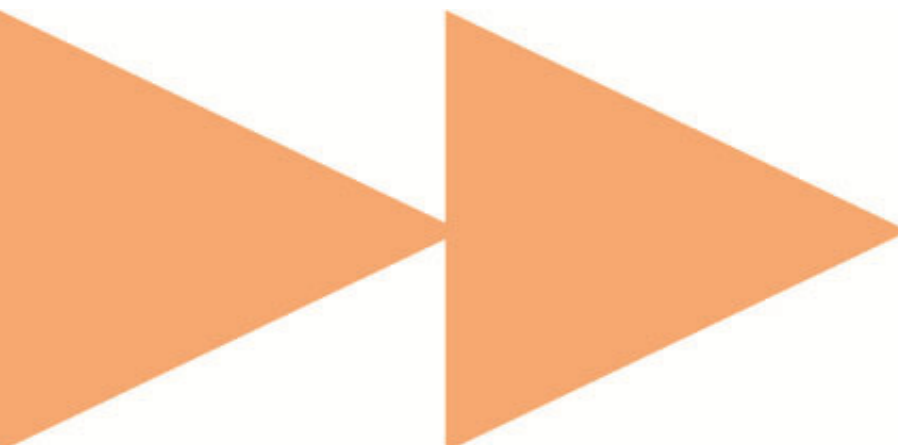




European Partnership With Municipalities Programme

4th Quarterly Report

1 October – 31 December, 2011



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The end of this quarter is also a mid-way through the EU PROGRES implementation and with the elections approaching in 2012 it is obvious that the risks envisaged in the Programme document are going to materialise. The municipal officials have started to use infrastructure projects for personal/party promotion, while it is getting increasingly difficult to reach a consensus on certain initiatives.

On a brighter side, the ratio of commitment vs. spending has been improved: 3.1m EUR have been spent of 6.9m EUR that have been committed to date, bringing the disbursement rate to 44% in comparison with 22% during mid-year.

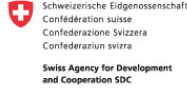
Majority of Citizens' Involvement Fund projects are being completed as per schedule and already showing good results. Contracts for two Citizens Advisory Services, in Žitorađa and Prokuplje, have been signed, while despite some minor administration issues, the project implemented by DamaD is showing good results: e.g. through its lobbying efforts, Raška and Sjenica have both assigned a budget line for gender activities.

Activities in Component 2 are picking up pace and along with steady implementation rate in projects dealing with the preparation of planning documents, and those related to establishment of the Citizens Assistance Centres, activities which are bound to result in improvement of economic situation in EU PROGRES municipalities, such as Business Incubator Centres in Vranje and Prokuplje, are rolling out.

The largest success in Component 3 has been the signing of the contract for half a million EUR project in Leskovac where a Green Zone will be established, potentially creating hundreds of jobs for the entire South Serbia. The conduct of the public tender has been flawless and resulted in award of the contract within the funding available. In regards small infrastructure projects, an additional five have been approved for financing, during October PSC meeting.

Traditionally, the EU PROGRES calendar competition, an activity conducted within the Component 4, has brought visibility not only for the Programme, its donors and values, but also for promotion of ideas illustrated by the competitors. This year, the theme dealt with Serbia as a meeting spot of different cultures and civilisations. Furthermore, activities related to the good governance campaign and adjustments to the Swiss funded cross cutting activities embedded in the contract extended in October 2011 as well as the promotion of branding plans has advanced setting a solid ground for implementation from early 2012.

This report is meant to provide key information about the Programme activities but also to point to some factors that could concern its implementation. The Section 1 is a summary of objectives, purpose, results and beneficiaries. The Section 2 gives an update of political, economic and social developments in the Programme area. The Section 3 details activities of the Programme from October to December 2011, the Section 4 focuses on administrative part of the EU PROGRES, while the Section 5 provides overview of partnerships which Programme facilitated. The last chapter, Section 5, offers an account of visibility efforts. A number of annexes have been provided for in depth information about some specific actions taken by the Programme.



European Partnership With Municipalities Programme

Contents

Executive Summary 2

Acronyms 5

1 Intervention 6

1.1 Overall objectives 6

1.2 Project purpose 6

1.3 Planned results 6

1.4 Beneficiaries 7

2 Updates on political, social and economic developments 7

2.1 Political 7

2.2 Socio-economic 12

3 Activities during reporting period 18

Component 1: Good governance 18

Result 1: Participatory, accountable and transparent governance, respecting human rights 18

Component 2: Municipal management and development planning 23

Result 2: Municipal organizational effectiveness and efficiency improved and capacities to deliver services to citizens and business increased 23

Result 3: Capacities for planning municipal and regional sustainable development strengthened and relevant development documents created 266

Component 3: Physical, economic and social infrastructure 28

Result 4: Projects and project documentation prepared for key economic, environmental and social projects 28

Result 5: Project financing facilitated through enabling contacts with ministries, donors and other projects 3030

Result 6: Selected projects financed and implemented through EU PROGRES 30



European Partnership With Municipalities Programme

Component 4 - Public awareness and branding of areas 33

Result 7: Awareness of the need for, the logic of, and the effects of changes communicated to a broad public.....33

Result 8: A plan to develop the areas' images and self-images as unique regions of Europe is established and implementation begun.....35

4 Management and administration 36

4.1 Procurement..... 36

4.2 Human resources..... 36

4.3 Finance..... 36

4.4 Security..... 37

4.5 Logistics / travel.....377

4.6 ICT 37

5 Coordination and development partnerships..... 37

6 Visibility 38

Annex I Component I 39

Annex II Component II 39

Annex III Component IV..... 39

Annex IV Implementation Matrix Overview 39

Annex V Management and Administration 39



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Acronyms

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

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

1 Intervention

1.1 Overall objectives

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

1.2 Project purpose

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

1.3 Planned results

Component 1: Good Governance

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

Component 2: Municipal Management and Development Planning

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

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

Component 3: Physical, Economic and Social infrastructure

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

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

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

Component 4: Public Awareness and Branding of Areas

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

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

1.4 Beneficiaries

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

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

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

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

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

2 Updates on political, social and economic developments

2.1 Political

Census

The census in Serbia was held over three weeks in October 2011, and, according to some officials, the results are “alarming”¹. The figures showed there were 377,000 less citizens i.e. 5%, than in 2002. However, although this could be a consequence of a low birth rate, or migrations, one should also have in mind the boycott by the ethnic Albanians in the South Serbia.

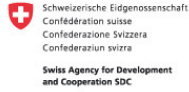
In Bujanovac, some 40% of estimated population were registered², and those were mainly Serbs. In Preševo, less than 2,500 were recorded. Riza Halimi, the only Albanian deputy in the Parliament of Serbia commented that the failure of census reflected the situation in Kosovo, pointing that the Albanians in South Serbia were in a more difficult situation than Serbs in Kosovo. Halimi claimed that 500 million EUR were spent on Kosovo Serbs and less than 400 EUR

1SETimes (2011) *Serbian Census Results “Alarming”* [Online] Available at:
http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2011/11/24/feature-02
(Accessed on 13 December 2011)

2Politika (2011) *Homen: DržavacekaznitiAlbancekojisubojkotovalipopis* [Online] Available at:
<http://www.politika.rs/rubrike/tema-dana/Homen-Drzava-ce-kazniti-Albance-koji-su-bojkotovali-popis.lt.html>
(Accessed on 13 November 2011)



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per person in Preševo annually³. Despite state warnings that the boycott is punishable by the Law, there have been no penalties yet for those who failed to register in the census⁴.

Bosniaks in the South West Serbia participated in the census despite continuous calls for boycott by Mufti Zukorlić and his associates. Unofficially, Novi Pazar has close to 110,000 inhabitants and 51% are younger than 18, making this city possibly the youngest in Europe. Such results finally brought positive attributes to the City in reports by some national media, which referred to it as a “bright example”. Slight increase in population was also shown in Sjenica and Tutin⁵, while Priboj, Prijepolje and Nova Varoš have figures similar to the 2002 poll. In Raška the population has dropped by 1,500 and in Ivanjica by about 3,270.

In other municipalities participating in the EU PROGRES implementation, the most startling results were in Bosilegrad and Trgovište in Pčinja District where the population dropped by 20%⁶. The overall results for the District are not genuine due to the boycott of the ethnic Albanians.

In Jablanica District, Leskovac has recorded a population drop by 8,000 citizens⁷, while if the decline trend continued Crna Trava could be left without inhabitants by 2050⁸. In an effort to increase its population, Crna Trava has made an offer of free accommodation and a job to single mothers from other parts of Serbia⁹.

EU Integrations

Although the European Commission recommended granting Serbia EU candidate status in October¹⁰, in December the European Council recommended to postpone the decision¹¹ for early

³Danas (2011) *AlbancimanajuguteženegoSrbimanaKosovu* [Online] Available at: http://www.danas.rs/danasrs/politika/albancima_na_jugu_teze_nego_srbima_na_kosovu.56.html?news_id=226198 (Accessed on 1 November 2011)

⁴B92 (2011) *Bojkotprošaonekažnjeno* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=29&nav_category=206&nav_id=569956 (Accessed on 23 December 2011)

⁵Danas (2011) *Višestanovnikaza 28,630* [Online] Available at: http://www.danas.rs/danasrs/drustvo/vise_stanovnika_za_28630.55.html?news_id=226514 (Accessed on 20 December 2011)

⁶GlasSrbije (2011) *Manjestanovnika u pčinjskomokrugu* [Online] Available at: http://www.glassrbije.org/C/index.php?option=com_content&task=view&id=89928&Itemid=26 (Accessed on 15 December 2011)

⁷Blic (2011) *Popis: U Leskovcu 8,000 stanovnikamanje* [Online] Available at: <http://www.blic.rs/Vesti/Drustvo/285574/Popis-U-Leskovcu-8000-stanovnika-manje> (Accessed on 15 December 2011)

⁸Blic (2011) *NegotiniZajecarimačepolamanjestanovnikaza 20 godina* [Online] Available at: <http://www.blic.rs/Vesti/Drustvo/287976/Negotin-i-Zajecar-imace-upola-manje-stanovnika-za-20-godina> (Accessed on 10 December 2011)

⁹RTV (2011) *Crna Trava pozivasamohranemajke da se dosele* [Online] Available at: http://www.rtv.rs/sr_lat/drustvo/crna-trava-poziva-samohrane-majke-da-se-dosele_286210.html (Accessed on 25 November 2011)

¹⁰SEIO (2011) *European Commission recommends granting EU candidate status to Serbia* [Online] Available at: <http://www.seio.gov.rs/news.101.html?newsid=1042> (Accessed on 15 October 2011)



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2012¹². Subsequently, Serbia's Deputy Prime Minister in charge of European integrations, Božidar Đelić, resigned from his post. Media report that his duties will be ascribed to the Serbian European Integration Office (SEIO)¹³.

