

Standard Summary Project Fiche – IPA centralised programmes

Project number 9: European South and South West Serbia Support Programme - ESSWeSP

1. Basic information

- 1.1 **CRIS Number:** 2009/021-765
- 1.2 **Title:** European South and South West Serbia Support Programme - ESSWeSP
- 1.3 **ELARG Statistical code:** 02.22
- 1.4 **Location:** South and South-West Serbia

Implementing arrangements:

- 1.5 **Contracting Authority:** EU Delegation to the Republic of Serbia
- 1.6 **Implementing Agency:** UNOPS (joint management)
- 1.7 **Beneficiary (including details of project manager):**

Direct beneficiaries of this project are municipalities of Zlatiborski, Raški, Moravički and Rasinjski, Jablanicki, Pčinjski and Toplicki districts.

The Project will be coordinated by NIPAC. National partners for project implementation are institutions which have responsibilities in concerned areas: Ministry of Public Administration and Local Self-Government; Ministry of Agriculture, Forestry and Water Management; Ministry of Environmental Protection; Ministry of Economy and Regional Development; Ministry of Labour and Social Affairs; Ministry of Finance; Ministry for National Investment Plan; Ministry of Health, Commissariat for Refugees, Standing Conference of Towns and Municipalities (SCTM), Coordination body for the Municipalities of Presevo, Bujanovac and Medvedja and NIPAK. These institutions will directly participate in the Project Steering Committee. Coordination of all stakeholders in project preparation and implementation will be the responsibility of the National IPA Coordinator (NIPAC).

Financing:

- 1.8 **Overall cost (VAT excluded):** **15.000.000 EUR**
- 1.9 **EU contribution:** **13.500.000 EUR**
- 1.10 **Final date for contracting:** 2 years after the signature of the Financing agreement (FA)
- 1.11 **Final date for execution of contracts:** 4 years after the signature of the FA
- 1.12 **Final date for disbursements:** 5 years after the signature of the FA

2 Overall Objective and Project Purpose

2.1 Overall Objective

The overall objective is to contribute to enhanced stability and socio-economic development in Serbia's poorest and most conflict-prone regions: South and South-West Serbia (Zlatiborski, Raški, Moravički and Rasinjski, Jablanicki, Pčinjski and Toplicki Districts)

2.2 Project Purpose

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

2.3 Link with AP/NPAA / EP/ SAA

European Partnership

In the European Partnership under Democracy and the Rule of Law (Page L227/28), medium-term priorities are listed as: “*Promote Local Government* - adopt and implement decentralisation reform and ensure sufficient local capacities...”;

The Serbian government plan for the implementation of EP priorities contains the following short-term Public Administration priorities:

- Line 2.3.5: Strengthen capacity of the public administration at government and local levels.
- Line 2.3.8: Adopt and implement decentralisation reform ensuring viability of local governments.

This project will address all of these priorities by strengthening municipal service provision and by building local government project management capacity and the ability to deliver services in local government.

SAA

The 2008 EC Progress Report (5 Nov 2008) underlines some of the main weaknesses in the reforms during the pre-accession process. The Report stresses (page 19): “*The situation in Southern Serbia has remained stable but tense. Ethnic Albanian parties remained divided over participation in the general legislative elections. In the end a coalition of Albanian parties took part and one Albanian Member of Parliament was elected. The regional office of the Coordinating Body for Southern Serbia was strengthened, increasing representation of persons of Albanian origin. The government allocated €3.8 million to co-finance infrastructure projects in 2008. However, the Albanian minority continued to express concern at under-representation in public administration and the lack of political will by the central government actively to develop the region.*

The situation in Sandžak has continued to deteriorate. Divisions within the Muslim community have deepened and there have been several outbreaks of violence. Municipal structures lack the capacity fully to enforce minority rights in Sandžak.”

In this respect, additional assistance is required in order to enable municipalities to provide better conditions for social-economic development and better service delivery to the citizens, stimulate regional and inter-municipal cooperation, provide investments and give more attention to planning for solving common problems through joint initiatives and a more strategic and structured approach in capacity building activities.

National Plan for Integration

The NPI mentions reform of the public administration at all levels. Reform of local government is explicitly mentioned in the following priorities: *employment policy*: improvement of social affairs- active involvement of different social educative, trade and regional bodies with an aim of establishing conditions for employment growth decentralization and modernization of work of National Employment Services. *Environmental protection policy* mentions capacity building at the local level and coordination between local and central level. According to the *regional policy and coordination of structural instruments*, the following have been specified as a short-term priority: capacity building of RDAs and local self government in identification and preparation of quality projects mature for financing from EU and other sources for funding. Other priorities defined are investment development programmes that promote regional development capacity-building and improvement of communal infrastructure, building of industrial zones, etc. In addition, one of the short term priorities in the area of *social inclusion* is establishment of conditions in local communities for better service delivery and protection of vulnerable groups.

2.4 Link with MIPD

The MIPD 2009-11 sets out, among others, the following strategic objectives. Under Political criteria: *“.....to further strengthen the institutional building and to increase absorption capacity of Serbian institutions”* under Economic criteria: *“.... to tackle unemployment and support the job creation, while improving the competitiveness of the economy and labour productivity. Long-term unemployment requires particular attention.”* This project addresses these issues in a combined manner in the regions with the highest unemployment, long-term unemployment and unemployment among women and minorities.

Under 2.2.2. A strategic choice, under Political criteria is stated: *“...Capacity building at local self-government level needs to be strengthened.”* In addition, socio-economic criteria indicates *“...the MIPD 2009-2011 addresses priorities directed to institutional building where a capacity for change exists preferably in building good governance to accommodate a more vigorous approach to addressing economic reform and employment generation. In light of the international financial crisis, particular attention will have to be paid to alleviate the effects of the poorer economic outlook for Serbia in the coming years. “This is exactly the central purpose of this project.*

The main areas of intervention are laid out in section 2.3. under 2.3.1, Political Criteria, Objectives and choices, the following are mentioned:

“Improving the performance of Serbia’s public administration at all levels...”

“Progress in the reform of local self-government as part of the decentralisation process. Support local and regional development policy which is consistent with the EU pre-accession strategy and the EU regional policy and a balanced territorial development by strengthening fiscal decentralisation, evidence based development planning and implementation capacities

at central, regional and local level, more efficient spatial, cadastral, municipal planning, improving service delivery, local government asset management and introduction of statistical regions equivalent to the NUTS classification. Strengthen inter-municipal cooperation through the Standing Conference and other municipal associations. Support municipal, inter-municipal and cross-border municipal projects and implementation of the Poverty Reduction Strategy at the local level.”

“Fighting discrimination and promoting human and minority rights, including Roma. Creating conditions for inter-ethnic tolerance and multicultural coexistence, growth and sustainable development of all communities. Increasing general, society-wide culture of tolerance towards national minorities as a basis for coherent and meaningful inclusion policies.”

“Further support to the civil society in order to promote the creation of a genuine dialogue and partnership between the Serbian authorities and Civil Society...”

Under 2.3.2, Socio-economic Criteria:

“Enhance access to employment and participation in the formal labour market...”

“Fostering social inclusion...”

“Enhancing the investment climate and support to small and medium sized enterprises ..., economic environment, access to services, capital and know-how, and support to competitiveness.... Support to job-creation potential in specific branches and activities related to tourism...”

“Supporting regional competitiveness. Support to underdeveloped regions to create basic preconditions for economic growth...”

*“Improving **infrastructures** in order to promote business related activities and public services and to alleviate the economic downturn and to facilitate economic and cultural links within Europe...”*

This project is designed to address all of these priorities by combining activities at a local level that target the nexus of socio-economic causes of unemployment and poverty. This is especially productive in the regionally-focused project context, where a mutually-supporting blend of cross-sectoral interventions can effectively address the local needs.

Under 1.2.3, Lessons Learned, the MIPD further states:

“Increase in coordination between central and local government bodies and their absorption capacity.”

“Capacity building at local level in terms of implementation of legislation and project management, as well as technical equipment and networking of authorities in charge for implementation, enforcement and control of legislation. ”

This project aims to provide, among other things, capacity building of the local administrations, and to facilitate linkages to central government. Several ministries are willing to assist these regions, but have no mechanism at present to channel assistance as the local administrations cannot formulate the request. The project will provide this interface while

building the ability at the local and inter-municipal level to assume responsibility for this function.

2.5 Link with National Development Plan (where applicable)

N/A

2.6 Link with national/ sectoral investment plans (where applicable)

The Government has undertaken several steps to modernise local government as part of the democratic transition of the Republic of Serbia. It adopted a Law on Local Self-Government in February 2002, established a Ministry for Public Administration and Local Self-Government (MPALSG) in May 2002, adopted a Strategy of Public Administration Reform in 2004 and drafted an action plan for development of local government in Serbia. A New Law on Local Finances has been adopted and implementation started from January 2007.

In September 2006, the Government of Serbia launched the National Investment Plan 2006 – 2012 (NIP), which has as its objectives: higher employment, sustainable economic development, increased competition and reduced poverty. One of the problems for implementing this law and realising its potential is the lacking capacity of municipalities in the poorer regions to understand the opportunities and how to exploit them. This project will assist them in developing these capacities.

Local and Regional Development

The Strategy of Public Administration Reform in the Republic of Serbia (Ministry of Public Administration and Local Self-Government, 2004) stresses the importance of the decentralisation process. The fundamental objective of the reform is to provide a high quality services for citizens through decentralisation of the state administration.

The Strategy identified the following main objectives of the public administration reform:

- creation of a democratic state based on the rule of law, responsibility, transparency, cost-effectiveness and efficiency, and
- creation of a public administration directed towards the citizens, capable of offering high quality services to citizens and the private sector, against payment of reasonable costs.

As key reform areas were identified among others:

- Decentralization (including enhancing capacity of local governments in the areas of organizational frameworks, management systems, knowledge and skills of staff, internal supervision and control mechanisms)
- Fiscal decentralization (including financing of capital expenditure at the local level
- Within the area of decentralisation/local government, “*Strengthening local capacities through training, organizational and managerial change, and increased use of information technology*” is foreseen.

In line with the **Strategy for Regional Development**, the Department of Regional Development within the Ministry of Economy and Regional Development (in addition to the existing Department for Regional Development Policy and Department for Implementation of Development Projects) has been enlarged by the Sector for SME and Entrepreneurship and Unit for Clusters. This will assist the activities below, as the Ministry is seen as a major partner in this project.

