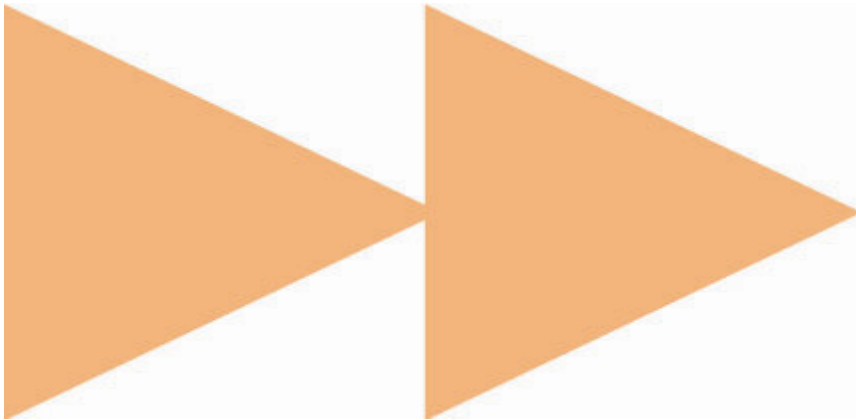




European Partnership with Municipalities Programme

7th Quarterly Report

1 October – 31 December 2012



Programme Funded by EU



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European Partnership with Municipalities Programme

1 Programme Synopsis

Name	The European Partnership with Municipalities Programme – EU PROGRES
Number	CRIS Number: 2010/242-918, IPA 2010
Country	Serbia
Overall objective	To contribute to enhanced stability and socio-economic development in the South and South West Serbia
Purpose	To enhance governance, municipal and inter-municipal management capacity and social, economic and physical infrastructure in a holistic, area-focused fashion
Total budget	18.1 million Euros
Start date	1 July 2010
End date	30 June 2013
Zones covered by the project	<ul style="list-style-type: none"> – Ivanjica, Nova Varoš, Novi Pazar, Priboj, Prijepolje, Raška, Sjenica, and Tutin in the South West Serbia – Blace, Žitorađa, Kuršumlija, Prokuplje in Toplica – Bojnik, Vlasotince, Lebane, Leskovac, Medveđa, CrnaTrava, Bosilegrad, Bujanovac, Vladičin Han, Vranje, Preševo, Surdulica, Trgovište in the South Serbia.
Donors	<p>The Delegation of the European Union (DEU) The Swiss Agency for Development and Cooperation (SDC) The Government of the Republic of Serbia</p>
Implementing partner	United Nations Office for Project Services (UNOPS)
Report date	15 January 2013
Period covered	October – December 2012
Prepared by	<p>Graeme Tyndall, Manager of the UNOPS Serbia Project Centre and EU PROGRES Programme Manager EU PROGRES, Timočka 4, 18400 Prokuplje</p>



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European Partnership with Municipalities Programme

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Acronyms

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



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2 Executive summary

The elections held in May 2012 are still highly impacting European Partnership with Municipalities EU PROGRES delivery. The ruling coalitions on the local level were changing, reflecting the composition of the central Government, and this slowed down efficiency in project implementation.

At the end of 2012, EU PROGRES has contracted 187 projects: 85 or 45% were completed, which is 5% higher percentage in comparison to the previous reporting period; 47 (25%) were fully on track; 39 (21%) were delayed with low risks; six projects (3%) were critical; during this quarter one project was cancelled, which brought the number of stopped projects to ten. So far, 57% of the Programme budget or 9,343,373.64 Euros was disbursed. The disbursement rate in Quarter 4 2012 increased for almost 45% in comparison with average disbursement of the previous three quarters to 1.8 million Euros and allowed the EU PROGRES to achieve the planned delivery for 2012.

Positive developments were recorded in regards Programme's efforts to facilitate investments and employments. In Leskovac, following completion of construction of the internal infrastructure in the Green Zone, the City started the works on the roundabout, a project supported by the Roads of Serbia, with 46 million dinars. In addition, the process of issuing location permits started for three companies, which are expected to invest about 3,5 million Euros. These initial investments, together with the wood processing plant in Medveđa, should open more than 350 jobs in the next two years. Furthermore, planning documentation for Bunuševac Industrial Zone in Vranje, and the main design for the bypass road to the Zone, prepared within EU PROGRES, are among preconditions to make this site ready for investments. The Italian shoe producer "Geox" and furniture manufacturer "Drita" have already announced plan to devote around 30 million Euros in the Bunuševac Zone, and open 1,650 new jobs.

During Q4 2012, jobs have been announced in the public sector as well, after increasing capacities of schools, clinics and kindergartens: e.g. 29 people will get work in kindergartens in Tutin and Raška. Four new jobs, in addition to previous four, were opened through a project supporting entrepreneurship development through Business Incubator Centre (BIC) in Vranje. EU PROGRES supported new project with BIC that should through distant entrepreneurship programme, aimed at Roma, secure additional 30 work placements.

Progress has been recorded towards social development: three new kindergarten facilities in Raška and Tutin and Ivanjica will provide care for about 430 children, thus significantly reducing the existing waiting lists; free legal aid has been provided to more than 1,000 persons enabling them to access basic entitlements, primarily to education scholarships in this period; in Kuršumlija, the construction of medical laboratory reduced time needed for tests by 30% due to better organisation of space and ability to conduct simultaneous analysis. Several projects dealt with improvement of the quality of life for Roma population: in Čoška settlement in Vranje, 30 households gained access to fresh drinking water; 90 Roma obtained identity cards free of charge in Surdulica; 50 Roma pre-school and school children from Vladičin Han participated in educational and creative workshops to achieve better school results.

Although the number of female councillors in local parliaments increased, the elections were also a setback for gender activities: the status of previously established gender equality mechanisms (GEM) became unclear in many municipalities and in many cases they were dysfunctional. For this reason, in Q4 2012, EU PROGRES resumed support to 12 GEMs in the South West and Toplica. In Žitorađa, the Programme facilitated adoption of the European Charter for Equality of Women and Men in Local Life. In seven municipalities, with Programme advocacy, a budget line was allocated, which will enable operations of the local mechanisms.

EU PROGRES continued to work on projects that will reduce negative impact on environment: bio fuel heating in Prijepolje, will reduce air pollution; the new or reconstructed heating plants (Novi Pazar, Tutin, Raška) will reduce emission of CO₂ and minimise negative impact on air. Several projects will result in savings on the heating bills, due to improved energy efficiency (kindergartens and schools in Preševo, Vladičin Han, Blace, Raška and Tutin).

Finally the work on good governance as a cross-cutting aspect of the Programme is yielding results: ten municipalities agreed upon further actions for introducing good governance aspects within the small and large infrastructure projects; process organisation for three large infrastructure projects was introduced (Banjica Landfill, Pčinja Fruit Production and Pešter Development Centre), while the pure governance reform continues with specific tasks for local officials in Ivanjica. All will contribute to increased transparency, accountability, efficiency, effectiveness and non-discrimination in municipal bodies and institutions.

Implementation of several projects confirmed initial risks: poor quality of technical and planning documentation, land ownership issues, challenges with provision of municipal co-funding, complaints on the results of public procurements, all impact smooth delivery of the Programme. This period, in particular, was still marked with risks linked to elections: the composition of grant implementation teams (GITs) in many municipalities changed while in several municipalities they remain unnamed thus hindering progress of activities. On the other hand, there was a progress in capacity of grant beneficiaries. For example, grantees that were implementing Citizens' Involvement Fund (CIF) 1 projects, and were contracted for CIF 2, had successful audits, proving they improved efficiency of project management.

The lack of qualified people will continue to be a challenge in the South and South West. The final results of Census 2011 were published in late autumn and showed there were 100,000 less inhabitants in EU PROGRES Area of Responsibility (AoR), primarily as young and educated people failed to return home following graduation.

3 Review of Progress and Performance

3.1 Policy and programme context

Seven months after the elections, the political stability was still not achieved in a number of EU PROGRES municipalities. Ruling coalitions at the local level continued to change in order to mirror the composition of the central Government (Leskovac, Vranje, Trgovište, Nova Varoš, Kuršumljija). Another challenge for smooth functioning of municipalities was the relationship between parties, which before the elections were political opponents, and after them ruled together. Unresolved issues from the past or different priorities make these coalitions inefficient (Novi Pazar, Prokuplje). This period is also marked by arrests of former mayors of Bojnik and Prokuplje, and a senior official in Žitorađa. And, although these should be related to the rule of law and fight against corruption they are also perceived as retaliation of political opponents. All this negatively affects the Programme – development issues and projects are often not top priority, misunderstandings within still fresh ruling coalitions reduce efficiency in project implementation, changes often mean new people for projects implemented by the EU PROGRES, and in turn request significant time before ownership over activities is achieved.

The final results of Census 2011 were published in late autumn and showed there were 100,000 less inhabitants in the southern parts of the country, mostly young experts who didn't return home after

graduation¹. The average age of population on the country level was 42.2, while in the South-East region it was 43.3. Crna Trava has the oldest population in the country (53.7), while Novi Pazar (33.5), Sjenica (37) and Tutin (32.1) are the youngest. The largest increase in number of citizens in the entire country was recorded in Novi Pazar, while the largest decreases were observed in Crna Trava and Trgovište². The results were not unexpected and confirmed the challenges and adverse situation in municipalities covered by the EU PROGRES.

The Government reconfirmed that sustainable development of the insufficiently developed areas was one of its strategic priorities. In a conference, organised by the Office for Sustainable Development of Underdeveloped Areas (OSDUA), and supported by the EU PROGRES, the participants pointed that the only way to prevent migrations and false asylum seekers was to economically develop these regions³.

The Coordination Body for Preševo, Bujanovac and Medveđa (CB) marked its 12th anniversary in December. Over the years the CB invested more than 75 million Euros into the area, while the international community supported projects worth 35 million Euros⁴.