Possibly as a consequence of failure to gain candidacy, at the end of December 2011 the level of support for EU integrations was the lowest in the past five years in Serbia. Former SEIO head, Tanja Mišćević, pointed that neither the EU should overlook the crisis in the Western Balkans, nor should the citizens of Serbia fail to understand reforms are needed regardless of the EU accession¹⁴.

Corruption

Transparency International reported Serbia has dropped on the corruption index from 78th to 86th place. Serbia Deputy Prime Minister, Ivica Dačić, dismissed the report saying the European Commission findings show different figures¹⁵. A previous research conducted within a United Nations Development Programme's (UNDP) project has shown that the largest corruption was present in the public administration and police¹⁶.

Legislation

In November, the Parliament adopted the Law on Public-Private Partnership and Concessions, which could be applicable to local self-governments (LSG) in areas such as infrastructure development, communal services, environmental protection, alternative energy sources and energy efficiency as well as social services provision.

The Parliament also voted for the Law on Communal Services¹⁷ which has opened the room for the provision of inter-municipal communal services. It is worthwhile noting that this Law comes shortly after the Law on Public and Private Partnerships and Concessions and completes the frame for LSGs to outsource communal services and reduce costing. However, having in mind that most of the municipalities already have functioning communal service companies that often

¹¹SETimes (2011) *EU Candidacy Delay Causes Deep Divisions in Serbia* [Online] Available at: http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/blogreview/2011/12/17/blog-04 (Accessed on 25 December 2011)

¹²B92 (2011) *SledećaprocenaSrbije 12.februara* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=09&nav_category=1262&nav_id=564420 (Accessed on 2 January 2012)

¹³Blic (2011) *VladaprosledilaParlamentuostavkuBožidaraĐelića* [Online] Available at: <http://www.blic.rs/Vesti/Politika/295848/Vlada-prosledila-parlamentu-ostavku-Bozidara-Djelica> (Accessed on 30 December 2011)

¹⁴B92 (2011) *Euroskepticism increases in Serbia* [Online] Available at: http://www.b92.net/eng/news/politics-article.php?yyyy=2011&mm=12&dd=23&nav_id=77946 (Accessed on 25 December 2011)

¹⁵B92 (2011) *Korupcija: Srbijanazadovala* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=01&nav_category=12&nav_id=562225 (Accessed on 2 January 2012)

¹⁶Blic (2011) *Infante: Najkorumpiranijisudržavnaupravaipolicija* [Online] Available at: <http://www.blic.rs/Vesti/Politika/289678/Infante-Najkorumpiraniji-su-drzavna-uprava-i-policija> (Accessed on 20 November 2011)

¹⁷Parliament of Serbia (2011) *Donetizakoni* [Online] Available at: <http://www.parlament.gov.rs/акти/донети-закони/донети-закони.45.html> (Accessed on 1 December 2011)

are politically influenced, it remains to be seen whether there will be significant effects over the upcoming period.

The Law on 2012 Budget was voted on 29 December¹⁸. The budget was decreased in comparison to 2011 by approximately 160 billion RSD (1.6 billion EUR). The biggest cuts were planned in the domains of subsidies, project funding transfers and mandatory reserves. In addition, the number of civil servants will be frozen, while the level of salaries will have to be increased due to the collective agreement with the social partners representing the health, education and social workers. In effect, the LSGs, although expecting an increased income due to the recent changes in the Law on Financing of Local Self Governments will probably experience decreased funding for projects co-funded by the central Government in 2012.

Human Development Index

Serbia has made a progress on UNDP's Human Development Index and is now ranked 59th compared to 62nd position last year¹⁹.

South West Serbia

Diplomatic efforts of the Turkish Government to mediate an agreement to merge Islamic Community in Serbia have reached a standstill. Some sources claim that the deal has not been signed as Serbia requested Mufti Zukorlić is prevented from obtaining any office²⁰, the others see as the main obstacle to the agreement the failure to include sufficiently official Belgrade in negotiations²¹. The Minister of Labour and Social Affairs, Rasim Ljajić, dismissed stories from the Bosnian media about failure of negotiations, claiming progress was made, but that there were "issues to settle"²². Media report that the negotiations will not recommence before spring, which supposedly would suit the Mufti, due to his political plans to be active in the coming election campaign²³.

Previously, a meeting between the leader of the Serbian Progressive Party, Tomislav Nikolić, and Mufti Zukorlić stirred up public attention and brought about speculations about possible election coalitions²⁴.

¹⁸Ibid.

¹⁹ Human Development Report (2011) *International Human Development Indicators* [Online] Available at: <http://hdrstats.undp.org/en/indicators/103106.html> (Accessed on 2 January 2012)

²⁰B92 (2011) *Beograd blokirao objedinjavanje IZ* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=11&dd=22&nav_category=206&nav_id=559675 (Accessed on 30 November 2011)

²¹ B92 (2011) "Sporazum IZ ne može bez Beograda" [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=11&dd=01&nav_category=12&nav_id=554126 (Accessed on 9 January 2011)

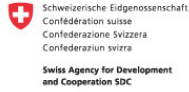
²²B92 (2011) *Ljajić: Ima napretka o IZ* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=11&dd=22&nav_id=559766 (Accessed on 30 November 2011)

²³Vecernjenovosti (2011) *Izbori pre pomirenjamuslimana* [Online] Available at: <http://www.novosti.rs/vesti/naslovna/aktuelno.290.html:358928-Izbori-pre-pomirenja-muslimana> (Accessed on 2 January 2012)

²⁴B92 (2011) *SNS, chief mufti turn a page* [Online] Available at: http://www.b92.net/eng/news/politics-article.php?yyyy=2011&mm=10&dd=07&nav_id=76741 (Accessed on 31 October 2011)



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Novi Pazar Mayor was severely hurt in a car accident while returning from an official trip to Istanbul²⁵. His driver and assistant were only slightly injured.

Esad Džudžević, the president of the Bosniak National Minority Council (NMC) in technical mandate, said that they would invite all Bosniaks to quit state jobs if the position of this minority is not improved within next two months²⁶.

The Bosniak Academy of Science and Arts (BANU) has adopted a decision to start preparing a Bosniak Encyclopaedia and a Bosniak Manifest. BANU was founded in June 2011, with a dual seat: in Novi Pazar and Sarajevo²⁷.

Priboj continues to have significant financial issues, due to extensive debt. The main problem currently is the central heating, as the town gets supplies from a branch of FAP factory which last year took a loan, based on guarantees from the municipality that the fuel would be returned or paid. As this did not happen, FAP cannot get additional fuel for heating this winter.

In Prijepolje, the political situation remains the same as in the previous period – tense. The Assembly sessions are being scheduled only when they are absolutely necessary – every three months, and even then they are not completed. In terms of financial issues, the return of voluntary tax from 2003 continues, at the overall rate of seven to ten million RSD per month.

In Raška, the previous mayor, Radenko Cvetić, was reappointed, along with his deputy Stevan Bakračević and new members of the Municipal Council and PUC directors. Changes should not affect the implementation of the Programme, and if anything, there could be a positive impact.

South Serbia

In early October, the President of Bujanovac Assembly, Jonuz Musliu, said that all Albanians from “Preševo Valley” would like annexation to Kosovo. Musliu criticised the work of the Coordination Body.²⁸

The “Flag Day” was traditionally marked at the end of November, in central squares of Bujanovac and Preševo, with ethnic Albanians protesting against the ‘systematic discrimination’

²⁵Danas (2011) *PovredengradonačelnikNovogPazara*[Online] Available at: http://www.danas.rs/danasrs/drustvo/povredjen_gradonacelnik_novog_pazara.55.html?news_id=228470 (Accessed on 30 November 2011)

²⁶Blic (2011) *Bošnjaci prete izlaskom iz državnih organa* [Online] Available at: <http://www.blic.rs/Vesti/Politika/289950/Bosnjaci-prete-izlaskom-iz-drzavnih-organa> (Accessed on 30 November 2011)

²⁷B92 (2011) *BANU piše Manifest Bošnjaka* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=11&nav_category=167&nav_id=564883 (Accessed on 30 December 2011)

²⁸Blic (2011) *Musliju: Svi Albanci iz preševske doline žele pripajanje Kosovu* [Online] Available at: <http://www.blic.rs/Vesti/Politika/282293/Musliju-Svi-Albanci-iz-presevske-doline-zele-pripajanje-Kosovu> (Accessed on 30 October 2011)

manifested in all aspects of life²⁹. The Mayor of Preševo said in a television interview that the “Valley” would seek independence in case Kosovo Serbs do so³⁰.

Riza Halimi welcomed the advancement in technical negotiations between Priština and Belgrade especially in regards the recognition of diplomas and freedom of movement³¹. However, in late December, he voiced dissatisfaction with the high insurance costs for the vehicles going to and coming from Kosovo saying such moves would lead to ‘a complete blockade’³².

Ombudsman Office was opened in Bujanovac at the beginning of December, while Vranje appointed a Commissioner for Information of Public Importance in November³³.

Mayor of Medveđa’s vehicle was damaged in an overnight attack, outside his flat. Neighbours claim they heard an explosion when the glass on the back of the car was shattered³⁴.

In Trgovište, the Assembly rejected a motion by the President of the Assembly to remove the Mayor, while in Vranje, the Head of Administration resigned.