Strategic objectives in the field of regional and local sustainable development in **the National Sustainable Development Strategy adopted by the Government in 2008**. In chapter IV – The socio economic conditions and perspective, part 9 .Regional and local aspect of sustainable development include:

- Decentralization accompanied with the implementation of modern concepts of regionalization and socio-economic approach
- Building and strengthening a new system of distribution of competences between different vertical levels of government;
- Strengthening the concept of regional competitiveness and linking;
- Reducing disparities in regional development inside regions and between rural and urban areas;
- Development, in terms of quality and continuation, of public utilities infrastructure;
- Protection and utilization of natural resources managed by units of local self-government in line with principles of sustainable development and through use of economic incentives;
- Establishing a better organized and coordinated local government, local administration and public utility companies, ongoing promotion, and public participation in the planning process and adoption of principles of best practice and sustainable development in urban-spatial planning documents;
- Development of local economy on the basis of available natural resources and measures to support the promotion of sustainable use of resources;
- Strengthening the institutional capacity of local self-government and increased capacity of staff in appointed and elected positions in municipal administrations;
- Promoting the development of local management for sustainable development through the development of local strategic and development plans
- Develop a poly-centric network of settlements and establish urban areas with a network of medium and small size towns and villages.

3. Description of the project

3.1 Background and justification:

Background: South and South-West Serbia – similar but distinct

South Serbia and South-West Serbia are the country's poorest regions.

Despite the overall decline in the poverty rate in Serbia from 14% in 2002 to 6.6% in 2007, poverty in South Serbia remains high, over 18% in some areas, remaining stable between 2002 and 2007¹. Preševo is the poorest municipality in the country. Although the region is home to 6.4% of Serbia's population, it accounts for 18% of the country's poor². Overall unemployment stands at 38.2% in Pčinja district and 43.1% in Jablanica.

Poverty in South-West Serbia is almost as dire. The region suffers from economic decline caused by the collapse of large-scale industries. Poverty has risen dramatically, unemployment is high, inequality significant, and most social services have collapsed.

Both regions face demographic challenges as the population structure is rapidly changing. The high rural population (61% in South-West Serbia) is in decline and ageing, with the younger leaving for bigger cities or neighbouring countries.

Both regions are the scene of ethnically-toned conflict, but each in its own way. Conflict in South Serbia is inter-ethnic, and in the South-West predominantly intra-ethnic. South-West Serbia is characterised by low-scale incidents of violence with a potential for future escalation. Tensions exist between competing political groupings.

South Serbia is a post-conflict setting with latent tensions. The municipalities of Bujanovac, Presevo and Medvedja are inhabited by a majority of ethnic Albanians who have been under-represented in the state administration and large enterprises, and almost completely absent from the police and judiciary. Ethnic Albanian children are educated in separate, Albanian-language schools that face difficulties obtaining approved Albanian-language textbooks conforming to the standard school curriculum for Serbia. Unlike with the Bosniaks of South-West Serbia, language in South Serbia is a much greater issue than religion.

The absence of economic growth in both regions, a major key to long-term stability, is the result of a complex nexus of factors. The public sector is characterised by poor governance, weak financial management and planning, lacking municipal services and inadequate infrastructure, health care and education, while inter-community suspicion creates barriers to cooperation. While the private sector has in places been quite dynamic, official lack of understanding of the market economy, administrative barriers and an ill-adapted workforce prevent progress. As an example, Turkish investors interested in developments in South-West Serbia have been discouraged especially by the complex and time-consuming procedures required.

Efforts to improve the skills base of the labour force have been weak; in 2007, the share of registered unemployed who participated in vocational training programmes conducted by the

¹ Republic Statistical Office, *Living Standard Measurement Study Serbia 2002–2007*, Belgrade, 2008.

² Republic Statistical Office, *Living Standard Measurement Study Serbia 2002–2007*, Belgrade, 2008.

National Employment Service (NES) in South Serbia was 1.2% of all registered unemployed in Jablanica District and 0.5% in Pčinja District³. Workforce skills do not correspond to the requirements of the labour market⁴.

On this background, the current economic crisis is having a grim impact. Unemployment is rising, remittances falling and budget deficits leave no room for counter-cyclical policy. Attention from donors and especially the EU is needed more than ever to prevent destructive despondency or even backsliding into conflict. Any yet this very crisis can be an opportunity. Local governments have for once a strong stimulus to see the need for new thinking and change, cooperation with neighbours and heightened efficiency. With the right combination of support this can be turned to the regions' advantage.

Programmes to date

The EU has provided considerable support through CARDS, mainly through The Municipal Improvement and Revival Programme- (MIR) in South Serbia and the Municipal Development in South-West Serbia Programme (PRO) in the South-West. MIR phases 1 and 2 covered the 13 municipalities of Jablanicki and Pcinjski Districts from 2003-2008 focusing on inter-municipal cooperation, municipal strategic planning, administrative efficiency and better service delivery. PRO Phases 1 and 2 from 2006-2009 was similar, supporting 8 municipalities, and building on experience from MIR. These programmes were additionally supported by other development partners (SDC, ADA, Sida).

MIR is now finished and PRO due to finish in 2010. The EC monitoring report of April 2009 for PRO came to a conclusion similar to that of the MIR final report:

“It is likely that the project will be rather successful and achieve important impact, but the need for further carefully targeted and coordinated external support will remain. Such support should use the momentum and capitalise on achievements in terms of self-governance, citizens' participation, civil society role and regional development approach. Investment projects will remain an essential area of cooperation at local level, as infrastructure needs are still huge. The civil society needs further support, especially in terms of empowerment of women and increasing their role in the decision making process.”

Justification of the proposed programme

In this context, municipalities need support in reorganising their human resources and strengthening their planning capacities (particularly concerning urban development linked with the promotion of economic growth and productivity) including developing new capacities needed for the decentralization process. Additional assistance is required to enable municipalities to provide better conditions for socio-economic development and better service delivery to citizens, to stimulate regional and inter-municipal cooperation, to provide and attract investment and to place greater emphasis on planning for solving common problems through joint initiatives and a more strategic and structured approach in capacity building.

The approach required is the same in both regions – intense presence on the ground and promotion of local ownership, capacity development of municipalities, development of

³ Republic Statistical Office, *Living Standard Measurement Study Serbia 2002–2007; Statistical Yearbook 2007; Labour Force Survey*, various years, UNICEF Cluster Survey (MICS), 2005

⁴ The Study: Barriers to Investment in Jablanica and Pcinja Districts, MIR II, 2008

projects within the bottom-up top-down approach promoted by PRO, engagement between local and national stakeholders, targeted promotion of existing institutions such as Regional Development Agencies (RDAs) and Project Development Units (PDUs⁵) and Citizen Association Centres (CAC⁶s) within municipalities, and development of the one-stop-shop (OSS) concept.

Since both areas have ethnic sensitivity it is important to work on the inclusion of problematic municipalities in the regional development picture. Experience has shown that without this broader context, special attention to sensitive municipalities can even aggravate problems, since sensitive municipalities see their chance in separation rather than inclusion. The experience of PRO shows that this tendency can be reversed with strong inter-municipal activities and insisting on larger inter-municipal and regional projects. This needs additional attention in South Serbia because of issues concerning the 3 municipalities Bujanovac, Presevo and Medvedja.

The methodology required is one that intervenes in multiple sectors, i.e. economic, social, and political, etc., and mobilises as many stakeholders as possible. At the same time, interventions must take place at all levels:

- at the local level, where causes and effects meet to create the development situation in practice, affecting the daily lives of people
- At the level of policy and decision-making of the region (and sub-regions)
- At national level.

The project must address issues of good governance, municipal management, infrastructure and communication in mutually-supporting ways. The following admixture is needed:

- Governance: issues of citizen participation, CSOs, gender and minority rights – targeted through training and a Call for Proposals and grant scheme.
- Municipal management: issues of the economic and social enabling environment, planning and service delivery – addressed through facilitating inclusive planning processes, training of municipal officials, developing HRD (both public sector and the labour market) and support to administrative re-structuring.
- Municipal planning capacities – addressed through training and provision of technical assistance.
- Infrastructure: identifying relevant environmental, economic and social projects, including inter-municipal projects, and developing them to funding maturity; facilitating contacts to potential financing institutions such as central government, other donors and private investors; financing and tendering/supervising selected projects.
- Intensive communication – ensuring a broad exchange of information among all relevant bodies and the general public and building the image and self-image of each region.

Communication

The latter point has received by far insufficient attention in the past. In this programme, it will be a cornerstone of implementation, binding the other components together and dealt with at a high professional level. Already in the early inception phase, a communications strategy will

⁵ Project Development Unit

⁶ Citizen Assistance Centres

be laid by a professional consultant with background in media and PR, hired as a long-term advisor to the programme. This will be based on the 4 basic principles of Independence, Inclusiveness, Interactivity and Integrated communication. It will address all geographical levels and target groups: local level (all local / regional organisations and citizens); national level (relevant ministries and agencies, where appropriate the general public); donors.

To sustain this initiative and to ensure maximum effects, a suitable body for each AoR must either be identified or founded to continue the work. This body can emerge from a series of inclusive stakeholder workshops focused on economic and tourism development, and be supported by the EU SASP for its duration. The independence of this body will be a measure of success of the project. Even if it is ultimately unsuccessful (e.g. in promoting tourism), unsustainable or replaced by another body aligned to central government or European regional structures⁷, it will serve as a forum for inter-municipal exchanges on essential economic (as opposed to ethnic) issues for the duration of the programme. The approach to identifying/forming and supporting such a body will be detailed in the communication strategy.

Where appropriate, professional agencies will be engaged to carry out parts of the strategy (e.g. advertising agency, polling agency etc.). The Communications strategy and its implementation will be coordinated closely with the visibility advisor in the EU delegation.

Selection of sub-projects for financing

For a detailed summary of some of the targeted services (CACs, CICs, OSSs, IZs etc) in each of the two regions, please refer to Annex 6, which shows the present conditions, and lays out some potential priorities for sub-projects.

Since considerable time will elapse before this project commences implementation, the state of these municipal services at that time is at present unknown. The PRO project will address some of the problems in the coming year, as will other projects and donors. Selection of the exact institutional support elements and infrastructure projects to develop and fund will therefore be one of the tasks of this project, developed in the sub-area work plans at the outset.