In Preševo, the Organization of War Veterans erected a monument for the members of the so-called Liberation Army of Preševo, Bujanovac and Medveđa in the backyard of the municipal building. This provoked series of reactions from top Serbian and local officials. Implications on the area are negative: distrust and tension between Albanian and Serbian community fused again. The President of the CB, Zoran Stanković, said that the memorial was done without permission from the Institute for Protection of Cultural Monuments in Niš, while the Mayor of Preševo, Ragmi Mustafa, considered the removal of the memorial would cause unnecessary tensions in the region⁵. The Government has given a deadline of 17 January 2013⁶ for the municipality to remove the monument.

The National Alliance for Local Economic Development (NALED) published the Grey Book with 76 recommendations for abolishing or changing bureaucratic procedures of the national and local government authorities. These include: issuance of work and health booklets, submission of the birth and nationality certificates, determination of the salary tax value, issuance of construction permits etc.⁷

The changes in the Law on Planning and Construction put on hold the article 103.1 regulating the obligation of investor to submit the proof of conversion of land into construction land. The investors will be allowed to build without this proof in the next 12 months after the change is adopted. The Law on Subsidising the Construction Industry in Serbia During the Economic Crisis – will remain in

¹ JugPress (2012) *Za deceniju otišlo 100.000 ljudi sa juga* [Online] Available at: <http://www.iugpress.com/index.php/iug-srbije/13711-za-deceniju-otilo-100000-ljudi-sa-juga> (Accessed on 4 January 2013)

² Popis (2012) *Popis stanovništva, domaćinstava i stanova 2011 u Republici Srbiji: Starosti pol* [Online] Available at: http://media.popis2011.stat.rs/2012/publikacije/ppt_konacno.pdf (Accessed on 4 January 2013)

³ OSDUA (2012) *Održivi razvoj nerazvijenih područja strateški prioritet Srbije* [Online] Available at: <http://www.kornrpgov.rs/~kornrpgo/index.php/component/content/article/37-aktivnosti/588-7112012-odrivni-razvoj-nerazvijenih-podruja-strateki-prioritet-srbije.html> (Accessed on 4 January 2013)

⁴ KT (2012) *Koordinaciono telo proslavilo 12 godina postojanja* [Online] Available at: <http://www.kt.gov.rs/sr/news/arhiva-vesti/koordinaciono-telo-proslavilo-12-godina-postojanja.html> (Accessed on 3 January 2013)

⁵ Blic (2012) *Gradonačelnik Preševa: Spomenik nije protiv Srba rušenje bi bilo nezgodno* [Online] Available at: <http://www.blic.rs/Vesti/Politika/359995/Gradonacelnik-Preseva-Spomenik-nije-protiv-Srba-rusenje-bi-bilo-nezgodno>

⁶ Blic (2012) *Dačić: Ponašaćemo se evropski, uklonićemo spomenik u Preševu* [Online] Available at: <http://www.blic.rs/Vesti/Politika/360474/Dacic-Ponasacemo-se-evropski-uklonicemo-spomenik-u-Presevu> (Accessed on 4 January 2013)

⁷ NALED (2012) *Promotion of Grey Book V and Top Reformer Award 2012* [Online] Available at: <http://www.naled-serbia.org/news/612/Promotion-of-Grey-Book-V-and-Top-Reformer-Award-2012> (Accessed on 4 January 2013)

power until end of 2014⁸. The Law on Public Procurement was adopted at the end of 2012, and it envisages partial centralisation for procurement, under the Administration for Joint Services. Analysts say the Law will result in savings of up to one billion Euros⁹.

There have been several reports about large **investments** into the South and South West Serbia. In Vranje, the Minister of Finance and Economy, Mladen Dinkić, signed a contract with the president of the Italian shoe company "Geox", confirming direct foreign investment of 15,6 million Euros and announcing employment of 1,250 workers¹⁰. Despite protest of "Jumko" workers who wanted to prevent selling of three plants to "Drita", the Minister of Regional Development, Verica Kalanović, said the Italian company will be coming to Vranje and opening around 400 jobs in 2013¹¹. In Leskovac, opening of the factory that will produce floor mats and car seat covers for Toyota and Chrysler and that will employ 300 people, was announced¹². The Watson Pharmaceuticals, Inc. (NYSE: WPI) announced annexation of the Actavis Group, worth 4,24 billion USD¹³. Serbian-Greek company "Envido Hellas" should start construction of a solar park on Mali Jastrebac, a project worth 1,3 million Euros¹⁴.

However, the challenges faced by the underdeveloped municipalities, in attracting investments, were shown in Leskovac, where despite previous announcement that the City would provide free land to Turkish "Jeancy" company, the works stopped as the Government of Serbia hadn't verified the decision and due to the failure to pay the earth works. "Jeansy" is expected to employ 1,000 people and invest six million dinars¹⁵.

More detailed overview of area developments is available in the Annex V.

3.2 Progress towards objectives

This period brought positive developments regarding EU PROGRES efforts to facilitate investments and employments. Following completion of the construction of the internal infrastructure in the Green Zone in Leskovac, funded through EU PROGRES, the City started the works on the roundabout, a project funded by the Roads of Serbia with 46 million dinars. In addition, the City started issuing location permits for the Green Zone first investors: Lemex-Gamakom (German-Serbian), Matielo-Fungojug (Italian-Serbian) and Strela-Klaić (Austro-Serbian). The three companies plan to invest about 3,5 million Euros and open 300 new jobs in 2013 and 2014.

⁸ Originally planned until 2012.

⁹ Tanjug (2012) *Parliament passes public procurement law* [Online] Available at:

<http://www.tanjug.rs/news/71334/parliament-passes-public-procurement-law.htm> (Accessed on 5 January 2013)

¹⁰ OK Radio (2012) *Potpisan ugovor sa GEOX-om* [Online] Available at: http://www.okradio.rs/vesti/lokalne/potpisan-ugovor-sa-geox-om_23200.html (Accessed on 3 January 2013)

¹¹ B92 (2012) *Drita ne odustaje od Vranja* [Online] Available at:

http://www.b92.net/biz/vesti/srbija.php?yyyy=2012&mm=12&dd=24&nav_id=671886 (Accessed on 3 January 2013)

¹² JUGMedia (2012) *Leskovčani će proizvoditi enterijer za volvo i kraisler* [Online] Available at:

http://jugmedia.info/2012/10/11/leskovcani-ce-proizvoditi-enterijer-za-volvo-kraisler/?utm_source=rss&utm_medium=rss&utm_campaign=leskovcani-ce-proizvoditi-enterijer-za-volvo-kraisler

(Accessed on 4 January 2013)

¹³ JUGMedia (2012) *Actavis pripojen Watsonu pod svojim imenom* [Online] Available at:

http://jugmedia.info/2012/11/01/actavis-pripojen-watsonu-pod-svojim-imenom/?utm_source=rss&utm_medium=rss&utm_campaign=actavis-pripojen-watsonu-pod-svojim-imenom (Accessed on 4 January 2013)

(Accessed on 4 January 2013)

¹⁴ Južnevesti (2012) *Solarna energija sa Malog Jastrepca* [Online] Available at:

<http://www.juznevesti.com/Drushtvo/Solarna-energija-sa-Malog-Jastrepca-Nis.sr.html> (Accessed on 4 January 2013)

¹⁵ Pravda (2012) *Ljajić: moramo da pridobijamo investitore* [Online] Available at: <http://www.pravda.rs/2012/12/21/ljajic-moramo-da-pridobijamo-investitore/> (Accessed on 4 January 2013)

The renovation of Termovent Factory in Medveđa that will enable start of the wood processing plant has been completed. This project will enable opening of at least 30 people in the first half of 2013. The new jobs will be created in public sector as well, where the capacities of the schools, clinics and the kindergartens are increased, e.g. 53 people in kindergartens in Ivanjica, Raška, and Tutin. Eight new jobs are opened through a project supporting entrepreneurship development through Business Incubator Centre (BIC) in Vranje, while the Incubator's distant entrepreneurship programme, aimed at Roma, should provide additional 30 jobs.

Detailed regulation plan that EU PROGRES for Bunuševac Industrial Zone that is technically finalised, as well as the main design for the bypass road to the Industrial Zone, are the among preconditions for any further investment to this site. The Italian shoe producer "Geox" and furniture manufacturer "Drita", have already confirmed major investments and announced opening of 1,650 new jobs, in the Zone.

EU PROGRES has also been supporting a number of activities that should enhance quality of services which local governments' provide to investors: establishment of One Stop Shops in four municipalities that should reduce time for issuing of building permits by 20% advanced well; three general regulations and three details regulation plans are close to adoption and create conditions for more efficient issuing of location and building permits; technical documentation for four local projects have been finalised during this period, increasing prospects that municipalities will access (donor) funds for the interventions.

A number of completed projects will contribute to social development. Two new kindergarten facilities will provide care for about 430 children, thus significantly reducing waiting lists; free legal aid has been provided to more than 1,000 persons enabling them to access basic entitlements; in Kuršumljia, the construction of medical laboratory reduced time needed for tests by 30% due to better organisation of space and ability to conduct simultaneous analysis.

There has been particular attention to supporting projects that will make contribution to social inclusion, improvements of legal status and human rights and generally enhance the quality of life for Roma population: in Čoška settlement in Vranje, 30 households gained access to fresh drinking water, while in Jelašnica village (Surdulica), 90 Roma obtained identity cards free of charge in Surdulica; 50 Roma pre-school and school children from Vladičin Han participated in educational and creative workshops to achieve better school results.

May elections brought positive changes and increase in the number of female councillors in local assemblies, which was on average at legally prescribed 30%. However, it varied from 19.35% in Žitorađa, to 34% in Novi Pazar. In some cases the women representation in assemblies has more than doubled, e.g. in Tutin, it went from four to 11, in Sjenica from five to 12. This is certainly a huge movement ahead, having in mind the patriarchal milieu in those municipalities. There are 58.33% female heads of administration. On the other hand there is not a single female Mayor in 12 municipalities (compared to one, in Kuršumljia, in the past mandate), while there is only one President of the Assembly who is female. There are five municipalities that don't have any female representatives in their councils, while those bodies on average consist of 85.32% male members. The greatest setback was the situation with the local gender equality mechanisms (GEMs), which in many cases became dysfunctional. After a short pause, in Q4 2012, EU PROGRES resumed support to 12 local gender equality mechanisms in the South West and Toplica. Žitorađa Assembly adopted the European Charter for Equality of Women and Men in Local Life and, along with six other municipalities allocated a budget line that will enable smooth operations of the local mechanisms.