Leskovac handed a special award to the Ambassador of Russian Federation for his contribution to the development of the city³⁵.

2.2 Socio-economic

Education

Following three years of negotiations, with support from the Coordination Body, OSCE and other partners, department of Subotica Faculty of Economy was opened in Bujanovac at the end of

²⁹B92 (2011) *Protesti na Dan albanskezastave* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=11&dd=28&nav_category=12&nav_id=561277 (Accessed on 2 December 2011)

³⁰Preseva (2011) *Mustafa: Nėseserbėt e veriutshpallinpavarsinė, atėherėedhe ne nėLuginė do ta bėjmėtėnjėjtėngjė* [Online] Available at: <http://www.presheva.com/lajme/10533-mustafa-nese-serbet-e-veriut-shpallin-pavarsine-athere-edhe-ne-ne-lugine-do-ta-bejme-te-njeiten-gje.html> (Accessed on 30 November 2011)

³¹B92 (2011) *Haljimi: Dačić je provokativan* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=17&nav_id=566525 (Accessed on 30 December 2011)

³²B92 (2011) *Halimi: Ovovodi do totalne blockade* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=27&nav_category=640&nav_id=569116 (Accessed on 31 December 2011)

³³B92 (2011) *Poverenik u Vranju* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=11&dd=19&nav_id=558930 (Accessed on 30 November 2011)

³⁴B92 (2011) *Polomili auto predsedniku opštine* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=29&nav_category=16&nav_id=569685 (Accessed on 25 December 2011)

³⁵Juzne vesti (2011) *Uručena priznanja grada Leskovca* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Urucena-priznanja-Grada-Leskovca.sr.html> (Accessed on 31 October 2011)



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October 2011, registering 69 students who can attend lectures in both Albanian and Serbian, at the reconstructed premises of the Cultural Centre³⁶.

Another move welcome by the ethnic Albanians living in the South of Serbia was the announcement that the Government of Serbia was set to adopt a regulation on recognition of diplomas issued by the University of Priština³⁷.

In Crna Trava, ten students enrolled in the newly opened department of the Faculty of Construction³⁸.

Mufti's International University in Novi Pazar failed to get accreditation on the grounds that it did not provide studies on three levels. Mufti claims that this was a political decision and announced he would lodge a complaint³⁹.

Media

Vranje journalist Vojkan Ristić received threats from a Democratic Party of Serbia (DSS) member of the City Council, for his reports about Kolubara mine scandals⁴⁰. In Novi Pazar, Regional TV journalist Amel Grbović got death threats from an official from the Electric Power Company, for failing to report about humanitarian activity organised by this public enterprise⁴¹.

In Leskovac, after a year's break, weekly "Naša nova reč" is published again, with initial circulation of 1,000 copies⁴².

Environment

The regional landfill "Duboko" in Užice was opened in October and it will process waste from nine municipalities of Zlatibor and Morava Districts (including Ivanjica)⁴³.

³⁶Jugpress (2011) *Otvoren ekonomski fakultet u Bujanovcu* [Online] Available at: <http://www.jugpress.com/index.php/jug-srbije/10564-otvoren-ekonomski-fakultet-u-bujanovcuBalkan> (Accessed on 25 December 2011)

³⁷B92 (2011) *Zvanično priznanje diploma izPrištine* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=12&nav_category=640&nav_id=565146 (Accessed on 25 December 2011)

³⁸B92 (2011) *Crna Trava dobila fakultet* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=10&dd=21&nav_id=551391 (Accessed on 31 October 2011)

³⁹B92 (2011) *Zukorlić: Akreditacija politizovana* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=12&nav_category=12&nav_id=565128 (Accessed on 31 December 2011)

⁴⁰Blic (2011) *NUNS: Zaštiti novinara od pretnji člana DSS* [Online] Available at: <http://www.blic.rs/Vesti/Hronika/281764/NUNS-Zastiti-novinara-od-pretnji-clana-DSS> (Accessed on 30 October 2011)

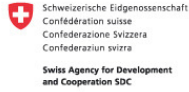
⁴¹Vesti-online (2011) *Svađa oko humanitarne akcije* [Online] Available at: <http://www.vesti-online.com/Vesti/Srbija/171748/Svada-oko-humanitarne-akcije> (Accessed on 30 October 2011)

⁴²JuzneVesti (2011) *Novi nedeljnik u Leskovcu* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Novi-nedeljnik-u-Leskovcu.sr.html> (Accessed on 30 November 2011)

⁴³RTS (2011) *Otvorena regionalna deponija Duboko* [Online] Available at: <http://www.rts.rs/page/stories/sr/story/57/Srbija+danas/975854/Otvorena+regionalna+deponija+Duboko.html> (Accessed on 31 October 2011)



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The Canadian company REV, which is set to construct two dams on the Lim River, has agreed to pay damage to property owners, for flooding their land, so the works are likely to resume in spring⁴⁴.

At the beginning of November, the Minister of Environment, Mining and Spatial Planning (MoEMSP), visited South Serbia and met the Mayors of Pčinja District to discuss the regional approach to resolution of waste management problems. The Minister announced support to Vranje in implementation of the recycling yard project, to all other municipalities in completion of their individual local waste management plans, as well as the start of a regional plan.

Bujanovac has received two projects worth ten million dinars from the MoEMSP's Eco Fund, for the rehabilitation of the landfill and purchase of waste disposal bins.

In Vranje, a great number of people participated in a street action within an environmental campaign called "Oplaneti se! Recikliraj" when eight tons of plastic, used paper, electronic and electric waste were collected⁴⁵.

Leskovac City Council voted to establish a Public Company "Renewable Energy", the first collective of its kind in south Serbia⁴⁶.

Large fires hit Bosilegrad, Trgovište and Surdulica area⁴⁷. Bosilegrad Mayor said that blueberry fields were burnt, and those were the main source of income to local citizens⁴⁸.

The Government of Japan will donate 58,000 EUR to PUC "Blace" for procurement of waste collection vehicle. In Žitorađa, waste collection service was entrusted to the Austrian company "Por Werner and Weber", which will provide initial service to 2,500 households. Prokuplje founded a new public company in charge of environmental protection – "Eco Fond". Mayor of Kuršumlija and the Director of the Office for Sustainable Development of Undeveloped Areas (OSDUA) signed a contract worth one million dinars for design of technical documentation for sanitation of rain water system in the municipality.

⁴⁴Politika (2011) *REV će graditi elektrane na Limu* [Online] Available at: <http://www.politika.rs/rubrike/Srbija/REV-ce-graditi-elektrane-na-Limu.lt.html> (Accessed on 31 December 2011)

⁴⁵B92 (2011) *U Vranju prikupljeno osam tona otpada* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=05&nav_category=12&nav_id=563320 (Accessed on 30 December 2011)

⁴⁶Juzne vesti (2011) *Formirano JP Obnovljivi izvori energije* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Formirano-JP-Obnovljivi-izvori-energije-i7755.sr.html> (Accessed on 30 December 2011)

⁴⁷B92 (2011) *Požarinajugu Srbije se ne smiruju* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=03&nav_category=16&nav_id=562751 (Accessed on 30 December 2011)

⁴⁸JugPress (2011) *Požarijošnisuugašeni* [Online] Available at: <http://www.jugpress.com/index.php/jug-srbije/10835-poari-jo-nisu-ugaeni> (Accessed on 20 December 2011)



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Health

An outbreak of hepatitis A was registered in Prokuplje in October, mainly affecting school and pre-school children⁴⁹.

Security/Crime

Some 100kg of heroin have been confiscated in a police action in Tutin, while 20 people have been arrested in a Serbia-wide raid⁵⁰.

In October, Mevlid Jašarević from the South West Serbia was arrested after firing shots at the United States Embassy in Sarajevo, where he wounded a security officer. The news reports revealed Jašarević belonged to the radical Islamic Wahhabi movement⁵¹.

There were frequent reports about discoveries of illegal immigrants on Preševo border crossing.

Ten communal police officers assumed their duties in Leskovac, while 31 are expected to start in coming months. The first tasks will include dealing with illegal rubbish dumps⁵².

Sports

The MoEMSP granted five million dinars for finishing the reconstruction of the Sports Hall in Bojnik.

The President of the Novi Pazar Football Club was arrested in Belgrade in December 2011⁵³, although, according to initial information, the arrest was related to his private business.

Development projects

The Ministry of Agriculture has started a six million EUR programme, donated by the Government of Denmark, for support to development of fruit growing in South Serbia.

South Serbia municipalities took part in the traditional European event "Open Days-9th European week of regions and cities"⁵⁴.

⁴⁹B92 (2011) *Epidemija žutice u Prokuplju* [Online] Available at: http://www.b92.net/zdravlje/vesti.php?yyyy=2011&mm=10&nav_id=552262 (Accessed on 30 October 2011)

⁵⁰Novosti (2011) *Uhapšeninar kodileri Beograd punilidrogom*. [Online] Available at: <http://www.novosti.rs/vesti/naslovna/aktuelno.69.html:348179-Uhapseni-narkodileri-Beograd-punili-drogom> (Accessed on 31 October 2011)

⁵¹Guardian (2011) *Gunman fires on US Embassy in Bosnia* [Online] Available at: <http://www.guardian.co.uk/world/2011/oct/28/us-embassy-bosnia-gunman> (Accessed on 30 October 2011)

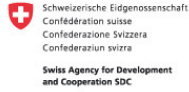
⁵²Blic (2011) *Komunalna policija od danas u Leskovcu* [Online] Available at: <http://www.blic.rs/Vesti/Srbija/280407/Komunalna-policija-od-danas-i-u-Leskovcu> (Accessed on 30 October 2011)

⁵³B92 (2011) *Voleli bi da je Radovanovićev* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=14&nav_category=16&nav_id=565714 (Accessed on 31 December 2011)

⁵⁴OK Radio (2011) *I Han i Evropanajugu* [Online] Available at: <http://www.okradio.rs/vest.php?num=1&id=15245&oblast=lokalne> (Accessed on 30 November 2011)



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Vranje has received 1,7 million dinars from the Ministry of Culture to set up a system for holding electronic sessions of the City Council. The City signed an agreement with the USAID programme on strengthening of economic security, with a focus on development of youth entrepreneurship. Preševo, Bujanovac, Vladičin Han, Trgovište, Bojnik, Vlasotince and Leskovac have also joined the project.

