

MIR 2 – Municipal Improvement and Revival

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MIR2 QUATERLY REPORT 1 MARCH 2006 – 31 MAY 2006

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1. Executive Summary

The highlight of the last reporting period has been without doubt, the progress that has been made on Component One activity 1.1 that is the development of a Regional Development Agency. Following an intensive three month period involving three meetings with all mayors as well as separate meetings with certain individuals it is clear that all the municipal leaders are firmly committed to this initiative. To date events have moved very quickly and despite the inevitable slow down that will occur during the summer months it does appear that proceedings at present are ahead of schedule. Unfortunately the same cannot be said for the other two activities under this component. The guarantee fund, activity 1.2, will be discussed as part of the agenda at the steering committee and more detail is given in the main body of the text however in short a decision is required as how to proceed. In regard to activity 1.3 development of a regional infrastructure project the lack of progress is not such a concern especially as this will be hopefully managed by the RDA however some steps will have to be taken during the next reporting period.

The strategic planning process continues to progress on track. There have been problems in certain locations, the most problematic to date being Trgoviste, but in general the progress on this activity continues to be excellent. In addition a fair amount of thought has been given to the sub project design and selection process during the reporting period.

The arrival of the international component manager for components 3 and 4 has certainly had a big impact in particular on component three. The net result being both tenders being launched for the local and international service providers. Despite the progress the delayed recruitment has put the schedule back and a decision has now been made to delay the start of actual activities, that is the situational analysis, until September.

All the initial baseline surveys have been completed as part of component four and as well as providing useful baseline data these also highlight the topics on which this component should be focusing. In regard to establishing new centres no agreements have been reached during the last reporting period however Surdulica and Bojnik have been identified as the locations where this intervention would be appropriate. Negotiations will be taking place during the next reporting period.

Monitoring and Evaluation is another area where there has been a delay as despite all the baseline surveys being completed, the Municipal Capacity Index has not been completed as yet. This is again linked to the delayed recruitment of the international component manager who will be taking the lead on this activity.

Overall the programme is progressing well and on schedule despite the rather low expenditures to date. Further information on this last point is provided in the conclusion and a detailed financial report is available as annex I.

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

Component One

Activity 1.1: Regional Development Entity :- During the reporting period there has been extensive progress on this activity and following one Regional Steering Committee and two other meetings involving all the mayors, heads of districts and representatives of the Coordination Body the decisions outlined below have been taken.

- a) A common agreement by all mayors that they want a Regional Development Agency (RDA).
- b) Agreement on the status of the RDA that is as a limited company with voting rights reserved to those who invest in founding capital. There is still ongoing investigation as to other models that may be more suitable.
- c) Agreement on the number (21) and potential members (private and civil society) of the Assembly. Agreement has been reached on BAT, Zdravlje-Aktavis and KNAUF as private sector representatives and these companies have all been approached and agreed to participate. The finalisation of the civil society membership will take place during the next reporting period.
- d) Agreement on the structure of the RDA in that there will be an assembly as the overall management board, a supervisory board and then the RDA director. The RDA director will be supported by technical experts who make up the staff of the agency.
- e) Existing RSEDP and CHF working groups will be consolidated around five core issues and each working group will include representation of the RDA assembly.
- f) Decision making at the assembly level will be linked to the founding capital which has been issued in such a manner as to ensure a higher degree of votes to those municipalities that in the longer term are expected to provide the largest proportion of the operational costs.
- g) Election of representatives who will participate in the selection body for the RDA director. The following panel was selected: mayors from Vladicin Han, Vlasotince, Presevo, representative from UNDP, EAR, CHF and Mr. Billy Lewis as a moderator without voting rights.
- h) Agreement on the location of the future RDA which will be in the premises of the Chamber of Commerce in Leskovac. The Chamber of Commerce has agreed to offer these premises rent free until the end of 2007.

In addition there have been two support visits by external consultants one of whom Fergus Murphy drafted the initial document outlining in writing the vision and plan for the RDA

(available on request) and Slavka Zupan¹ who assisted in drafting this document but also played a lead role in promoting the benefits of the RDA to the mayors. Finally a local lawyer has been engaged to begin work on drafting the statutes for the RDA.