Several projects will reduce negative impact on environment: the construction of the Waste Water Treatment Plants in Crna Trava and Trgovište will eradicate river pollution on the Vlasina and Pčinja rivers; bio fuel heating of public institutions in Prijepolje, will reduce air pollution; the new or reconstructed heating plants (Novi Pazar, Tutin, Raška) will reduce emission of CO₂ and minimise negative impact on air. Several projects will result in savings on the heating bills, due to improved energy efficiency (kindergartens and schools in Preševo, Vladičin Han, Blace, Raška and Tutin).

Capacity of the beneficiaries of the Citizens' Involvement Fund (CIF) grants continues to increase. Fifteen of sixteen grantees that were using CIF 1 and are now contracted for CIF 2 had successful first audits. This is an indicator of improved efficiency of project implementation and management knowing that 70% of first audits for CIF 1 were unsatisfactory.

Finally the work on good governance as a cross-cutting aspect of the Programme is yielding results: ten municipalities agreed upon further actions for introducing good governance aspects within the small and large infrastructure projects; process organisation for three large infrastructure projects was introduced (Banjica Landfill, Pčinja Fruit Production and Pešter Development Centre), while the pure governance reform continues with specific tasks for local officials in Ivanjica.

Overview of progress against objectively verifiable indicators in LFM, at the level of Programme overall objective and purpose, is provided in the Annex III, attachment 3.1. This overview is also **integral part** of this paper.

3.3 Progress towards results

Result 1 - Participative, responsible and transparent management with respect of human rights: the Citizens Involvement Fund (CIF) projects continued to make impact for the most vulnerable groups living in the South and South West Serbia. The successful partnerships between the civil society organisations and the local self governments in Surdulica, for example, meant that the municipality provided additional funding for issuing free ID cards to Roma people. There was contribution to improvement of life quality of people with disability in Leskovac, where equipment was provided for a mini-rehabilitation centre for physiotherapy services. In Ivanjica, five weaving machines were purchased by the Association of Poliomyelitis and Cerebral Paralysis, which enabled training of 15 people with disability and will lead, besides rehabilitation, to financial empowerment. Support given to the local gender equality mechanisms resulted in Žitorađa adopting the European Charter on Equal Participation of Men and Women in Local Life, while Sjenica, Tutin, Nova Varoš, Žitorađa, Raška and Ivanjica confirmed funding would be available for gender related activities in 2013.

More than 1,000 people received free legal aid in Novi Pazar, Prokuplje, Žitorađa and Preševo, and 43% of cases were positively finished, while others are in progress. In this quarter, the largest number of beneficiaries sought access to education (34%), social welfare (18%) and personal documentation (13%). Other pleas related to entitlements to pension, unemployment and labour, health and rights of people with disabilities.

The budget planning in 12 municipalities included citizens and more than 4,600 people filled in questionnaires on priorities for 2013. For example, Vranje, Prijepolje and Nova Varoš published decisions on 2013 budgets on their websites.

Finally, ten municipalities agreed upon further actions for introducing good governance aspects into small and large infrastructure projects: e.g. Sjenica submitted a decision on reallocation of funds saved from the replacement of water pumps, covering specifically social aspects of water supply to socially endangered and vulnerable groups from the municipal budget; in Tutin and Raška, rulebook on admission of children with admittance are prepared; Prijepolje submitted a draft rulebook on internal control of fuel procurement and consumption and draft decision on savings of assets. In regards to the inter-municipal projects, process organisation was developed and set for Pčinja Fruit

Production, Pčinja Meteris Landfill, Pešter Agro-development Centre and Banjica Regional Landfill, while Ivanjica embarked on the pure governance reform that should result in better understanding of strategic and operational planning, monitoring, reporting and coordination processes in the municipality.

Result 2 - Municipal organizational effectiveness and efficiency improved and capacities to deliver services to citizens and business increased: Trgovište CAC provided 700 services during November and December and continues to enter citizens' records into the electronic database. In Vranje, the Business Incubator Centre (BIC) project for entrepreneurship of marginalised groups is yielding first results as the tenants have signed contracts for furniture production, worth 20,000 Euros, and employed eight people. The new BIC project, for distant incubation for Roma entrepreneurs started and will provide employment for up to 30 people. The forming of three clusters creates preconditions for strategic organisation of activities, higher efficiency of operation, enabling negotiations with potential business partners, joint marketing activities and campaigns. Four municipalities have started activities that should lead to faster and easier issuance of building permits once they establish the One Stop Shops. At the same time work is going on to increase financial resource management through enhanced revenues (more taxpayers in LTA database) and introduction of programme budgeting In Bujanovac, for example, the municipality extended contracts of six temporary employed staff, to continue work on collecting information for the local tax database, which resulted in additional 850 entries into the register. While EU PROGRES will provide detailed analysis of effects to LTA offices in the report for Q1 2013 there are starting indicators: Prokuplje, one of beneficiaries whose LTA database was updated, collected 148 million Dinars in local taxes in 2012, which is 42 million Dinars more or almost 40% increase in comparison with 2011.

Result 3 - Support to municipalities in preparation of local urban planning documents:

Nova Varoš, Priboj and Prijepolje GRPs are being finalised in line with the comments received from the Government planning commission and their adoption is planned for the first forthcoming sessions of municipal assemblies. Detailed regulation plan (DRP) for industrial zone "Bunuševac" in Vranje was adopted by the City Planning Commission in late December and awaiting final approval by the City Assembly. This DRP will create conditions for issuance of location and building permits, including the ones relevant for investments announced by "Geox" and "Drita" of 29 million Euros. These investments should over the next two years lead to the opening of over 1,650 new jobs. DRPs for Tutin and Ivanjica's Devići settlement are supported by municipal planning commissions and awaiting final approval by municipal assemblies, while Raška DRP has been technically finalised and send to Government commission for revision.

in Vranje, Roma living in Čoška settlement was seen after the water supply project was finished almost three months earlier than originally planned, bringing fresh water to 30 households.

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

EU PROGRES engagement on the Banjica Regional Landfill had sound achievements. The draft redesign of the main project for the construction of the landfill was finalised, revision is ongoing and should be completed in January 2013. Four involved municipalities, Nova Varoš, Priboj, Prijepolje and Sjenica, prepared documents necessary for foundation of the public utility company (PUC) that will manage the Landfill. Adoption of documentation in municipal assemblies was postponed in order to ensure they comply with the new Law on Public Enterprises, which entered into force on 24 December. Finally, each of four municipalities set aside three million Dinars for functioning of the PUC and additional five million Dinars for infrastructure works on the Landfill in 2013. This is a strong indicator of municipal ownership over project and a sign of their commitment.

The economic and environmental analysis for the two Waste Water Treatment Plant (WWTP) locations in Kopaonik has been completed and presented to the Ministry of Finance and Economy, Ministry of Energy, Development and Environment, Water Directorate, Nature Park Kopaonik and Municipality of Raška. EU PROGRES expects final recommendation regarding the location from the Water Directorate in order to continue work on the Feasibility Study for WWTP in Kopaonik.

Grants for main designs for recycling centres in Raška and Vranje are closed. Contracts for the construction, signed with the former Ministry of Environment, Mining and Spatial Planning (Eco Fund) are still on hold and despite EU PROGRES enquiry with the new line Ministry (Energy, Development and Environment), no feedback was received.

This period brought completion of work on technical documentation for four local projects: for the transfer station in Bosilegrad, regulation of Moravica River in Ivanjica, outdoor school in Vlasotince and extension of Children Clinic in Leskovac. Municipalities would be ready to absorb approximately 1,6 million Euros for implementation of these projects. Altogether, technical documentation is prepared for seven local infrastructure projects, work on four designs is in progress, and will start on another nine in January 2013.

Result 5 - Project financing facilitated through enabling contacts with ministries, donors and other projects: the Programme consultants developed three business plans, for Banjica Landfill, Establishing of Pešter Agro Development Centre and the Green Zone in Leskovac. The Pešter plan envisages 14 new jobs at the opening of the Centre and 36 in total in the coming years. It also predicts annual net profit of at least 15,000 Euros calculating with potential of profit increase up to 50,000 Euros if the sales increase by 15%.

Result 6 - Selected projects financed and implemented through EU PROGRES sub-projects: the Programme has been implementing six inter-municipal projects, which is the double number of originally planned. The construction works on utility infrastructure were finished in Leskovac **Green Zone**. The City, in line with earlier agreements, started the works on the construction of roundabout, a project funded by the Roads of Serbia with 46 million dinars. Completion of this project will ensure that the part of the Green Zone is prepared to host investors. The preparatory works on the **Pešter Development Centre** are finished. Tender for the main construction works of the Centre was completed in November. Works will start as soon as weather permits. The evaluation of tender for the water supply to Roma settlements in **Jelašnica village in Surdulica** is completed and the works are starting in January 2013. The system will enable 790 Roma households to have better living conditions. The **Effluent meters** for Bujanovac, Preševo, Vranje and Vladičin Han were delivered in the second week of December. These devices will enable beneficiary municipalities to record quantities of waste water they discharge into rivers. Among other, these municipalities will have entry data for further development of existing Master Plan for South Morava River that is related to waste waters. The site clearance for establishment of **Pčinja Fruit Production Centre** is finished, while the draft tender packaged for the **WWTP in Trgovište** should be ready in the first week of January. EU PROGRES has contributed to positive developments in the project for the construction of the building for the Bujanovac Faculty of Economy. Bujanovac Municipality provided location for the construction of the building. The Coordination Body (CB) signed a contract with CIP for the urban design on 05 Dec 2012 and will also finance the main design for the building.