Human Rights Committee in cooperation with the Organization for Development and Democracy in Bujanovac and LSGs in Bujanovac and Preševo started a project to strengthen capacities of people with disabilities. The project is supported by PBILD, and will last for eight months.

MSP IPA 2007 have organized project cycle management training for members of Team for Development of Action Plan in Raška, workshop on project budgeting in Ivanjica, while in Sjenica activities were focussed on improvements in local tax administration (LTA).

As a continuation of previous EU support for the South West (especially under PRO programme), MISP is now preparing a feasibility study for the wastewater treatment plant (WWTP) for Kopaonik Tourist Centre⁵⁵. Also, SAFAGE is about to produce preliminary design and tender documents for WWTP in Raška, while in Tutin and Sjenica, USAID is considering support to preparation of the main designs.

The Swedish Government awarded funds for implementation of 23 projects related to gender equality in Serbia, including projects in Tutin and Novi Pazar (for rural areas)⁵⁶.

Roma

Vranje member of Council responsible for social issues claimed that the city has most successfully solved the problem of Roma population from the illegal settlement under the Belgrade “Gazela” bridge. The City is in negotiations with the Army about legalisation of the “Ciganski rid” settlement that had been built illegally on the Army land. Vranje could allegedly benefit from this situation with the support from the European Investment Bank, which is interested in supporting the city in resolution of the infrastructure problems in question.

Tens of Roma blocked the road in Kuršumljija due to electricity cuts by the Serbian Power Company. Almost hundred families were left in dark due to large debt – an average of 4,000 EUR per household.

ECONOMY

Vranje has applied to the Ministry of Economy and Regional Development (MoERD) for funding of the project “Development of the feasibility study with preliminary (idea) design for the detour to the Bunuševac industrial zone“. Two agreements have been signed with Italian companies: one with “SeciEnergia” forming a strategic partnership in energy sector and obliging the city to identify locations for mini hydro-power plants; the other with “Ditraltalija”, on construction of a

⁵⁵During PRO, general designs were prepared for waste water facilities in Raška and Tutin (among others)

⁵⁶B92 (2011) *Zajačanje rodneravnopravnosti* [Online] Available at: http://www.b92.net/info/vesti/index.php?yyyy=2011&mm=12&dd=13&nav_category=12&nav_id=565485 (Accessed on 30 December 2011)



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factory for the production of upholstered furniture, investment worth around 13,5 million EUR and potentially providing 411 new jobs. In addition, the City has signed a protocol of cooperation with the German KfW Bank for funding the construction of a waste water treatment plant, a project worth 15,5 million EUR, out of which 95% will come from the KfW Bank and the State, while remaining 5% would be provided by Vranje Water Supply Company.

“Nectar” purchased Agriculture Association “Delišes” from Vladičin Han and became owner of the entire complex, without the dairy.

The Mayor of Vladičin Han and the UN Resident Representative opened an office for beginner entrepreneurs, within a 78,000 USD project funded by PBILD, to encourage development of entrepreneurship, higher employment and faster development of the municipality.

Surdulica is reported to have better economic situation than other towns in the south. Average salary of 36,000 dinars (in September) make this town a leader in the District. Although the Regional Chamber of Commerce in Leskovac announced 8.8% economic growth, including 40% increased export, the analysts warn that the figures could be misleading as they are presented in comparison with the previous period when the economy was at a very low level⁵⁷. At the same time, the same sources state that there are 65,000 workers looking for jobs in the south of Serbia.

In Leskovac, Serbia Investment and Export Promotion Agency (SIEPA) granted more than 13 million EUR to five local and foreign companies that should employ about 2,000 people. In a bid to attract further investment, the City Council voted to reduce the cost of utility construction land by 40%. A factory for hot processing of fruit and vegetables, that will employ 50, was opened. Leskovac Regional Chamber of Commerce is preparing “sprža” to become third registered brand of the city.

Mayors of Niš and Prokuplje have signed a contract to establish the Free Zone South. The Zone will be situated in two locations in Niš and one in Prokuplje and will offer tax and customs related incentives to potential investors. By the end of the 2012, the Free Zone could employ 7,500 workers, with total investments of 90 million EUR, expected from Beneton, Yura, Leoni, Shin Won and Dytech. Prokuplje will own 30% of the joint company.

Novi Pazar and Raška signed MoU to establish rail track between these two towns, a scheme which should be funded by one of the development banks from the Czech Republic. Novi Pazar – Brus gas pipeline was discussed at the conference “Fifth Slovak Cooperation Bourse”. It’s possible that Slovak companies would construct the pipeline, a project worth 60 million EUR, from EU funds.

Priboj was working on improving the agriculture sector, through a department led by assistant Mayor Hajro Bećirović, by providing 150,000 dinar loans to registered households. However, there

⁵⁷Juzne vesti (2011) *Porast proizvodnje na jugu Srbije* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Porast-proizvodnje-na-jugu-Srbije.sr.html> (Accessed on 30 December 2011)

were allegations that there was no transparency in beneficiary selection and this allegedly resulted in a number of municipal officials and employees receiving the loans. Furthermore, after a trip to Germany, Bećirović secured a donation of 250 cows, again to be distributed to registered households.

Employment

In Jablanica District, there are 36,800 unemployed, including 750 University graduates⁵⁸. In Toplica, some 16,000 people are registered with the local National Employment Service, as seeking for a job. Compared to last year, this figure is higher by 1,000.

3 Activities during reporting period

Component 1: Good governance

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

Key outputs

- 27 out of 40 CIF projects have been completed
- Two training sessions organized for the newly founded CAS services in Prokuplje and Žitorađa
- Training for preparation of local action plans for gender councils delivered
- Sjenica adopted European Charter for Gender Equality on Local Level
- Raška and Sjenica gender councils were assigned a budget line in 2012
- Grant contract signed with the Roma National Minority Council on a tripartite project with Bulgarian and Albanian Councils

Imminent outcomes

- Initial results of several CIF projects show improvement in service provision for elderly, education for Roma children as well as employability of people in the South of Serbia
- Improved understanding of CAS implementers of the financial, visibility and organisational aspects of partnership with the EU PROGRES
- Gender equality mechanisms in the South West Serbia and Toplica empowered to draft local action plans

Activities:

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

Twenty-seven out of 40 projects have operationally finished. Audits have been conducted regularly for all projects. In regards payments, 309,995.86 out of 332,918.25 EUR (total value of funds decreased by 140 Euros due to budget revision of Youth Centre Surdulica's project) have been disbursed to the grantees so far.

⁵⁸Juzne vesti (2011) *Leskovac: Bezposla 36,800 radnika* [Online] Available at: <http://www.juznevesti.com/Drushtvo/Leskovac-bez-posla-36-800-radnika.sr.html> (Accessed on 30 November 2011)

Several projects have shown excellent results. To name a few:

- NGO Women's Initiative signed a Declaration on Improvement of Life of Elderly in Priboj, together with the Centre for Social Work, Red Cross, Youth Office, Association of Retirees and LSG. Five additional housekeepers providing assistance to the elderly have been permanently employed by the Social Centre, which enabled including 25 extra households into the service, as a direct result of the project.
- In Novi Pazar, within a project implemented by MHD Merhamet-Sandžak, a Club for Elderly was started, the first of its kind in the city. In addition, adaptation of the premises provided conditions for more intensive work of the Local Community Office.
- Within the Centre for Children and Adolescence "Rainbow" project, support in overcoming language, learning and cultural problems was provided to 20 Roma children from the village Blaževo near Novi Pazar. Their school teachers observed significant improvement in knowledge and behaviour.
- Porečje-Vučje's project promoted tolerance between Roma and Serbian children through organization of art competition in eight primary schools in Leskovac and art colony for 30 children of Roma and Serbian nationality. The art colony will become a traditional manifestation.
- During a project implemented by the Association of Entrepreneurs Leskovac the Local Employment Action Plan for the City for 2012 has been produced, and adopted by the Assembly in December.
- In Bosilegrad, project run by the Citizens' Association Optimist included 25 Roma families with 117 members, to cultivate unused land (24,650 m²), a number 2.5 bigger than originally envisaged.

However, there are two projects that need to be watched closely due to significant delay in implementation:

- Contract for the Youth Office Novi Pazar project was extended until 30 March 2012, after they submitted requested material about conducted trainings. The Youth Office is obliged to document and report all future trainings. Failure to do so could result in withholding of the second tranche for the project.
- CA Flores finally started trainings for municipal staff and installed the main antenna, which will cover the entire territory of Sjenica.

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

CIF 2 draft criteria and accompanying documents were prepared and discussed internally and externally. The whole package will be finalised by the end of January 2012.

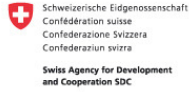
1.2 *Citizens' Satisfaction Surveys*

No activities in this period.

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



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Although the grants were signed with two implementers of Citizens' Advisory Services (CAS) for projects in Prokuplje and Žitorađa in October, implementation was postponed for November, due to a complaint from the NGO EHO from Prokuplje to donors and Programme implementing agency about the tender procedure. The UNOPS Legal Department gave a permission to proceed and the first payment instalments for both projects have been released in December.

In Žitorađa, the Centre for Development of Roma Resources is conducting citizens' needs survey, within efforts to shape the CAS work and the results will be processed by mid January. The official CAS opening ceremony is expected at the end of January 2012. Until then, promotion material (posters, leaflets) will be published and distributed to the main institutions and organization in municipality.

In Prokuplje, the Roma Association finished adaptation of CAS office assigned to them within the municipal building. Office opening ceremony is planned for the end of January. Two trainings for CAS officers and relevant municipal officials were held towards the end of November and in mid December in Prokuplje, in order to help them to develop communications, time and stress management and other skills.

