

MIR 2 – Municipal Improvement and Revival

Programme Office, Gazda Mladenova bb,
17500 Vranje, Serbia and Montenegro
Tel/fax: 017/ 400 962, 400 963, 417 566, 412 684;
e-mail: vranje.yu@undp.org
<http://www.undp.org.yu>



MIR2 QUATERLY REPORT 1 DECEMBER 2006 – 28 FEBRUARY 2007

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1. Executive Summary

Despite the last quarter covering the traditionally quietest time of the year there has still be much activity with regard to the programme. The main deliverables being the development of sub projects coming out of the strategic planning process and the establishment of the regional centre. The centre will very much be the focus of the programmes attention during the coming months

Politically the most significant event was the national elections that were held in January. For the first time since 1997 large numbers of ethnic Albanians from the region voted (approx 15,000) resulting in an Albanian party (the Albanian Coalition of the Presevo Valley) winning one seat in the national parliament. This is despite the fact that two of the local Albanian parties had called upon their voters to boycott the election. This was unfortunate as initially a deal had been brokered whereby all four local Albanian parties had agreed to support participation in the election however unfortunately at the last minute two of the parties withdrew from this arrangement. Riza Halimi the former mayor of Presevo will be the representative in parliament.

In Leskovac neither the assembly is functioning nor have interim measures been introduced hence despite there being an elected mayor the municipality is still in somewhat of a power vacuum. This situation is linked to the formation of a government at the national level and hence is unlikely to be resolved before a new national government is agreed upon.

The security status remains calm although all sides are paying a keen interest as to what will be the result of the Kosovo status talks.

In terms of programme implementation the main highlights have been as follows

Component One Regional Cooperation

1. Establishment of the Regional centre and recruitment of staff
2. Discussion with stakeholders at every level on the results of the evaluation of the guarantee fund
3. Development of three of the priority regional projects into fully developed project proposals

Component Two Municipal Strategic Planning for Development

1. Strategies approved by municipal assemblies in a total of eight locations to date. Three other strategies developed and waiting for assembly approval
2. Eighteen sub project proposals developed and submitted to the Project Steering Committee as of March 12.

Component Three Improved Municipal Management

1. First draft of curriculum for General Management learning component developed.
2. Further follow up visits for project cycle management and financial management implemented.
3. Second two agriculture training sessions held.

Component Four Improved Delivery of Municipal Administrative Services

1. Agreement reached on design of CACs with Bojnik and Surdulica. In Bojnik a tender has been launched
2. Follow up actions to the workshop on issuing building permits developed.

The Terms of Reference (TOR) for the mid term review have been drawn up and advertised and two international consultants have been recruited. The team Leader has a background in evaluation and experience of working with local government programmes and the other international team member is a regional development expert. The local team member has still to be recruited.

In regard to Visibility the programme activities have featured on the BBC World website and Radio and an article focusing on South Serbia and referring to the programme activities was written for the Journal "Development and Transition". Apart from that with the start of implementation of sub projects there has been wide coverage of the programme on local and national media with 37 articles referring to programme activities during the last quarter.

To conclude the programme is on the whole progressing according to plan.

2. Project Synopsis

2.1 Overall Objectives

The overall programme objective is to

Contribute to the implementation of the law on local self-government by strengthening local good governance in southern Serbia in terms of delivery of services to citizens and local and inter-municipal stewardship of social and economic development.

2.2 Project Purpose

The specific purpose of MIR is to build local government capacities so that:

Southern Serbia municipalities, individually and jointly, plan and take strategic action to achieve the sustainable economic and social development of the region and to fulfil their obligations to citizens

2.3 Planned Results

1. Municipal and district stakeholders co-operate to implement joint actions to address key regional development problems and are prepared to institutionalise their co-operation on regional development
2. Municipalities have better internal capacity to gather and analyse data, assess development potentials and soundly plan and implement specific strategic development actions on the basis of extensive consultations with civil society
3. Municipal ability to communicate with citizens and manage staff, projects, development sectors and finances is improved
4. Citizens can swiftly obtain common municipal services in equipped and well-performing Citizen Assistance Centres

2.4 Beneficiaries

The individuals, groups and institutions that will be directly affected by MIR Phase II are the municipal governments, municipal leaders and administrative staff, special interest groups, leaders and members of local communities of Bojnik, Lebane, Leskovac, Medvedja, Bosilegrad, Bujanovac, Presevo, Vladicin Han, Vranje, Surdulica, Trgoviste, Crna Trava and Vlasotince (the 13 municipalities comprising the Jablanica and Pcinja districts).

3. Activities During the Reporting Period

The activities that have been implemented in each of the components during the reporting period will now be discussed

3.1 Component One Regional Cooperation

Activity 1.1: Regional Development Entity: - The targets set for this quarter in the last report were as follows:

- Advertise and recruit staff

- Move into offices
- Develop business plan for the year
- Organise study tour for all assembly members
- Finalize budget for 2007 and present to assembly members

All the achievements during the last quarter will now be reported upon separately:

1. During this period three positions were advertised and these are:
 - a) Project Manager (PM): - 24 applications were received and 6 were short listed and interviewed. After several meetings of the interview panel it was finally agreed that two people should be recruited: Dobrila Sudimac-Martinkovic and Predrag Stosic. The two Project Managers are due to start on 1st of March.
 - b) Personal Assistant (PA) : - 8 applications were received and 4 were short listed and interviewed. The selected candidate's name is Jelena Pavlovic and she started working on 1st of February.
 - c) On-call driver : - 19 applications were received and 4 were short listed and interviewed. The selected candidate's name is Zoran Petrovic who started working on 26th of February.
 - d) The position for the accountant/administrator was advertised by the Centre. The interview will be conducted in March.

For the first two posts the interview panel consisted of the following individuals the Mayor of Lebane (as the chairperson), the Mayor of Bojnik, the Mayor of Surdulica, the President of the Chamber of Commerce, a representative from the NGO Resource Center and the director of the Centre (who was given the right of veto by the Assembly).

2. The Centre's offices became fully operational during the first week of February. The telephone lines and Internet have been installed and are functional. In the mean time additional furniture and computers were ordered as well as the signboard and other visibility material for the offices.
3. The first draft of the business plan was presented to the Center's Assembly members at an Assembly meeting held on February 28. The assembly members have until March 15 to send comments to the Director. The Director will then based on the suggestions and comments redraft the plan that will be presented at the next meeting. The budget has been incorporated as an annex to the business plan and again feedback is expected on this.
4. It has been decided that the study tour should take place in the Czech Republic and it will be organized by the end of April or beginning of May. The study tour will provide Centre staff and Assembly members with a practical insight into the role and workings of regional development agencies internationally, and how governance systems are implemented in RDAs. Two key learning objectives are considered to be the main overall purpose of the study tour these are:

- Learning by Centre staff on the insitutional development aspects of working for the Centre: operational, management, activities (existing and planned) and other issues identified in the sustainability plan
- Learning by Centre staff, Assembly members and other participants on the governance frameworks and mechanisms (transparency, roles, structures, requirements)

In addition to the targets set the following activities were performed:

1. Work on a sustainability plan was initiated with the focus being on three main areas:
 - **Institutional sustainability** of the Centre, that is, how it will evolve, grow and expand its activities and contribute to the economic and social development in the region. This will be determined by a number of factors including: the scope of activities that the Centre is expected to fulfil, how these activities are managed and implemented, how expectations associated with these activities are managed externally, and how the Centre Director guides and develops the Centre in regard to services and role.
 - **Financial sustainability.** An intelligent and necessary way of increasing the likelihood of institutional viability will be to consider financial sustainability in the form of managing existing sources of funding, and generating new sources of income. The most common approach to income generation by regional development agencies has traditionally been the management of financial capital, sales of services to institutions and companies that can afford them, subcontracting projects or services, equity investment, and intermediation and facilitation. Other sources of income can be gradually added to include contributions from member organisations, interest on loans and financial income, direct participation in venture capital, sales of services to outside bodies, and the development of an asset base that includes property ownership and/or management, both for rent or sale.
 - **Technical sustainability.** The Centre's technical sustainability will depend on its stock of knowledge and the know-how that staff develop will enable it to develop its activities and effectively provide services independently. Such independence is not complete self-sufficiency, i.e. possession of all possible skills, but chiefly, the ability to organize the resources needed, securing them from outside when necessary. The greater the Centre's ability to develop and maintain external relations, the more sustainable it will become.
2. An Assembly meeting was held on 28 of February in Bujanovac where the following issues were discussed:
 - Business plan presented. The Assembly members agreed to send their comments in two weeks time and to organize another Assembly meeting by the end of March.

- The recruitment process was discussed and the Director raised the issue of the Interview Panel and the logistical problem of organizing such a group of people. She suggested that it would be much simpler if she would be able to decide who she wanted to employ as well as to organize the interviews on her own. In the end following a long discussion on this topic it was agreed that the Interview Panel will remain in place. The point was made that this panel will assist the Director in her role and prevent her from being accused of nepotism
- The Centre's functioning principles were presented. These are the following:
 1. Two assembly meetings will be held on annual basis (or three).
 2. Director is to meet Assembly members on individual basis on a quarterly basis.
 3. Director is to submit progress reports on monthly basis
 4. Project Managers will maintain close contacts with Assembly Members as and when necessary.
 5. The Centre will assist in writing project proposals but only in cases when projects are developed to some extent. The point was made that the centre simply does not have the resources to develop projects from scratch in all the municipalities of Jablanica and Pcinja District.
 6. It was agreed that the Center establishes contacts with all municipal technical teams.
- 3. The Centre has established a good relationship with the Municipal Infrastructure Agency Support Programme (MIASP). The Director scheduled several meetings for the MIASP as well as arranged that the MIASP programme present to the Assembly members at the Regional Steering Committee which was held prior to the Assembly meeting. At the meeting MIASP presented their programme in brief and also announced that they are intending to fund various feasibility studies. Based on this information the Centre will be submitting several regional projects to the MIASP.
- 4. The Director also organized the following meetings:
 - Meeting with the private and NGO sector in order to define their roles in the Centre as well as to more precisely define problems both sectors face and look at how the centre can liaise more effectively with them.
 - Meeting with Directors from Kragujevac and Banat in order to discuss burning issues of all the three RDAs, what can be a potential project proposal that would relate to all of them and how to organize some kind of association/network of RDAs in Serbia.

Activity 1.2: Regional Guarantee Agency for southern Serbia :- The targets set in the last report were as follows

- Communicate the results of the consultancy visit to all members of the Steering Committee
- Communicate the results of the consultancy to the stakeholders at the local level
- Develop agreement with all stakeholders as to what is the most appropriate way forward on this activity

Each of these targets will now be reported upon separately.