Out of 32 local infrastructure projects supported, 25 are finished, six are ongoing and one is critical. Works were completed on replacement of external joinery in Preševo, the largest primary school in Serbia, improving education conditions for 2,500 pupils, while school noted reduced electricity bills due to increased energy efficiency. School that was built in Kumarevo (Leskovac) was accredited, 15 pupils were enrolled in preschool education and 45 in primary. In Ivanjica, Tutin and Raška, works on kindergartens finished, which increased capacities (by 180 children in Ivanjica, by 130 new children in Tutin and 120 in Raška). Over 50 new jobs are expected to be opened in the three kindergartens. The support of EU PROGRES GG team means that all three municipalities will have regulations that

enforce non-discrimination principles in admitting children. In Kuršumljija, the construction of medical laboratory reduced time needed for tests by 30% due to better organisation of space and ability to conduct simultaneous analysis, while the works to improve entrance to the Emergency Clinic in Blace should contribute to the reduction of time needed for the admission of patients by 50%. The heating for the Sports Hall in Kuršumljija has been installed and thus created conditions for using the facility.

Priboj secured funds from other donors to equip the Museum and this is a direct impact of EU PROGRES efforts on reconstruction. One additional person was employed. In Prijepolje and Novi Pazar gymnasiums heating system reconstruction resulted in 50% savings comparing to the same period last year, or almost 5,000 Euros for the reporting period. Sjenica savings in electricity bills are up to 8,000 Euros monthly as a result of the central water facility reconstruction funded by EU PROGRES. In Trgovište, by upgrading of water supply system in Novo Selo the quantity of water available to households is increased up to three times, and the quality of water is improved. Following construction of bridge in the Tibužde village with EU PROGRES support, the City of Vranje invested 1,2 million Dinars to pave the road in front of and after the bridge. In Medveđa, the reconstruction of the production hall in Tervovent Factory creates conditions to employ at least 30 new workers.

Result 7 - Awareness of the need for, the logic of, and the effects of changes communicated to a broad public: over 240 media reports were generated, all clearly emphasizing the European Union and the Government of Switzerland support. Two high profile visits, by the DEU Ambassador and Embassy of Switzerland Deputy Head of Mission, significantly contributed to greater visibility of the donors and increased awareness of target audiences about logic and effects of the Programme. The quality of journalistic reporting improved during October – December 2012, showing media better knowledge and understanding of the Programme and the donors. Two Programme Newsletters were distributed to over 1,000 email addresses and new requests were received from the Government and international organisations to be put on the distribution list. There were 6,593 unique website visitors during the quarter, compared to the 10,000 planned for the whole 2012. The EU PROGRES 2013 Calendar competition, “Welcome to my Europe” showed that secondary schools students perceive Europe in a politicised manner as a significant number of works thematically depicted politicians. The second public awareness campaign “Bringing Europe Closer to Citizens of South and South West Serbia”, for which the contract was signed in December, will aim to step away from these perceptions and equip citizens with the knowledge that will allow them to make informed decision on country’s EU accession. Preliminary results of the external evaluation of the Good Governance campaign show that the positive changes in perception of good governance by the stakeholders in South and South West Serbia have been initiated. The campaign upgraded municipal websites in order to increase transparency and access to information; in Blace 110 citizens requested and were granted a meeting with the Mayor since the introduction of the Open Door mechanism in November; documentary film was aired on 23 media; street events on budget planning organised in Novi Pazar and Vranje.

Result 8 - A plan to develop the areas’ images and self-images as unique regions of Europe are established and implementation begun: branding project “Vlasina Health Factory”, as described by the Director of the Tourism Organisation of Surdulica, has initiated a series of positive changes in the area. Other donors, such as UNDP and Coca Cola, taken by the example of this project, have expressed intention to procure similar outdoor furniture for Vlasina, while municipality of Surdulica will invest into production of at least two additional sunbathing platforms, which create a recognisable picture of the Vlasina Lake, to further contribute to the branding of the area. This could be an additional investment of up to 4,000 Euros. One person who passed elite training for Mountain Rescue Services within the project “Golija Lakes Myths and Legends”, will be employed

starting from January at the ski centre on the Javor Mountain, and will be engaged by the Serbian Ski Services on various rescue missions.

3.4 Activities undertaken

Component 1: Good governance

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

Activities:

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

CIF-1: all 40 projects finalised; 18 officially closed. Documentation for concluding 18 other prepared and awaits clearance from Operations/Programme Manager. Due to exchange fluctuations 13,000 Euros unspent. Proposal for allocation of this money will be given to the April PSC meeting.

CIF-2: 23 out of 27 approved projects were contracted; 22 first instalments disbursed; 12 second instalments paid; four projects still pending finalisation of technical documentation. Audits are being carried out on a regular basis and all were successful.

Project "Improvement of Digital System for Providing Support to Citizens" implemented by Sjenica LSG, in cooperation with CA "Flores", is critical due to municipal inability to pay co-funding.

1.2 Citizens' Satisfaction Surveys

The Terms of References (ToR) for the second survey was prepared. The preliminary plan to advertise by the end of the year may be changed due to impending decision on the Programme's no-cost extension.

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

Novi Pazar: integration of CAS into the City Administration has not yet been achieved, despite the Mayor's promises. The current political situation presents further difficulty in transferring the CAS, as well as the problems with the office for the service/reception of beneficiaries, lack of equipment, access for disabled people, and lack of interest of the City to commit itself financially to the project. Another meeting is scheduled for mid-January 2013 to discuss all issues.

Prokuplje: in addition to regular free legal aid, CAS provided support to Roma students to apply for scholarships and 28 were successful. This contributed to Roma students in exercising their rights.

Žitorađa: 13 secondary school children were supported in drafting applications for free bus tickets. The Municipality committed itself to incorporate the Centre into administration upon the closure of the project, granting funds for employment of one person who will manage the Centre. Trainings were held for representatives of various institutions, which increased capacities in the area of social entrepreneurship and preparation of project proposals.

Preševo: 315 citizens requested free legal assistance from the CAS. Around 200 students served by the CAS staff, will receive scholarships from the local government.

Full CAS statistics, for all four municipalities, are available as Annex I, attachment 1.1.

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

Both survey and local budget forums were completed in 12 municipalities: Vranje, Novi Pazar, Sjenica, Prijepolje, Kuršumljija, Bojnik, Raška, Surdulica, Žitorađa, Leskovac, Nova Varoš and Medveđa and more than 4,600 people filled in questionnaires on priorities for 2013. The citizens were also invited to select which of the three priority infrastructure projects they'd like to see implemented. In Vranje, for example, the City accepted recommendation to prepare a detailed presentation of the budget which is now available on the website. Prijepolje and Nova Varoš also published online decisions on 2013 budget. The conclusions from the local budget forums will be presented to the local parliaments who will decide on final budget document.

The implementing partner, BIRN, has signed a Memorandum of Understanding with the mayors of participating municipalities, which contributes to the sustainability of the effort and in the coming months, BIRN will create final “citizens’ budgets” for each participating municipality. This document will be published on municipal websites and promoted via media.

Anti-Corruption Activities: Support to Municipalities in Developing and Adopting Integrity Plans and Municipal Information Bulletins: Anti-corruption expert was recruited with the main task to prepare and support 25 municipalities in developing, adopting and publishing the LSGs’ Integrity Plans (by the Government’s deadline of 31 March, in line with the Anti-Corruption Agency Law, Guidelines and Rulebook) and Municipal Information Bulletins (in accordance with the Law on Free Access to Information of Public Interest and Guidelines on the topic published by the Office of Trustee for the Information of Public Interest).

1.5 Conducting a baseline study on competitiveness level in the twenty five municipalities

A comprehensive ToR for analysis and establishment of the competitiveness level of 25 municipalities was advertised in December 2012. The analysis will also include public expenditure performance measurement and will serve as a bargaining chip for the clients in their negotiations to attract more funding and investments from the state, private investors and donor community. The project will be conducted from March 2013 until 1 September 2013. EU PROGRES and the selected consultancy will, before conducting study, organise broad consultations with relevant stakeholders in order to ensure high relevance and compatibility of the methodology that will be applied.

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

Initial assessment of local GEMs’ needs for future gender equality (GE) related expert support was finalised in 12 municipalities of Toplica District and South West Serbia¹⁶. The findings will be transcribed into an overall work-plan, with municipality-specific activities. All municipalities, except Kuršumljija, Blace and Novi Pazar clearly demonstrated willingness to participate in the gender equality related activities, planned for the next six months, according to the assessments’ findings and GE expert recommendations. Initial results of the GE expert lobbying were allocation of funding for gender activities in Žitorađa and Nova Varoš for the first time, and adoption of the European Charter for Equality of Men and Women in Local Life in Žitorađa.

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

Three NMCs project: contract extended until 31 January 2013, third tranche approved. The coordinator of the Albanian National Council was released from the position and another person was appointed. Five workshops, for 23 participants, were held in December in Bujanovac on preparation for intercultural youth exchange, conflict resolution, motivation of young people for studying, etc. Problems faced by young people were identified: unemployment and poverty, unsolved housing issues, lack of services “housing with support”, family violence, marginalisation, absence of personal documentation and exercising rights to social protection, etc.

At the end of December, a cultural event was held in Bosilegrad to present Bulgarian tradition to some 300 people, mainly young Bulgarians, Roma and Serbs. Preparations for designing of “Različitost” (Diversity) bulletin and leaflet are ongoing. Upon closing of EU PROGRES’ grant, all three National Councils will plan continuation of activities through their work plans/own funding.

The **Office for Human and Minority Rights (OHMR)** proposed to the Government to increase the funds projected in the Budget for 2013 for the National Minority Councils, from 160 million to 240 million RSD. A group of 12 interns, members of the Albanian, Roma and Bosniak nationality started six-month programme in the Government bodies: Ministry of Culture, Ministry of Education, Office

¹⁶ Available in Annex I, attachment 1.2

for Human and Minority Rights, Coordination Body, Team for Social Inclusion and Poverty Reduction and Office for Cooperation with Civil Society. The OHMR published call for proposals to support improvement of Roma status, 22 million RSD are available.

The Programme will continue to have a project coordinator embedded with the OHMR to provide needed support to the NMCs in the Q1 2013.