A training session was organised for the new CAS providers by the EU PROGRES in early December, outlining projects visibility requirements, financial management and reporting. An exercise with real budget lines and spending was simulated.

In Novi Pazar, CAS project is going on as scheduled. The implementer, Sandžak Committee for Human Rights (SCHR) reported marginalised and vulnerable people from other municipalities coming to their office for free legal advice. The statistical report for mid-July to mid-December 2011 showed the total number of beneficiaries was 110. Most commonly provided services were for social welfare, education, pensions, personal documents, unemployment and labour, rights of people with disability and health. There were 45 female and 65 male beneficiaries. Representatives of Sandžak Committee will visit Prokuplje and Žitorađa in order to transfer their knowledge and experience to CAS providers in early 2012.

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

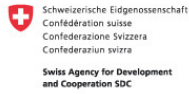
The Request for Proposals (RFP) for participatory budgeting had to be rescinded, as:

- All submitted proposals had budgets that significantly exceeded funds available for this activity (e.g. MAXIMA, with whom negotiations were held, reduced their initial offer by approximately 20% and it was still 50% higher than budget envisaged for activity 1.4)
- LSGs are adjusting to a new system of distribution of the State budget funds ("budgetary transfers to LSGs"), introduced by the new Law on Income Taxes. This process significantly influences the environment for implementation of participatory budgeting activities.

An alternative approach for this activity was therefore required, and Balkan Investigative Reporting Network (BIRN), which had conducted 1.4 activities in Y-1, was re-approached with a proposal for continuation of co-operation. After two meetings with BIRN representatives, it's been agreed that the organisation would develop a project proposal for participatory budget



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activities and submit it by the end of January 2012, with implementation foreseen for the beginning of March. The project should have two major phases: in the first, assessing all 25 municipalities, to establish suitability of each municipality for the process, but also to introduce the clients with participatory budget concept and the benefits from the process. The second phase should start by early June, and last until the end of 2012, with a follow up in 2013. Not all municipalities are expected to enter the second phase – the assessment will show how many exactly – but the aim is to have no less than 15 municipalities in the process.

Although there was a plan to work with the OSCE on organising anti-corruption seminar for journalists, there was no agreement on enriching the course with some additional content, primarily due to time constraints, as proposed by the EU PROGRES. The cooperation on this and similar activities in the future will continue, according to plans and interests of both sides.

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

After consultations, both internally and with the Swiss good governance experts, it became clear that this activity needs re-conceptualization and fresh approach to the stated goals as well as possibly setting up some new targets, especially integrated with certain C-2 and C-3 actions. All this is linked to the change in socio-political circumstances, both locally and nationally. The said re-conceptualization is currently underway.

In a meeting held on 1 December, with the Leskovac Mayor on Leskovac Green Zone, it was agreed that EU PROGRES consultants would develop a main concept to include GG steps and responsibilities for different parties in project. The draft concept has been produced, as agreed, in mid-December, and will be reviewed in terms of good governance (GG) principles, and recommendation for further development will be prepared. Main aspect of GG should be related to protection of public interest, managing issues, ownerships, and communication with private sector and public.

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

DamaD project “Gender Equality in the Service of Development” was audited and a meeting was held to discuss implementation. The conclusion was that the project had been delayed primarily due to understandable reasons such summer leave hiatus. An eight-point agreement was reached to enable further project progress, and most importantly that the contract would be extended until the end of April 2012 with no additional costs to the donors.

Training for strengthening capacities and assisting the local gender equality councils to develop local plans of action (LAP), held on 23-24 November gathered 42 participants from seven municipalities. Municipal working groups for LAP formulation will be established according to guidelines delivered by DamaD (some municipalities already formed working groups). Among other, LAP should comprise two segments: status of Gender Equality Council under LSG and activities to raise public awareness.



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Lobbying efforts resulted in a decision by Novi Pazar to start elaboration of LAP on gender equality and improvement of women's rights; Sjenica adopted European Charter on Gender Equality and began elaboration of LAP while their local mechanism for GE was assigned a budget line. Raška assigned a budget line for their local mechanism in 2012 budget, while the same is expected for Tutin.

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

After considerable time for drafting, including addressing comments and inputs from the relevant state institutions (the Coordination Body and the Directorate for Human and Minority Rights), the project proposal of the three National Minority Councils (Roma, Albanian and Bulgarian) has been finalised⁵⁹.

During December, grant contract was signed and the implementation should start in mid-January 2012. Project activities are to be implemented in Bujanovac, Prokuplje and Bosilegrad for six months. The overall objective of the project is to support intercultural dialogue among members of national minorities and Serbian people through promotion and development of intercultural cooperation. The project envisages activities such as: training of trainers on intercultural cooperation and dialogue, organisation of round tables, cultural and music events and a visit to the state institutions such as the National Assembly.

In order to coordinate activities with other programmes/projects or organisations, contact was established with the Belgrade Fund for Political Excellence (BFPE), which is running an SDC funded project with the Bulgarian NMC on elaboration of the Strategy for the Work in the Field of Education.

EU PROGRES also conducted a baseline assessment of the Albanian NMC (ANMC). The purpose of this survey was to outline the existing activities, to briefly describe the support already provided by the international community and to point the way to coordinate any further assistance. The survey contains conclusions and recommendations for support in building human resources and a plan for infrastructure improvements on the ANMC building.

The draft survey was presented to the President of ANMC and the Mayor of Bujanovac, the Friends of South, and at the International Agency Meeting for Bujanovac (to ascertain whether any support could be provided by other donors). ANMC welcomed this effort by EU PROGRES and it was agreed to continue consultations in order to help the Council to conceptualise project ideas.

EU PROGRES has been considering with the Directorate for Human and Minority Rights options to enhance their capacity to coordinate and provide projects support to NMCs. As a result, the Programme developed and advertised in December the ToR for six-month expert seconded to the Directorate.

1.8 *Good governance as a crosscutting aspect of the Programme theme*

⁵⁹ Project and budget are available in the Annex I, Attachments 1.1 and 1.2



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Initial Work Plan for Good Governance as a cross cutting aspect of the Programme was prepared in early December. The Plan elaborates sub-activities, with time framework, which Programme should implement in order to facilitate meaningful progress in five specific areas identified within this activity. The core of the methodology was to consult clients, agree GG approach with them, support implementation, collect and publish the findings.

In addition, draft functional diagram providing suggestions regarding internal EU PROGRES correlations, lines of responsibility and sequence of actions was developed and shared with the Programme management in December. In essence, this is attempt to make the Programme itself more fit for GG as well as to “cement” GG aspects within appropriate activities and projects.

Both the Plan and the diagram were discussed with the SDC and reviewed by the Back-Stopppers. EU PROGRES will address received recommendations and finalise the comprehensive approach by the end of January.

Component 2: Municipal management and development planning

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

Key outputs

- Grant agreements signed to support BICs in Vranje and Prokuplje
- Support to 11 Local Tax Administrations approved by the PSC in October
- RDA Kragujevac was the winning tender to implement *One Stop Shop* activity

Outcomes

- With the advancement of CAC establishment and modernization, along with the completion of the first phase of the QMS activity, it can already be said that the quality level of municipal services will be enhanced or at least sustained
- The implementation of BIC projects in Vranje and Prokuplje have started to shape the final outcome – new job opportunities and support to LED

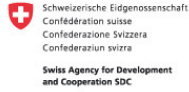
Activities:

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

During October, co-funding for CAC projects was paid 100%. Crna Trava has experienced significant delays in finalization of necessary documentation and their official request to extend the grant agreement was approved conditionally, until 29 February 2012. Any further extension will be subject to municipality completing the public procurement processes for all needed goods and works and providing risk mitigation plan. Trgovište grant agreement was also extended (mainly due to late co-funding transfers) for four months. Bosilegrad grant will have to be extended as well, in January, for the same reasons as in two other towns (late co-funding,



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long procurement process, weak administration capacities and bad weather condition during winter season that might temper the works).

In regards modernization of CACs already operational in nine municipalities, detailed assessment of technical specification for the IT equipment was finalized in September and the procurement was to be combined with the purchases for the Urban Planning Directorates under Activity 3.1. Although the activity was slightly delayed, in comparison with planned activities, there was added value to the quality of the final specification and ultimately the procured equipment and software⁶⁰. In November, the ITBs and RFQs for the software, hardware and furniture procurement were advertised and closed. The evaluation was completed and contracts will be signed by mid-January, with the delivery of equipment and software commencing immediately after signing.

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*

After intensive efforts regarding resolution and clarification of the legal status and business risks, Vranje and Prokuplje BIC project proposals were approved by the PSC in October 2011, followed by signing of grant agreements in November 2011. Namely, in Vranje, BIC is undergoing restructuring, while Prokuplje BIC has problems with the founding members considering that one has frozen bank accounts, and another is bankrupt.

The one-year project for BIC in Vranje envisages promotion of entrepreneurship among returnees, especially Roma, establishment of two new businesses within the BIC, at the same time building its own capacities and expansion of services provided to BIC tenants. In Prokuplje, the BIC will initiate formation of the “Toplica Fruit Cluster” and support its tenants to participate in the “Business Base” Fair on the Belgrade Expo.

The first tranches of EU PROGRES funding were transferred to both beneficiaries, also with difficulties. Namely, as the BICs are not Treasury Department account holders they are operating through commercial bank accounts and experienced difficulties in protecting the grant accounts from freezing as the banks observed a binding “opinion” issued by the National Bank of Serbia in 2003 according to which “donations are not protected from freezing and enforcement of debt collection”. This is not a Law or by-law even, but rather an “opinion” provided years before the start of IPA funding mechanisms. In addition, this “opinion” doesn’t specify how to deal with funds/donations coming from the UN system that is operating under the Standard Basic Assistance Agreement (SBAA) and Immunities and Privileges of the UN. Although the problem was overcome, it will be further highlighted to the members of the PSC, and especially the SEIO, as it might influence the risk level when funding non-treasury beneficiaries from EU IPA funds.