There has been close cooperation with both RSEDP² and CHF on the RDA and it is an initiative that all three organizations are supporting as a consortium. This does slow certain decisions down and make the whole process more complex but in the longer term it will lead to a stronger and more effective RDA. Following a slow start on this activity during the inception phase there has been excellent progress during the last reporting period. This activity is in many ways the most exciting and challenging of the whole programme and at the present point in time there is reason for optimism.

For more detail on the form, function and organizational structure of the RDA the report developed by the consultant is available on request. During the next reporting period a detailed plan of the running costs and expenditure plan for budget line 2.2.3 will be developed.

Activity 1.2: Regional Guarantee Agency for Southern Serbia :- No real progress since the last report and in fact the situation has worsened. The director of the fund was dismissed³ following a meeting of the Leskovac municipal assembly in March. MIR2 was in no way consulted about this decision and the view is that it was driven by political motives rather than being based on any performance issues. Therefore a decision was taken to suspend all future coordination with the guarantee fund until further discussion with the steering committee and this will be one of the issues on the agenda at the meeting. Hence the external review that was planned to take place during the reporting period has not taken place.

Activity 1.3: Joint Infrastructure Project :- There has been no further progress on this since the last quarter as the plan is to closely coordinate this with the development and establishment of the RDA. Therefore the plan is that once the RDA is established to work with them closely on the identification and implementation of such a project.

Component Two

Activity 2.1: Embedded Capacity for Strategic Planning :- During the reporting period significant progress was made on this activity, specific achievements were as follows

- a. The necessary political platform needed for the creation of a strategic plan has been secured by signing the MoU with all Mayors of the Jablanica and Pcinja districts. Nevertheless, political instability at the local level continues to exist, and has affected

¹ Slavka Zupan is the Director of a RDA in Slovenia and has already had extensive contact with several of the mayors through the activities of the RSEDP programme

² There has been particularly strong cooperation with RSEDP on this activity and the RDA is regarded very much by both organizations as a joint activity.

³ Sadly the new incumbent died shortly after taking up the post leaving the whole situation very much in a state of flux.

- progress in the Municipalities of Bujanovac, Presevo and Medvedja (local elections), as well as in Trogiviste (political infighting between the Mayor and his party on one side, and the majority of the Assembly on the other).
- b. A Strategic Planning model was designed throughout February, and as of March it has been implemented (with different success in each Municipality). Basically the model foresees the creation of Steering Groups (responsible for overall management of the process), Working Groups (a cross section of the Municipality's population, consisting of members of the public and private sectors as well as from civil society), and a working plan for the next 8 months.
 - c. The work plan aims at the creation of Strategic Plans by the end of October 2006. The process is divided into 8 different Steps, described as benchmarks in a linear process. Months 1 through 8 (M1 to M8) all end with a specific target to be reached. They are described as follows:

| # | Activity | Deadline (all for year 2006) |
|---|------------------------------------|------------------------------|
| 1 | SG/WG installed, work plan adopted | March |
| 2 | Data collection, SWOT | May |
| 3 | Drafting Strategic Objectives | June |
| 4 | Defining Priorities | July |
| 5 | Formulating Specific Objectives | August |
| 6 | Creating Action Plan | September |
| 7 | Final draft Strategic Plan | October |
| 8 | Launch | October |

- d. Each municipality is being guided by MIR2 staff and their Municipal Counterparts through all phases, there is also a nominated strategic planning coordinator in each location. Additional interventions (e.g. through a consultant) are concentrated around the benchmarks with training and support being provided

For a more detailed overview of all the phases and individual steps, refer to the Gant charts in annex III.

- e. The design of the Strategic Planning process allows for a custom based approach, taking the specifics of the Municipalities into account. Differences in political, economical and social circumstances define life in each location, and hence the manner in which people define their future. Following this concept, a baseline survey was completed in March (see Inception Report) in order to identify the status of previous planning exercises in each of the Municipalities. Based on the findings of this survey, MIR2 adapted the approach to best meet the needs of each individual municipality.
- f. The baseline study showed that the following Municipalities had no Strategic Plan in place and were ready to go through the full process: Medvedja, Lebane, Bojnik, Vlasotince, Crna Trava, Vladicin Han and Bosilegrad. All these are now completing the

data collection part of the process. Following a SWOT analysis they will then begin the design of Strategic Objectives during the next reporting period.