For the sub-projects, these plans will consider the large differences between parts of the two AoRs and balance economic, social and environmental infrastructure.

One of the issues to be considered is that of conditions for readmission of émigrés, many of whom stem from the two AoRs. The programme will examine returning citizens' access to public services (social housing, education, employment, health benefits, and social security) in order to maximize the returnees' contribution to the social and economic development of the country, bearing in mind EU integration issues.

Relation to other projects

A certain degree of overlapping with other projects will necessarily occur, but this should not be seen as a hindrance, rather as complementary measures. The municipalities and regions concerned are those that are least able to compete for national-level funding but are in greatest

⁷ Such regional structures may or may not be formed by the time the project comes to implementation, but awaiting them would be to waste the opportunity.

need of it. This project will assist municipalities in preparing projects for applications to other schemes such as those to be run under IPA 2007 MSP, IPA CBC, MISP etc. It will itself then finance those key projects that are not included in such mechanisms.

Area definitions

The current PRO project addresses an area referred to as South-West Serbia, consisting of the municipalities of the Zlatibor, Raska and Moravicki Districts (Novi Pazar, Tutin, Sjenica, Nova Varos, Priboj and Prijepolje) plus Ivanjica and Raska. In this programme, we propose extending this area to cover Toplicki District (Prokuplje, Kursumlija, Blace and Zitoradja municipalities) as direct beneficiaries and part of what is strictly South-Central Serbia, i.e. the whole of the Raški and Rasinjski Districts, covering 16 municipalities altogether as indirect beneficiaries⁸. The additional municipalities either fall into the ‘poorest’ category or have importance as administrative centres for those that do, and have been the beneficiaries of very little assistance over the last few years. For the sake of simplicity, we refer to this area as ‘South-West Serbia’ in this fiche.

The South Serbia area remains as under MIR2, i.e. the 13 municipalities of Jablanički and Pčinjski Districts⁹.

These two areas are large, and contain municipalities with disparate needs. The programme will start by identifying the differences and congruities, and establishing work plans for each sub-region.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

Project Impact

This programme will have direct effect on communities of beneficiary municipalities in a variety of sectors: inclusive governance, education, employment, infrastructure, economic and tourism development and environmental protection. New and improved economic infrastructure will enable the creation of new jobs, promoting sustainable, regional economic development. An emphasis on inter-municipal projects, in particular the regional image development exercises, will enhance mutual cooperation and trust between ethnic groups and factions.

The project will contribute to a strengthened competitiveness of these regions, making them more attractive to foreign and domestic investment and less prone to deterring factors such as corruption. It should thereby serve to help reduce the widening disparities between regions in the country, improving cohesion and stability on a national level. Keeping unemployment in check will also help enhance intra-regional social cohesion and promote stability locally.

Attention to employment that keeps environmental concerns in mind can help build awareness of the regions’ unique characters and potential for tourism. This is not only a potential growth industry, but can assist in forming a more positive regional identity that can

⁸ Aleksandrovac, Brus, Čičevac, Ivanjica, Kraljevo, Kruševac, , Nova Varos, , Novi Pazar, Priboj, Prijepolje, Raška, Sjenica, Trstenik, Tutin, Varvarin, Vrnjačka Banja.

⁹ Bojnik, Bosilegrad, Bujanovac, Crna Trava, Lebane, Leskovac, Medveđa, Preševo, Surdulica, Trgovište, Vladičin Han, Vlasotince, Vranje

inspire youths to remain and develop their regions rather than seek their careers in other regions or countries.

Catalytic effect

A successful project for Serbia's two poorest regions can demonstrate useful lessons for the country as a whole. For example, OSSs for business are at best rudimentary in all of Serbia – if it can work in the poorest areas it can work anywhere; a successful regional image development programme, implemented in such fractious areas, would be an example to all regions.

Successful inter-municipal cooperation between communities characterised by mutual suspicion can set an example for cross-border activities in the regions. Considering that both areas are border zones containing cross-border ethnic groups, this programme will have significant cross-border influence in terms of attitudes, investment capacity and infrastructure development, but also in terms of improvement of institutional cooperation and management of CBC programmes.

Sustainability

The focus is on developing institutional capacity to take advantage of new funding available, and build on existing and piloted reforms. This means that previous institutional advances will be consolidated; there will be enhanced skills and capacities to deliver public services, and capacities to take account of local needs. In short, all the resources that will be developed during implementation will be further integrated in the municipal development. For the programme to be truly sustainable there must be real ownership at both the local and national level. In that respect this programme will ensure that co-financing of development projects is provided by municipalities. All programme activities support existing national level policy and legislation.

3.3 Results and measurable indicators

The results described below are to be adapted in each case to the situation in the individual municipalities. A detailed description of this may be found in Annex 6, which lays out the existing conditions in the two regions and their municipalities. For example, support to CACs requires tailoring to the individual situation which may have changed considerably from now until the start of implementation of this programme.

Component 4 will produce its own results, but at the same time, especially this component will underlie and contribute to all of the others.

Component 1: Governance

Result 1. Citizen participation, civil society and awareness of gender issues strengthened

Component 2: Municipal management

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 (e.g. social housing, implementation of local sustainable development strategies)

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 ESSWESP sub-projects

Component 4: Public awareness

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 regions of Europe are established and implementation begun.

Indicators include:

Component 1: Governance

- Awareness of public on specific issues such as gender, environment etc.
- Level of civil society activity (events, town hall meetings held, campaigns organised, etc)

Component 2: Municipal management

- Number of municipal One-Stop-Shops for businesses prepared for establishment, and established
- Number of CACs prepared for establishment and established where none existed
- Number of OSSs and CACs included in municipal organizational structure with full systematization of work posts
- Service level of CACs
- No. and type of IZs and Industrial Parks established
- Service Number of measures for enhancement of business competitiveness adopted and implemented by municipalities
- No. of municipalities with complete mapping of potential IZs
- No. of municipalities approving sound Strategic Sustainable Development Plans
- No. of municipalities with action Plans and M&E procedures developed
- No. of municipalities with completed assessment on planning documents
- No. of municipalities with a full set of planning documents (spatial plan, sustainable development plan, general urban plan, regulatory plans for urban areas, infrastructure master plans)
- No. of sectoral level of IZs / IPs
- Number of businesses established in IZs

- No. of decentralised tax administrations functioning, and revenue perceived
- integrated development plans on regional level developed

Component 3: Physical, economic and social infrastructure

- Number and value of municipal and inter-municipal projects developed to funding maturity
- Number and value of projects entered in SLAP database
- Number and value of projects financed by third parties
- Number of municipalities in which a project has been selected for financing
- Value of projects
- Number and value of municipal and inter-municipal infrastructure projects financed and implemented

Component 4: Public awareness

- No. and quality of awareness campaign elements conducted
- No. of articles / programmes appearing in local / regional media
- Quality of web site and number of hits
- Stakeholder meetings / workshop held
- Plan elements drafted
- Actions launched

3.5 Activities

As mentioned above, the Areas of Responsibility are large and disparate. The first activity common to all results will therefore be the development of work plans. Within each AoR, sub-areas will be defined covering municipalities with similar needs, and a work plan developed for each. The sub-areas may or may not correspond to administrative districts, being rather functionally-focused. While the two major AoRs will work largely as two separate programmes with regional identities, common needs across the two will be kept in mind, and any opportunities for standardised inputs, economies of scale or fruitful exchange of ideas exploited.

The following activities will be revised in this planning process and assigned to the different sub-area plans.

Activities related to Result 1: Citizen participation, civil society and awareness of gender issues strengthened.

- 2 grant schemes carried out in each of 2 regions: S and SW Serbia. Grants of up to 100,000 EUR (criteria of social inclusion of marginalized population to be considered in selection)
- Support to the established ‘Citizens Involvement Fund’ in SW Serbia and establishment of a similar fund in S Serbia

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

- Assist municipalities in re-designing their departments and (re-) training officials to ensure success of existing and new CACs and OSSs.
- Analyse workflows and prepare for introduction of IT support applications for standardised procedures

- Examine the status of fiscal decentralisation and assist municipalities improve their institutions and revenues through training and coaching.
- Provide financial training and training in tax administration
- Facilitate dialogue between host municipalities and the business community (round tables, meetings etc) on the priorities to be addressed
- Provide training on LED policy and opportunities for improving the business environment (mixed trainees – local officials and business activists)
- Provide expertise to advise on business planning and start-up, clustering etc.
- Provide expertise to incubators according to demand
- Identify (re-)training needs and provide training to unemployed focused on the needs of the labour market.
- Organise other training on the basis of evolving needs throughout the programme

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

- Provide expert support to the process of preparing spatial plans, urban plans, regulatory plans, sustainable development plans
- Assist municipalities formulate strategies and action plans
- Design and provide training as required

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

- Facilitate dialogue between municipalities, central government, environmental activists, the business community, CSOs, citizens etc. (round tables, meetings etc) on the priorities to be addressed
- Perform mapping and needs analysis
- Prepare technical and tender docs for OSSs, CACs, Industrial Zones and Parks, business incubators, waste water treatment at the source pilot projects, water supplies, tourism development etc. as appropriate
- Finalise ongoing FSs and perform others as required
- Develop management system and institutional frame for managing of Industrial Parks
- Support RDAs where appropriate in facilitating inter-municipal cooperation
- Provide training to RDAs
- Provide networking assistance to RDAs
- Prepare technical and tender docs for inter-municipal projects, at least one for each of the 2 regions
- Provide support to local stakeholders in border areas for preparation of project proposals for CBC in the area of environmental protection
- Cooperate with CSOs and donors on identifying, designing and implementing socially-oriented projects that are related to the other measures taken in this project.

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

- Facilitate contacts between municipalities and central government institutions and donors to identify funds
- Ensure that projects are inserted in the SLAP database

Activities related to Result 6: Selected projects financed and implemented through ESSWESP sub-projects

- Identify selection criteria, giving inter-municipal projects priority.
- Select appropriate projects from those prepared for tender or other contracting form under Result 4.
- Agree on co-funding with municipalities.
- Execute tendering and contracting
- Supervise the realisation of projects

Common to results 7 and 8 will be the early development of a programme communications strategy:

- Establish a communications strategy including before-and-after public surveys, a complete analysis of objectives, target groups and key messages, means and costs.