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

Small infrastructure projects (SIPs): Sjenica submitted a decision on reallocation of funds saved from the replacement of water pumps, covering specifically social aspects of water supply to socially endangered and vulnerable groups from the municipal budget; in Tutin, draft questionnaire for parents submitted and rulebook on admission of children with admittance fee structure adopted; Raška prepared rulebook for the admission of children in kindergarten; Prijepolje submitted a draft rulebook on internal control of fuel procurement and consumption and draft decision on savings of assets; Novi Pazar submitted draft decision on reallocation of saved funds, but it was agreed to further analyse savings before final decision is made; in Ivanjica, draft questionnaire for parents have been prepared, and rulebook on the admission of children with admittance fee structure has been adopted; in Leskovac, draft agreement on definition of responsibilities for Kumarevo school has to be revised due to change of local government; Surdulica adopted rulebook for the sports facility. Lebane and Preševo haven't implemented any of the agreed measures and remedial actions are planned.

Large infrastructure projects (LIPs): improvement of **fruit production in Pčinja District** – the municipalities covered by the project have until the end of January to verify participation, to formalise partnership, to designate representatives, empowered to make decisions, for the project managing board. For **Banjica Landfill**, a contract on the establishment of enterprise that will define responsibilities will be prepared; there will be empowerment of the managing board, which should adopt rulebook on operation and prepare ToR for the project manager who can be acting director of PUC; advisory board, composed of professionals, should be established. **Pešter Development Centre** – final version of establishing documents sent to municipalities; appointment of project manager and coordination body should be the first task; possible forming of Advisory body is under question as it depends on the municipal will to finance such a body or to motivate members on pro bono engagement.

Pure Governance reforms in Ivanjica: expected results and outcomes of pure GG introduction effort are focused on better understanding of strategic and operational planning, monitoring, reporting and coordination processes and recognition of active mutual cooperation importance and creation of mechanisms for its realization. The consultant is working with the LSG officials to that effect.

Vertical dimension of GG: the first workshop was held for 20 representatives of LSGs from the South-West Serbia in order to obtain information about obstacles for achievement of more efficient and more effective functioning of administrations, to identify examples for recognised obstacles and to provide recommendations for the improvement of operation. In January, a similar workshop will be held for the South Serbia municipalities, after which the EU PROGRES will draft a document to present an overview of all statements and constructive proposals, and will present it to institutions which can contribute to better work of local self-governments, such as the Standing Conference of Towns and Municipalities, competent ministries and representatives of the Delegation of the EU in Serbia.

Component 2: Municipal management and development planning

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

Activities:

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

After four months of complaints and discussions about regularities of public procurement in **Crna Trava**, the Commission for Protection of Bidders' Rights rejected all protests from the bidder and ruled in favour of the municipality stating that there were no irregularities in the public procurement process. This, in conjunction with the winter season, jeopardised timely finalisation of the project, and effectively means that the project will have to be extended for at least four months.

Works in **Bosilegrad** finished and the interior decoration of the premises started. Public procurement of furniture expected in January 2013.

Trgovište is entering data in the computer software and by April 2013 entire records will be available electronically. The CAC is connected to the Central Registry Database and is able to provide distant service to citizens throughout Serbia. Almost 700 services were provided during November/December.

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

Vranje "Support to marginalized groups entrepreneurship": first orders have already been delivered to buyers (production and delivery of 50 new tables for a driving school in the total value of 2,500 Euros). There are other three contracts in the cumulative value of almost 20,000 Euros entering production. Four new jobs were opened. The machine for production of pellet for the second tenant was delivered in mid-November.

"Distant Incubation for Roma Entrepreneurs" project started in Vranje and should enable employment of another 20-40 people from the Roma community, while at the same time setting foundations for a long-term sustainable distant incubation system in the Pčinja District.

All three clusters, Pčinja Fruit, Radan Mountain Tourism and Agro-Pešter were registered and submitted applications for the EU PROGRES operational grants. The issuance of contracts and start of operational support is expected during January 2013. Each grant is worth 18,000 Euros and will enable adaptation of premises, provision of basic office furniture and IT equipment, training and salary for the cluster facilitators, as well as increasing visibility, planning for market research and expansion, diversification of products and branding.

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

Works and delivery of equipment for **Vranje** OSS completed. Development of the website and web-based software has commenced. Training needs assessment for the future OSS employees and focal points in the local PUCs will be completed in early January 2013.

In **Leskovac**, new coordinator was appointed, along with the task force members. Both representatives from Vranje and Leskovac have presented the OSS concepts during the LSG Fair in early December in Belgrade with a very strong visibility for EU PROGRES.

Ivanjica has designated premises for the OSS, while **Novi Pazar** is still considering options. However, both LSGs have adopted the OSS protocol and completed all initial steps from the action plan by mid-December.

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

All LTA support projects were completed, except for the second phase in Žitorađa, which is going in accordance with the action plan. Full report on impact of the project will be available in spring 2013.

2.5 Support LSG to implement Programme budgeting

The Programme Budgeting and Capital Investment Planning (PB & CIP) started and introductory meetings were held with Nova Varoš, Raška, Vlasotince, Vladičin Han and Medveđa in the first two weeks of December. The three-day training workshop is planned for the second half of January 2013.

2.6 Introduce Quality Management System in Municipal Administration

Surdulica, Ivanjica, Novi Pazar, Prokuplje and Bujanovac continue to work on the QMS/EMS implementation and are well underway to complete the administrative procedures, flow-charts with identified bottlenecks and remedial action plans.

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

Activities:

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

General Regulation Plans (GRP): The Republican Commission for review and endorsement of planning documents commented on Nova Varoš and Priboj GRPs, which have been approved conditionally with instructions where and how to finalize them. Prijepolje should most probably be done in January. Due to the fact that the Bujanovac Elaborate for sanitary protection of water protection zones as a part of the Bujanovac Spatial Plan does not have to be reviewed by the Commission, the Bujanovac GA was operationally closed at the end of December. GRPs for Kuršumlijska Banja and Sijarinska Banja were sent to the municipal planning commissions for review.

Detailed Regulation Plans (DRP): Raška DRP has been sent to the Republican Commission for review and endorsement before adoption, so in technical terms the project has ended. Tutin DRP draft has been reviewed by the municipal planning commission and accepted with minor changes. Ivanjica draft DRP for Devići settlement has been reviewed by the municipal commission and the public review was completed during December with the municipal commission adopting the plan.

Trgovište DRPs for the Industrial zone and the Sport centre implementation have been sent to the municipal commission for review.

Kukavica and Jovac Lake DRP in Vladičin Han went through the public review and were adopted.

Gajtan DRP in Medveđa is advancing, while additional geodetic survey layers have been completed and submitted to the municipality.

Crna Trava Sokolica settlement concept DRP was endorsed by the municipal planning commission in early December.

Tender for Blace Distribution Centre Spatial Feasibility Study was advertised in December, but the project had to be extended to allow time for implementation.

The implementation of the GAs for the Vranje Bunuševac DRP is advancing even ahead of the schedule as the draft was adopted by the end of the year, while the City received the concept for Neradovac DRP in Vranje in the last week of December.

The direct implementation DRPs for the Industrial zone in Vladičin Han and border crossing in Bosilegrad has progressed at a somewhat slower pace due to the need to obtain additional geodetic surveys, but picked up during December, so the concepts for both plans are expected in January 2013.

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

The Capital Investment Planning process will go hand-in-hand with the implementation of the Programme Budgeting. Please refer to 2.5 for more information.

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

Water supply project, for Čoška Roma settlement in Vranje, finished almost three months earlier than originally planned. The project brought fresh water to 30 households out of which eight are Belville re-settlers, effectively increasing the quality of housing and life in the settlement.

As Novi Pazar didn't take any further activities after completing the hydro-geological study for the potential water source in Blaževo settlement in Novi Pazar, remedial actions will be needed in January 2013.

Component 3: Physical, economic and social infrastructure

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

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

Banjica Landfill – four municipalities agreed the establishment of PUC that will manage the landfill. They prepared relevant documentation whose adoption by municipal assemblies was postponed in order to ensure they comply with the new Law on Public Enterprises, which entered into force on 24 Redesign – the company for technical revision received draft main design and requested additional information from the consultants. The completion of the design according to the revisions requests is expected during January 2013.

Sjenica transfer station – as the LSG has been slow in declaring the public interest over the land, a letter to cancel the construction works for the transfer station was sent to the mayor. Activities on development of the main design will continue if Sjenica solves the ownership and issues the location permit by April 2013.

Meteris Landfill – consultants received drawings from the DRP developed by the Kirilo Savić Institute only in mid December. Planning of the survey works for the geo-mechanical and a geological study is in progress.

Bypass road to industrial zone in Vranje – the contract for development of main design is signed, while the evaluation of offers for the geodetic survey for designing needs is ongoing (tender organised by USAID). Contract will be signed in January 2013. The geodetic layouts can be expected in February.

Waste Water System for the National Park and Tourism Centre Kopaonik – presentation of results of preliminary solutions for two proposed locations for the WWTP to stakeholders: Raška, National Park Kopaonik, Water Directorate, Ministry of Finance and Economy, Ministry of Energy, Development and Environment done. The Water Directorate agreed with the recommendation to locate the WWTP in Rudnica. The design company is waiting for the official letter from the Water Directorate instructing them which of the locations for the WWTP to develop further.

Technical Study of Underground Drinking Water Reserves for Raška Municipality – there was only one valid offer after technical evaluation of tender and the financial offer was three times higher than the estimate. Tender can be re-advertised after the Programme's no cost extension is approved.

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

Recycling Centres: Raška and Vranje grants closed. Contracts for the construction, signed with the former Ministry of Environment, Mining and Spatial Planning (Eco Fund) are still on hold and despite EU PROGRES enquiry with the new line Ministry (Energy, Development and Environment), no feedback was received.

Nova Varoš – the main design finished for the adaptation of the facilities for the future Recycling Centre. ToR for the campaign will be advertised in early January as well as procurement of equipment for the recycling centre. The specification is improved to the level that can guarantee fair competitive bidding.