1. The report has been shared with the steering committee members and meetings have been held with steering committee representatives who have a specific interest in this activity.
2. Meetings have been held with representatives of the Guarantee Fund and representatives of the municipality at which the position of MIR2 has been made clear. That is that in its current shape and form the guarantee fund will receive no further financial support from the MIR2 programme.
3. Discussion is ongoing as to whether it is appropriate to pursue this activity further the main question mark here being whether it is possible as recommended in the consultants report to establish a private company that issues guarantees. Once the legality on this matter has been clarified it will be possible to map out possible next steps.

Activity 1.3: Joint Infrastructure Project: - the target set during the last reporting period was as follows:

- Based upon the priority projects agreed upon by the assembly members develop "project fiches" of these ideas as a means of attracting funding
- Ideally begin implementation on at least some of the priority projects using resources available under the MIR2 programme.

A consultant was engaged to fully develop the following two project proposals :

- Feasibility study on solid waste management
- Feasibility study on water supply for Presevo and Bujanovac

These two projects will be presented to the MIR2 steering committee however they will also be submitted to the MIASP. The other priority projects agreed upon by the assembly members are also currently being developed into the full project proposals.

At the current point in time implementation has not begun on any of the regional projects.

3.2 Component Two Strategic Planning & Sub Projects

Activity 2.1: Embedded Capacity for Strategic Planning :- The targets set in the last quarterly report were as follows

- For plans to have been completed and approved by the Municipal Assembly in Six of the municipalities
- For Strategies to have been completed in three other municipalities

These activities are now reported upon below in further detail

At the beginning of the MIR2 Programme, the original timeframe for the strategic planning process was set at eight months. With a commencement made in March 2006, participating municipalities should have had their plans ready for adoption by their respective Assemblies at the beginning of November 2006.

As has been described in earlier reports, the overall process in all municipalities was delayed mainly during the summer months, and in some cases due to local elections. Nevertheless, the majority of the participating municipalities were ready to adopt their strategies during December 2006 by Assembly vote, in general with a clear majority and in only a few cases with minor amendments. See table 1 below:

Table 1: Overview Strategic Planning Process – Final Phase

Nr	Municipality	Adoption date	Comment
1	Leskovac	?	Revision process of existing plan finalised; currently no functioning Assembly
2	Medvedja	27 Nov 2006	
3	Bojnik	14 Dec 2006	
4	Lebane	15 Dec 2006	
5	Vlasotince	15 Dec 2006	
6	Crna Trava	11 Dec 2006	
7	Vranje	12 Jun 2006	Pilot project; started in MIR1
8	Vladicin Han	20 Dec 2006	
9	Surdulica	11 Jan 2007	
10	Bujanovac	31 Mar 2007	Expected date
11	Presevo	?	USAID/CHF sponsored strategy
12	Bosilegrad	31 Mar 2007	Expected date
13	Trgoviste	x	No strategic planning process; politically unstable

From the overview above it can be concluded that the MIR2 Strategic Planning process was a quantitative success: of the 13 municipalities participating in the MIR2 programme eight now have Strategies that have been ratified by their municipal assemblies. Of the other five it is anticipated that two of them Bosilegrad and Bujanovac will ratify the plans by the end of

March. In Trgoviste it was not possible to implement the process and therefore a simple prioritisation process was used as a basis for deciding upon priority projects. In Leskovac despite the fact that the strategic plan has been completed, actually the process involved the revision of an existing strategic plan, there can be no formal approval process until the Municipal Assembly begins to function. This depends on political issues which are out of the control of the programme. Finally in Presevo the USAID funded programme implemented by CHF took the lead in the development of the strategy however this has been quite a contentious process and the strategy has still not been approved by the Municipal Assembly.

The driving principle behind MIR2's approach towards strategic planning has always been that it is essential that the local stakeholders take the lead and feel ownership over the final product. The process and how it was implemented have thus been extremely important as a means of instilling this feeling of ownership. However this does result in some cases in plans that could be better certainly when it comes to the measures and actions that are a product of the plan. Apart from the development of project ideas the actions and measures coming out the plans are in general not particularly specific. This is particularly true when one looks at the issues of economic development and agriculture. Both topics are consistently mentioned but without any real guidance as to what steps local government should take in order to develop these sectors. It was foreseen that in Year 2 of the Programme, natural revision exercises (every strategic plan, whether public or private nature, is subject to regular revision) could be undertaken to update and improve the plans. With this in mind in the coming six months there will be a process of looking at the plans and in certain cases developing more concrete actions specifically in regard to agriculture and economic development. This activity will be done in coordination with the regional centre.

To date the main activity coming out of the plans has been identification and formulation of projects. The ability of the Municipalities to successfully draw from the Action Plans in order to start the project formulation phase is a key indicator in terms of assessing the quality of the strategic plan. The process of sub project development and submission is discussed in more detail.

The targets set for this activity in the last report were as follows

Activity 2.2: Municipal Projects to Catalyse Sustainable Economic and Social Development:-

- To have 50% of the total budget for sub projects ratified by the steering committee
- To have a further 30% of the budget ready in the form of completed projects and waiting for ratification
- To have developed project fiches on other priority projects

The risk described above was already partly addressed during the strategic planning exercise. The Working Groups of the participating Municipalities, being facilitated through a step-by-step approach, were invited to start identifying priority projects upon reaching Phase 5 of the process: Defining Priorities. This was a rudimentary process, and did not address the issue of

proper project formulation yet; rather it was an exercise to maintain connections between planning and execution.

After the final drafts of the plans were compiled in November 2006, MIR2 staff immediately continued with preparing the municipal PIUs and Technical Teams for the project formulation phase. All teams went on to start with project formulation based on the standard EU format. The MIR2 Operations Manual, issued in the meantime, was used as a base document to guide the involved teams through a transparent process of prioritization, formulation and implementation. Additionally, the two MIR2 Project Cycle Management training sessions, held in June and November 2006, were used to remind the participants of the theoretical knowledge gained and the practical implications it is designed for.

Project Selection

To date that is up until March 12, 57% of the sub project funding had been submitted for approval by the PSC. It is anticipated that by the end of March 80% of the funding will have been submitted. Despite the fact that no other project fiches have been developed as yet there are plenty of ideas coming out of the Strategic Planning process and in certain locations the Municipal Technical Teams are working on project proposals for submission to the Neighbourhood programme.

In all locations except for Vranje, PIU staff prepared for transparent identification of priority projects. Here, the first practical advantage of having a thoroughly prepared Strategy and Action Plan became apparent: the higher a project idea was listed in the Action Plan the higher its priority. Secondly, since the Strategies were prepared by a significant representation of the municipal population –all Working Groups included members of the public, private and civil sectors- prioritized projects could be assumed to have the necessary support not only from a municipal elite but from a wide range of the population as well.

Nevertheless, not all listed projects on the Action Plan were feasible for the MIR2 Programme (in terms of high budgets, long term implementation, project goal). Therefore, a (simple) structure was created to select those projects from the Action Plan that would benefit the community while fitting MIR2 as well. The focal points for the selection were the members of the Municipal Steering Groups as they were formed during the Strategic Planning process. With their thorough knowledge of the entire process, as well as the Strategy and Action Plan, combined with their leverage having been nominated by Municipal Assemblies, these representatives were deemed most appropriate to make a first selection of priority projects (approximately 3-8 per municipality). The key priority projects were then fully developed and put before the Council for the Protection of Local Self Government for ratification before submission to the project steering committee. In the few locations where the Council had not been formed ratification by the strategic planning steering committee and the mayor was deemed as sufficient. In Vranje the process was similar however there was initially an advertised call for proposals open to all members of the public to come forward with project ideas. The best ideas were then selected by the strategic planning committee for further

development and submission to the Council for the protection of local self government. This methodology may well be used again in other municipalities. The table below provides detailed information on the submission of projects to date

Table 2: Sub-Project Submission

#	Project No	Project	Location	Est. Budget	Date of Submission	Date of Approval	Est. duration
1	VR-045	Installation water pumps	Vranjska Banja	115,150	01/11/06	14/12/06	7 m
2	VR-033	Rehabilitation primary school,	Aleks..., Vranje	127,500	01/11/06	14/12/06	6 m
3	CT-001	Repair roof kindergarten	Crna Trava	21,510	11/12/06	14/12/06	6 m
4	LB-001	Improvement main water system	Lebane	107,638	11/12/06	14/12/06	8 m
5	PR-002	Green market	Presevo	465,851	11/12/06	14/12/06	12 m
6	VL-001	Upgrading water treatment plant	Vlasotince	7,254	11/12/06	14/12/06	6 m
7	BG-001	Grader	Bosilegrad	32,315	11/12/06	14/12/06	3 m
SUBTOTAL				877,218			
8	BO-001	Installing heating system, windows in kindergarten	Bojnik	28,740	05/02/07	21/02/07	3 m
9	LE-001	Establishing new kindergarten	Hisar, Leskovac	610,000	05/02/07	21/02/07	9 m
10	ME-001	Chlorine detection equipment	Medvedja	8,711	05/02/07	21/02/07	4 m
SUBTOTAL				647,451			
11	VL-002	Installing heating system in primary school	Vlasotince	55,000	21/02/07	9/03/07	6 m
12	VL-003	Chlorification unit	Vlasotince	90,000	21/02/07	9/03/07	9 m
13	VH-001	Repairs secondary school 'Branko'	Vladicin Han	83,991	21/02/07	9/03/07	4 m
14	BG-002	Green market rehabilitation	Bosilegrad	59,255	21/02/07	9/03/07	10 m
SUBTOTAL				288,246			
15	VR-025	Extension main water system	Dubnica, Vranje	108,000	7/03/07		9 m
16	LE-002	Establishing whole sale market	Leskovac	250,000	7/03/07		12 m
17	LB-002	Rehabilitaton green market	Lebane	105,000	7/03/07		8 m
18	VR-015	Repairs Proletarska Bridge	Vranje	125,000	7/03/07		8 m
SUBTOTAL				588,000			
TOTAL VALUE				2,400,915			

Benchmark target set at last PSC: 60%

This brings the total of subprojects submitted to 18, with a total value of € 2,400,915 or 57.4%, which is just below the targeted benchmark. However, between the drafting of this report and the PSC Meeting scheduled for March 21, MIR2 will submit further projects bringing the value of submission well over the 60% target.