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

- Organise public awareness-raising campaigns, and participatory events
- Develop and disseminate high-quality communication material
- Hold surveys to measure the effects of communications and of the project

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

- Hold initial meetings with stakeholders
- Run a series of stakeholder workshops in each AoR
- Identify or constitute a suitable regional body that will be assisted by the project.
- Develop a strategy and action plan
- Commence implementation of the plan
- Produce publicity materials for all types of media

Project Implementation

This project will be implemented in two politically sensitive, complex and ethnically divided territorial areas. EU-funded and other donor actions to date in South Serbia have been successful particularly in the context of reducing the tensions in the Presevo Valley that threatened to overflow into insurgency activities throughout South Serbia in 2001. The UN presence as an implementing agency of EU and other Donor funds provided an important contribution to reassuring and promoting confidence in local communities

The sources of these tensions remain. Namely - the relations between ethnic minorities and Serbian state institutions, the high unemployment rate and the internal conflictual relations within and between ethnic groups. To illustrate the political sensitivity of the local policy environment, key politicians such as Riza Halimi, (the Albanian Parliament representative in the Serbian government for the Preševo Valley, and not known for extreme views) continues to argue that the Serbian administration has neglected to fulfil its obligations and respect the international requirements to develop equal conditions and respect human rights for all citizens that live in South Serbia.

The three municipalities, home to a total of over 100,000 residents, 70 per cent of whom are Albanian remains the most underdeveloped part of Serbia. The government's move to re-launch the Coordination Body for the region has drawn a mixture of support and criticism. Albanian parties in the South Serbia region have clashed over rejoining the Coordinating Body in Preševo, Bujanovac and Medveđa.

In this policy context the area is still marked as difficult for external cooperation and development assistance. (See EC Delegation Belgrade Monitoring Report MR-118040.01 04SER01/11/131 Municipal development in South West Serbia 02/04/2009). As such the project requires an implementing Agency that can manage area-based development in complex and politically sensitive territories, manage ethnic divisions with the ability to accommodate political crisis points. This project will therefore be implemented by a Contribution Agreement with UNOPS, in accordance with article 53(d) of the Financial Regulation. UNOPS has a unique track record in providing project management services in politically sensitive and post-conflict regions of the world.

This arrangement presents a number of further advantages that cannot be provided by other implementation modalities.

- It can avoid a significant gap period between the ongoing PRO project and IPA 2010, maintaining momentum, project structures and existing experienced personnel.
- Extensive focus on visibility – the programme has an inherent strong visibility component that can be used to ensure the promotion of strong messages from the EU. The use of this component can be agreed with UNOPS, which has successfully collaborated with the EU previously.
- UNOPS has considerable experience in providing support to RDAs.
- Sub-projects of any value (especially important for the crucial inter-municipal projects that use infrastructure to improve cooperation and reduce the isolation of ‘difficult’ municipalities) can be implemented by UNOPS without value limits that might seriously hinder their effectiveness..
- As an international agency, UNOPS can combine co-financing provided by other donors in a seamless manner.

Contracts

The project will be implemented through a contribution agreement with UNOPS amounting to 13,450,000 euro covering a three-year period, with the following indicative composition:

Technical Assistance	5 million EUR (approx. 40% South Serbia, 60% SW Serbia)
One grant scheme fund	1 million EUR
One fund for sub-project financing:	9 million EUR, of which approximately 5m€ will be used for investment ¹⁰ .
One direct grant contract for an indicative amount of EUR 50,000 with the Project on Ethnic Relations (PER).	

Of the 15 million Euro, 10% i.e. 1.5m€ will be co-financing and 13.5m IPA funding.

The Technical Assistance component is dimensioned to provide a sizeable number of high-quality expert-days so that the various components can be professionally staffed with Short-

¹⁰ Based on estimates from current PRO activities and plans (see also Annex 6). This will be refined according to the latest data at the time of contracting.

Term experts, and projects and their tender documents can be professionally prepared with quality levels at usual EC standards.

‘Soft’ activities such as training can be performed directly through the TA component or as sub-contracts where this is more appropriate.

Risks

Identified risks for project implementation are:

- Weak support by government institutions
- Change of government leading to new decision-makers taking time to re-assess support
- Possible lack of commitment or non-participation by one or more key municipalities
- Unexpected changes in political and/or economic situation of respective areas in Serbia
- Existing capacities of municipal officials and staff too low to absorb training and assistance for achieving the targeted results
- Municipal officials unable to take into consideration long-term strategic development perspectives due to the urgency of immediate concerns
- Municipal and inter-municipal infrastructure projects that emerge from the consultation process are unrealistic in terms of time-frame, funds and implementation
- Municipalities show no interest in using RDAs.

3.5 Conditionality and sequencing:

The programme should be prepared through contacts with donors and ministries so that potential funds are made available with appropriate timing. It would be an advantage for the programme to be implemented as soon as possible following the PRO, so that existing excellent contacts with such institutions can be kept active.

3.6 Linked activities

Relevant projects in South Serbia

- The EU CARDS programme implemented several programmes in South Serbia from early 2000, including MIR I and II 2003-2008. MIR contributed to decentralisation and municipal development through confidence building, poverty reduction, municipal infrastructure development and changing the behaviour of municipal officials. Activities under MIR Phase II were organised under four main components: i) Inter-municipal Co-operation for Development, ii) Municipal Strategic Planning, iii) Improved Municipal Management and Administration and iv) Improved Delivery of Municipal Administrative Services.

The project was successful in municipal capacity building in terms of strategic planning, project development and infrastructure preparation, but while an encouraging start was made, capacity building on programme budgeting was insufficient to establish a link between strategy and the budget. Insufficient developments were also evident in the area of municipal administrative efficiency. The South Serbia RDA was successfully established as a facilitator and coordinator of regional development, but it remains weak technically, organizationally and financially.

- UNDP is planning to implement a project *on Strengthening Capacity for Inclusive Local Development in Southern Serbia* (financed by various bilateral donors- Norway, SIDA, the Spanish Government, and Swiss Development Agency with a total budget amounted to approximately \$10m) for period 2009-2011 and to be implemented by number of UN Agencies- UNICEF, UNHCR, ILO. This project will focus on social issues and social problems affecting local communities, especially minorities in the South. Issues that will be addressed are access to public services (including basic registration documentation, health and education), Community Cohesion and Human Capital: it will seek to make communities in South Serbia stronger, more integrated, and better able to reduce inter-ethnic tensions and manage migration.

IPA 2009 will continue from this project, focusing on economic development and balancing the social issues that are raised by the various specialised UN agencies.

- The Austrian Development Agency (ADA) is supporting the implementation of *Sustainable regional development of Jablanica and Pčinja Districts* (2 million EUR) in the period 2008-2011. The *Goal* of ADA intervention is to assist socio-economic development initiatives of South Serbia by means of:
 - Supporting the enhancement of operations and practices performed by Centre for Development of Jablanica and Pčinja Districts (RDA for S. Serbia),
 - Further development of capacities of all relevant beneficiaries
 - Supporting the process of identification and preparation of relevant project proposals for all municipalities and for business and NGO sectors in the region.

IPA 2009 will take account of the activities in this project to consolidate progress made.

Relevant projects in the South-West Serbia

- The Municipal Development in South West Serbia Programme (PRO) Phases 1 and 2 supported by EU and the Swiss Government has taken place on the territory of Zlatibor, Raska and Moravicki Districts since July 2006. It is due to be completed in 2010, but the Swiss government has expressed a willingness to extend it to link up with this IPA 2009 project, so as to ensure continuity.

The specific purpose of the project is to achieve two interdependent goals: to enhance local governance in all municipalities in South West Serbia, and at the same time to improve the socio-economic situation through implementation of strategic priorities on the municipal and inter-municipal (regional) level financed by municipalities and other direct (foreign and domestic) investments. The programme supports modernization and improvement of municipal administrative services and the establishment of citizen-oriented practices through institutional and operational strengthening of CAC in municipalities Nova Varos and Sjenica. In addition, the project is supporting the further development of existing Citizen Assistance Centres in other municipalities as well as development of capacities of the municipal staff in line with identified needs. Institutional capacity is an important component of the programme. Training sessions for municipal staff have produced positive results. A Citizen Involvement Fund (CIF) has also been established, funding selected projects via small grants. This had an important impact on the visibility of the PRO Programme in the region.

- The SDC Municipal Support Programme (MSP Phase II, funded by the Government of Switzerland through the Swiss Agency for Development and Cooperation (SDC) and completed in December 2007 covered some of the municipalities in the SW region, and laid a basis for municipal planning and development of services.
- The Social Investment in the Municipality of Novi Pazar implemented by LUX Development and funded by the Government of Luxemburg was completed end 2007. A new programme focusing primarily on water supply is being planned and may start in 2009 or 2010.
- The Strengthening of Social Services for children and vulnerable families funded and implemented by UNICEF.

Country-wide programmes supporting local socio economic development

- Local Socio- economic development is also supported via other programmes funded by the EU. Development of local infrastructure has been supported by CARDS through the MISP that supports capacity building of municipalities in infrastructure project preparation, development of infrastructure documentation and PUC transformation. South Serbia has already benefited from this programme.
- Municipal Support Programme (MSP, 22 million EUR), under IPA 2007, through the component Good governance - planning & service delivery provides will support functional analysis and organisational review of local government in Serbia, within the context of the existing and evolving legal framework, and the experience of EU member states and others. In addition, MSP will focus on strengthening HRM units in municipalities and continue to work on producing strategic documents in line with the newly developed LSDS methodology under EXCHANGE II. MSP will also address issues of municipal financing and approximately 10m EUR will be allocated for the grant scheme under EXCHANGE III, covering the whole of Serbia.
- RSEDP (21 million EUR, IPA 2007) supports functioning of the RDAs and implementation of regional projects through grant schemes (13 million EUR). RDAs in Leskovac and Uzice have already received operating grants by the EC to manage their activities on the regional level together with respective municipalities. The new RDA in Kraljevo (6 municipalities) in May/June 2009 will apply for an operating grant in partnership with the Novi Pazar based agency SEDA (3 municipalities)

This IPA 2009 programme will not compete or overlap with these countrywide sector-oriented projects. Rather, it will assist the most disadvantaged regions to prepare themselves to make the best use of such projects. Its local presence and focus will enable it to cooperate with these country-wide programmes, to ensure the right capacity-building elements to combine with their more technically-focused products.