Two LED experts have been recruited in an open competition in December, and will start in mid-January 2012. The experts should facilitate implementation of activities related to clusters,

⁶⁰ Overview of IT equipment and software that will be donated to nine municipalities is available in the Annex II, Attachment 2.1



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foreign direct investment (FDI) attraction plans and BIC implementation monitoring. In addition, they are to cover some of the aspects of activities 2.4 and 2.5 and functions of LED offices connected with the One Stop Shops (OSS) and industrial zones.

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

The Request for Proposals (RFP) for establishment of One Stop Shops (OSS) was advertised on 30 September. As only one offer was received until the 31 October official deadline, the tender was extended for another three weeks. At the closing of tender, three offers were received.

PALGO Centre bid was eliminated at the technical scoring. Subsequent financial scoring of two offers – Regional Development Agency Kragujevac and Upper Quartile from Scotland resulted in choosing the former as the implementer. The contract will be signed in January and followed by immediate commencement of activities.

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

Support to Local Tax Offices (LTAs) in Preševo, Bujanovac, Vranje, Surdulica, Lebane, Blace, Prokuplje, Žitorađa, Bojnik, Sjenica and Priboj was approved by the PSC in October, in the total value of 85,000 EUR. EU PROGRES will enable temporary employment of about 50-60 field assistants who will be updating the tax payers' databases in the respective municipalities. In addition, IT equipment and software will also be procured for LTAs in Bojnik and Priboj as these are functioning without or with obsolete equipment and inappropriate software. For example Priboj LTA needs the "Pupin" software to achieve full functionality and compatibility with existing tax system in Serbia.

Full municipal proposals underwent initial review and additional information/finalisation was requested, prior to grant agreement issuance. Due to extremely busy engagement in December, this should be finalised in January 2012.

2.5 *Support LSG to strengthen financial management capacity*

As announced in the previous QR, EU PROGRES started re-conceptualisation of this activity, together with 3.1 as a closely linked action, and was planning to have the official proposal submitted at the first PSC meeting in 2012. However, according to information from the MSP IPA 2007 Team Leader, it seems that things have moved from the blind spot and some ten municipalities have been chosen as pilots for programme budgeting. EU PROGRES will therefore, go through intense coordination during the coming period to try and implement the same methodology in some of its municipalities.

Study tours planned for January in partnership with MSP 2007 to Pirot and Ivanjica (MSP 2007 pilots in programme budgeting), will give a clear picture on what can be done further.

2.6 Introduce Quality Management System in Municipal Administration

Following submission of the Assessment Report⁶¹, five municipalities have been recommended for the introduction of the Quality Management System (QMS): Ivanjica, Novi Pazar, Prokuplje, Surdulica and Bujanovac.

The second phase of the activity i.e. the implementation started by finalizing the ToR and requesting an expression of interest from the selected five municipalities in order to confirm their commitment to this extremely demanding task. Once replies are received, the ToR will be advertised.

The introduction of ISO 9001:14001 QMS/EMS system in these municipalities will increase the transparency and efficiency of administrative and environmental communal service delivery to the citizens. The final stage of this process will be acquiring QMS certificates, which the municipalities have committed to do from their own funding sources. It should be noted that municipalities that are QMS certified are perceived as more stable and efficient, thus becoming more attractive for investors, i.e. potential local economic development and job creation.

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

Outcomes:

- The number of grants for GRPs and DRPs is higher than originally envisaged and the long-term effect on development potentials (especially in tourism and construction) could be higher than anticipated.

Activities:

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

General Regulation Plans (GRP)

Nova Varoš and Prijepolje: implementation ongoing.

Priboj and Bujanovac - tenders have been completed and contracts signed in November.

Following public procurement, there was a need to lower the project budgets and amend the contracts in Prijepolje, Priboj and Nova Varoš, including extensions.

Detailed Regulation Plans (DRP)

Tenders in all municipalities have been finished and contracts have been signed.

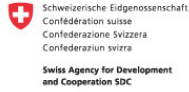
The implementation of projects, especially the public procurement, has shown the need to revise the project budgets and amend the contracts in Raška and Tutin, to lower the costs.

Vlasotince DRP for the Industrial Zone was cancelled following municipality's initiative, while the two DRPs in Blace have been revised into one.

⁶¹ Please see the Assessment Report in the Annex II, Attachment 2.2



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Second batch of 12 DRP grants

The second batch of 12 DRP grants in nine municipalities, approved in July PSC meeting, submitted by the municipalities during September, underwent internal programmatic and financial check-up followed by final submission of project proposals. The issuance and signing of grant contracts, planned for the second week of November, has not happened due to the fact that the final signed versions sent by municipalities introduced new changes that were not announced or communicated. Therefore, the Operations Department asked for clarification regarding exact figures and durations. These were obtained in the last week of November creating conditions for the agreements to be issued and signed in the first week of December and the implementation officially beginning.

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

Procurement of equipment for Urban Planning Directorates

The provision of new computers, plotters, scanners, and other specialized equipment along with specialized software such as ArchiCad, ArchiPlan, Tower 12, etc, will enable the Urban Planning Directorates in Novi Pazar, Vranje and Leskovac to fully utilize their HR capacities and independently produce spatial and regulation planning documents⁶². In order to assure cost-effective purchase but also a standardized quality of equipment for the end recipients, it was agreed that the procurement of hardware and software for the Directorates would be done together with the procurement of IT equipment from Activity 2.1.

3.2 Assistance to municipalities to establish effective and sustainable mechanisms for implementing their development strategies, and reporting on progress to the municipal assemblies.

Following inability to conclude a contract with the best bidder in the tender for local sustainable development strategies (LSDS) monitoring mechanisms for Toplički District and the South West, and correlation with the fact that attempts to support LSDS implementation without proper budgetary system in place (multi-annual programme budgeting introduction into LSGs), it was agreed that EU PROGRES would re-conceptualize the activity with the activity 2.5 as a closely linked action with recommendation to merge two activities to produce Plans for Capital Investments that are important for major infrastructure but also for other significant socio-economic interventions aiming at improving the current conditions and/or advancing business doing. This will be in line with the planning focus of Component 2, but also an effort to further emphasize findings of the draft analysis “Barriers to Infrastructure Development that Obstruct Economic Development” prepared earlier by the EU PROGRES team.

The proposal was drafted and reviewed by the Technical Specialist and the Programme Manager and the finalisation is expected in January 2012.

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.

⁶² Overview of IT equipment that will be donated to Urban Planning Directorates is available in Annex II, Attachment 2.1

During November and December 2011, the situation in the EU PROGRES AoR has been assessed in detail and initial concept document outlining draft criteria for selection and proposed ways forward was produced. The previously planned meetings with the Social Housing Agencies in Kraljevo and Belgrade were postponed till the completion of this concept. The final recommendation for funding will be prepared during the first quarter of 2012.

Component 3: Physical, economic and social infrastructure

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

Key outputs:

- Agreement outlining cooperation between MoEMSP and EU PROGRES approved in November 2011

Imminent outcomes:

- Facilitated partnerships for the implementation of development projects

Activities:

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

Banjica Landfill redesign

The MoU outlining cooperation between the Ministry of Environment, Mining and Spatial Planning (MoEMSP) with EU PROGRES was approved in November 2011.

The ToRs for geological survey and geo-mechanical study were finished and approved by the MoEMSP during December 2011, while the ToR for redesign is being adjusted to comply. Both should be ready by the end of January 2012.

Waste Water Treatment and Water Supply System – Kopaonik Tourist Centre

Draft project proposal has been prepared with Serbia Waters as the applicant, Public Utility Company (PUC) Raška and the National Park Kopaonik as partners. The final products will be main designs for the water supply system and for the waste water collector network for the Tourist Centre Kopaonik and preliminary design for the waste water treatment plant (WWTP).

During November, Serbia Waters has finalised the ToRs for sewage system and the WWTP and water supply (needed as support documentation), and prepared request for MoERD funding. However, activities planned for December were delayed due to lack of funding from the MoERD. There is a verbal promise that the funds will be available from 2012 budget (most probably from the National Investment Plan - NIP), and Serbia Waters will need to apply again in January. Only with the funding secured the applicant will proceed with signing the MoUs with PUC Raška and National Park Kopaonik.

In addition to the above, EU PROGRES team held several meetings, in an effort to bring different stakeholders from several ongoing projects regarding Raška and Kopaonik waters together: Raška officials, the director of the National Park Kopaonik, Serbia Waters and MISP Programme. In particular, the Programme wanted to encourage agreement between MISP and Raška

regarding feasibility study for WWTP for Kopaonik. The result of the meeting is that MISP and Raska municipality reached the agreement to work together towards finalising the Feasibility study. The study will be finished in January 2012.

Meteris Landfill Vranje

Following the efforts from the MoEMSP in bringing the South Serbia municipalities together on this project, Vranje Mayor met with EU PROGRES in the first week of December. It was agreed that the development of technical documentation for the second phase of the Meteris Landfill, with the estimated value of 150,000 – 170,000 EUR, would be supported by EU PROGRES. The USAID programme will finance development of the Regional Waste Management Plan. Preševo could be supported with the transfer station, the size of investment will be known after the Regional Waste Management Plan is completed. The city of Vranje needs to appoint a person /a group to coordinate with EU PROGRES consultant, as a first step.

As a part of the future solution for the regional waste management, Bujanovac is preparing a project proposal for the main design for transfer station.

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

Recycling Yards

Raška project was put on hold, until the municipality agrees with the MoEMSP about the location. The municipality produced a comparative analysis for two locations, including cost-benefit analysis, requested by the MoEMSP, and sent it to the Ministry on 29 November. It has not yet received a reply.

Nova Varoš has changed the location and in November finally managed to solve the property issues. The municipality signed the contract with Eco Fund worth 25 million dinars to purchase the property, on 28 November. However, it seems that they will receive funding not earlier than March 2012. The contract with the property seller, INEX company was signed on 30 November. The location permit can be issued after the new owner is entered into the land registry. The owner does not agree to transfer the ownership before the payment is made.

Vranje – the location permit needed for starting tender procedure has not been issued yet, although it is expected in January 2012. Delay occurred due to a dispute over the ownership of land planned for the recycling yard.