TABLE 3 Progress of Sub Projects

Project No	Location	Est. Budget	Date of Approval	Technical Documentation Completed	Tender Advertsied	Evaluation of Bids	Notes
VR-045	Vranjska Banja	115,150	14/12/06	26-Jan-07	30-Jan-07 / 1-Mar-07	7-Mar-07	Of the three offers all are invalid. Tender will be publicized again
VR-033	Aleks..., Vranje	127,500	14/12/06	25-Jan-07	27-Feb-07 / 26-Mar-07		
CT-001	Crna Trava	21,510	14/12/06	5-Mar-07			
LB-001	Lebane	107,638	14/12/06	26-Feb-07	9-Mar-07 / 9-Apr-07		
PR-002	Presevo	465,851	14/12/06	5-Mar-07			Long delay in obtaining the technical documentation
VL-001	Vlasotince	7,254	14/12/06	18-Jan-07	9-Feb-07 / 2-Mar-07		No offers received during first procedure. Process being implemented again
BG-001	Bosilegrad	32,315	14/12/06		20-Oct-06	20-Nov-06	Contract signed 12 March
BO-001	Bojnik	28,740	21/02/07	21-Feb-07	27-Feb-07 / 26-Mar-07		
LE-001	Hisar, Leskovac	610,000	21/02/07				
ME-001	Medvedja	8,711	21/02/07				

The above table provides a brief overview with regard to sub project implementation. Already delays have been caused through problems with obtaining completed technical documentation and the quality of bids submitted. This situation will be closely monitored and action will be taken where necessary.

3.3 Component Three Improved Municipal Management

Activity 3.1: Improving Universal Management and Communication Skills:- The targets that were set in the last report for this quarter were as follows

- To have implemented the next phases of the training on Project Cycle Management and Financial Management
- To have signed a contract and developed a plan of action for the communications training
- To have a curriculum developed for the general management training

In regard to these targets the following has been achieved during the reporting period.

1. In February the consultants that conducted the training in the last workshop for project cycle management paid a visit to all municipalities in order to assist municipal staff implementing the knowledge acquired at the workshop. During these visits it became clear that municipal staff are still struggling with some of the topics introduced at the workshop and it would be beneficial if these topics were to be repeated during the next workshop. In general municipal staff are very positive about these visits and appreciate the learning opportunity that is on offer. The follow up visit simply entails the consultants sitting down with the municipal staff and practically working with them on developing proposals or other issues that are relevant to the workshops and learning programme. Each visit lasts between three and four hours perhaps longer in the bigger municipalities where there are more people. In Presevo the mayor has decided to establish an unit for the technical team so they can work full time on projects and in several other municipalities the Technical teams are using the skills developed through this learning programme to develop applications to other sources of funding such as the Neighbourhood Programme. The table below gives an update on the dates and location in regard to follow up visits on project cycle management that have taken place during the reporting period.

The overall target on this part of the learning programme is to develop technical teams that have the capacity to develop and report upon EU funded projects.

Municipality	Date of visit
Bujanovac	Feb 7
Presevo	Feb 7
Bosilegrad	Feb 7
Trgoviste	Feb 8
Vladicin Han	Feb 8
Surdulica	Feb 8
Vranje	Feb 9
Leskovac	Feb 9
Bojnik	Feb 12

Lebane	Feb 12
Medvedja	Feb 13
Crna Trava	Feb 12
Vlasotince	Feb 12

For financial management again since Christmas there has been a series of follow up visits as outlined in the table below. The main technical areas of focus being the following a) budgets, b) treasury and c) implementation of the new law on how to finance local government all of which have or will be covered in the workshops. For each of the municipalities goals have been set on what should be achieved within these three areas within a timeframe of the next six months. The follow up visits are an opportunity for the consultants to assist the municipal staff in meeting these goals.

Municipality	Date of visit
Bujanovac	Feb 20, March 7
Presevo	Feb 23
Bosilegrad	Feb 13
Trogoviste	Feb 12, March 5
Vladicin Han	Feb 8, March 1
Surdulica	Feb 28
Vranje	Feb 14 ¹
Leskovac	Feb 9, March 2
Bojnik	Feb 19
Lebane	Feb 27
Medvedja	Feb 20, March 6
Crna Trava	Feb 22, March 9
Vlasotince	Feb 26

2. In December negotiations started with the consultancy firm Halifax Consulting on a contract for conducting the training in communication. Halifax Consulting also holds the contract for conducting the training in financial management. Parallel with these negotiations a number of problems escalated between Halifax Consulting and MIR2 about the responsibilities of the firm towards MIR2 in financial management training and it was eventually decided not to use them as a service provider on the Communications component. MIR2 will begin sourcing individuals to conduct the training and with this in mind an advertisement has already been placed in the media and on the UNDP web site.

3. At the end of February a team of international and national consultants as well as a representative from the Standing Conference of Towns and Municipalities spent ten days in

¹ A second meeting was scheduled March 6 but the municipality canceled it because they had to attend a meeting in Belgrade.

the MIR2 office in Vranje in order to discuss and develop a training program for general management. The output of this session being the design of a training program and the beginnings of a curriculum for the general management component. The national consultants will later on take a key role in delivering the training program. It was decided that the training in general management will focus on three areas:

- 1) Planning and organization of work
- 2) Internal communication
- 3) Human Resources and personnel management

Activity 3.2: Improving Management of Agricultural Sector Development :- The following targets were set for this activity during the last reporting period

- To have held the final two trainings
- Held an additional training on applying for EU funds
- Established the criteria for and launched the grants programme

All of the above activities have been completed on schedule and further work has been completed on the “ Agri Corners” and finally more thought has been given to certain publications that the programme could develop. All of this is reported on in more detail in the section below

- The final two training session were held in December and January bringing to a close the organized training part of the programme. However informal learning will continue to be facilitated through the implementation the grant programme. The table below provides details on both events in terms of location, number of people attending and timing.

Training Event	Numbers Attending	Location
2 nd Event	77	Vrnjacka banja
3 rd Event	63	Palic

The level of interest remained very high for both events with participants enthusiastic and clearly engaged by the whole process.

- At the final training event instruction was given on applying for project funding using the EU forms and procedures. A complete day was dedicated to this activity as when applying to the grant schemes applicants will be required to use this format.
- The criteria for the grant scheme were completed this actually took far longer than envisaged in terms of the drafting as it was important to be as clear and precise as possible. However after several attempts all involved were satisfied with the final output. To view the criteria the reader should refer to annex VIII

This part of the programme has been specifically designed (refer to report 1st Quarterly Report March – May 2006 Annex VIII for detailed plan) so that through the

implementation of the grant scheme there will be benefits to a far wider group of beneficiaries than those involved in the training programme. The whole point of the grant scheme is that it is a means of delivering technical assistance through the stakeholders of the programme. The activities that will be implemented through the grant scheme will be specifically targeted at increasing the technical knowledge and expertise of the farmers of the region. This is a slightly difficult message to communicate to local stakeholders who generally see grant schemes as a means of accessing equipment and machinery, hence the time and care required when writing up the criteria.

- The Agri Corners that were established on a trial basis in Medvedja and Vlasotince have been very successful and this activity will now be replicated in other municipalities.
- Finally following discussion with the staff member involved in this section of the programme it is clear that in the course of the last year many different techniques and tools have been implemented and that it would be worthwhile capturing and consolidating this information. Therefore the plan is in the coming months to develop a reference book of different participatory type techniques and provide information on where and how they have been used in Serbia. The initial step in this process will be developing a detailed and precise Terms of Reference (TOR)

3.4 Component Four Improved Delivery of Municipal Administrative Services

Activity 4.1: Establishment of Citizen Assistance Centres:- The targets set in the last quarter were as follows

- Completed the design works and signed contracts for the completion of construction works in both Surdulica and Bojnik.
- Finalise the procurement process for the purchase of equipment, furniture and software for the centres.

The results on the targets have been as follows

1. In Bojnik the design for CAC has been agreed with the municipality and a tender has been advertised for the construction work. It is anticipated that a firm will be selected and a contract signed in March with construction beginning soon after that.

In Surdulica a design for the CAC was developed and agreed upon. In February however following further discussion with the Municipal leadership it was agreed to include a basement that can be used as an archive for the various municipal documentation. This redesign and discussion has postponed the process of putting the construction work out for tender. It is

anticipated that a final agreement will be reached and a tender advertised in March.

2. After having re-tendered, the contract for the design of software for the centres was signed with a firm in February and the actual work will begin in March. Each municipality will have software designed to meet its own specific needs. A tender was also put out for equipment and furniture for the centers and the bids were opened on February 27, 2007. It is anticipated that a contract will be signed at some point in March.

Activity 4.2: Strengthening of Citizen Assistance Centres :

- Held the workshop on improving the process of improving the provision of building permits
- Based upon the outputs of this workshop developed follow up actions for each of the programme municipalities

1. In December a workshop about building permits was held. All municipalities under the MIR2 program participated and the feed back from the participants was very positive. There were 34 participants with representatives from all the municipalities. The overall goal was to identify and map current problems as well as provide participants with information about different national strategies regarding building permits and the outcome of a survey MIR2 did on building permits. After the workshop a report was produced summarizing the main problems regarding building permits in the MIR2 municipalities. This is available on request.
2. MIR2 staff are currently in the process of developing a framework for how to improve the provision of building permits. It has been decided to concentrate the activities around a number of key municipalities with highly motivated staff and where it makes economic sense. Some of the smaller municipalities such as Bosilegrad, Trgoviste and Crna Trava receive a limited number of requests for building permits and the need to improve the process here compared to Vranje is much smaller.

The exact municipalities that will be focused on will be decided upon shortly and the methodology will adopt a two track approach. On the one hand there will be so called soft activities around developing the capacity of municipal staff who deal with and work with these issues and on the other hand there will be investigation and suggestions around the structural changes that can be made in order to make the process more efficient.