- g. The Municipality of Leskovac, with the help of other donors, designed a strategic plan two years ago, as well as a follow up in the form of a 'development plan'. MIR2 agreed with the Municipality to take this plan through a revision process, which is a derogative of the Strategic Planning process. The Municipal Development Fund (MDF), in charge of managing the municipality's project budget, is leading the process, while the mayor guaranteed the support of all Heads of Departments. The document is being revisited through Working Groups checking up on existing information and what has been implemented so far under the plan. The aim is to have this process finished by September 2006, after which identification of potential projects will start.
- h. In Trgoviste, the political situation and the conflict between the Mayor and the Municipal Assembly delayed the endorsement of the Steering Group (SG) and the Coordinator. As of early June, no activity had been organised. However through mediation of MIR2 staff a deal was brokered between the Mayor and the Head of the Assembly, who agreed on a SG acceptable to all parties. The situation and progress will be monitored closely but with such a volatile environment it is highly likely that an alternative strategy may well be need to be developed.
- i. In the Municipality of Bujanovac, MIR2 agreed with CHF to join forces and facilitate the Groups through a full process. The CHF EEE⁴ Group will work together with MIR2 established IES⁵ Group on the Strategic Plan. Although the start was later than in other places, it is expected that the Plan will be finalized in October.
- j. Finally, for the past months the Municipality of Presevo has been engaged in a CHF sponsored economic development planning exercise, resulting in a strategic document. The final version is about to be proposed to the Municipal Assembly. In the meantime, MIR2 designed a partnership set up with CHF in which both organisations work together on a comprehensive strategic plan while keeping their unique approach in tact. It is expected that through this joint effort, the Presevo strategic plan will be finalized by the middle of October.
- k. On a more general note, MIR2 has taken steps to ensure quality of the intervention. In order to keep MIR2 staff sufficiently equipped with the necessary tools and skills to be able to facilitate their Municipalities through the process, the international strategic planning consultant was engaged for a week of training on Data Collection, SWOT Analysis and Vision Statement drafting between May 25 and June 2. The consultant ran work shops for MIR2 staff as well as for municipal counterparts and the strategic planning coordinators.
- l. Throughout the entire intervention under this Component, the MIR2 Supervisors report in writing on a weekly basis to the Component Manager on issues related to strategic planning and other (political, social, etc). The reports form the backbone of the intervention's record, and provide a key tool for management purposes.

⁴ EEE stands for 'Enabling Economic Environment', and is a CHF initiative under its UASID sponsored programme.

⁵ IES: 'Infrastructure, Environment and Social Issues' was set up by MIR2 to cover sectors not included in the EEE-Group.

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

It has been clearly communicated to all Municipalities included in the MIR2 Programme that the implementation of sub-projects can only take place after the design of a Strategic Plan. The intention is that the process developed ensures a strategic planning process takes place while at the same time not making it so cumbersome so that there is ample time for the development and implementation of project ideas.

In regard to the application process for sub project approval as agreed at the last steering committee meeting all projects will be approved by a sub committee of the steering committee. Projects that come to this committee will be in the standard EU format also as agreed at the last steering meeting. In terms of identification and selection of proposals at the local level the suggestion is to develop a simpler format than would make up the initial proposal. Once priority projects have been selected at the municipal level they will then be developed into the detailed EU format by a team of municipal experts. This will complement nicely the activities under component three of developing proposals according to EU standards.

The selection of the priority projects at the municipal level will be the task of the predefined committees. The plan is to make use of article 127 in the law on local self government and establish in each municipality the

‘Committee for development and protection of local government’

These committees would be based upon the Municipal Development Committees (MDCs) that were developed under MIR. There will be nine members and the positions will be advertised thus allowing local people the opportunity to apply. The selection panel will be bipartisan that is reflecting both governing and opposition parties at the local level. This institution is currently being established in Vranje and once it has been piloted there it will be set up in other locations as well. The great advantage of these committees is that they will build on the work implemented in MIR with the MDCs while at the same time developing sustainable structures that oversee all investments not just those funded through the MIR2 programme.

The whole process of identification, selection and implementation of sub projects will be outlined in the operational manual the first draft of which has been developed and distributed to the municipalities. This is a living document that will evolve throughout the programme.