Development of Technical Documentation – out of 22 projects: **seven are completed** (main designs for the transfer station in Bosilegrad, Moravica River regulation in Ivanjica, Outdoor school in Vlasotince and Extension of Children's clinic in Leskovac, recycling yards in Raška, Vranje and Nova Varoš); four are in progress (main designs for the reconstruction of Dositej Obradović school in Vranje, extension of the kindergarten in Blace, water supply in Donji Stajevac – Trgovište and Sewage collectors in Jošanička Banja – Raška); nine will start in January 2013 (five in Novi Pazar will be developed by the City Urban Directorate, three in Tutin procured through public procurement,

one- transfer station in Bujanovac); two were cancelled (contract for the main design for Nova Varoš sewage collectors and procurement for the main design for Prokuplje green market).

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 legal expert and the economist continued assisting municipalities to prepare decisions for the adoption at the Assemblies for Pešter Development Centre, and for Banjica Landfill PUC. The business plan for Pešter was presented to stakeholders, discussed and agreed.

Result 6: Selected projects financed and implemented through PROGRES

Activities:

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

Letters to all Toplica municipalities were sent informing them about the final deadlines to complete requested activities or face cancellation of projects. As a result: Blace prepared tender documents for water supply in Džepnica, Prokuplje re-advertised tender for Straževačka River and Žitorađa advertised for the reconstruction of the dairy market. In Kuršumljija works are finished on the Laboratory and Sports Hall heating. The commissioning will be organised in January. Blace completed works on entrance to health clinic.

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

Works finished on 19 out of 21 projects. In Novi Pazar tender package was approved for installation of heating in the sports hall. Kuršumljija did not solve the ownership issues with Serbia Waters for the green market so far – the deadline is 15 January, but this project is critical and will most probably be cancelled.

Third Call for Proposals was advertised on 31 December, closing date is 31 January, offering 500,000 Euros for projects that have complete technical documentation and building permits, and procurement of goods if they are related and will be used in infrastructure projects, and can be finished within six months¹⁷.

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

Leskovac Green Zone – construction works on utility infrastructure inside the Zone completed and commissioned. The works on the roundabout started, funded by the Roads of Serbia. As the new GIT was not formed yet in spite of promises, a warning letter was sent to the Mayor. The City Assembly has still not adopted the decision to form the management company that will run the Zone.

Pešter Development – Sjenica and OSDUA will provide additional funding for the construction of the building as the offer received was much higher than estimated. Sjenica, Tutin and Novi Pazar Assemblies adopted decisions to form the Centre. The Business plan is agreed with the founders.

Water supply to Jelašnica Roma settlement– evaluation of offers finished; the contract will be signed in early January. The second tender package for the works on secondary network in the village is advertised.

Bujanovac Faculty of Economy Building - The Coordination Body (CB) signed a contract with CIP for the urban design (to be delivered by 10 January) and decided they would finance the main design as well (contractor to be selected following the conceptual solution from the urban design). The

¹⁷ Full documentation for the Call for Proposals is available at <http://www.eu progres.org/konkursi.php?oblast=pozivi>

accepted location is in the entire ownership of the municipality. **Effluent meters** – delivered in the second week of December.

6.4 Implementation of municipal infrastructure projects in Pčinjski District municipalities

Pčinja Fruit Production Centre – the site clearance finished. The preparation of the project proposal for training of fruit growers is ongoing. All participating municipalities (except Bosilegrad) are drafting lists of agricultural producers to be entered in a joint register.

WWTP Trgovište – draft tender package should be delivered in the first week of January.

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

Activities:

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

Award ceremony for the **EU PROGRES 2013 Calendar Competition**, and the exhibition of selected artworks, were organised in Novi Pazar, hosting more than 70 participants, including 25 students and teachers from distant municipalities, representatives of DEU, the City of Novi Pazar and media. The response to competition increased by 50% compared to the first competition, and 131 artworks from 30 schools were submitted. The theme “Welcome to my Europe” intended to motivate secondary school students to illustrate how they see Europe in their own homeland and how they see their homeland as a part of Europe. The calendar was produced in 1,000 copies and distributed to donors, SEIO, relevant ministries, partners, schools and other stakeholders.

EU PROGRES supported **Children Creativity Festival FEDES** in Toplica, which gathers elementary school children to show their talents in drawing, painting, writing, singing, instrument playing and folklore. The Programme also provided digital photo camera for Audience Award for the best child singer.

The seventh and eighth issue of **Newsletter** in Serbian/English were produced and distributed to over 1,000 emails.

The seasons’ greeting cards were produced in Serbian, English, Roma, Albanian and Bulgarian languages, depicting diversity of EU PROGRES AoR.

The Programme supported the **Office for Sustainable Development of Underdeveloped Areas conference**, by designing/printing of 250 folders, hardcover notebooks, pens, bags, 1,000 fast facts and translation equipment.

Sandžak Danas project “**Promotion of Gender Equality in the South West Serbia**” was successfully completed after the paper published 13 articles on gender equality (one more than planned).

The eighth **Steering Committee** meeting organised in Medveđa, with more than 85 participants.

Design of publication “**Obstacles to Infrastructure Development**” was completed and will be printed by the end of January 2013.

Tender documentation for Nova Varoš Recycling Centre public campaign was prepared and its activities will be complementary with the third Public Awareness Campaign within activity 7.2.

Production of **signboards for municipalities** will be finalised in January, depending on the new visibility guidelines for EU projects.

Action plan for the Q1 2013 has been developed and is available in the Annex II attachment 2.3.

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

Good Governance campaign ended and the final report contains a set of recommendations that will be used to ensure continuous GG improvements in municipalities. External evaluation of the campaign to assess its impact will be available in January.

Contract signed for “**Bringing Europe Closer to Citizens of South and South West Serbia**” with consortium between BIRN, Executive Group and Educational Centre. A working meeting with donors and SEIO will be organised in January 2013 to prepare a plan on involvement of all stakeholders in the campaign implementation.

The third campaign will focus on **environmental protection and recycling**. EU PROGRES met with the Ministry of Energy, Development and Environmental Protection and the campaign theme will be narrowed down in January 2013 in consultations with the Ministry, NGOs and other stakeholders. ToR will be presented to PSC in February.

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

Activities:

8.1 Designs of plans and implementation of projects for image building in partnership with relevant organisations

Contracts signed for “Promotion of Vranje as investment friendly City” and “Preservation of Natural and Cultural Values on Zlatar” submitted by Nova Varoš and Prijepolje municipalities. The goal of the Vranje project is to strengthen the image of the City as an investment friendly place with short administrative procedures, easy access to documentation and good work force, while the Zlatar Mountain project intends to strengthen tourism potentials, educate potential tourism employees and promote the area as a unique place inhabited by griffon vulture.

“Golija Lakes Myths and Legends” project extended for three months to allow production of a high quality brochure. Within this project two persons have been trained for elite Mountain Rescue Services, however only one person passed the final exam. This rescuer will be employed starting from January at the ski centre on the Javor Mountain, and will be engaged by the Serbian Ski Services on rescue missions. This project not only that helped create one job, but also initiated better cooperation between company Nature Park Golija and Municipality of Ivanjica.

“Blace Plum Festival”: the Tourist Info Centre equipped and ready for opening. Contract extended for another month to allow finalisation of the brochure of adequate quality.

“Vlasina Health Factory: most activities are finalised. Other donors such as UNDP and Coca Cola, taken by the example of this project, are planning to procure more outdoor furniture. Surdulica LSG decided to provide funds for production of another two or three sunbathing platforms and further contribute to branding of Vlasina.

“Novi Pazar Way of Living”: even though it was agreed to organise main promotional activities in the spring, very little progress has been made in preparation of the visuals. EU PROGRES team has met three times with the GIT and agreed the action points, however, very few actions have been achieved. The GIT shows little effort and basically no proactivity. Furthermore, the Project Manager is moving to another position and will be replaced by someone else in January.

Contracts for Green Zone and Cherry Festival will be signed in January.

3.5 Management and finances

3.5.1 Management arrangements

At the end of 2012, EU PROGRES has contracted 187 projects: 85 or 45% were completed, which is 5% increase in comparison to the previous reporting period; 47 (25%) were fully on track; 39 (21%) were delayed with low risks; six projects (3%) were critical; during this quarter one project was cancelled, which brought the number of stopped projects to ten¹⁸.

¹⁸ Overview of projects status area developments is available in the Annex III, attachment 3.2

EU PROGRES submitted a nine month No-Cost Extension Request to the Delegation of the European Union (DEU). A similar document has been prepared for the Swiss Agency for Development and Cooperation (SDC) and will be submitted in January 2013. If the Request is approved, the Programme will last until March 2014.

EU PROGRES has put efforts to, in line with recommendations of the Mid Term Evaluation, to strengthen existing monitoring and revaluation system. The Programme revised the entire system, identified recommendations for existing tools, developed first versions of new tools, such as Outcomes/Impact Matrix. Most importantly, strengthened monitoring approach will include far clearer definition of staff responsibilities and monitoring areas. Comprehensive description of EU PROGRES strengthened monitoring system, including updated existing and established new monitoring tools will be ready by the end of January 2013. With this report, EU PROGRES has also launched adjusted format while aiming at further shifting towards “reporting against achievements”. This reporting format also tried to respond better to PSC needs for specific information.

EU PROGRES attended UNOPS Serbia Annual Retreat that was held in Aranđelovac, from 21 until 23 November 2012. Among other, the programme staff had the opportunity to develop understanding of project outcomes and impacts as well as about advocacy, a technique that can positively affect projects’ work.

3.5.2 Financial resources

Total programme disbursement at the end of 2012 was 9,343,373.64 Euros, or 57% of the entire budget. Total disbursement in 4th Quarter was 1,819,911.10 Euros. The disbursement rate in this period increased for almost 45% in comparison with average disbursement of the previous three quarters and allowed the EU PROGRES to achieve the planned delivery for 2012. As of December 2012: 3,833,594 Euros co-funding was contracted; 1,750,638 Euros co-funding transferred; 585,031 Euros co-funding realized.

Third payment was received from the EU and fifth from the Swiss.

Summaries of tenders/tender status and grants are available in Annex IV.

3.5.3 Human resources

The summary of recruitments is available in Annex IV.

3.6 Assumptions and risks

This period confirmed Programme risks were identified accurately, as four of 12 named in the description of action negatively affected EU PROGRES implementation.

