosti and Danas, as well as in regional and local TV stations TV Jedinstvo, TV Raška and TV Vranje. Detailed list of registered media coverage for the period January – March 2012 is provided in the Annex II.

The Programme website was visited 3,690 times by 2,319 unique visitors, with 172,208 hits. This is by far the highest number of visits since the creation of website: for example previous record was in November 2011 with 1,456 unique visitors and 2,306 visits. The most visited pages were “Public Calls”, which was updated this month with second call for proposals for CIF projects and several job openings, and pages with news and blog. Almost 400 redirections towards the



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Programme website were from Facebook, and in addition texts from the website had 141 “like” hits.

Annex I Component I

Annex II Component IV

Annex III Implementation Overview

Annex IV Management and Administration