3.5 Visibility

The targets that were set in the last report were as follows

- Establish television and radio promotional material

- Complete update of website
- In cooperation with Coordination Body based upon the schools drawing competition develop a calendar

The results on these targets have been as follows

- Policy notes on each component of the programme have been developed and will be used when communicating with the media. The intention here was to ensure that the messages conveyed are consistent while at the same time substantial data is provided on all aspects of the programme. Furthermore in attempt to make the media reporting more accurate the communications assistant has begun, before any media event or announcement, drafting simple and informative press releases. This initially at least seems to have improved the accuracy of the reporting.
- The process of updating the MIR2 website has begun but is still not complete. This will be a priority action during the next reporting period.
- The schools drawing competition was implemented and over 1,800 pictures received. The 13 best pictures were all developed into a calendar that has been widely distributed. Two awards ceremonies were held one for Pcinja District in Vranje Municipality on Tuesday 20 February and one in Leskovac on Tuesday 27 February for Jablanica District. There was a winner from each municipality and each winner received a bicycle the overall winner also received an Ipod. This event was implemented by the Coordination Body and the Ministry of Education also provided support. Overall this event has been very warmly received and it certainly received a high level of coverage in the local media. At the awards ceremony held in Jablanica the opportunity was also taken to hold a joint press conference with the mayors of Bojnik, Medvedja and Leskovac highlighting the three projects that had just been approved by the project steering committee. The fact that of these three projects two were rehabilitation of kindergartens allowed for a strong link between the projects and the calendar competition as both were associated with children. Both events were featured on the front page of the UNDP country web site.
- During the reporting period the press clipping agency has reported upon 37 articles where MIR2 and the activities of the programme have been mentioned. There have also been several features about the programme on local television and radio. Local media, television, radio and press, is certainly the most effective means of disseminating information about the programme as previous surveys clearly illustrate that local people obtain the vast majority of general information from this source.
- During January a team from the BBC office in Belgrade visited South Serbia and did some coverage and stories on some of the beneficiaries of the MIR2 programme. The final results were on the BBC World web site and also received coverage on the BBC radio. The MIR2 programme or UNDP were not mentioned however the coverage was very positive and accurate. The main theme of the article was the relationship between Albanians and Serbians in South Serbia in light of the ongoing Kosovo negotiations. A week later another BBC crew visited who did

some filming that was broadcast on the BBC World television news. The latter concentrated more on the general situation than any aspect of the MIR2 programme.

- An article was written about the general situation in South Serbia and the progress that has occurred in the region since the end of the conflict in 2001. The article refers specifically to the MIR2 programme as well as other programmes in the region. The specific article in question will be published in the March Edition of the Journal Development and Transition that is published jointly by UNDP and the London School of Economics.

3.6 Monitoring and Evaluation

In regard to this activity the targets that were set in the last report were as follows

- Based upon discussion and communication during the last quarter develop Terms of Reference for a mid term review. These should be advertised with a view to having the review take place during the month of March 2007.

The TOR were developed and advertised with the plan being to have a three person team recruited for this activity. The team will consist of two international consultants and one local. The international team leader will have a general background in local governance and evaluation with ideally some experience on infrastructure projects. The other international should be an expert in Regional Development Agencies. The local consultant will ideally have experience of working with local governance programmes in the Serbian context. To date both the international consultants have been recruited. The recruitment process for the local consultant is still open.

The actual process will begin on April 10 with the team being on the ground for approximately three weeks until May 3. There will towards the end of the mission be a presentation of initial findings and then the final draft of the report will be written up by the team leader during early May.

3.7 Cooperation With Other International Agencies

There continues to be good working relationships with all the other international organisations working in the area. MIR2 hosted the last meeting of international organisations working in South Serbia that was held on January 31.

The Municipal Infrastructure Agency Support programme presented their activities to the Regional Steering Committee that was held on Wednesday February 28. It is the intention

that the Centre for the Development of Jablanica and Pcinja Districts will submit several proposals to this initiative.

4. Summary of Inputs Deployed in Current Reporting Period

For detailed information on the inputs deployed in the current reporting period refer to the tables presented in annex V

5. Project Planning for Next Reporting Period

5.1 Activities to be Undertaken and Outcomes to be Achieved

During the next reporting period the key milestones for each of the activities that make up the programme proposal will be as follows

Activity 1.1: Regional Development Entity

- Recruit the finance/administrator
- Organize Assembly meeting
- To have the business plan and the budget approved by the Assembly
- Study tour to Czech Republic
- Establish links with several Embassies
- Organize training for Project Managers on Project Cycle Management

Activity 1.2: Regional Guarantee Agency for Southern Serbia

- To establish the legality in regard to whether a private company can issue guarantees performing the same function as that currently delivered by the Guarantee Fund.
- To make a decision as to whether this activity will be supported further by the MIR2 programme or not

Activity 1.3: Joint Infrastructure Project

- Two projects to be approved by the MIR2 Project Steering Committee and start with their implementation
- To have all seven (actually six since one of the priority project will be financed by the Serbian Government, "The Regional Spatial Plan ") priority projects fully developed.

Activity 2.1: Embedded Capacity for Strategic Planning :-

- Completed Strategic plans in Bujanovac and Bosilegrad are approved by the respective municipal assemblies

- To begin the process of reviewing the Strategic plans with a specific focus on certain sectoral issues such as agriculture and economic development. This process will be coordinated with a review of the Regional Socio Economic Development Plan and will be performed in partnership with the Centre for the Development of Jablanica and Pcinja Districts.

Activity 2.2: Municipal Projects to Catalyse Sustainable Economic and Social Development:-

- To have 90% of the total budget for sub projects ratified by the steering committee
- To have begun implementation on 60% of sub projects

Activity 3.1: Improving Universal Management and Communication Skills

- To have completed the next phase in the learning programme on Project Cycle Management and Financial Management
- Completed final design and plans for the General Management and Communications programme

Activity 3.2: Improving Management of Agricultural Sector Development

- To have finalized and made public the grant fund criteria
- On the basis of these criteria to have reviewed applications and made a decision on those that will be supported
- Established Agri Corners in at least another four municipalities
- Draw up detailed TOR for the reference book/publication that is discussed under Activity 3.2

Activity 4.1: Establishment of Citizen Assistance Centres

- Begin the structural works in both Bojnik and Surdulica
- To have completed the supply of equipment and necessary action with Trgoviste, Crna Trava and Bosilegrad
- To have begun the design of a training programme for the staff that will be working in these centres.

Activity 4.2: Strengthening of Citizen Assistance Centres :

- A clear plan on the concrete actions that will be taken and the municipalities on which they will focus
- To have begun implementation of the plan

Monitoring & Evaluation

- To have implemented the mid term review.

Visibility

- To have held informal meetings with groups of journalists in Pcinja and Jablanica Districts and established a mechanism for doing this on a regular basis
- To have the “Mreza” production company visit South Serbia and produce some short films about MIR2 that will go out on National television.
- Once projects begin in earnest to launch an intensive campaign targeted at local media
- Complete the updating and renewal of the MIR2 web site

5.2 Summary of Inputs to be Deployed

Table Five Summary of Inputs to be Deployed

Activity	Inputs to be Deployed
Activity 1.1: Regional Development Entity	MIR2 staff International and local consultants
Activity 1.2: Regional Guarantee Agency for Southern Serbia	MIR2 staff
Activity 1.3: Joint Infrastructure Project	Staff from Regional Development Agency with the support of MIR2 staff. International and local consultants.
Activity 2.1: Embedded Capacity for Strategic Planning	MIR2 Staff Local consultants
Activity 2.2: Municipal Projects to Catalyse Sustainable Economic and Social Development	MIR2 staff Local contractors
Activity 3.1: Improving Universal Management and Communication Skills	MIR2 staff Local Service Provider International consultants
Activity 3.2: Improving Management of Agricultural Sector Development	MIR2 staff Local consultants
Activity 4.1: Establishment of Citizen Assistance Centres	MIR2 staff Local contractors
Activity 4.2: Strengthening of Citizen	MIR2 staff

Assistance Centres	Local consultants
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6. Assessment of Progress Towards Planned Results

For an assessment of the progress towards planned results the reader should refer to the comments attached to the gant charts that are provided in annex III and the overall results performance report that is provided as part of annex VII.

During the next quarter there will be a mid term review of the programme. The results of this will obviously feed into future programme planning.

7. Conclusions

The main achievements of the programme during the last quarter have been as follows

- The establishment of the Centre for the development of Jablanica and Pcinja Districts so that it is now up and running.
- Following on from the completion of the strategic planning process in several locations the development submission and approval of several priority sub projects.
- The design of the general management training curriculum and the implementation of follow up visits with regard to the financial management and project cycle management training.
- The reaching of final agreements with both Surdulica and Bojnik with regards the establishment of the CACs

The main focus for the next six months will be implementation of both municipal and regional projects. In regard to the latter there will also be a focus on writing up further proposals and looking to access other funding sources.

The centre has during the last quarter been a priority for the programme and this will continue to be the case in the next quarter and for the remainder of the programme. It is also the correct time to be considering what the next steps should be in terms of what happens once MIR2 finishes and clearly the Centre will be an integral part of any future plans. The mid term review will provide a basis for discussion on this matter and the inclusion in the team of a specialist in Regional Development will ensure that the centre is an integral part of these discussions.

Annex I Financial Report

MIR II Total Expenditure Report as of 30 November 2006				
Description	Total Budget (USD)	Total Expenditures (USD)	Expenditure in %	Balance
ACTIVITY 1				
1. Programme Management				
1.1 International Staff				
1.1.1 Programme Manager - 71100	308,772	188,810	61%	119,962
1.2 Local Staff				
1.2.1 DPM	84,211	43,806	52%	40,405
1.2.2 Operations Manager	71,579	44,318	62%	27,261
1.3 Admin Support Staff				
1.3.1 Three Finance & Audit Assistants	122,863	72,639	59%	50,224
1.3.2 IT Assistant	36,491	23,407	64%	13,084
1.3.3 Admin & Procurement Assistant	40,954	28,100	69%	12,854
1.3.4 Receptionist	35,088	23,214	66%	11,874
1.3.5 Logistics Assistant - 71400	36,491	23,520	64%	12,971
1.3.6 Two Drivers - 71400	56,140	33,613	60%	22,527
1.3.7 Programme Assistant - 71400	36,491	23,989	66%	12,502
1.3.8 Guards (4) & one Cleaner (Total of five staff = 120 months) - PERLOC	56,140	37,639	67%	18,501
1.3.9 Translation Services - 71300	17,544	10,600	60%	6,944
1.3.10 Technical Support Services - 71300	52,632	12,789	24%	39,843
1.4 International Consultants				
1.4.1 Monitoring & Evaluation Consultant	49,708	32,498	65%	17,210
1.4.2 Change Management	24,854	19,196	77%	5,658
1.5 Staff Development & Travel				
1.5.1 Staff Training/Conferences	35,088	11,738	33%	23,350
1.5.2 Travel	17,544	12,647	72%	4,897
1.6 Administrative Costs				
1.6.1 Office Rent	98,246	50,006	51%	48,240
1.6.2 Utility Costs Electricity	70,175	37,116	53%	33,059
1.6.3 Computer Equipment	37,427	12,818	34%	24,609
1.6.4 Vehicle Maintenance & Fuel	84,211	60,992	72%	23,219
1.6.5 Stationery etc	16,842	7,210	43%	9,632
1.6.6 Updating Programme Management Unit Software	14,035	0	0%	14,035
1.6.7 Visibility	116,959	41,626	36%	75,333
Sub Total	1,520,484	852,291	56%	668,194
ACTIVITY 2				