Seven months after the elections, the political stability was still not achieved in a number of municipalities. Ruling coalitions at the local level continued to change in order to mirror the composition of the central Government (Leskovac, Vranje, Trgovište, Nova Varoš, Kuršumlija). The gravity of impact could be seen through statistics: the composition of ruling coalitions changed in 15 of 25 municipalities in the South Serbia; in eight municipalities coalitions formed initially after the elections have been replaced with the new ones. Another challenge for smooth functioning of municipalities was the relationship between parties, which before the elections were opponents, and after them made ruling coalitions. Unresolved issues from the past or different priorities make these coalitions fragile and negatively affect their efficiency, as is the case in Novi Pazar and Prokuplje. This period was also marked by the arrests of former mayors of Bojnik and Prokuplje, and a senior official from Žitorađa. And, although these should be related to the rule of law and fight against corruption they are also perceived as retaliation of political opponents.

Different setup at political level triggered changes in municipal management as well as in the composition of grant implementation teams (GITs). In some cases GITs were not named. This is hindering advancement of activities and, in Prokuplje for example, put at serious risk for the preparation of DRP for the settlement Mala Guba. EU PROGRES has tried to mitigate negative effects by increasing the number of meetings with the newly elected municipal leaderships and new GITs, and efforts in this regard will intensify in the Q1 of 2013.

Land ownership issues influenced EU PROGRES decisions to cancel the project for the construction of transfer station in Sjenica and to name the project for Kuršumlija green market as critical. Two other projects were listed as critical due to prolonged public procurement: in Crna Trava, one of bidders complained about the evaluation results for the works on construction of the CAC, and caused delay to the project, while Blace managed to advertise tender for Trade and Storage Centre DRP with four month delay only after EU PROGRES provided support for finalisation of the documentation. Construction of Transfer Station in Bujanovac faced delay of four months due to prolonged response by the Water Directorate regarding issuing conditions for the project. This may be indicator of another challenge in cooperation between local and national institutions and EU PROGRES will assess similar cases in early 2013. One Sjenica CIF project is declared critical because municipality is facing challenge to provide co-funding.

Finally, the erection of a monument for the members of the so-called Liberation Army of Preševo, Bujanovac and Medveđa by the Organization of War Veterans in Preševo impacted the rise of distrust and tension between Albanian and Serbian communities; there were no negative implications on the EU PROGRES supported activities but this could become an issue, especially knowing that some projects require full cooperation by the Government of Serbia and LSGs in Preševo, Bujanovac and Medveđa.

Despite six critical projects and the above noted challenges overall progress has been satisfactory while remedial measures undertaken by EU PROGRES, such as provision of additional support, increased number of meetings or setting deadlines, are expected to facilitate positive solutions for critical projects.

4 Workplan for Q1 2013

The following are key expected results/milestones in Q1 2013:

Component 1: Good Governance

Result 1

- Close down CAS projects in Prokuplje, Žitorađa and Novi Pazar and work on sustainability of methodology
- Follow up on conducted participatory budgeting process in 12 municipalities. Prepare report on effects and work to ensure process sustainability.
- Select consultancy for the conduct of competitiveness study and start extensive consultations.
- Continue provision of support to 12 GEMs.
- Continue work on GG as cross cutting.

Component 2: Municipal management and development planning

Result 2

- Launch Foreign Direct Investment Planning process in five municipalities.
- Start work on expansion of Novi Pazar CAC service to six Local Community Offices.
- Sign operational grants with three clusters: Agro Pešter, South Serbia Fruit and Radan Tourism.
- Fully equip One Stop Shops premises in Vranje and Leskovac.

Result 3

- Municipal assemblies adopt GRPs in Priboj, Nova Varoš, Prijepolje and DRPs in Tutin, Raška and Vladičin Han. Bujanovac Assembly to approve the Elaborate to the Spatial Plan.

Component 3: Physical, economic and social infrastructure

Result 4

- Complete main design and technical revision for the Banjica Landfill project
- Complete main design for the regulation of Raška River watershed – flood protection. Advertise tender for construction works on sections that are flooding prone.
- Complete four main designs for local infrastructure projects

Result 6

- Complete infrastructure projects from the 1st and 2nd Calls for Proposals
- Obtain PSC approval for the best projects in the 3rd Call for Proposal and sign grant agreements with beneficiary municipalities

Component 4: Public awareness and branding of areas

Result 7

- Increase donors' visibility through at least two high profile functions
- Launch of the Municipal Profiles section on the Programme website
- Launch of the campaign "Bringing Europe Closer"
- Prepare ToR for the third campaign focusing on environmental protection and recycling
- Print publication "Barriers to Infrastructure Development"
- Finalise signboards for municipalities
- Prepare and distribute of Programme Newsletter issue 9

Result 8

- Complete three branding projects - Blace Plum Festival, Vlasina Health Factory, and Golija Lakes Myths and Legends
- Start of the projects promoting Green Zone in Leskovac, Pešter Products and Cherry Festival

The detailed EU PROGRES Work Plan has been updated and is available in the Annex III, attachment 3.2. It includes projects of activities schedule in the case of positive decision regarding the nine month no-cost extension request.

5 Visibility

During this quarter, over **240 media reports** were generated in all media outlets, clearly emphasizing European Union and Government of Switzerland support through various project and Programme activities. Compared to 200 planned media reports in 2012, this is a great outcome, especially having in mind that the quality of reporting improved during October – December 2012, which also showed that media knowledge and understanding of the Programme and the donors was good¹⁹.

Additional visibility to the donors was ensured through different promotional material (OSDUA conference, FEDES Festival, branding of equipment/infrastructure projects), continual broadcast of the documentary film and street events within Good Governance campaign, and distribution of 1,000 calendars and some 300 New Year cards.

From October till December 2012, the **website** had almost 6,600 unique visitors, which is 30% more than in the previous quarter²⁰. Traditionally, the most visited pages were vacancy and tender announcements, news, blog, library, general information about the Programme and photo galleries. Redirections were from the EU PROGRES Facebook page and group, United Nations Serbia website, DEU website and municipal websites.

The Programme **Facebook** group currently has 365 members – about 75 more than at the beginning of the year. The group, combined with recently established Facebook page, which currently has 106 likes, provided wider outreach. The majority of followers are women (58.1%), and the biggest portion of the audience is between 25 and 44 years old. Both page and group are regularly updated with news and photo galleries and contributed to increased number of visitors to the website.

6 Progress against objectively verifiable indicators in LFM

Indicator	Key developments in October-December 2012	Overall Status
Level of impact		
Contribute to creation of 1,500 jobs in the EU PROGRES AoR by 2017.	Construction of roundabout in the Leskovac Green Zone has started with funding support of 46 million Dinars from the Roads of Serbia. This will ensure that the part of the Green Zone is prepared to host investors. Issuing of location permits for the first three investors that should open 300 jobs is in progress . Preparation of technical and planning documentation that is necessary for any further development of the Industrial Zone in	Smaller EU PROGRES projects (e.g. Citizens' Involvement Fund - CIF, BIC Vranje) created 50 permanent and temporary employments , primarily for vulnerable people. Economic projects are expected to directly contribute to creation of over 1,250 jobs. 200 entrepreneurs and over 4,000 agricultural producers should be positively affected by activities. Programme's work on technical and planning documentation

¹⁹ EU PROGRES media coverage table is available in the Annex II, attachment 2.1.

²⁰ EU PROGRES website statistics are available in the Annex II, attachment 2.2

Indicator	Key developments in October-December 2012	Overall Status
	<p>Vranje is supported. Italian companies, Geox and Ditra, already announced investments worth over 29 million Euros, and opening of 1,650 jobs. New or enlarged kindergartens in Tutin, Raška and Ivanjica will employ 53 people. Project supporting entrepreneurship development, implemented through Business Incubator Centre (BIC) Vranje, resulted in opening of eight jobs until now. Another project with BIC Vranje, aimed at Roma entrepreneurs, was launched and should open 30 jobs.</p>	<p>for Vranje Industrial Zone is expected to contribute to opening of 1,650 jobs through Geox and Ditra investments. The implementation of projects also created estimated 500 temporary employments in the area.</p>
<p>Contribute to investments of 20 million Euros into economic, social and environmental projects in the EU PROGRES AoR by 2017.</p>	<p>Leskovac has started issuing location permits for the first three investors in the Green Zone. Lemax-Gamakom, Matielo-Fungojug and Strela-Kljajić plan to invest 3,5 million Euros. Development of technical and planning documentation for Vranje Industrial Zone is supported and it should contribute to realisation of investments by Geox (15,8 million Euros) and Ditra (13,45 million Euros). The Minister for Regional Development announced funding support for the Industrial Zone development.</p>	<p>Several economic projects, such as construction of communal infrastructure for the Green Zone in Leskovac, will facilitate investments worth over 7,5 million Euros. A range of projects, such as establishment of One Stop Shops, design of planning documentation or development of capital investment plans, will impact creation of more conducive business environment and thus contribute to investments. EU PROGRES work on technical and planning documentation for Vranje Industrial Zone is a part of the “package” that should facilitate investments of Geox and Ditra worth over 29 million Euros.</p>
<p>Reduced level of air and water pollution by 5% in the EU PROGRES AoR by 2020.</p>	<p>Draft Main Design for the Banjica Landfill has been completed and the procedure for issuing the building permit can begin. Feasibility analysis for two locations for the Waste Water Treatment Plant (WWTP) in Kopaonik developed and presented to the Water Directorate.</p>	<p>Through development of technical documentation and addressing of good governance aspects, several key environmental projects, including work on two regional landfills and waste water issues are supported. In addition, the Programme supports construction of waste water treatment facilities in Crna Trava and Trgovište.</p>
<p>The number of women at decision making positions in EU PROGRES participating municipalities increased by at least 5% during the Programme lifetime.</p>	<p>Support given to the local gender equality mechanisms resulted in Žitorađa adopting the European Charter on Equal Participation of Men and Women in Local Life, while Sjenica, Tutin, Nova Varoš, Žitorađa,</p>	<p>Establishment of gender equality mechanisms in 12 municipalities supported which contributed to development of gender policies at the local level. Through CIF, several gender equality projects</p>