Component Three

Activity 3.1: Improving Universal Management and Communication Skills:- The component Team Leader for Components three and four was recruited and started with MIR2 in early April. Since this recruitment the activities in this component have progressed in a far quicker fashion. The international tender was launched and there were four responses, of these four a consortium led by Birmingham University(School of Public Policy) and involving the Institute

for Housing and Urban Development Studies (IHS) Netherlands and the Local Government Initiative Development Ltd (LGID) UK won. Currently the detail of the contract and time frame and start date are being discussed. The likelihood is that the situation analysis will begin in September rather than as initially envisaged in July. This is more practical from the contractors side and will also allow MIR2 staff the necessary time to develop a substantive briefing pack for the international consultants. In addition many of the municipal staff will be on leave during July and August hence the appropriateness of doing a situation analysis at this point in time would be questionable.

The tender for the local service provider was also launched during May and six offers have been received. Having reviewed the technical parts of the offers it has become apparent that there are large differences between the bids in terms of the numbers of consultants that are being included in the offer and certain other key factors. Therefore in order to ensure consistency a decision has been taken to cancel the tender and retender having made changes to the terms of reference and requesting more specific information from each one of the applicants.

The plan is that both tenders will be complete and contracts signed in the coming months allowing both the international and local service provider core team members to engage in the situational analysis during September.

In regard to the surveys to collect baseline information on the areas that will be the focus of the learning plan two surveys on municipal project management capacity and public relations and communication with citizens have been completed. The conclusions that can be drawn from these surveys area as follows

1. Despite the fact nearly all municipalities are implementing projects that are funded by external and foreign organizations there is very little in terms of structure and capacity in place to implement these projects. This manifests itself in a lack of separate operating and project budgets and an awareness concerning the norms, in terms of standards, that are required when applying for EU projects
2. In regard to Public Relations it is apparent that in all municipalities the main medium employed is the local media and that in the majority of cases the perception by municipal staff is this is a role of the mayor. There is also confusion about how the law on access to information should be implemented and who should be responsible for that.

Clearly there is significant work that can be done on both of these areas. In regard to the other topics that will make up the learning plan, that is general management and financial management, it was decided to wait until the arrival of the international and local service providers before collecting any baseline data. This will allow for their technical input on the design of the questionnaires and the type of information that will be collected.

Finally during the last quarter there has been a large input into the identification as to who the key collaborators will be in each of the municipalities on the different areas of training and learning as identified in the proposal. There has been much consultation on this issue and the final lists have been communicated with the mayors of each municipality. When drawing up

the lists several factors were taken into consideration such as identifying positive individuals who will make the most of the opportunity and also ensuring there is a balance between political appointees who have the power to implement real change and professional civil servants who are likely have a longer term outlook.

This activity has progressed significantly during the reporting period and in particular following the engagement of the international component manager in mid April.

Activity 3.2: Improving Management of Agricultural Sector Development :- Following on from the work that was done during the last reporting period a detailed plan for this activity and expenditures under budget line 4.3.1 has now been developed. The plan is provided as annex VIII. The main concept is to work with a mix of representatives from the private and public sector as well as private farmers and improve their capacity to provide services at the local level to the local citizens who are involved in agriculture. The methodology will be to identify a target group and then work with them throughout the year on a predefined training programme. There will also be participatory rural appraisals (PRAs) implemented in several of the municipalities that will provide more detailed information on the needs of the rural population. The plan is that there will be a relatively high drop out rate from the training programme and after having started with a group of approximately 150 by the end the numbers will have dropped to 75 all of whom will have received a certificate certifying that they have taken part in all activities. The latter will then have the opportunity to apply for and win funding from a small grant scheme the aim of which will be to implement extension linked activities.

The main activities during the reporting period have been the following.

1. The implementation of the plan that was developed has begun during the reporting period and this has involved the following activities

- Introductory meetings with municipal agriculture staff, private service providers and strong farmers. The purpose of these meetings being to explain to potential stakeholders the purpose of this activity and the methodology that will be employed to implement it. Five such meetings were held in five different locations ensuring that stakeholders in all municipalities had the opportunity to apply.
- Workshops held in coordination with the ministry of agriculture where information on the credit and grant schemes they are implementing were presented to local stakeholders. Two such workshops were held one in Leskovac covering the municipalities in Jablanica district and one in Vranje covering the municipalities in Pcinja district.
- Identification and recruitment of consultants who in conjunction with the MIR2 staff member responsible for this activity will organize and run trainings on the concept of Participatory Rural Appraisal (PRA)⁶ with the target group.