2. Regional Cooperation -				
2.1.1 National Component Leader - 71400	70,175	0	0%	70,175
2.2 Dev Regional Entity				
2.2.1 International Consultants - 71100	59,649	14,077	24%	45,572
2.2.2 RSC Meetings (8) - 72100	5,146	2,758	54%	2,388
2.2.3 Establishment Of Regional Development Agency	253,965	64,448	25%	189,517
2.2.4 Support of Coordination Body	81,871	25,796	32%	56,075
2.3 Regional Gaurantee Fund				
2.3.1 Support of Guarantee Fund - 72100	259,020	18,965	7%	240,055
2.3.2 Programme Staff One Staff Member	37,895	412	1%	37,483
2.4 Joint Infrastructure Project				
2.4.1 International Consultants	39,766	0	0%	39,766
2.4.2 Baseline Survey	23,570	0	0%	23,570
2.4.3 Study Tour Twenty People	46,784	0	0%	46,784
2.4.4 Financing Regional Waste Management Strategy/Plan	350,877	0	0%	350,877
Sub Total	1,228,718	126,456	10%	1,102,262
ACTIVITY 3				
3. Strategic Planning				
3.1.1 International Component Manager - 71100	210,526	131,352	62%	79,174
3.2 Embedded Capacity for Strategic Planning				
3.2.1 International Consultants (Strategic Planning)	54,678	46,198	84%	8,480
3.2.2 Sectoral International Consultants	49,708	0	0%	49,708
3.2.3 Local Consultants	43,860	1,830	4%	42,030
3.2.4 Raising Awareness	70,175	10,852	15%	59,323
3.2.5 Purchase of Two Vehicles	39,766	588	1%	39,178
3.2.6 PIU Support and Maintenance	243,275	90,561	37%	152,714
3.3 Municipal Projects				
3.3.1 Project Fund - 72100	3,751,353	0	0%	3,751,353
Sub Total	4,463,342	281,381	6%	4,181,960
ACTIVITY 4				
4. Improved Municipal Management				
4.1.1 International Component Manager - 71100	210,526	98,108	47%	112,418
4.2 Improving Universal Management & Communication Skills				
4.2.1 Contract with International Training Provider	347,953	5,398	2%	342,555
4.2.2 Contract with local service providers	116,959	48,704	42%	68,255
4.2.3 Study tours	116,959	0	0%	116,959
4.2.4 Production of manuals	58,480	0	0%	58,480
4.2.5 Training events	116,959	66,530	57%	50,429
4.2.6 Addressing certain Specific	116,959	10,797	9%	106,162

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training needs				
4.3 Improving Agricultural Support in Municipalities				
4.3.1 Increased Capacity Development of Municipal Ag Advisors	295,760	55,684	19%	240,076
4.3.2 Two Technical Support Staff - 71400	75,789	21,306	28%	54,483
Sub Total	1,456,345	306,527	21%	1,149,817
ACTIVITY 5				
5. Improved Delivery of Municipal Administrative Services				
5.1 Establishment of CACs				
5.1.1 CAC Advisor - 71400	37,895	24,655	65%	13,240
5.1.2 Renovation Costs	175,439	1,032	1%	174,407
5.1.3 Training & Software	58,480	20,632	35%	37,848
5.2 Strengthening of CACs				
5.2.1 Conference	23,392	3,159	14%	20,233
5.2.2 International Consultants	59,649	0	0%	59,649
Sub Total	354,854	49,478	14%	305,376
ACTIVITY 6				
6. Staffing Costs (Split amongst all three components)				
6.1 Facilitators & Supervisors				
6.1.1 Facilitators (13) 13 staff x 24 months = 312	474,386	237,316	50%	237,070
6.1.2 Supervisors (4) 4 staff x 24 months = 96	175,158	116,796	67%	58,362
6.2 Technical Team (5)				0
6.2.1 Training Managers (2) 2 staff x 24 = 48	75,789	27,406	36%	48,383
6.2.2 Public Relations Assistant	43,789	27,014	62%	16,775
6.2.3 Engineers (2) 2 staff x 24 = 48	75,789	25,090	33%	50,699
Sub Total	844,912	433,622	51%	411,290
ACTIVITY 7				
7. Programme Evaluation & Audit -				
7.1 Programme Evaluation	70,175	0	0%	70,175
7.2 Programme Audit	58,480	0	0%	58,480
7.3 Baseline and Follow Up Surveys	58,480	0	0%	58,480
Sub Total	187,135	0	0%	187,135
Direct Programme Cost	10,055,789	2,049,755	20%	8,006,034
General Management Services (GMS) 7%	703,905	143,483	20%	560,422
Overall Total Budget	10,759,695	2,193,238	20%	8,566,456

Annex II Logical Framework

	Intervention Logic	Verifiable Indicators	Sources of Verification	Assumptions	Results
Overall Objective	To contribute to the implementation of the Law on Local Self-Government by strengthening local good governance in southern Serbia in terms of delivery of services to citizens and local and inter-municipal stewardship of social and economic development	<ul style="list-style-type: none"> Improvement of at least 15% between month 2 and month 23 on a municipal capacity index-type tool tailored for southern Serbia based on SLGRP example 	Survey of municipalities conducted and analysed in M2 and M23	Other projects that, with MIR, aim to improve governance are implemented successfully	1. Municipal Capacity Index completed and first round completed in all 13 of the programme municipalities
Project Purpose	Southern Serbia municipalities, individually and jointly, plan and take strategic action to achieve the sustainable economic and social development of the region and to fulfil their obligations to citizens	<ul style="list-style-type: none"> At least 9 municipalities implemented municipal development projects, conforming to the identified socially inclusive priorities and adhering to strategic development principles, by month 23 Municipalities jointly planned and drafted a realistic regional (involving at least 4 municipalities) infrastructure development project by month 23 Municipalities legislated (via Municipal Assembly) organisational reforms in favour of better services to citizens between month 2 and month 23 	Contracts; programme records; Regional Steering Committee minutes; Municipal Assembly official record	Political leaders willing to allocate most resources according to technical, rather than political, criteria	<ol style="list-style-type: none"> Strategic plans approved by the Municipal Assemblies in eight locations As of March 12 18 priority sub projects submitted to the steering committee of which 14 have been approved. Three of the regional priority projects have been developed and submitted to the MIR2 steering committee as well as other potential donors.

	Intervention Logic	Verifiable Indicators	Sources of Verification	Assumptions	Results
Results	1. Municipal and district stakeholders co-operate to implement joint actions to address key regional development problems and are prepared to formalise or institutionalise their co-operation on regional development	<ul style="list-style-type: none"> • Municipal and district leaders launched by month 23 a regional development agency • Municipal and district leaders decided by month 23 whether to launch a fully elaborated, joint infrastructure development project • SSRGF is reformed according to principles outlined in Reinprecht Report by month 23 	RSC minutes; SSRGF articles of incorporation & other foundation documents	Economic and political stability continues (no conflict or sudden negative changes occur)	<ol style="list-style-type: none"> 1. RDA formed, registered (Nov 29) and launched (Nov 17) 2. Three of the regional priority projects have been developed and submitted to the MIR2 steering committee as well as other potential donors. 3. Assessment of the guarantee fund implemented and recommendations made. Future possibilities with regards to this institution still being investigated.
	2. Municipalities have better internal capacity to gather and analyse data, assess development potentials and soundly plan and implement specific strategic development actions on the basis of extensive consultations with civil society	<ul style="list-style-type: none"> • At least 5 municipalities approve sound Strategic Sustainable Development Plans developed via an internal strategic planning process by month 23 • At least 9 municipalities identified, via a participative process, development priorities by month 12 	Municipal Assembly records; Programme documents	Willingness of municipal officials to consult with civil society is genuine	<ol style="list-style-type: none"> 1. Eight municipal assemblies approved strategic plans 2. As of March 12 18 priority sub projects submitted to the steering committee of which 14 have been approved.
	3. Municipal ability to communicate with citizens and manage staff, projects, development sectors and finances is improved	<ul style="list-style-type: none"> • At least 50% of municipalities established a public relations department or position by month 23 • Municipal staff attitudes towards the management practices of senior staff improved by 20% from month 2 to month 23 	Municipal records; Survey of municipal staff conducted and analysed in M2 and M23; Records on content and quality of	Municipality willing to implement organisational reforms to accompany new competencies	<ol style="list-style-type: none"> 1. 18 sub projects developed by municipal staff and submitted to MIR2 project steering

	Intervention Logic	Verifiable Indicators	Sources of Verification	Assumptions	Results
		<ul style="list-style-type: none"> The number of project proposals drafted by municipal staff (i.e. not by outside consultants) increased by 40% from month 2 to month 23 25% of municipalities introduced and used new, modern financial management tools by month 23 8 municipalities applied for and delivered/hosted specific training events based on self-identified needs by month 23 70% of municipal agriculture staff participating in the MIR Agricultural Sector Development module passed the written and practical tests administered throughout the programme period 20% more farmers from individual municipalities access the available agricultural grants and credits in month 23 in comparison to month 2 The number of registered farmers across the region increased by 20% between month 2 and month 23 The number of active farmers groups (either associations or registered cooperatives) across the region increased by 20% between month 2 and month 23 	municipal sub-projects; Project Facilitator observations; Municipality Agriculture Departments'/Ministry of Agriculture registration records; agriculture grant and credit programme public records		committee 2. 41 municipal staff participating in the agricultural training. All have passed the written tests at the end of the training and 24 have handed in at least one piece of homework.
	4. Citizens can swiftly obtain common municipal services in equipped and well-performing Citizen Assistance Centres (CACs)	<ul style="list-style-type: none"> 20% more municipalities use IT systems to provide citizen records or permits in month 23 in comparison to month 2 Citizen satisfaction with services provided by municipalities increased by 20% from month 2 to month 23 	Survey of municipalities and citizen satisfaction survey conducted and analysed in M2 and M23	Municipalities willing to fulfil their role in achieving a successful CAC (and not viewing it as a gift of equipment and furniture)	1. Initial survey completed on performance of CACs. 2. MOUs signed with Bojnik and Surdulica with regards the CACs in those locations 3. Building permits identified as a priority area in the other CACs
Activities	1. Facilitate regional co-operation for development 1.1 Facilitate	<u>Means:</u> Technical Assistance ICT Equipment Furniture	<u>Costs:</u> Lump sums Reimbursables Direct costs	Municipal leaders willing and able to meet on 4-monthly basis	1.1 Center established and launched