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

Five municipalities submitted full proposals: Bosilegrad, Ivanjica, Vlasotince, Leskovac, and Vranje, while two are still preparing their projects: Bujanovac and Blace.

Three municipalities were allowed extra two months to solve ownership issues at the locations: Žitorađa, Sjenica and Novi Pazar. However, both Žitorađa and Sjenica failed to issue the location permits after the two months. Novi Pazar submitted the location permits for three projects out of five approved but with worrying justification, and asked to swap two projects for the sewage network in Selakovac and Sutenovac suburbs and for the Youth Centre on Golija, with the school and kindergarten on Erozija location. In a meeting with Novi Pazar Urban Department late in December it was confirmed that the Spatial Plan was due to be adopted in February 2012, followed by five GRPs in April 2012 – which would give us a clear timeframe for provision of

location permits. EU PROGRES will consider how to tackle delays and issues with Novi Pazar request in January 2012.

Tutin was given extra time to finish issuing of the location permits (waiting for the conditions from Water Directorate).

Medveđa was informed that their projects would not be supported as the location permits were not sent to EU PROGRES, after two repeated requests.

Lebane municipality cancelled the contract the same day it was signed.

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

Activities:

5.1 Support inter-municipal partnerships to develop project finance plans

As agreed, this activity was reconceptualised to engage consultants who would support formulation of project proposals to secure further financing. In December 2011, economist and legal consultants were engaged to develop business plans and the organizational structure for the Leskovac Green Zone.

The Programme also supported organisation of strategic planning workshop of the Coordination Body held in early December. The workshop resulted in development of draft Work Plan for 2012 whose focus, in addition to social issues and education, would be economic development of Presevo, Bujanovac and Medvedja. The Work Plan facilitated approval of 40 million RSD in the next years' budget to the Coordination Body that will be used to support economic projects in three South Serbia municipalities. EU PROGRES and the Coordination Body will also consider options to develop and support some joint projects in partnership with municipalities.

Result 6: Selected projects financed and implemented through EU PROGRES

Key outputs:

- Small infrastructure projects in Žitorađa, Prokuplje and Blace underway
- Five infrastructure projects approved for funding at the Fifth PSC meeting
- Contract for works on primary infrastructure for Leskovac Green Zone signed

Imminent outcomes:

- Raised awareness among municipal partners of importance of accurate technical documentation and BoQs

Activities:

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

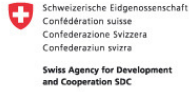
Žitorađa

The contractor was selected in October for the project Stadium Stands and construction works started in November.

Prokuplje



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The contractor was selected in October for the Health Clinic Plateau project and construction works started in November.

In regards Regulation of Straževačka River project the municipality provided requested supporting documents and a new action plan. Prokuplje is finalizing the land and property issues with the Serbia Waters, a long procedure but almost completed.

Blace

Tender package was finalised for the Reconstruction of Primary School Toilets project and tender was advertised in November. Opening and evaluation of bids was ongoing in December.

Kuršumlija

Work on tender packages for the Laboratory and the Sports Hall is taking longer than planned, as the municipal GIT has not been consulting its own public procurement officer. In addition, the municipality is slow in correcting the technical specifications according to experts' comments. The EU PROGRES management assessed its activities in Kuršumlija and municipal capacities to manage infrastructure projects and it seemed that the Programme has more initiative and commitment to conduct the project than the municipality. However, there have been small improvements during December, and the tender packages have nearly been finished.

Blace, Žitorađa and Prokuplje have **remaining funds for projects**. Žitorađa requested to use its allocation for the project that was placed on the reserve list in the Second CfP (activity 6.2) and EU PROGRES agreed to recommend to PSC for approval. Blace and Prokuplje met 29 December deadline to submit applications for their projects. Prokuplje asked approval for the second phase for the regulation of Straževačka River. Blace sent two additional project applications, for the construction of the water pipeline in Džepnica village and for the reconstruction of the entrance to Emergency Clinic.

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

First Call for Proposals (CfP)

Implementation started in October: 6 contracts with contractors signed (Sjenica, Nova Varoš, Projepolje, Leskovac, Vladičin Han, Surdulica), 6 tenders advertised or evaluation ongoing (Novi Pazar, Raška, Priboj, Bosilegrad, Bojnik, Lebane) and 2 tenders still in the process of preparations (Tutin, Trgovište).

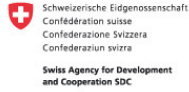
The joint work with municipal public procurement teams has brought the first results – mutual understanding of the importance of accurate technical documentation and tender BoQs. EU PROGRES engineers and coordinators have been communicating what is the role of each in the contract management: the technical supervision and the contractor are responsible for the quality of works, while EU PROGRES has the quality control role (monitoring).

Details on projects status are available in Implementation Matrix Overview which is attached as Annex IV to this report.

Second Call for Proposals



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In October, the PSC approved five projects for funding, in: Crna Trava, Ivanjica, Medveđa, Preševo and Vranje. All budgets had to be corrected, before contracts were signed in November. In Crna Trava, project is on hold following a complaint from the Mayor of Vlasotince. In his letter to EU PROGRES, the Mayor asked a proof from Crna Trava that its project would not affect the quality of water from the water treatment plant Vlasotince. Crna Trava provided technical calculations to that effect. However, Vlasotince was asking for additional evidence about the effects their project will have on Vlasina River in Vlasotince. Crna Trava has been advised that it has to present additional evidence for Vlasotince, which continues to insist that the project will endanger their water supply source.

First meetings with GITs were held in Ivanjica, Vranje and Medveđa. These municipalities have prepared the first draft of tender packages and submitted to EU PROGRES for review. Preševo will form the team and open the project account in January. The payment of the municipal portion of co-funding is due in January, except for Vranje which paid already.

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

Leskovac Green Zone

Tender for construction works was advertised in November and contract with the Contractor, worth about 470,000 EUR (VAT excluded), was signed in December. EU PROGRES provided two consultants, legal and economist to advise on legal and business models for the future company that will run the Zone, as well as on the future activities of the Distribution Centre, that will be developed on additional 60 hectares. A study tour to the Netherlands and Italy for the Leskovac team was organised by USAID, with aim to present different ownership and management models.

Pešter Development Centre

SEDA and EU PROGRES staff held regular meetings throughout the reporting period to enable running of the project activities.

Upon receiving EU PROGRES agreement on the ToRs for the project manager and project assistant, SEDA advertised positions and conducted interviews.

Draft ToR for management modality analysis was produced by the EU PROGRES consultant and sent to SEDA. The project account was opened and the Action Plan produced.

However, during conduct of activities it was determined that SEDA will not be able to provide co-funding to the project as it initially guaranteed. As a consequence, it was necessary to annex the Contract to reflect (new) circumstances, plus it was agreed that SEDA adjusts the project and budget proposals. SEDA sent to EU PROGRES fist versions of adjusted project and budget proposal in December, but they still need to be finalised. This generally hindered activities.

EU PROGRES and SEDA also had a meeting was with the Veterinary Directorate of the Ministry of Agriculture, Trade, Forestry and Water Management in order to learn their advice regarding the type and the capacity of the laboratory that would be established within Pešter Development Centre. While the Directorate strongly welcomed the project, they suggested to SEDA to conduct a Feasibility study as it was supposed to do initially, that will give answers regarding the future



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laboratory. This recommendation will be addressed by SEDA and the Programme. EU PROGRES developed and advertised ToR for design of laboratory.

Sjenica Assembly adopted the decision in late December to lease the land to SEDA for the purpose of building the Centre. Tutin Council adopted similar decision for the land in Melaje (parking for the machines).

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

6.4 *Implementation of municipal infrastructure projects in Pcinjski and Jablanicki District municipalities*

Fruit growing in Pčinja District, can be linked to Green Zone Leskovac and have cross border effects on Macedonia. Vranje and/or any other Pčinja District municipality should lead to develop the project proposal. EU PROGRES will provide the consultant to assist.

Component 4 - Public awareness and branding of areas

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

Key outputs:

- Fifth PSC meeting organized in Sjenica in October 2011
- EU PROGRES 2012 Calendar printed and award ceremony for the winners held in Leskovac
- Concepts for annual newsletter and municipal profiles prepared
- BIRN and Executive Group consortium won tender to implement good governance campaign

Imminent outcomes:

- Raised awareness of cultural diversity as Serbia's strength among youth from secondary schools in the Programme AoR
- Expanded EU PROGRES ability to reach out to development practitioners to promote Programme work but also concept of GG and social reforms

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

The **Fifth Steering Committee** meeting was successfully organised in Sjenica on 26 October 2011. Besides providing a good discussion about implementation obstacles so far, the meeting attracted big media attention and generated excellent coverage in national, regional and local media.



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The **art competition for EU PROGRES calendar 2012** has been successfully organised and the calendar has already been distributed to a wide range of stakeholders. The theme of this year's competition was "Serbia – Embracing Civilisations", dedicated to the global initiative Alliance of Civilizations and supported as the main message for the UN Week Celebration in Serbia in October 2011. In this way, the contest promoted diversity of cultures, ethnicities, tradition and religions in Serbia, supported improvement of education conditions in schools and encouraged artistic talents, their learning and development.

Students from 27 high schools in South and South West Serbia submitted 119 art works making this a significantly higher turnout in comparison with 18 schools last year. The selection committee, comprised of two artists, one youth representative and two EU PROGRES representatives, has selected 12 best art pieces featured on the calendar. Authors of selected works received special awards – three camcorders and nine digital photo cameras, while three best schools were awarded with school equipment of their choice, during the promotion of the calendar and the award ceremony organised in mid December in Leskovac. The fact that pupils, in their works, 'encourage' positive relations among different ethnicities and religions is positive. In addition, like previous year, the competition and ceremony gathered Serbian, Albanian and Bosniak youngsters, helping them to learn about each other and hopefully change some of the negative perceptions. These are small but positive steps, especially important in EU PROGRES AoR, where divisions along ethnic and religious lines still run deep.