2. The analysis of the data that was collected as part of the survey that took place during the last reporting period. The main findings of these surveys being that in all

⁶ PRA is a commonly used technique in the collection and assessment of data from rural areas.

municipalities there are staff who are responsible for agriculture however in all other factors including their titles, who they report to and what they actually do there is very little consistency. The overall impression being that there is an untapped human resource in that in every municipality there are staff who should be supporting and working in this sector but who in the majority of cases are infact doing very little. The reasons for this lack of activity is a variety factors such as lack of guidance, structure and resources and in many cases the individuals are keen and willing to do more.

Component Four

Activity 4.1: Establishment of Citizen Assistance Centres:- Of the municipalities where CACs are not already established the two that warrant such an investment are Surdulica and Bojnik. The others that is Crna Trava and Trgoviste with respective populations of 2,500 and 6,000 are too small to justify such an investment. However in these locations consideration will be given to improving information and instructions to citizens with regard to accessing the services they require. In the next reporting period a clear decision will be reached with when and how to proceed with the establishment of CACs in Bojnik and Surdulica. Initial discussions indicate that Bojnik are very much in favour of the idea whereas Surdulica have certain reservations.

Activity 4.2: Strengthening of Citizen Assistance Centres : The survey on the performance of the existing CACs that have been established in the region provided very positive results. In the vast majority of cases citizens were very satisfied with the services that they were receiving. However closer analysis of the results illustrated that in most cases those interviewed were infact just receiving notoriety type services such as obtaining marriage and birth certificates. Nonetheless these results are very positive and should not be underestimated. The survey on provision of building licences, discussed in the inception report, has been completed and the findings highlight that this service is simply not being provided in an effective manner. The plan is during the next reporting period to develop a strategy as to how this can be addressed. The problem will be that the solution to this issue is likely to be complex and may well require the involvement of not only local government but also central government ministries and agencies. Initial findings indicate that the other area where there is room for improvement is in the management of the CACs where a clearer management structure and better coordination and communication amongst the different municipal departments involved in the CACs would greatly benefit the whole operation.

The intention is to engage some of the experts contracted as part of the international service provider for component three on this aspect of the programme.

Visibility

The Communications Associate resigned as of the end of April hence there has been a slight lull in this activity during the last quarter. However the following activities have been completed

- The development of key programme messages in Serbian
- The design of a pamphlet providing background information on the programme, this still has to be completed
- Discussion on communication plans and strategies with several of the facilitators.

Once the previous incumbent has been replaced there will be a fair amount of work to do in this area.

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

- Finalize membership of the agency
- Finalize statutes
- Recruit director
- Register agency
- Hold first assembly meeting

Activity 1.2: Regional Guarantee Agency for Southern Serbia

- To make a decision at the Project Steering Committee meeting as to the most appropriate next steps. Once these have been agreed upon further action will be taken

Activity 1.3: Joint Infrastructure Project

- There will be relatively little further action on this activity until the RDA is fully established however simply due to the time constraints dictated by project implementation further consideration will have to be given to possible regional projects during the next implementation period.

Activity 2.1: Embedded Capacity for Strategic Planning :- Continue with process as per work plan.

Activity 2.2: Municipal Projects to Catalyse Sustainable Economic and Social Development:-
Finalize process for selection of sub projects.

Activity 3.1: Improving Universal Management and Communication Skills

- Sign a contract with international service provider with clear action plan of events
- Sign a contract with local service provider
- Develop a detailed set of data and background information in preparation for the local and international service providers
- Hold a conference with key collaborators in the municipality with the following purposes
 - Ensure all stakeholders in the municipalities are better informed about the programme and in particular component three
 - To implement some self assessment exercises
 - To establish various committees at the municipal and regional level that can be used as monitoring structures for the programme

Activity 3.2: Improving Management of Agricultural Sector Development

- To identify and recruit local consultants to assist with PRA training
- To begin implementing PRA processes in certain of the more rural municipalities
- To implement a survey of the existing information

Activity 4.1: Establishment of Citizen Assistance Centres

- Hold initial discussions with both Surdulica and Bojnik and agree upon a plan and process for the establishment of the CACs.