3.7 Lessons learned

This Programme will build on the experience and results of PRO and MIR. Both programmes presented good examples of partnerships and ensured a comprehensive and complementary coverage of various cross-sector priorities ranging from social-economic support and reinforcement of the capacity of municipalities via infrastructure projects, to development of multiple partnerships between civil society and municipalities.

The political and socio-economic contexts greatly affected the implementation of both projects. In general it is recognized that intervention in these areas should be shifted from political to socio-economic stabilization and support to regional policy as a tool of economic and social cohesion. The following lessons can be drawn from implementation:

- **Decentralized methods of implementation** - a high level of effectiveness has been achieved through the physical presence of the project team in the area. The final evaluation of MIR stated: *“Intervention in regions, in particular South Serbia, requires a decentralised system of management. MIR II would not have worked without a strong and continuous engagement in South Serbia and there is no evidence to suggest that any future interventions would be any different”*. Implementation on the municipal level was also significant in terms of establishment of the PIUs in South or PDUs in the South-West playing significant role in municipal development. Generally, Mayors and municipal staff are satisfied with the work of those structures and would like them to remain. In addition, Steering Committee meetings were always organized in the field, ensuring equal involvement by all stakeholders and that the needs of municipalities are adequately addressed to central government and donors.
- **Strong ownership** over the project and **stronger partnership among beneficiaries** - the sub-projects financed under the scope of programmes were *municipal-driven or bottom-up process*, meaning that identification, preparation and selection was carried out by municipalities supported by the project team and implemented through transparent partnership mechanisms and according to the priorities of local development strategies (infrastructure projects versus socio-economic development). The aim was to guarantee the full involvement of the municipalities, thus serving as a capacity building exercise. In addition, contribution of the municipalities to the co-financing of the projects guaranteed ownership and sustainability of the activities implemented.
- **Focus on inter-municipal cooperation** - Creation of inter-municipal and area-based development partnerships was important for socio-economic growth and to better exploit future EU funding support. Municipalities in both regions began to recognize the need for making joint efforts to solve common problems, developing, financing and managing projects and promoting the region, especially to attract foreign investors. This issue is still to be carefully planned in line with developing government policy on regional development and the future role of RDAs in local/regional development. In addition, projects showed that inter-municipal cooperation can usefully be focused on building absorption capacity and helping smaller municipalities.
- **Strong institutional capacity building** - Both programmes aimed at establishing institutions at municipal and inter-municipal level. Lessons learned highlight a focus on the sustainability of these institutions - RDAs, PDUs, CACs and further progress towards budgetary and PAR reforms in the municipalities.
- **Participatory approach in municipal development** - involvement of other local stakeholders was important and initiated by the programmes. Involvement of civil society was acknowledged by municipalities in development of strategic plans and in grant schemes of the Citizens Involvement Fund (CIF) in the PRO districts. However, at present, citizen involvement in South-West Serbia is relatively weak, and there are few active associations of citizens, or NGOs. Some citizens' associations receive

funding from the municipal budget. Where there are stronger NGOs, many are perceived to be in political opposition to the local government.

- **Capacity building in financial management** - one of the main weaknesses of both programmes was a poor link to financial management. Training in financial management was highly relevant and well-received, but participants had difficulty applying the acquired knowledge, as the starting point was weak and further training and coaching was needed. Both projects focused on capacity building of municipalities in strategic planning, but the link between strategic plans and budgets was inadequately addressed. The MIR final evaluation concluded that the strategic framework could have gone further in respect to linking with budget processes. This is one of the major issues that needs to be tackled in the new programme in line with the fiscal decentralization process, new fiscal law, public expenditure management and reform of local government administration.
- **Removing barriers for investment** - Experience showed that municipalities must make greater effort to attract investments that contribute to local economic growth. The measures available to local government can substantially contribute to attracting investment. These include simplification of administrative procedures, modernization of the local administration, updating planning documentation, equipping and offering cheap building land, keeping taxes low, training LSG employees and developing training programmes. The municipality should work on promoting its own offer to potential investors and creating a regulatory and administrative environment that promotes business development and entrepreneurial initiative. Above all, the quality of the labour force is a key factor. That means that the municipality should work on strengthening a skilled and educated labour force, its profile to market needs.
- **Addressing the needs of the rural population** - bearing in mind that the concerned regions have a high percentage of rural population, a new programme should focus sufficiently on their needs. This aspect should be investigated further in the later stage of programme design. RDAs are in the process of developing studies in this respect.
- **Social inclusion** is an important part of the programme activities. Inclusion of the vulnerable groups at the very initial stage of the program implementation is crucial in the areas of ethnic diversity. Therefore capacity building of relevant institutions responsible for social inclusion in the local institutions, their early involvement in programme activities has to be taken into consideration.

Furthermore, the EC PRO Monitoring Report of April 2009 emphasised the following lessons and recommendations:

- *“Infrastructure projects proved essential to awake the local administration and persuade them in usefulness of the overall intervention. The infrastructure in this region is in so bad condition that often these obvious needs overshadow all the other needs in terms of local economic development and improved self-governance.*
- *The civil society in this specific region requires important further support in order to help develop it, as at the moment, in spite of numerous NGOs and associations registered, it is still rather embryonic in its true sense. Especially the reinforcement of women NGOs and association deserve attention, since they need strong empowerment*

as they traditionally have a marginalised position in terms of decision making functions in this society.

- *Recommendation: Further external support will be needed for this highly sensitive region as the project managed to create a better cooperation environment, but will not manage to do more than just initiating the improvement of self-governance and enhancing local and regional capacities and responsibilities towards development.*
- *A carefully planned and regularly adapted Communication Action Plan is the key of good and systematic communication with public, especially for complex, activity oriented projects as this one.”*

4. Indicative Budget (amounts in EUR)

European South and South West Serbia Support Programme - ESSWeSP			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a) = (b) + (c) + (d)	EUR (b)	% (2)	Total EUR (c) = (x) + (y) + (z)	% (2)	Central EUR (x)	Regional / Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
contract (Contribution agreement) ¹¹	X	X	14,950,000	13,450,000	90%	1,500,000	10%					
Direct grant	X		50,000	50,000	100%							
TOTAL IB			10,000,000	10,000,000	100%							
TOTAL INV			5,000,000	3,500,000	70%	1,500,000	30%					
TOTAL PROJECT			15,000,000	13,500,000	90%	1,500,000	10%					

Amounts net of VAT, (1) In the Activity row use "X" to identify whether IB or INV;

¹¹ The agreement will cover both IB and INV components, indicatively IB: 5m€ TA, 1m€ grant scheme (civil society etc.), 4m€ sub-projects; INV: 5m€ sub-projects.

(2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1		N + 1Q	N + 13Q
Contract 2		N + 1Q	N + 13Q

6. Cross cutting issues

6.1 Equal Opportunity

The full participation of women is a prerequisite for long term socio-economic development and creation of good local governance. In Serbia, women continue to be under-represented in formal decision-making structures. Although women are increasingly active in community support systems, gender disparities persist in public positions at all levels in Serbia. The programme will mainstream gender policy and gender equality through all envisaged activities, based on the following elements: gender equality consolidates the work of combating poverty; gender equality is of fundamental importance for sustainable and democratic development; unequal power structures for women and men constitute an obstacle to economic growth and democratic development and equal opportunities for women and men to own land and assets, to access employment and exercise other rights are essential for sustainable and democratic development. The programme will also address these issues through the CfP and grant scheme, plus through elements of all appropriate training provided.

6.2 Environment

All the activities will reflect the principles of environmental protection and local sustainable development, taking into consideration environmental concerns affecting the areas in question in line with standard EU practice. Furthermore the project will promote the awareness and the understanding of the environmental issues throughout the overall implementation; at the same time addressing environmental issues to higher instances on the level of the Government of the Republic of Serbia. The programme will also address these issues through its sub-projects, plus through elements of all appropriate training provided.

6.3 Minorities

The project will contribute to open socio-cultural communication and non-discriminative and multi-ethnic exchanges of experience and cooperation between local governments, and local officials, civil society organizations and the business community. Throughout the project, promotion of tolerance, dialogue and communication between all partners at the local and regional level, as well as with the central government will be ensured.

Assessment of challenges facing vulnerable groups will be undertaken. Activities such as training for service providers to design and deliver demand-driven training courses particularly for vulnerable groups will be part of the programme. Manuals will feature sections on addressing the

needs of minorities and vulnerable groups. A supporting evaluation mechanism to assess the impact of these measures will be enforced.

ANNEX I: Logical framework matrix

LOGFRAME PLANNING MATRIX	Programme name and number:		
European South and South West Serbia Support Programme - ESSWeSP	Contracting period expires: 2 years after signature of Financing Agreement		Disbursement period expires: 5 years after signature of Financing Agreement
	Total budget: 15M€		IPA budget: 13.5M€
Overall objective	Objectively verifiable indicators	Sources of Verification	
To contribute to enhanced stability and socio-economic development in Serbia's poorest and most conflict-prone regions: South and South-West Serbia (Zlatiborski, Raski, Moravicki and Rasinjski, Jablanicki Pcinjski Districts)	<p>Improvement of all relevant municipal socio-economic development indices such as:</p> <ul style="list-style-type: none"> ▪ Unemployment rate, particularly among youth, women and minorities/ vulnerable groups ▪ Levels of foreign and local investment ▪ Competitiveness of local companies ▪ Environmental health indicators 	<ul style="list-style-type: none"> ▪ Survey on socio-economic development in all municipalities of the regions ▪ Statistics from NES, MERD, MoH, BRA, MoESP, etc. ▪ Statistics and reports from local employment offices, chamber of commerce, SME agencies, RDAs 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To enhance governance, municipal and inter-municipal management capacity and social, economic and physical infrastructure in a holistic, area-focused fashion.	<ul style="list-style-type: none"> ▪ Increased investment opportunities ▪ Number of business start-ups ▪ Number of jobs created ▪ Municipal response times to citizen requests ▪ Improvements in infrastructure conditions ▪ Improvements in environmental conditions ▪ Citizen satisfaction/awareness ratings ▪ Business satisfaction ratings 	<ul style="list-style-type: none"> ▪ Municipal records ▪ Municipal labour office data ▪ Socio-economic surveys ▪ Business Registers Agency / tax administration / chambers of commerce, SME agencies, RDAs ▪ Surveys on environmental conditions ▪ Project reports 	<ul style="list-style-type: none"> ▪ Political stability of the regions and of the country as a whole continues ▪ Potential investors are aware of new opportunities created ▪ The economic crisis does not deter investment