Indicator	Key developments in October-December 2012	Overall Status
	Raška and Ivanjica confirmed funding would be available for gender related activities in 2013.	implemented. Women representation in municipal assemblies in the South West and Toplica, where EU PROGRES worked on gender, is 11% higher after 2012 elections. The number of female local councillors has in some cases doubled after 2012 elections. There are 58.33% women who are heads of administration.
Contribute to improvement of living conditions of the marginalised and vulnerable groups by providing access to employment, housing and social support to at least 3,000 people in the AoR	Four Citizens' Advisory Service (CAS) offices provided free legal aid to 1,018 citizens, primarily from vulnerable groups. Implementation of 17 CIF projects supported through the second call, that assist vulnerable groups, primarily Roma and the disabled, launched.	Assistance to vulnerable groups has been multi-dimensional: 1,900 people received free legal aid through Citizens' Advisory Services in four municipalities and exercised their rights in obtaining personal documents, access to health protection, pension, education etc; 18 CIF projects implemented through the first public call supported employability and social integration of additional 600 beneficiaries; 17 CIF 2 projects will assist people from vulnerable groups. The Programme developed a project providing access to clean water for 800 Roma families in Novi Pazar, Surdulica and Vranje that will improve their harsh living conditions. Some planning documentation will facilitate legalisation of informal Roma settlements, while some infrastructure projects improve physical access to public institutions. Work on good governance ensures local policies are developed or redesigned in a manner that will ensure rights of vulnerable communities are addressed.
Level of outcomes		
Increased satisfaction of citizens with public services over three years of EU PROGRES implementation	Terms of Reference for the second Citizens' Satisfaction Survey is prepared.	EU PROGRES conducted Citizens Satisfaction Survey (CSS) that provided baseline indicators and contributed to increased awareness of the public what needed to be improved in municipalities. The

Indicator	Key developments in October-December 2012	Overall Status
		Programme will conduct the second survey in 2013 in order to access trends in citizens' satisfaction.
Gross LSGs allocations for the CSOs in the EU PROGRES AoR increased by at least 10% by the end of the Programme. At least 5 partnership projects between LSGs and CSOs established and continue independently of the Programme.	23 CIF 2 projects, including partnership between civil society organisations (CSOs) and local self governments (LSGs), launched.	Through CIF and CAS, the Programme facilitated 41 partnership projects between civil society organisations (CSOs) and local self governments (LSGs). EU PROGRES assessed possible effects of CIF and reviewed the grantees' reports: for CSOs this opened up room for more regular communication and enhanced cooperation with LSGs. 16 partnerships between LSGs and CSOs continued after CIF 1.
At least five municipalities adopt mechanisms for sustainable and continuous participatory budgeting processes.	The participatory budgeting process for 2012 was finalised in 12 municipalities. Key tools used in the process were public budgetary forums and citizens' survey on priority projects. Findings were translated into recommendation to the local assemblies for specific lines in budgets for 2013.	The participatory budgeting process for 2012 was finalised in 12 municipalities. Key tools used in the process were public budgetary forums and citizens' survey on priority projects. Findings were translated into recommendation to the local assemblies for specific lines in budgets for 2013. The Programme will provide information on effects in the report for Q1 2013.
Citizens Advisory Services continue in at least 2 municipalities after the Programme finishes	Novi Pazar reaffirmed commitment to incorporate CAS methodology into their administration but no significant progress was made. New local Government in Prokuplje in principle confirmed they will incorporate CAS into their administration.	The Programme supported establishment and work of four CAS offices. There are agreements for their incorporation into local administrations. About 1,900 citizens, primarily from vulnerable groups, received assistance to obtain personal documents and access basic services such as health protection, education and pension. EU PROGRES started consultations on making CAS methodology sustainable.
Local mechanisms for gender equality in place in at least twelve municipalities; at least five municipalities allocate	Re-appointing members of the GEMs going on in municipalities after elections. So far, there are seven operational mechanisms. Seven municipalities have allocated budgets	Gender equality mechanisms established in 11 (out of 12) municipalities ²¹ that took part in the EU PROGRES supported project. Two Local Gender Action plans adopted,

²¹ It was decided that the EU PROGRES gender project would focus on the South West and Toplica District as the PBILD programme was working on similar approach in Jablanica and Pcinja Districts.

Indicator	Key developments in October-December 2012	Overall Status
funding for gender equality activities.	for gender equality activities.	seven are being developed, six municipalities adopted the European Charter on the Equality of men and women on the local level. EU PROGRES cooperates with NMCs – supported joint project of three NMCs, provision of furniture and IT for the ANMC, advocated for coordinated donors’ assistance and provides technical assistance to the Office for Human and Minority Rights with the Ministry of Justice.
Period for responding to requests regarding building permits and conditions reduced by 20% in at least four EU PROGRES participating municipalities.	Works on establishment of One Stop Shops (OSS) in Vranje, Leskovac, Novi Pazar and Ivanjica progressing well. In Vranje, furniture and IT equipment delivered. All four municipalities adopted OSS cooperation protocol with local public utility companies (PUCs).	EU PROGRES supports establishment of One Stop Shops in Vranje, Leskovac, Novi Pazar and Ivanjica. Indirectly, development of over 30 planning documents and design of technical documentation for more than 20 projects will enhance LSG’s efficiency regarding issuing of building permits.
Increased level of tax collection in at least ten municipalities by at least 10% by the end of the Programme.	The second phase of support to Žitorađa to update LTA database ongoing. In Bujanovac, the municipality extended contracts of six temporary employed staff, to continue work on collecting information for the local tax database, which resulted in additional 850 entries into the register. Prokuplje collected 148 million Dinars in local taxes in 2012, which is 42 million Dinars more or almost 40% increase in comparison with 2011.	Cumulative total number of registered taxpayers, in 11 municipalities participating in the tax administration project, increased by over 12,500. On average, this represents 18% increase over the total number of taxpayers and should cause approximate increase of 10% in local tax revenue collected over the next year. The baseline data for tax collection will be measured against data for collected tax in 2012.
Increased level of services for businesses in at least two municipalities. At least 20 enterprises from the Programme AoR involved in clustering by end of the Programme.	A new BIC Vranje project should enable distant incubation for Roma entrepreneurs. Establishment of ten small enterprises is expected. Three clusters, involving 27 entities, formally registered. Preparation of capital investment plans in five municipalities launched – these will, among other, provide valuable data for future business planning, such as plans for major infrastructure development.	Support to businesses is provided on several levels: three clusters involving 27 entities established, two businesses established through BIC Vranje, four One Stop Shops being established and will enhance quality of services to business investors, preparation of Capital Investments Plans in five municipalities will provide valuable inputs for development of business related

Indicator	Key developments in October-December 2012	Overall Status
		infrastructure.
Spatial and General Regulation Plans, and priority Detailed Regulation Plans in place in all municipalities by the end of the Programme	Elaborate, integral part of Bujanovac Spatial Plan, completed. Nova Varoš, Priboj and Prijepolje GRPs were completed and are being finalised in line with the Government Commission comments. Detailed regulation plan for industrial zone “Bunuševac” in Vranje adopted by the City Assembly.	EU PROGRES supports development of one Elaborate for Spatial Plan, six GRPs, 28 DRPs. In addition, the Programme provided equipment for geodetic surveys and IT hardware and specialised software for Urban Planning Directorates in Vranje, Leskovac and Novi Pazar.
Up to 40 projects from SS and SWS on the SLAP data base - third level until the end of the Programme	NTR.	The number of projects from the area on SLAP was 147 in May 2011 and 342 in 2012. Increase of over 100%. 61 projects included in SLAP after May 2010 are linked to EU PROGRES.
Municipal capacity for absorption of funds for implementation of infrastructure projects enhanced by 40 million Euros by the end of the Programme.	Completed technical designs for four local infrastructure projects: Transfer Station in Bosilegrad, Regulation of Moravica River in Ivanjica, Outdoor School in Vlasotince, Extension of Children’s clinic in Leskovac. This enables municipalities to absorb approximately 1,6 million Euros for their implementation.	EU PROGRES supports development of five technical designs for regional projects and 20 designs for local infrastructure to the stage of building permits. Until the end of December 2012, seven technical designs were developed.
Access to clean water improved for at least 20,000 citizens from the EU PROGRES AoR (2.5% of the total area population) by the end of the Programme.	Public procurement completed for the construction of water supply for 790 Roma families in Surdulica. Construction of water supply pipeline and the water tank for 250 inhabitants in Trgovište finished.	Implementation of five local projects and one inter-municipal project will directly improve water supply for tens of thousands of citizens. The Programme also supports development of documentation for Kopaonik Mountain that will provide overview of water sources for Raška and the area – this is key for future water supply system development.
Education conditions improved for at least 4,000 pupils and/or students in the Programme AoR by the end of 2013.	Replaced external joinery in the largest primary school in Serbia, Preševo, improving education conditions for 2,500 pupils. Kindergarten in Ivanjica equipped and will enable enrolment of 180 new children. Kindergarten buildings in Raška and Tutin finished, providing 250 new places for children.	Implementation of eight local infrastructure projects that will improve conditions for education for about 5,500 children - completed . EU PROGRES is involved in development of the project for construction of premises for the Bujanovac Faculty. This is instrumental effort for the area, both in terms of socio-economic development and stability.



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Implementing Partner



European Partnership with Municipalities Programme

Annex I – Component 1

Attachment 1.1 – CAS beneficiaries Q4 2012

Attachment 1.2 – Gender Equality Mechanisms in Toplica District and South West Serbia December 2012

Annex II – Component 4

Attachment 2.1 – EU PROGRES Media Coverage Oct-Dec 2012

Attachment 2.2 – EU PROGRES Website Statistics

Attachment 2.3 - Communications Plan Q1 January-March 2013

Annex III – Programme General

Attachment 3.1 – Progress towards impact and outcomes

Attachment 3.3 – EU PROGRES Work Plan

Attachment 3.2 – EU PROGRES Implementation Matrix 30 December 2012

Annex IV – Operations General

Attachment 4.1 – Procurement grants and HR table

Annex V – Area Developments

Attachment 5.1 – Area Developments Oct-Dec 2012