Activity 4.2: Strengthening of Citizen Assistance Centres :

- Agree upon an action plan following discussion with municipal stakeholders and both local and international service providers
- Begin implementation of the plan

Monitoring & Evaluation

- Complete Municipal Capacity Index
- Trial and complete first scoring exercise
- Mission from independent monitoring team

Visibility

- Recruit new programme associate
- Complete MIR2 information manual
- Develop communication strategy targeted at local stakeholders

5.2 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 | Depends on decision of Steering Committee |
| Activity 1.3: Joint Infrastructure Project | MIR2 staff Local consultants |
| | |
| Activity 2.1: Embedded Capacity for Strategic Planning | MIR2 Staff International Consultants |
| Activity 2.2: Municipal Projects to Catalyse Sustainable Economic and Social Development | MIR2 staff |
| | |
| Activity 3.1: Improving Universal Management and Communication Skills | MIR2 staff International Service Provider Local Service Provider |
| Activity 3.2: Improving Management of Agricultural Sector Development | MIR2 staff Local consultants |
| | |
| Activity 4.1: Establishment of Citizen Assistance Centres | MIR2 staff |
| Activity 4.2: Strengthening of Citizen Assistance Centres | MIR2 staff |

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.

In addition to the gant charts and the programme has a detailed monitoring and evaluation plan as presented in the inception report. The majority of baseline data has already been collected as discussed in earlier sections of the report however there is still certain information that needs to be gathered.

Apart from the collection of baseline data and then comparison during and at the end of the programme the other specific tool that will be used in terms of monitoring and evaluation will be a Municipal Capacity Index. Again far more detail on this tool was provided in the M&E plan submitted as part of the inception report. The MCI should have been finished by now however it is still in the design phase mainly due to the delayed recruitment of the component

manager for components 3 and 4. However it will have been completed in the first part of the next reporting period and an initial trial and first scoring will have been implemented.

7. Conclusions

The general conclusion from the report would be that in general the programme is progressing as planned and is on schedule. In particular the progress that has been made on components one and two is encouraging. The fact that components three and four are slightly behind schedule can be attributed to the delayed recruitment of the international component manager for this aspect of the programme. Despite this overall progress when analysing the expenditures, and more importantly the expenditure plan for the remainder of the year as a whole it is clear they are going to be relatively low for 2006. This is simply due to the fact that there is a huge amount of preparatory work that must take place before any actual expenditure can take place.

Following on from this last point the whole implementation time frame must be considered. It is perhaps too not too early to begin discussing a no cost extension and this is an issue that will be addressed further in the next quarterly report.

In terms of the programme as whole all components are progressing well and the only concern is with the Regional Guarantee Fund activity. Of the other activities the RDA is by far and away the most exciting and challenging but also the activity where there is the highest risk of failure.

General cooperation and coordination is good with other programmes that are situated in South Serbia and further links and cooperation is being developed with several country wide programmes that are managed out of Belgrade.

Annex I Financial Report

| MIR II Total Expenditure Report as of 31st May 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 | 339,332 | 80,318 | 24% | 259,014 |
| 1.2 Local Staff | | | | |
| 1.2.1 DPM | 92,545 | 16,790 | 18% | 75,755 |
| 1.2.2 Operations Manager | 78,663 | 18,460 | 23% | 60,203 |
| 1.3 Admin Support Staff | | | | |
| 1.3.1 Three Finance & Audit Assistants | 135,023 | 36,066 | 27% | 98,957 |
| 1.3.2 IT Assistant | 40,103 | 9,190 | 23% | 30,913 |
| 1.3.3 Admin & Procurement Assistant | 45,008 | 12,723 | 28% | 32,285 |