	Intervention Logic	Verifiable Indicators	Sources of Verification	Assumptions	Results
	<p>establishment of regional development agency</p> <p>1.2 Leverage improvements of Regional Guarantee Fund in support of sustainable development</p> <p>1.3 Facilitate launch of joint infrastructure project</p> <p>2. Build municipal capacity to strategically plan for development</p> <p>2.1 Assist municipal officials to gather data, analyse, plan and/or prioritise measures for long-term development and produce strategic plans accordingly</p> <p>2.2 Provide resources and technical assistance to municipalities to design and implement projects in support of strategic development plans or priorities</p> <p>3. Build municipal capacity to manage and communicate</p>	(see activity schedule)	(see budget)	<p>Co-ordination Body willing to drive process</p> <p>SSRGF willing to undergo reform in mission and operations</p> <p>Municipal officials willing to participate in preparatory process to prepare joint infrastructure project</p> <p>Municipal officials willing to go beyond their TORs to participate in intensive strategic planning process</p> <p>Municipal leaders willing to dedicate staff time to capacity building efforts</p> <p>Municipalities want establishment of CACs</p> <p>Pilot municipality interested in streamlining administrative processes</p>	<p>1.2 Assessment implemented and report distributed.</p> <p>1.3 Seven priority projects agreed upon. Two priority projects written up and submitted.</p> <p>2.1 Strategic plans approved by municipal assemblies in eight locations</p> <p>2.2 18 sub projects submitted to the PSC for ratification</p> <p>3.1 Project Cycle Management and Financial Management training 50%</p>

	Intervention Logic	Verifiable Indicators	Sources of Verification	Assumptions	Results
	<p>3.1 Design and implement training and consulting programme to achieve improved management and communication performance</p> <p>3.2 Design and implement training programme to raise ability of municipal agriculture department staff</p> <p>4. Improve delivery of municipal administrative services</p> <p>4.1 Establish new Citizen Assistance Centres in municipalities lacking such facilities</p> <p>4.2 Propose and facilitate improvements to administrative processes behind services of CACs</p>				<p>implemented.</p> <p>General Management Training design completed.</p> <p>Communications learning curriculum being developed.</p> <p>3.2 Training programme completed and grant scheme launched.</p> <p>4.1 MOU signed with Bojnik, Surdulica, Crna Trava, Bosilegrad and Trgoviste</p> <p>4.2 Workshop on issueing building permits implemented.</p> <p>Follow up steps in process of being written up and agreed upon.</p>
				<p>Pre-condition:</p> <p>Ministry of Finance commits money to Municipal Development Funds, representing the municipal contribution for sub-projects (Component 2)</p>	

Annex III Overall Work Plan for the Project as a Whole

Gant Chart – Component One

2006

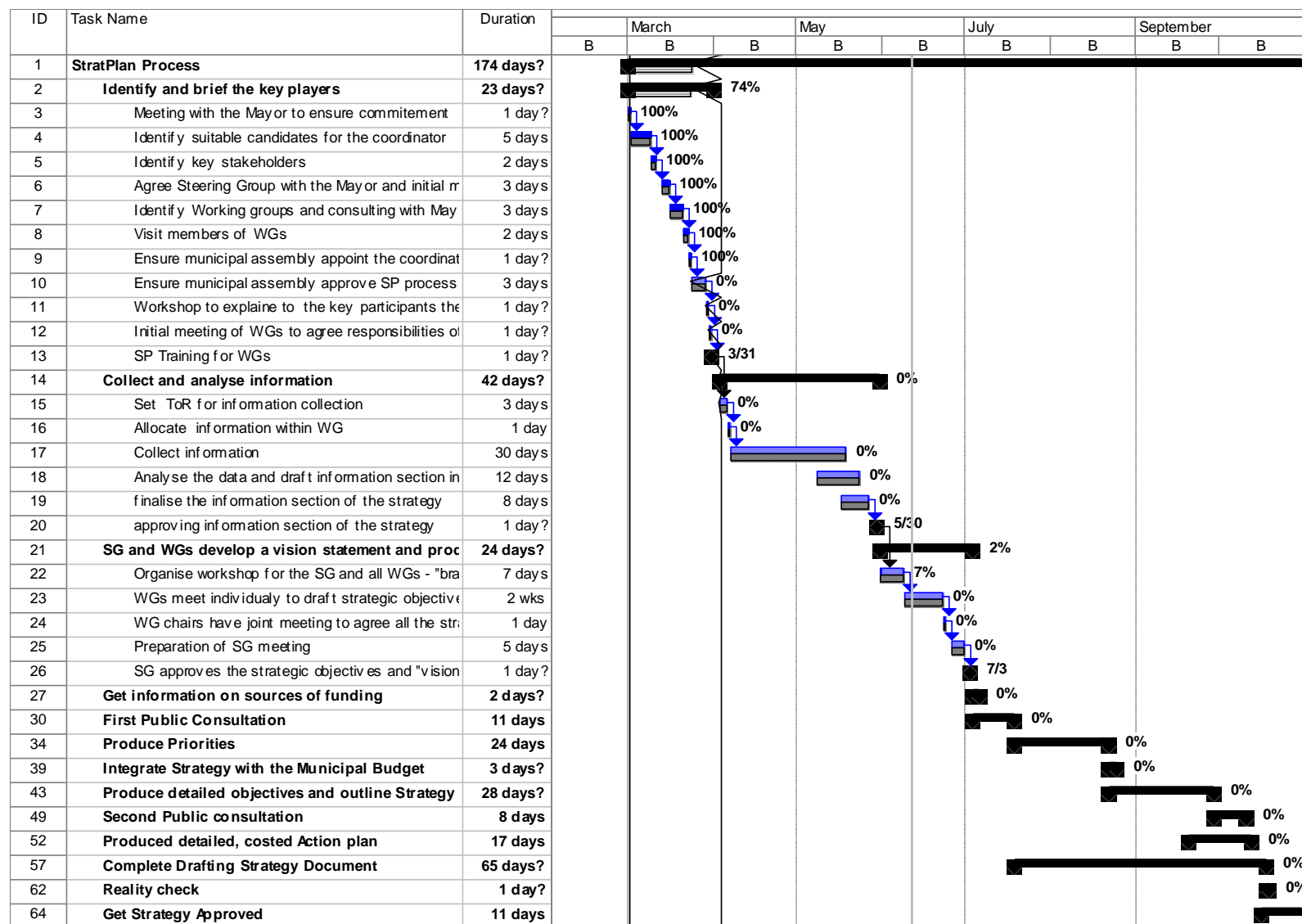
ID	Task Name	Duration	Start	Finish	2006																																			
					January			February			March			April			May			June			July			August			September			October			November			December		
					B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E
1	Agreement with international stakeholders	43 days?	Mon 1/2/06	Wed 3/1/06	█																																			
2	Initial discussion with mayors	66 days?	Wed 3/1/06	Wed 5/31/06				█																																
3	Regional Steering Committee	8 hrs	Thu 3/16/06	Thu 3/16/06																																				
4	Meeting with all mayors	1 day?	Wed 4/19/06	Wed 4/19/06																																				
5	Meeting with all mayors	1 day?	Wed 5/24/06	Wed 5/24/06																																				
6	Final agreement upon assembly composition	45 days?	Mon 5/1/06	Fri 6/30/06										█																										
7	Recruitment of director	32 days?	Thu 6/1/06	Fri 7/14/06													█																							
8	Design and approval of statute	22 days?	Thu 6/1/06	Fri 6/30/06													█																							
9	Approval of all municipal assemblies of st	55 days?	Mon 7/3/06	Fri 9/15/06																█																				
10	Formal establishment of RDA	1 day?	Mon 10/2/06	Mon 10/2/06																																				
11	Develop work plan	3 mons	Mon 10/2/06	Fri 12/22/06																						█														
12	Recruitment of staff	60 days?	Mon 10/2/06	Fri 12/22/06																									█											

2007

ID	Task Name	Duration	Start	Finish	2007																																					
					January			February			March			April			May			June			July			August			September			October			November			December				
					B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E	B	M	E		
13	Identification and design of priority project	65 days?	Mon 1/1/07	Fri 3/30/07	[Blue shaded]																																					
14	Accessing funding	196 days?	Mon 4/2/07	Mon 12/31/07																																						
15	Implementation of projects	196 days?	Mon 4/2/07	Mon 12/31/07																																						

During the last quarter the Centre has recruited staff, established itself in its own offices and developed business and sustainability plans. Several of the priority projects that were agreed upon during the last quarter have also been developed and will be submitted to the MIR2 steering committee as well as other external donors. The priority in the coming months will be establishment of simple systems which govern the operations of the centre and its interaction with the municipalities, development of regional projects and sourcing funding and the implementation of the study tour for assembly members.

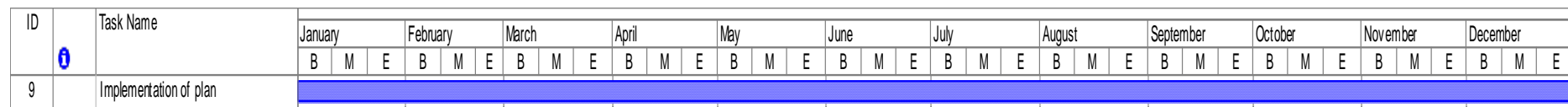
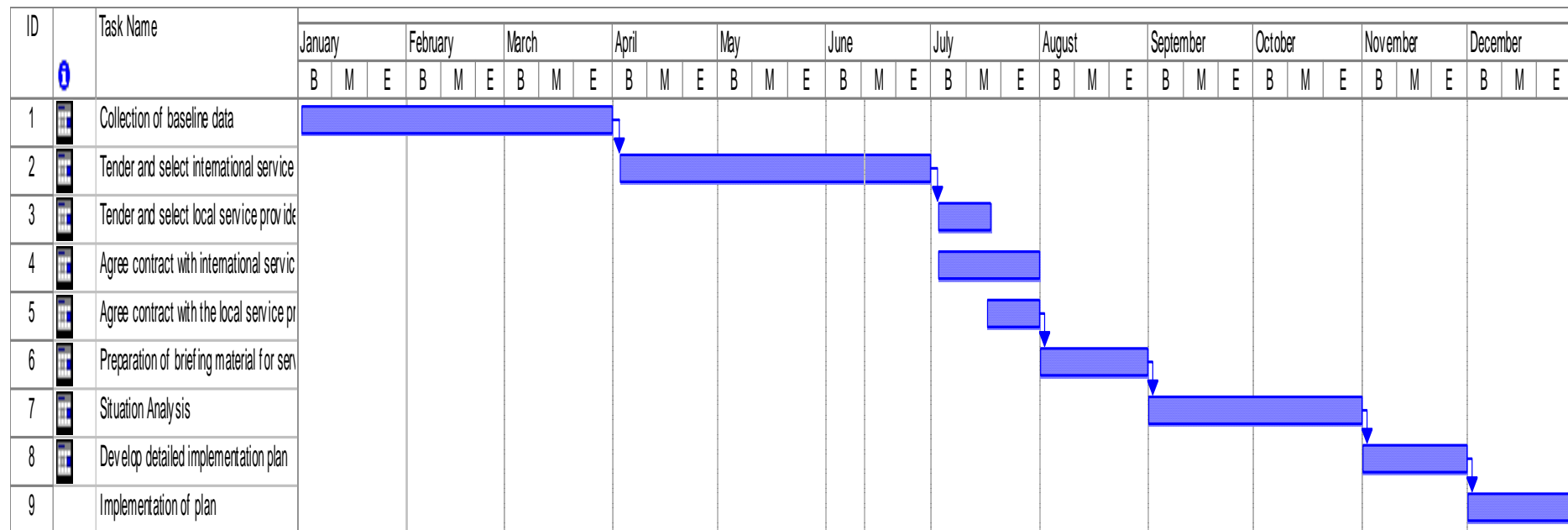
Gant Chart – Component Two Activity 2.1



The strategic planning process has now been completed in eleven of the municipalities with the plan having been endorsed by the assembly in eight of those locations. Eighteen sub projects have been developed and submitted to the PSC. It is planned that

by the end of March 80% of the sub project funding will be committed. With the focus now being very much on sub project implementation the above Gant chart will be updated for the next report.