Third issue of **Newsletter**, featuring the latest news about the Programme, story about Vranje, announcement of the 2012 calendar competition, plans for upcoming two months, and recent photographs, was prepared and distributed to almost 1,000 recipients. The continuing and predominantly positive feedback from a broad range of governmental, non-governmental and development organizations, municipal officials and other stakeholders who receive the Newsletter, indicated that EU PROGRES ability to promote Programme but also good governance and other social reforms enhanced.

Programme **website** has been regularly updated with news stories, photos, and relevant documents – such as Quarterly Report in Serbian and English (including Executive Summary in Albanian), and Newsletter. Preparation of the relevant documents in Roma and Bulgarian languages is ongoing.

Revision of the EU PROGRES **communications strategy** started in accordance with the overall work plan and increasing need to communicate donor's support. An independent consultant was engaged to conduct a quick survey and prepare recommendations. In addition, a workshop with SEIO and donors' representatives was held on 21 December, and it was concluded to: increasingly use "European Partnership Programme" and "EU PROGRES" in all Programme communications and visual materials; increase engagement of DEU, SDC and Serbian Government in Programme events and media activities; have more direct meetings with partners especially with media; develop a two page concept for a campaign bringing closer EU to the public in the South and South West Serbia; organise more interviews, targetting specific national media; expand distribution lists for e-publications; introduce municipal profiles with information on Programme activities and outcomes in each municipality; increase use of social media (especially facebook) and use success and real life stories to communicate outcomes. Also, EU PROGRES logo has been

refreshed to highlight European support to the Programme. The revised Strategy should be presented in early 2012.

To further enhance visibility of the donor support, new **promotional materials** that will include refreshed EU PROGRES logo will be produced. Tender documents were advertised in December and it is expected that the procured material would cover most of the Programme needs in 2012. Also, visibility guidelines for grantees have been revised. Signboards and plaques have been designed for infrastructure, CAS, CAC and CIF projects.

Concept for the **annual newsletter** and **municipal profiles** has been developed. The newsletter will summarise achievements in 2011 while the municipal profiles will present Programme interventions in each municipality and will be updated quarterly. Preparation is ongoing.

Holiday greeting cards designed in 3D with an aim to promote donor support to the Programme have been mailed to 267 addresses. Electronic version of the greeting card has been emailed to over 1,000 addresses, and also posted on facebook group and pages of relevant partner organisations.

In preparation for the promotion of CIF results which will include exhibition and a small publication, instructions for collection of success stories and photographs about each of the forty projects are being drafted. The stories will be finalised in first half of 2012.

The Communications Action Plan for the period January-March 2012 is available in the Annex III, Attachment 3.2.

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

Five technical proposals received for good governance campaign were evaluated in October, and two were recommended for opening of financial offers. The consortium between BIRN and Executive Group was selected and the contract was signed in December, upon which activities on preparation of campaign started.

The campaign has been discussed with donors and it was concluded that emphasis should be put on outcomes and particular attention paid to the upcoming elections, making sure the campaign does not have a political look.

Bimonthly workplan, campaign visuals⁶³, letters and questionnaires for local representatives have been approved. Local stakeholders have been informed about the campaign, as well as donors who received a summary of the campaign.

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

Activities

⁶³ The summary of the good governance campaign and initial concept for its visual identity are available in the Annex III, Attachments 3.2 and 3.3.

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

Initial contact has been established with Yellow Railroad, consultancy contracted to implement production of destination branding plans.

The first round of workshops for development of plans has been scheduled for January, in Sjenica and Vranje. The workshops should bring closer branding concept to potential partners, such as municipalities, development agencies and tourism organisation but also facilitate selection of destinations within EU PROGRES AoR that have biggest potential to receive branding support.

All Mayors have received information about the workshops and a request to form branding teams and do some preparatory work.

4 Management and administration

4.1 Procurement

- Summary of procurements, tenders, grants as well as HR are available in the Annex V of this report.
- During reporting period a formal complaint from Edukaciono humanitarna organizacija – EHO was submitted to EU PROGRES, donors and UNOPS HQ. The motion is under consideration by OLAF. No official report yet.

4.2 Human resources

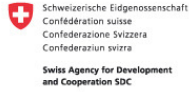
- Deputy Programme Manager in position since 1 December 2011, following an open recruitment process
- Pool of translators increased by five new people
- Contracts for Component 1 Manager, Head of South West, Operations/ IT Assistant and Senior Coordinator for South Serbia approved for extension by HR advisor and Local Contracts and Procurement Committee in Copenhagen
- LED experts and Good Governance Coordinator for SWS recruited in December
- All full time and retainer staff contracts due to finish in 2011 were extended for one year. Programme fully staffed for continuation of activities in 2012.

4.3 Finance

- EU PROGRES Atlas bank account imprest level increased from 10 to 40 million RSD, which will help improve efficiency of payments
- 3Q 2011 closed, request for interim financial statement sent to EMO
- Second tranche from DEU received in November (EUR 4,894,962.76)
- Third tranche from SDC received in November (EUR 314,445)
- Addendum I to Contribution Agreement with SDC signed (EUR 1,580,000) aligning the DEU and the SDC contracts until the Programme end
- No Objection Letter to be received from DEU in the next period
- Verification of expenditures for Grant Agreements (mainly CIF) in progress
- Year End Closing of Accounts completed successfully



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- Contribution Agreement signed with the Czech Development Agency for the monitoring of the Pešter Plateau project. Funds in total of 76,076.48 USD (about 57,000 EUR) received

4.4 Security

- No major security concerns related to EU PROGRES activities emerged in this quarter
- Newly appointed Security Advisor, Mr. Bjarne Lauritzen, assumed his duties on 30 September 2011. In the process of familiarizing with office locations, he visited Prokuplje and Vranje offices.

4.5 Logistics / travel

- Regular support to Programme logistics provided.

4.6 ICT

- Internet traffic has been improved by service providers, with minor disruptions noticed
- Project IT infrastructure is functional, regularly maintained. Backup and system updates performed on a regular basis
- Web hosting services and domain registration extended until 1 December 2013
- Upgrade of telephone and PC network and gateway PC in Novi Pazar performed
- Internet bandwidth in Prokuplje and Vranje office upgraded
- TELEKOM router in Prokuplje office replaced allowing better Internet connection

5 Coordination and development partnerships

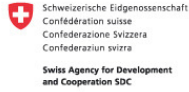
In addition to close cooperation with its prime beneficiaries, municipalities in the South and South West Serbia, EU PROGRES has been investing efforts to coordinate its work with relevant stakeholders as well as to facilitate partnerships for implementation of particular development projects. This is an area in which the Programme made significant steps.

The Programme built up links with the line ministries and relevant governmental departments. Joint projects with the MoEMSP and MoERD described in more detail in the Section 2, cooperation with the OSDUA on Pešter development, shared efforts with the Coordination Body and the Directorate for Human and Minority Rights regarding NMCs, are examples of EU PROGRES engagement with the Government.

EU PROGRES so far successfully facilitated inter-municipal projects and partnerships. Banjica Landfill brought together Nova Varoš, Priboj, Prijepolje and Sjenica, while Pešter Development Centre resulted in partnership between Sjenica, Novi Pazar and Tutin. Leskovac Green Zone is recognised as a priority project in all 13 Pčinja and Jablanica municipalities, and EU PROGRES, in addition to approved support (through the Activity 6.3), seeks initiatives, such as fruit growing described in the Activity 6.4, which could both strengthen inter-municipal cooperation and positively affect long term perspective of the Green Zone. EU PROGRES also, with other partners, facilitated, through communication and concrete support, Vranje, Preševo, Bujanovac, Trgovište and Surdulica agreement on regional waste management. All the above mentioned



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important projects, in addition to strong inter-municipal have “vertical” dimension – partners and funding contributors are line ministries, primarily the MoEMSP.

These partnerships have “international” element, knowing that, partially owing to EU PROGRES coordination endeavours, other donors and development projects support them. For example, the main donor for broader Pešter development initiative, is the Czech Development Agency, while USAID funded Sustainable Local Development project will be providing technical assistance to Green Zone and should work on development of Regional Waste Management Plan for the South Serbia municipalities that will be included in Vranje Meteris Landfill (the Activity 6.3).

EU PROGRES has been coordinating its activities with a broad range of donor and development community representatives. It is a regular participant of informal groups, Friends of South Serbia and Friends of Sandžak, had a number of joint initiatives with the OSCE, regularly communicates with other EU funded projects, such as MISP and MSP IPA 2007, UN initiatives and projects in Serbia etc. As a result, the Programme has contributed to:

- implementation of national sector policies, e.g. in solid waste management, but also increasingly support to the line ministries to shape their approaches;
- establishment of inter-municipal and partnerships between ministries and municipalities on implementation of development projects;
- increased provision of financial or technical assistance by other donors;
- coordination among the donor community and development projects that should increase efficiency, effectiveness and sustainability of the support provided to the South and South West Serbia.

The Programme will, for sure, continue to pay attention to partnerships, both to facilitate completions of started joint activities and projects but also to further expand opportunities.

6 Visibility

EU PROGRES continued to attract a wide media interest through different events. In October, there were at least 80 reports, mainly focussing on the Steering Committee Meeting and the signing of the contract for the implementation of the Green Zone project in Leskovac; in November there were 40 reports, including those in the national media: Blic, Večernje novosti and Danas; in December media, through estimated 70 reports, mainly focussed on the calendar competition and results of the CIF projects. All reports appropriately highlight the donor support to the South and South West Serbia. A spreadsheet detailing media coverage in the fourth quarter is attached in Annex III of this report, Attachment 3.4.

Programme website was recording steady increase in the number of unique visitors: 1,276 in October, 1,456 in November and 1,452 in December. Most redirections were from facebook, DEU website, UN in Serbia website but also from the municipal websites (e.g. Leskovac and Raška). Visibly higher traffic was recorded from 15 to 19 December when the results and photo gallery from the calendar competition were published.



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Page | 39

Three self-standing signboards were placed on infrastructure project sites in Leskovac, Žitorađa and Prokuplje, ensuring donor visibility within local community.

Annex I Component I

Annex II Component II

Annex III Component IV

Annex IV Implementation Matrix Overview

Annex V Management and Administration