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>Governance</p> <p>1. Citizen participation, civil society and awareness of gender issues strengthened</p>	<ul style="list-style-type: none"> ▪ Awareness of public on specific issues such as gender, environment etc. ▪ Level of civil society activity (events, town hall meetings held, campaigns organised, etc) 	<ul style="list-style-type: none"> ▪ Survey ▪ Media ▪ Grant implementation reports 	<ul style="list-style-type: none"> ▪ Municipal officials recognise the importance of the issues and accept their integration with other products of the project
<p>Municipal management</p> <p>2. Municipal organizational effectiveness and efficiency improved and capacities to deliver services to citizens and business increased.</p>	<ul style="list-style-type: none"> ▪ Number of municipal One-Stop-Shops for businesses prepared for establishment, and established ▪ Number of CACs prepared for establishment and established where none existed ▪ Number of OSSs and CACs included in municipal organizational structure with full systematization of work posts ▪ Service level of CACs ▪ No. and type of IZs and Industrial Parks established ▪ Service level of IZs / IPs ▪ Number of businesses established in IZs ▪ No. of decentralised tax administrations functioning, and revenue perceived ▪ Number of measures for enhancement of business competitiveness adopted and implemented by municipalities 	<ul style="list-style-type: none"> ▪ Municipal Assembly records ▪ Reports from working groups ▪ Programme documents 	<ul style="list-style-type: none"> ▪ Citizens, businesses, investors etc. are aware of the improved facilities and make active use of them ▪ Municipal officials understand the public administration's role in a market economy ▪ Municipalities use efficiency improvements to offer new services or reduce tax burdens
<p>3. Capacities for planning municipal and regional sustainable development strengthened and relevant development documents created</p>	<ul style="list-style-type: none"> ▪ No. of municipalities with complete mapping of potential IZs ▪ No. of municipalities approving sound Strategic Sustainable Development Plans ▪ No. of municipalities with action Plans and M&E procedures developed ▪ No. of municipalities with completed assessment on planning documents ▪ No. of municipalities with a full set of planning documents (spatial plan, sustainable development plan, general urban plan, regulatory plans for urban areas, infrastructure master plans) ▪ No. of sectoral integrated development plans on regional level developed 	<ul style="list-style-type: none"> ▪ Municipal Assembly records ▪ Reports from working groups ▪ Programme documents ▪ Planning documents 	<ul style="list-style-type: none"> ▪ Improved capacities are used to good purpose ▪ Business-friendly planning is pursued ▪ Other results of this project are utilised in the planning process

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>Physical, economic and social infrastructure</p> <p>4. Projects and project documentation prepared for key economic, environmental and social projects</p> <p>5. Project financing facilitated through enabling contacts with ministries, donors and other projects</p>	<ul style="list-style-type: none"> ▪ Number and value of municipal and inter-municipal projects developed to funding maturity ▪ Number and value of projects entered in SLAP database ▪ Number of projects financed by third parties 	<ul style="list-style-type: none"> ▪ Municipal and departmental reports ▪ Project reports ▪ Municipal and departmental reports ▪ Project reports ▪ SLAP 	<ul style="list-style-type: none"> ▪ Prepared projects are implemented ▪ Financing arrangements are followed up into implementation and beyond
<p>6. Selected projects financed and implemented through ESSWESP sub-projects</p>	<ul style="list-style-type: none"> ▪ Number of municipalities in which a project has been selected for financing ▪ Value of projects ▪ Number and value of municipal and inter-municipal infrastructure projects financed and implemented 	<ul style="list-style-type: none"> ▪ Municipal and departmental reports ▪ Project reports ▪ SLAP 	<ul style="list-style-type: none"> ▪ Successful sub-project outputs combine with other elements to produce the targeted outcomes
<p>Public awareness</p> <p>7. Awareness of the need for, the logic of and the effects of changes communicated to a broad public</p>	<ul style="list-style-type: none"> ▪ No. and quality of awareness campaign elements conducted ▪ No. of articles / programmes appearing in local / regional media ▪ Quality of web site and number of hits 	<ul style="list-style-type: none"> ▪ Media Project reports ▪ Assessments and evaluations 	<ul style="list-style-type: none"> ▪ Heightened public awareness is reflected in awareness among officials and willingness to change
<p>8. A plan to develop the areas' images and self-images as unique regions of Europe is established and implementation begun.</p>	<ul style="list-style-type: none"> ▪ Stakeholder meetings / workshop held ▪ Plan elements drafted ▪ Actions launched 	<ul style="list-style-type: none"> ▪ Project reports 	<ul style="list-style-type: none"> ▪ Stakeholders can be made to understand the opportunity

Activities	Means & Costs	Assumptions
<p>General: The 2 AoRs divided into appropriate functional sub-regions, and work plans developed for each sub-region.</p>		
<p>Activities related to Result 1: Citizen participation, civil society and awareness of gender issues strengthened.</p> <ul style="list-style-type: none"> ▪ 2 grant schemes carried out in each of 2 regions: S. and SW Serbia. Grants of up to 100,000 Euro. ▪ Support to the established ‘Citizens Involvement Fund’ in SW Serbia and establishment of a similar fund in S Serbia 	<p>Means: Contribution agreement with UNOPS including (EUR 13.450.000):</p> <ul style="list-style-type: none"> ▪ Technical Assistance ▪ Grant scheme fund ▪ Fund for sub-project financing 	<ul style="list-style-type: none"> ▪ Officials and administration are genuinely willing to engage with CSO and communicate with citizens on regular basis ▪ Sufficient interest and capacity of civil society organisations to exploit the opportunities created ▪ CSO and business community has capacity to monitor plans ▪ Municipal stakeholders perceive gender equality as important for sustainable development
<p>Activities related to Result 2: Municipal organizational effectiveness and efficiency improved and capacities to deliver services to citizens and business increased.</p> <ul style="list-style-type: none"> ▪ Assist municipalities in re-designing their departments and (re-) training officials to ensure success of existing and new CACs and OSSs. ▪ Analyse workflows and prepare for introduction of IT support applications for standardised procedures ▪ Examine the status of fiscal decentralisation and assist municipalities improve their institutions and revenues through training and coaching. ▪ Provide financial training and training in tax administration ▪ Facilitate dialogue between host municipalities and the business community (round tables, meetings etc) on the priorities to be addressed ▪ Provide training on LED policy and opportunities for improving the business environment (mixed trainees – local officials and business activists) ▪ Provide expertise to advise on business planning and start-up, clustering etc. ▪ Provide expertise to incubators according to demand ▪ Identify (re-)training needs and provide training to unemployed focused on the needs of the labour market. ▪ Organise other training on the basis of evolving needs throughout the programme 	<p>One direct grant contract for an indicative amount of EUR 50,000 with the Project on Ethnic Relations (PER).</p> <p>Costs: MEUR 13.5 IPA + MEUR 1.5 national co-financing</p>	<ul style="list-style-type: none"> ▪ Municipalities willing to drive processes and to commit municipal staff and resources ▪ Municipal officials and administration are willing to consider new methods and structures ▪ Municipalities have or are willing to establish sufficient capacities to receive assistance ▪ Staff working in municipalities are willing to learn and improve their capacities and skills ▪ Staff working in municipalities are willing to accept redistribution of assigned tasks
<p>Activities related to Result 3: Capacities for planning municipal and regional sustainable development strengthened and relevant development documents created</p> <ul style="list-style-type: none"> ▪ Provide expert support to the process of preparing spatial plans, urban plans, regulatory plans, sustainable development plans 		<ul style="list-style-type: none"> ▪ Municipal technical departments have sufficient capacity ▪ Municipal technical department chiefs are willing to collaborate

Activities	Means & Costs	Assumptions
<ul style="list-style-type: none"> ▪ Assist municipalities formulate strategies and action plans ▪ Design and provide training as required 		
<p>Activities related to Result 4: Projects and project documentation prepared for key economic, environmental and social projects</p> <ul style="list-style-type: none"> ▪ Facilitate dialogue between municipalities, central government, environmental activists, the business community, CSOs, citizens etc. (round tables, meetings etc) on the priorities to be addressed ▪ Perform mapping and needs analysis ▪ Prepare technical and tender docs for OSSs, CACs as appropriate ▪ Prepare technical and tender docs for Industrial Zones and Parks ▪ Finalise ongoing FSs and perform others ▪ Develop management system and institutional frame for managing of Industrial Parks ▪ Support RDAs where appropriate in facilitating inter-municipal cooperation ▪ Provide training to RDAs ▪ Provide networking assistance to RDAs ▪ Prepare technical and tender docs for inter-municipal projects ▪ Prepare at least one large scale inter-municipal project for each of the 2 regions ▪ Prepare pilot projects for waste water treatment at the source ▪ Provide support to local stakeholders in border areas for preparation of project proposals for CBC in the area of environmental protection ▪ Prepare technical and tender documentation for adaptation of buildings and procurement of equipment for business incubators ▪ Cooperate with CSOs and donors on identifying, designing and implementing socially-oriented projects that are related to the other measures taken in this project. 		<ul style="list-style-type: none"> ▪ Sufficient project ideas are available ▪ Key stakeholders cooperate ▪ A transparent project selection mechanism adopted by all stakeholders ▪ Inter-municipal working groups function ▪ RDAs cooperate and lift capacities
<p>Activities related to Result 5: Project financing secured through facilitating contacts with ministries, donors and other projects.</p> <ul style="list-style-type: none"> ▪ Facilitate contacts between municipalities and central government institutions and donors to identify funds ▪ Ensure that projects are inserted in the SLAP database 		<ul style="list-style-type: none"> ▪ Central Government willing to support process and provide funding ▪ Other programmes coordinate with this one ▪ Other donors continue cooperation ▪ Municipalities are willing to co-fund ▪ Private Investors show interest
<p>Activities related to Result 6: Selected projects financed and implemented through ESSWESP</p>		<ul style="list-style-type: none"> ▪ Sufficiently advanced projects are available