Gant Chart – Component Three



Despite delays and changes to the original plan the implementation of the learning programme is only one month behind schedule. Two of the training components project cycle management and financial management were launched during the autumn of last year and the plan is to complete these two components before August. The other two components will then be launched in the coming months and completed during the autumn.

Gant Chart – Component Four

Activity 4.1

ID	Task Name	Duration	Start	January 2006			April 2006			July 2006			October 2006		
				B	M	E	B	M	E	B	M	E			
1	CAC Survey	32 days?	Mon 1/2/06	[Bar]											
2	Establishment of CACs	522 days?	Mon 1/2/06	[Thick black bar]											
3	Identif ication of needs	42 days?	Mon 1/2/06	[Bar]											
4	Develop plan	90 days?	Wed 3/1/06												
5	Implementation	280 days?	Wed 7/5/06												

ID	Task Name	Duration	Start	January 2007			April 2007			July 2007			October 2007		
				B	M	E	B	M	E	B	M	E			
5	Implementation	280 days?	Wed 7/5/06	[Bar]											
6	Review and support of CACs	110 days?	Wed 8/1/07												

Activity 4.2

ID	Task Name	Duration	Start	January 2006			April 2006			July 2006			October 2006		
				B	M	E	B	M	E	B	M	E			
1	CAC Survey	32 days?	Mon 1/2/06	[Bar]											
7	Building permitt survey	43 days?	Wed 2/15/06												
8	Design of activities	122 days?	Fri 4/14/06												
9	Analysis of survey	24 days?	Fri 4/14/06												
10	Prepare and plan stakeholders	17 days?	Fri 5/19/06												
11	Stakeholder conf erence	2 days?	Tue 6/13/06												
12	Meetings of municipal staf f	24 days?	Thu 6/15/06												
13	Draw Up plan	30 days?	Wed 7/19/06												
14	Consult service provider on pl	23 days?	Thu 8/31/06												
15	Implement activities	326 days?	Mon 10/2/06												

ID	Task Name	Duration	Start	January 2007			April 2007			July 2007			October 2007		
				B	M	E	B	M	E	B	M	E			
15	Implement activities	326 days?	Mon 10/2/06												

Activity 4.1 is progressing as planned. Despite some problems during the last quarter with regard to activity 4.2 and securing consultants, time has now been made up and the programme is in the process of finalizing exactly what measures to take with regard to simplifying the process of issuing building permits.

Annex IV Plan of Operations for the Next Period

Refer to the main body of the text section 5.1

Annex V Resource Utilisation Report 1 and 2

RESOURCE UTILISATION REPORT 1

Project title: Municipal Improvement & Revival Programme Phase II (MIR2)	Contract No:				Country: Serbia			Page:	
Planning period:	Prepared on: 30/11/06								
ACTIVITIES IMPLEMENTED & TIMEFRAME	PERSONNEL INTERNATIONAL		PERSONNEL LOCAL		EQUIPMENT AND MATERIAL		OTHER		
	Planned	Utilised	Planned	Utilised	Planned	Utilised	Planned	Utilised	
1 Project Manager 24 months	15 months		1 Deputy Programe Manager 24 months	15 months	Vehicles 20	18			
2 Component Team Leaders	22 months			15 months	13 PIUs	13 PIUs			
					Computers 67	Computers 67			
					Printers 34	Printers 34			
					Photocopiers	Photocopier			

Activity 2.1 Strategic Planning	48 months		1 Operations Manager 24 months		14	s 14		
	International Strategic Planning consultant	Total 60 days	1 Component Manager	0 months	Scanners 11	Scanners 11		
Activity 1.1 Development of RDA	International Organisational Change Consultants (Two people)	Total 20 days	1 Public Relations Assistant 24 months	14 months	Cameras 11	Cameras 11		
			1 IT Assistant 24 months	15 months	Mobile phones 29	Mobile Phones 29		
Activity 1.2 Regional Guarantee Fund	International Regional Development Consultants (2)	Total 39 days	3 Finance & Audit Assistants 72 months	38 months	Lap Tops 7	Lap Tops 7		
			1 Admin Assistant 24 months	15 months	Beamer 3	Beamer 3		
Activity 3.1 Improved Municipal Management	International consultant	Total 22 days	1 Logistics Assistant 24 months	15 months				
			1 programme assistant 24 months	15 months				
Activity 3.2 Improving Management of Agricultural Sector Development	International consultant	Total 25 days	Drivers 2 for 48 months	60 months				
			Supervisors 4 for 96 months	154 months				
Monitoring & Evaluation	International consultant	Total 15 days	Facilitators 13 for 24 months = 312 months	1 for 15 months				
			Engineers 2 for 24 months = 48 months	15 months				
	International		CAC Advisor 1 for 24 months	0				
			Guarantee Fund Advisor	0 months				

	M& E consultant	Total 40 days	Component Manager	15 months				
			Agriculture Advisor 1 for 24 months					
			Training Manager 2 for 24 months = 48 months	2 for 13 months				
			Environmental consultant	5 days				
			M&E consultant	17.5 days				
			Agriculture consultants 52 days	111 days				
			Messenger	15 months				
			Watchmen	60 months				
			Cleaning lady	15 months				
			RDA Director	6 months				
			Personal Assistant to RDA Director	1 month				
			Local Governance experts	44 days				

Note :- all of the equipment apart from where stated was purchased by MIR or SSMIRP and transferred over to MIR2.

RESOURCE UTILISATION REPORT II

Project title: Municipal Improvement & Revival Programme		Contract No:		Country: Serbia & Montenegro		Page:
Planning period:		Prepared on: 31/05/06		United Nations Development Programme		
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER	
PERSONNEL	Programme Manager (int)		12/05 – 02/07	15 months	9 months	
	Component Manager Strategic Planning (int)		01/06 – 02/07	14 months	10 months	
	Component Manager Improved Municipal Management and Service Delivery		04/06 – 02/07	11 months	13 months	
	Deputy Programme Manager		12/05 – 02/07	15 months	9 months	
	Operations Manager		12/05 – 02/07	15 months	9 months	
	Communications Associate		12/05 – 02/07	14 months	10 months	
	IT Assistant		12/05 – 02/07	15 months	9 months	
	Finance & Audit Assistants (3)		12/05 – 02/07	38 months	36 months	
	Logistics Assistant		12/05 – 02/07	15 months	9 months	
	Admin Assistant		12/05 – 02/07	15 months	9 months	
	Programme Assistant		12/05 – 02/07	15 months	9 months	
	Drivers (2)		12/05 – 02/07	15 months	33 months	
	Supervisors (4)		12/05 – 02/07	60 months (4 persons)	36 months	
	Facilitators (13)		12/05 – 02/07	154 months (10 persons)	158 months	
	Training Managers (2)		12/05 – 02/07	13 months (two persons)	35 months	
	Engineers (2)		12/05 – 02/07	15 months (one person)	33 months	
	Agriculture Advisor		12/05 – 02/07	15 months	9 months	
Guarantee Fund Advisor			0 month	24 months		
Component Manager			0 months	24 months		
Sub-total						
EQUIPMENT AND MATERIAL	20 vehicles		18 vehicles transferred from MIR and SSMIRP one more to be purchased			

Sub-total					
OTHER INPUTS	11 PIUs established as part of MIR1 and two newly established PIUs. A total of 13	02/06	02/06	13	
Sub-total					
TOTAL					

Annex VI Resources Utilisation Summary

Project title: Municipal Improvement & Revival Programme Phase II (MIR2)	Contract No:	Country: Serbia & Monetenegro	Page:	
Planning period:	Prepared on: 28/02/2007			
REPORTING PERIOD	MAIN ACTIVITIES UNDERTAKEN	CONTRACTOR	INPUTS UTILISED	
			MATERIALS AND EQUIPMENT	OTHER
01/12/07 – 28/02/07	Supporting PIUs	MIR2 staff	Vehicles Computers office equipment etc	MIR2 staff
	Developing visibility materials	MIR2 staff Various local service providers	Vehicles Computers office equipment etc	MIR2 staff
	Establishing an RDA Establishing regional projects	MIR 2 staff and international consultants	Vehicles Computers office equipment etc	MIR2 staff Local Consultants
	Follow up on Regional Guarantee Fund evaluation	MIR2 staff	Vehicles Computers office equipment etc	International consultant
	Implementing strategic planning	MIR2 staff and one international		MIR2 staff International consultant

	process at the local level in 13 municipalities	consultant	Vehicles Computers office equipment etc	MIR2 Staff International consultant
	Development of sub project proposals	MIR2 staff and YU Build service provider on project cycle management	Vehicles Computers office equipment etc	MIR2 staff Local Independent Consultants
	Implementation of learning programme on project cycle management	YU Build Local trainers MIR2 staff I	Vehicles Computers office equipment etc	MIR2 staff
	Implementation of learning programme on Financial Management	Halifax Consulting MIR2 staff	Vehicles Computers office equipment etc	MIR staff
	Development of curriculum on General Management training	MIR2 staff, local and international consultants		
	Implementation of Agricultural learning programme	Independent consultants Local trainers MIR2 staff	Vehicles Computers office equipment etc	MIR2 staff
	Establishment of CACs where they do not already exist	MIR2 staff Local architects	Vehicles Computers office equipment etc	MIR2 staff
	Improve existing services offered at CACs	MIR2 staff Local consultants		

Annex VII Overall Result Performance Report

Project title: Municipal Improvement & Revival Programme	Contract No:	Country: Serbia & Montenegro	Page
Prepared on:		Implemented by United Nations Development Programme	
Results	Deviation original plan (+ or -%)	Reason for deviation	Comment on constraints & assumptions
<p><u>Programme Management</u> Inception Phase – Work Planning, Staff Training, Development of Monitoring and Evaluation System Implementation Phase – Project Management and Monitoring Completion Phase – Final Evaluation, Handover and Closure</p> <p><u>Component 1: Regional Co-operation for Development</u></p> <p>Activity 1.1: Regional Development Entity Activity 1.2: Regional Guarantee Agency for Southern Serbia Activity 1.3: Joint Infrastructure Project</p>	<p>M&E plan finalised, MCI complete and first round of questions completed. Mid term review planned for March 2007.</p> <p>1.1 Agency established as planned 1.2 Evaluation of Guarantee Fund completed and recommendations made. Significant changes to original plan likely 1.3 Seven priority regional projects agreed upon of these several have been developed into project proposals.</p>	<p>Mid term review planned as a consequence of the changing external environment</p> <p>1. In terms of changing EU funding framework 2. The general changes with regard the EU accession process</p> <p>1.2 Changes necessary due to the poor performance of the existing institution</p>	<p>Timeframe will be a constraint</p> <p>1.2 Likely to be difficulties in agreeing upon changes to the original plan with stakeholders at the local level</p>

<p><u>Component 2: Municipality Strategic Planning for Development</u></p> <p>Activity 2.1: Embedded Capacity for Strategic Planning Activity 2.2: Municipal Projects to Catalyse Sustainable Economic and Social Development</p>	<p>2.1 Nine plans approved by Municipal Assemblies and two more expected to be approved shortly 2.2 On schedule with projects having been submitted to the Project Steering Committee.</p>	<p>2.1 Due to political problems in the municipality of Trgoviste a simpler process will be implemented there. In Leskovac approval of plan delayed because the Municipal Assembly is not functioning.</p>	
<p><u>Component 3: Improved Municipal Management</u></p> <p>Activity 3.1: Improving Universal Management and Communication Skills</p> <p>Activity 3.2: Improving Management of Agricultural Sector Development</p>	<p>3.1 On schedule two components started and due to be complete by August. Other two components will begin shortly</p> <p>3.2 On schedule</p>	<p>.</p>	

<p><u>Component 4: Improved Delivery of Municipal Administrative Services</u> Activity 4.1: Establishment of Citizen Assistance Centres Activity 4.2: Strengthening of Citizen Assistance Centres</p>	<p>4.1 On schedule 4.2 On schedule</p>		
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Annex VIII Criteria for Agricultural Grants Activity 3.2

Sub- project eligibility criteria

There are three groups of eligibility criteria a sub project application will be scored against and they are the following:

- 1. Project applicant criteria**
- 2. Activity criteria**
- 3. Cost criteria**

1. Project applicant criteria

Who may apply for grants?

The following representatives of institutions/groups may apply for grants:

- Representatives from municipal agriculture departments from all 13 municipalities,
- Regional agriculture extension services (Leskovac and Vranje),
- Fund for development of agriculture municipality Leskovac,
- Cooperatives,
- Private agriculture pharmacies,
- SME agencies,
- High schools of Agriculture
- Groups or associations of private farmers

A very important precondition for the above listed institutions/groups to apply for grants is that they have attended at least two sessions of the Farm management training organized by MIR2 programme. Individuals, who have taken active part in and contributed to the effective realization of the above-mentioned trainings, will be given priority.

Project proposals need to include an official document proving a partnership agreement for the project in question with at least one strategic partner, the seat of whom is not in the municipality of the applicant. The scoring will reflect type and length of a partnership, number of partners in relation to the size of a group, level of partners' participation in a project and the influence a partner has in local/region community.

Both inter municipal partnerships and partnerships within a single municipalities are recommended.

Allocation Of Funds

The projects are divided into two separate groups so as to allocate funds in a more accurate and proportional manner.

The groups are the following:

1. Municipal projects (involving representatives from one or two municipalities) and
2. Regional projects (involving representatives from at least three municipalities).

Funds for Municipal projects are limited to the maximum of 25% of the total allocated funds per municipality. In cases of partnerships with representatives from different municipalities, the location in which the lead recipient is based is looked upon as the municipality which receives that funding.

The criteria and the limitation described above is not to be taken into consideration in regards to regional projects.

The number of applications that applicants may submit is not limited.

Partners on a project could be:

- Formal groups (associations and cooperatives)
- Informal groups (individual farmers who have signed an agreement on their involvement in a sub- project)
- Municipal Agriculture departments (Agriculture Development Fund)
- Regional Agriculture stations,
- High schools of Agriculture
- Private sector (private companies)²,
- Any other institution/group relevant to rural/village development

Partners on project need not have attended the Farm management trainings organized by MIR2 programme.

2. Activity criteria

THESE ARE EXAMPLE OF THE TYPES OF PROJECT ACTIVITIES WHICH COULD BE SUBMITTED:

- **Organization of trainings, workshops, seminars** with reference to Agricultural production
- **Study tours** which could be useful for farmers (Visits to successful Agriculture regions in Serbia and the region)
- **Marketing of agricultural products** through one or a number of activities that are directed towards improving marketing of regional production.

² Only for non-profit projects

Listed below are examples of how agricultural products could be advertised:

- Development of marketing plans that could produce concrete and measurable results
- Preparation and development of promotional material and advertisements (which could produce measurable and visible results)
- Improving access to markets (including promotion of agricultural products outside the region i.e. The Guca trumpet festival, bigger restaurants in Belgrade, Novi Sad...)
 - Exhibitions, festivals and fairs of agricultural products (Traditional food or other South Serbia products which could be interesting outside the region)

- **Regional Livestock exhibitions**

- **Agriculture producers' competitions** (e.g. in ploughing land, in manual tobacco strapping, in sheep sheering.... The highest scores will be given to regional events that will include farmers from various regions (Serbia, Macedonia, Kosovo...)

- **Business analysis**-assessment of business ideas for rural development so as to identify which kind of information farmers still lack and enable a more accurate calculation of agricultural production which will affect individual farms. This activity involves the continuation of Farm management training and additional expert support. The purpose of a sub project of this kind could be improvement of quality of advisory services in South Serbia.

- **Creation of Networks of farmers** according to a certain criteria (i.e. horticulturalists, village tourism...)

Networking of strong agricultural producers (horticulturalists) from South Serbia with the existing successful associations /groups from other parts of Serbia who have produced good business results.

Development of rural tourism by networking with other institution/organizations dealing with the same branch of tourism

- **Material** related to raising of environmental awareness of farmers (preparation, printing and distribution of material). i.e.: information on the environmental and economic damage done by picking blueberries out of season.
- **Demonstration/experimental fields** (experiments depicting modern techniques and useful examples)-experiments could be carried out exclusively in cooperation with High schools of Agriculture in South Serbia.
- **Provision of equipment** which will be beneficial to a larger number of farmers (e.g. for example: purchase foot trimming equipment for cattle that would be owned by a group or institution and accessible to a large number of farmers)

- **Support to groups of farmers (cooperatives & associations) could be provided for the following activities**
 - Cost of promotional material.
 - In establishment of groups (registration, advisory support).
 - Cooperation among cooperatives through study tours and training.
 - Purchasing a piece of equipment that will provide direct benefit to a large number of people (large number of people being 30 and above).

3. Cost criteria

WHICH COSTS ARE ELIGIBLE SUB PROJECT COSTS?

The amount of grant to be applied for ranges from the minimum 10 000 Euros to the maximum 20 000 Euros. These amounts have to cover entire project costs regardless of the fact whether a project consists of one or more than one activity.

The time frame of a project ranges from the minimum of 30 days to the maximum of 8 months.

In cases where an applicant has no possibilities to contribute in a project implementation, total project costs could be fully covered by MIR2 programme. However, cases where applicants and partners make contributions to total project costs will be looked upon favorably and would be given priority. Applicants will also be given a chance to contribute to projects' implementation in kind (goods/ services).

Which costs are considered as eligible?

Costs listed in a Project Proposal Format PPF annex (Budget, annex 1 of PPF) with complete description and in full compliance with the detailed explanation of activities given in an Application Form are considered as eligible sub project costs.

Costs which will also be considered eligible and which could be taken into consideration for financing by MIR 2 programme are the following:

- Costs recorded in both beneficiaries' and applicants' documents, readable and verifiable, and supported by original documents.
If there is more than one activity described in Project Proposal Form (PPF), costs have to be divided/presented per each activity both in the budget and the application form.
- Costs for approved projects will be financed in phases (installments will be paid upon completion of the set milestones defined in the Action plan in PPF)
- Salaries of personnel engaged in sub project implementation activities (salaries and social and pension subsidies) will only be funded in exceptional circumstances. If a sub project requires substantial engagement of an applicant, s/he may request and be

approved a fee if a project approving commission decides that the extra engagement is justifiable and such that a project could not be implemented without it.

Justifiable extra engagement is only that which is not covered by the applicant's existing Terms of Reference (TOR) and will result in significant extra work outside of working hours. Whether a municipal employee, an employee of any other institution or an unemployed individual is in question, fees will be paid only in specific situations.

- Publicity costs (preparation of brochures, information booklets, communication campaigns, etc).
- Costs for hiring persons with technical expertise (national consultants) should have very strong justification why a certain individual has been selected.
- Travel costs for staff taking part in project activities would be approved in case there are original receipts, tickets, and invoice. The exact number of persons and travel costs per person need to be clearly shown in a project budget.

Important note: Daily fees will not be provided for days spent on traveling.

- Costs for providing any kind of equipment must be supported by a statement of responsible organization/institution that such piece/s of equipment have not already been supplied and that they will not be financed by other project/organization.

Cost of certain budget lines (or total project costs) presented in the project budget as the one to be covered by MIR 2 programme (approved grant) are VAT other taxes exempt.

Budget must be presented in dinars.

Which costs are considered not to be eligible?

- Cost related to infrastructure projects.
- Costs of purchasing equipment for which there is no evidence that project beneficiaries will also be the owners of the equipment in question
- Costs related to the activities that will bring benefit to a limited group of farmers with no effect to wider community.
- Costs related to individual study-tours that will bring no benefit to other partners or farmers.
- Costs that are not reasonable– e.g. costs of flights should be avoided and other ways of transportation found.

- Purchase of vehicles and agricultural machinery (cars, tractors, vehicles for specific purposes).
- Costs related to activities not relevant to the municipal objectives and strategies.
- Any costs made outside the project implementation time frame.
- Costs, which have already been supported by a municipality, the government, other international projects or any other institutions
- Daily fees for personnel engaged in project activities who are fully employed in municipalities and other similar institution will not be provided in cases when these are their everyday activities in their original positions.
- The costs of filling in the application forms.