Activities	Means & Costs	Assumptions
sub-projects <ul style="list-style-type: none"> ▪ Identify selection criteria. Inter-municipal projects will have priority. ▪ Select appropriate projects from those prepared for tender or other contracting form under Result 4. ▪ Agree on co-funding with municipalities. ▪ Execute tendering and contracting ▪ Supervise the realisation of projects 		<ul style="list-style-type: none"> ▪ Schedules do not slip beyond the end of ESSWESP ▪ Municipalities are willing to co-fund ▪ Political conflict minimal
Common to results 7 and 8: <ul style="list-style-type: none"> ▪ Establish a communications strategy including before-and-after public surveys, a complete analysis of objectives, target groups and key messages, means and costs. 		<ul style="list-style-type: none"> ▪
Activities related to Result 7: Awareness of the need for, the logic of and the effects of changes communicated to a broad public <ul style="list-style-type: none"> ▪ Organise public awareness-raising campaigns, and participatory events ▪ Develop and disseminate high-quality communication material ▪ Hold surveys to measure the effects of communications and of the project 		<ul style="list-style-type: none"> ▪ Media understand importance of the messages and cooperate
Activities related to Result 8: A plan to develop the areas' images and self-images as unique regions of Europe is established and implementation begun. <ul style="list-style-type: none"> ▪ Hold initial meetings with stakeholders ▪ Run a series of stakeholder workshops in each AoR ▪ Identify or constitute a suitable regional body that will be assisted by the project. ▪ Develop a strategy and action plan ▪ Commence implementation of the plan ▪ Produce publicity materials for all types of media 		<ul style="list-style-type: none"> ▪ Key stakeholders agree to cooperate

ANNEX II: amounts (in M€) Contracted and disbursed by quarter for the project

Contracted	N+1Q	N+2Q	N+3Q	N+4Q	N+5Q	N+6Q	N+7Q	N+8Q	N+9Q	N+10Q	N+11Q	N+12Q	N+13Q	Total
Contribution Agreement + Direct Grant	13.5													13.5
Cumulated	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Disbursed														
Contribution Agreement + Direct Grant	10				1				1				1.5	13.5
Cumulated	10	10	10	10	11	11	11	11	12	12	12	12	13.5	13.5

ANNEX III: Institutional Framework – legal responsibilities and statutes

The main project beneficiary and stakeholder on the Government side will be the Ministry of Finance. The Ministry of Finance work, mandate and authorisations are regulated by the Law on Ministries (adopted in July 2008) – i.e. Article 6.

Municipalities operate under the overall responsibility of the Ministry of Public Administration and Local Self-Government and the Ministry of Economy and Regional Development. The work, mandate and authorisations of Ministry of Economy and Regional Development and Ministry of Public Administration and Local Self-Government are regulated by the Law on Ministries (adopted in July 2008) – i.e. Articles 9 and 12 respectively.

The Ministry of Economy and Regional Development has the responsibility for implementing activities necessary for the effective coordination, administration and management of integrated regional development as well as the support of economic infrastructure.

The Ministry of Public Administration and Local Self-Government (MPALSG) performs public administration tasks related to the system of local self-government and territorial autonomy, election of local self-government bodies, territorial organization of the Republic of Serbia and work relations in local self-government units and Autonomous Provinces. The Ministry of Public Administration and Local Self-Government has the overall responsibility of initiating laws concerning local government.

Another important stakeholder is the Ministry of Environment and Spatial Planning whose work, mandate and authorisations are regulated by the Law on Ministries (adopted in July 2008) – i.e. Article 20.

The changes in the functioning of local self-government were influenced by the Strategy for Public Administration Reform adopted in November 2004. The Strategy set out 5 key principles that should underlie the reform: decentralization, de-politization, professionalization, rationalization and modernization.

In accordance with the main principle of decentralization, at the end of 2007 four laws were adopted in the area of local self-government and territorial organization of the Republic of Serbia. The Law on Local Self-Government, the Law on Local Elections, the Law on the Capital City and the Law on Territorial Organization of the Republic of Serbia.

These laws are fully harmonized with the new Serbian Constitution, adopted in 2006, and with the European Charter on Local Government, ratified by the National Assembly in July 2007. In the forthcoming period it is planned to draft a law that will regulate the rights and duties of staff in local self-government units and a law on communal police, the formation of which is envisaged by the new Law on Local Self- Government.

One of the most important stakeholders is the Standing Conference of Towns and Municipalities (SCTM) founded in 1953, which is the national association of local authorities in Serbia. The SCTM is an organisation dedicated to the promotion and development of local self-government, supporting local government interests and promoting co-operation among local authorities. The duty of the SCTM, as the national association of local authorities, is to support local governments in their efforts to rebuild legal and financial capacity. SCTM is dedicated to fostering co-operation and dialogue among local authorities, supporting their

initiatives before central government and is a key information point for towns and municipalities.

ANNEX IV: Reference to laws, regulations and strategic documents:

The legislation that constitutes the framework for Local Self Government (LSG) in Serbia consists of several groups of laws. The most important laws that define the legal framework for the operation of LSG were established by the new Constitution in November 2006 and adopted in December 2007. They include: Law on Local Self Government, Law on Territorial Organization, Law on the Capital City and Law on Local Elections.

The changes in the functioning of LSG were also influenced by the Strategy for Public Administration Reform adopted by the Government in November 2004. The Strategy set out 5 key principles that should underlie the reform: the principle of decentralization, the principle of depoliticization, the principle of professionalization, the principle of rationalization and the principle of modernization. In the Strategy of public administration reform in the Republic of Serbia, prepared by the Ministry of Public Administration and Local Self-Government and adopted by the Government in November 2004, the need for enabling local self-government bodies to take over new competences is mentioned in the context of the forthcoming decentralization. The role of the Government of the Republic of Serbia in supporting local self-government representatives in the realization of systematic analyses of capacities and creation of facilitation plans is pointed out.

The Strategy also underlines the need for securing adequate mechanisms by which local self-government representatives will be in position to co-ordinately develop long term capacities in direct cooperation with the Government and corresponding bodies of central administration, or through the national association of cities and municipalities.

The purpose of the public administration reform process in the Republic of Serbia is to transform the whole system of administration (central administration and local self-government) in order to harmonize it with overall reform policy. Also, reform must be in line with the EU integration process and for its managing, special administrative capacities should be developed.

The financing of LSG is defined by the Law on Local Government Finance. This law regulates original and shared revenues as well as non-categorical and categorical transfers for LSG financing. The main benefits from this law for LSG are increased amounts of financing and the predictability of financial transfers (1,7 % of GDP), a more efficient system of equalisation between “rich” and “poor” municipalities, the establishment of property tax as an original local revenue and the possibility of establishing a local tax administration. In addition, LSG financing is regulated by the Law on the Budget System that defines local budget planning and implementation, control and revision, loans, deficit management and budget accounting and reporting.

The Law for common administrative procedures and the Law on administrative dispute are mainly laws that regulate administrative procedures.

The two most important laws that define the legal framework for working relations in LSG are: the Law on Labour Relations in State Bodies and the Labour Law. The Law on Labour Relations in State Bodies is used to regulate the employment status of local government employees. Article 1 “sets out the rights, obligations and responsibilities resulting from employment of persons employed in ministries, special organisations, courts of law, public prosecutor’s office, public attorney office, magistrate bodies, services of the assembly, President of the Republic, the Government and the Constitutional Court...and persons

appointed by the Government”. This law has been applied to civil servants at both central and local levels, even though LSG employees are not explicitly mentioned in it. However, a new Law on Civil Servants entered into force of 1 July 2006, and the Law on Labour Relations in State Bodies ceased to apply to civil servants at national level. Given the new job classification (based on the complexity of work and responsibility) and new institutions such as the Human Resources Management Office and the High Employee Council, legal experts agreed that the new law could not be applied to LSG. The status of LSG employees was therefore left to be regulated by separate legislation. The status of LSG employees remains regulated by the Law of Labour Relations for State Bodies. The Labour Law is applied as subsidiary legislation (what is not regulated by one law is regulated by the other).

The salary system in LSG is currently regulated by the Law on Salaries in State Bodies and Public Services and relevant bylaws (Decree on coefficients for the calculation and payment of salaries of nominated and appointed officials and employees in state bodies).

There are several laws that have an indirect effect on LSG. They include: Law for Public Enterprises and Common Services, Law on communal services, Laws related to urban planning, construction, environment protection, Law on public services, Law on foundations of the education system, Law on elementary school, Law on secondary school, Law on the social protection and social safety and Law on health protection.

Summary of relevant laws & regulations:

Legislation:

- Constitution of the Republic of Serbia
- Law on Local Self Government

This law regulates the jurisdiction of local self-governments that is important for returnees, refugees and IDPs as it enables forcible eviction of illegal occupants, issuing construction permits, legalisation of illegal construction, primary health protection, social protection, education, agricultural land and free legal aid. Law on Local Government Finance

- Law on Property Owned by the Republic of Serbia
- Law on Public Procurement
- Law on Public Revenue and Expenditures
- Law on Territorial Organization
- Law on Local Elections
- Law on Labour Relations in State Bodies
- Law on Labour
- Law on Salaries in State Bodies and Public Services
- Law on Common Administrative Procedures
- Law on Administrative Dispute
- Law on Local Government Finance
- Law on Budget System
- Law for Public Enterprises and Common Services
- Law on Communal Services
- Laws related to urban planning, construction, environment protection, etc.
- Law on environmental protection
- Law on strategic environmental impact assessment

- Law on environmental impact assessment
- Law on integrated environmental pollution prevention and control
- Law on waste management
- Law on packing and packaging waste
- Law on air protection
- Law on Managing Chemicals
- Law on biocides
- Law on nature protection
- The Law on Protection from Ionizing Radiation and Nuclear Safety
- Law on Protection from Non-Ionizing Radiation
- Law on Protection and Sustainable Use of Fish Fund
- The Law on Noise and Vibrations
- Law on Public Services
- Law on Foundations of education system
- Law on Elementary School
- Law on Secondary School
- Law on the Social Protection and Social Safety
- Law on Health Protection

Strategic documents:

- Annual Action Programme for 2005 for Community Assistance to Serbia, EU
- Federal Republic of Yugoslavia Country Strategy Paper 2002-2006, EU Commission
- Multi-Annual Indicative Planning Document (MIPD) for the Republic of Serbia 2009-2011
- National Investment Plan of Serbia 2006 - 2007
- National Strategy of Republic of Serbia for EU Accession, Serbian European Integration Office, June 2005
- European Partnership
- Plan for the Implementation of Priorities Contained in the European Partnership
- Poverty Reduction Strategy for Serbia, Government of Serbia, 2003
- Revised Action Plan for the Implementation of Priorities Contained in the European Partnership, February 2007
- Serbia – Stabilization and Association Progress Report
- Strategy of Public Administration Reform in the Republic of Serbia, 2004
- National Employment Strategy 2005-2010
- Strategy for Integration of Returnees admitted through Readmission Agreements

The goal of the strategy is to integrate the returnees into the society through effective government policy, in an effective, efficient, sustainable and comprehensive way, with full enjoyment of their rights and active participation of the returnees themselves.

- PRSP Strategy and Implementation Reports
- The EU European Charter for Local Government

ANNEX V: Details per EU-funded contract (*) where applicable:

This project, and all its provisions, will be delivered through a contribution agreement with UNOPS and a direct grant contract with the Project on Ethnic Relations (PER).

ANNEX VI: Details of project elements in S and SW Serbia (CACs, CICs, OSSs etc)

Present situation of key municipal elements

OSS - One-Stop-Shop for businesses

The **One-Stop-Shop** (OSS) for businesses is a relatively new concept of service delivery in Serbia. Currently no municipalities in Central, South and South West Serbia have this kind of integrated service in one place. But there is a real need for this kind of services in these regions. For example, the municipalities Tutin and Novi Pazar are constantly mentioning the interest of investors from Turkey but they do not have the mechanism to provide quick and relevant information to investors. This is seen as one of the main reasons why no investment has yet been realized. Investors are unwilling to spend time in meeting and discussing issues with numbers of local institutions. Using the One-Stop-Shop model, all relevant information, procedures for investment and technical support will be provided rapidly in one place.

CACs / CICs

Most of the municipalities in the two regions have started to develop some form of CAC or CIC. These institutions are at varying stages of development and each provides a different combination and quality of service. Furthermore, some CACs in South Serbia have continued to evolve since the MIR programme finished. This means that support to each CAC must be tailored to the circumstances.

CACs are presently being assessed (by PRO) on the following criteria:

- Visibility and accessibility
- Working conditions (facilities and equipment)
- Staff capacity
- Availability of printed materials for customers
- Provision for customer / stakeholder feedback
- Extent of participation by the major municipal departments at the CAC
- Level of information and service available to citizens
- Level of information and service available to business
- Building license issuing procedures
- Existence of computerized tracking system

Some examples of the recommendations proposed to municipal management are as follows.

Improvements of quality of information towards citizens:

- preparation of guide through municipal administration
- preparation of CAC brochure
- establishment of Info Centre
- study tour to advanced municipality (CAC)
- development on municipal web page

Improvements of quality of services towards citizens:

- training for CAC employees
- digitalization of registry books in the city and in the Mesna Kancelarija (MK)
- networking of CAC and MK's

- local tax administration counter (employee) at the CAC
- box for citizen's questions and suggestion at he CAC

Improvements of quality of information and services towards local business community

- establishment of Local Economic Development Office
- training for LED office staff

Improvement of building license issuing procedures

- preparation of building license issuing brochure
- digitalization of data and underground infrastructure
- networking of CAC with local PUC's

Purchasing of IT equipment (software and hardware)

- purchasing of software for building license issuing
- purchasing of computers for CAC, department for urbanism, tax administration
- purchasing of printers, scanner and photocopier

Improvement of management structure and control of CAC functioning

- online control of local government employees (through existing software's)
- institutionalization of CAC in the municipal structure

CACs/CICs in South-West / South Central Serbia

All 8 municipalities in the current PRO AoR have CACs on different level of development. Some are more functional then others and some are just formed. Except Rasinjski district, in all 5 other districts (Zlatiborski, Moravicki, Raski, Jablanica and Peinja) there has been some work on CACs but all of them are far from functioning to acceptable standards. In Rasinjski district only Krusevac has a CAC.

Further support to all municipalities is needed in order to adequately systematize the CAC in the administration and define additional services for citizens that CACs can provide.

Preparation of action plans

For each CAC an action plan for implementation of recommendations was prepared during 2008 by a CAC consultant in close cooperation with PRO staff and municipal employees.

The action plan is a schedule for specified improvements, but also contains 3 round tables organized as one day events. These present various models of CAC and local government organization, and ensure discussion with local governments and PUC representatives on:

- Improvements of local government / administration structure (institutionalization of CAC into municipal organization) - first round table, held in Ivanjica on December 15, 2008. Participants were heads of municipal administration and heads of the department of general administration.
- Building license issuing process - second round table, held in Novi Pazar on January 15, 2008. Participants were heads of department for urbanism, director of local PUC's and IT administrators.

- Modern, efficient and effective local government (info centres, call centres, e-government) - third round table held in Nova Varos on February 12, 2009. Participants were heads of municipal administration and IT administrators.

Implementation of action plans during 2008 and beginning of 2009:

These are some of the examples and models of concrete actions done so far - for the period November 2008 - February 2009:

- Municipality of Prijepolje has developed its municipal web page;
- Municipality of Ivanjica has started with development of its municipal web page;
- Municipality of Tutin has accepted recommendation for institutionalization of CAC as integral part of department for general administration. The decision making process is in progress.
- Municipalities of Novi Pazar, Priboj, Raska and Ivanjica have accepted recommendation and proposal for Info. Centre establishment and this is now ongoing, expected to be completed by the end of May 2009.
- All municipalities have visited some advanced CAC and municipality. The municipalities of Novi Pazar, Priboj, Raska and Ivanjica have been to the City of Zrenjanin (October 2008) and Prijepolje, Sjenica, Tutin and Nova Varos to Paracin.(November 2008).
- The municipality of Sjenica has started with digitalization of registry books - till May 2008 there were only 3,000 data entries in the registry book software. Today there are over 25,000 entries. This is an ongoing process to digitalize all registry books;
- Purchasing of proposed IT equipment is in progress - done by PRO program. Delivery to municipalities is expected by the end of March 2009.
- Municipalities of Priboj, Ivanjica, Prijepolje, Sjenica, Tutin and Nova Varos are advised on software for local tax administration. Purchasing and contacts with republic institutions were made in order to streamline the process of software distribution to these municipalities. It is expected that all municipalities will receive software by the end of March 2009.
- All municipalities have accepted a proposal for the establishment of a centre for issuing building licenses. This is now ongoing- all CACs will be networked with local PUCs in order to become more efficient.
- All municipalities have accepted proposals for preparation and printing of guides and brochures. A model and examples have been provided, and this is expected to be completed by the end of April 2009.

CACs/CICs in South Serbia

The work on the Citizens Assistance Centres in South Serbia started during the implementation of MIR phase 1. Establishment of five CACs was directly supported.

- | | | |
|----|---|--|
| 1. | Vranje municipality | CAC was established during the MIR1 programme with small input from CHF (USAID). |
| 2. | Vladicin Han municipality | CAC was established by MIR1 programme. |
| 3. | Bujanovac municipality | Established in partnership between the Municipality, CHF and MIR1 programme. CHF and municipality had a leading role. |
| 4. | Lebane municipality | Established in partnership between CHF and MIR1. |
| 5. | Leskovac municipality | Established in partnership between municipality, CHF and MIR1. MIR1 had a leading role. |
| 6. | Bosilegrad and Trgoviste municipalities | CACs in Bosilegrad and Trgoviste were developed as info desks as an analysis showed that a full CAC would not be cost-effective. |
| 7. | Presevo and Medvedja | CACs were established by CHF - MIR1 had a small input in terms of equipment. |

The establishment of municipal Citizens Assistance Centres in the Jablanički and Pčinjski districts resulted in improved efficiency and quality of services provided to citizens by municipal administrations. This includes reduced risk of corruption and intentional delays in issuing documents.

The following activities were implemented during the establishment of each CAC:

- Reconstruction of the premises
- Purchase of IT equipment (computers, printers, scanner and photocopier) and furniture
- Study tour to advanced municipality (CAC)
- Preparation of guide through municipal administration
- Preparation of CAC brochure
- Customer relation training to the new CAC personnel
- Branding of the CAC (logo, information boards, leaflets)
- Software for registry books and for building license issuing
- Box for citizen's questions and suggestion at the CAC

All of the CACs have a clear mandate to provide the services that are being delivered and their establishment was approved and supported by the municipalities involved. In many cases this had involved a relocation of municipal staff from different locations to one place. In Leskovac the systematization was changed and the CAC was established as a department in its own right.

During MIR2, two separate activities were conducted:

- Establishment of Citizen Assistance Centres
- Two municipalities where CAC were not previously established were Bojnik and Surdulica and those two were the main focus of this activity.

- The other two: Crna Trava and Trgoviste with respective populations of 2,500 and 6,000 were too small to justify such an investment. However in these locations special attention was paid to improving information and instructions to citizens with regard to accessing the services they require.
- Vlasotince CAC was established by MSP, EU funded programme (in partnership with CHF).
- Strengthening of Citizen Assistance Centres

Initially a survey on the performance of the existing CACs was conducted, followed by recommendations on how to simplify and accelerate the processes.

The key achievements of this part of the programme include:

- Manuals highlighting the step- by- step process of spatial and urban planning had been produced: 4 specific ones for Bujanovac, Vladicin Han, Leskovac and Vranje municipalities as well as one general manual for the other nine municipalities. Furthermore, a publication providing instruction on obtaining building permits for potential investors was produced and distributed in September 2008. (“Manual for urban planning and spatial development” and “Guide for Investors”)
- Strengthening capacities of the Institute for Urban Planning in Vranje and the Directorate for Urban Planning and Construction in Leskovac for digitalization of plans, as the basis towards modernization of the urban and spatial planning process

Type of services provided by CACs (Vranje, Leskovac, Bujanovac and Vladicin Han):

- Notary office
- Registry (birth, death, citizenship etc certificates)
- Registration of enterprises
- Social protection services
- Urbanism department

The other municipalities (Bojnik, Surdulica, Lebane, Medvedja, Presevo, Vlasotince) cover only the first three above-mentioned services.

Industrial Zones and Industrial Parks

An Industrial Zone is a plot of land equipped with basic communal infrastructure. An Industrial Park is an organized legal entity not just with basic infrastructure but also with its management system and services for companies within IP.

An IP can be combined with the business incubator concept to provide small premises at a subsidised rate for start-up companies, with supplements available to the IP management systems and services specifically targeting start-ups.