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|---|------------------|----------------|------------|------------------|
| 1.3.4 Receptionist | 38,560 | 7,540 | 20% | 31,020 |
| 1.3.5 Logistics Assistant | 40,103 | 9,303 | 23% | 30,800 |
| 1.3.6 Two Drivers | 61,697 | 11,930 | 19% | 49,767 |
| 1.3.7 Programme Assistant | 40,103 | 9,791 | 24% | 30,312 |
| 1.3.8 Guards (4) & one Cleaner (Total of five staff = 120 months) | 61,697 | 16,740 | 27% | 44,957 |
| 1.3.9 Translation Services | 19,280 | 829 | 4% | 18,451 |
| 1.3.10 Technical Support Services | 57,841 | 5,834 | 10% | 52,007 |
| 1.4 International Consultants | | | | |
| 1.4.1 Monitoring & Evaluation Consultant | 54,627 | 7,530 | 14% | 47,097 |
| 1.4.2 Change Management | 27,314 | 11,510 | 42% | 15,804 |
| 1.5 Staff Development & Travel | | | | |
| 1.5.1 Staff Training/Conferences | 38,560 | 691 | 2% | 37,869 |
| 1.5.2 Travel | 19,280 | 5,746 | 30% | 13,534 |
| 1.6 Administrative Costs | | | | |
| 1.6.1 Office Rent | 107,969 | 19,285 | 18% | 88,684 |
| 1.6.2 Utility Costs Electricity | 77,121 | 18,424 | 24% | 58,697 |
| 1.6.3 Computer Equipment | 41,131 | 3,027 | 7% | 38,104 |
| 1.6.4 Vehicle Maintenance & Fuel | 92,545 | 21,300 | 23% | 71,245 |
| 1.6.5 Stationery etc | 18,509 | 3,792 | 20% | 14,717 |
| 1.6.6 Updating Programme Management Unit Software | 15,424 | | | 15,424 |
| 1.6.7 Visibility | 128,535 | 20,782 | 16% | 107,753 |
| Sub Total | 1,670,969 | 347,601 | 21% | 1,323,368 |
| ACTIVITY 2 | | | | |
| 2. Regional Cooperation | | | | |
| 2.1.1 National Component Leader | 77,121 | | | 77,121 |
| 2.2 Dev Regional Entity | | | | |
| 2.2.1 International Consultants | 65,553 | 9,810 | 15% | 55,743 |
| 2.2.2 RSC Meetings (8) | 5,656 | 1,217 | 22% | 4,439 |
| 2.2.3 Establishment Of Regional Development Agency | 279,100 | | | 279,100 |
| 2.2.4 Support of Coordination Body | 89,974 | | | 89,974 |
| 2.3 Regional Gaurantee Fund | | | | |
| 2.3.1 Support of Guarantee Fund | 284,656 | | | 284,656 |
| 2.3.2 Programme Staff One Staff Member | 41,645 | 412 | 1% | 41,233 |
| 2.4 Joint Infrastructure Project | | | | |
| 2.4.1 International Consultants | 43,702 | | | 43,702 |
| 2.4.2 Baseline Survey | 25,902 | | | 25,902 |
| 2.4.3 Study Tour Twenty People | 51,414 | | | 51,414 |
| 2.4.4 Financing Regional Waste Management Strategy/Plan | 385,604 | | | 385,604 |
| Sub Total | 1,350,326 | 11,439 | 1% | 1,338,887 |
| ACTIVITY 3 | | | | |
| 3. Strategic Planning | | | | |
| 3.1.1 International Component Manager | 231,362 | 52,200 | 23% | 179,162 |
| 3.2 Embedded Capacity for Strategic Planning | | | | |
| 3.2.1 International Consultants (Strategic Planning) | 60,090 | 23,068 | 38% | 37,022 |
| 3.2.2 Sectoral International Consultants | 54,627 | | | 54,627 |

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| | | | | |
|--|------------------|----------------|------------|------------------|
| 3.2.3 Local Consultants | 48,201 | | | 48,201 |
| 3.2.4 Raising Awareness | 77,121 | 864 | 1% | 76,257 |
| 3.2.5 Purchase of Two Vehicles | 43,702 | | | 43,702 |
| 3.2.6 PIU Support and Maintenance | 267,352 | 15,399 | 6% | 251,953 |
| 3.3 Municipal Projects | | | | |
| 3.3.1 Project Fund | 4,122,631 | | | 4,122,631 |
| Sub Total | 4,905,086 | 91,531 | 2% | 4,813,555 |
| ACTIVITY 4 | | | | |
| 4. Improved Municipal Management | | | | |
| 4.1.1 International Component Manager | 231,362 | 25,659 | 11% | 205,703 |
| 4.2 Improving Universal Management & Communication Skills | | | | |
| 4.2.1 Contract with International Training Provider | 382,391 | 1,740 | 0.5% | 380,651 |
| 4.2.2 Contract with local service providers | 128,535 | | | 128,535 |
| 4.2.3 Study tours | 128,535 | | | 128,535 |
| 4.2.4 Production of manuals | 64,267 | | | 64,267 |
| 4.2.5 Training events | 128,535 | | | 128,535 |
| 4.2.6 Addressing certain Specific training needs | 128,535 | | | 128,535 |
| 4.3 Improving Agricultural Support in Municipalities | | | | |
| 4.3.1 Increased Capacity Development of Municipal Ag Advisors | 314,369 | | | 314,369 |
| 4.3.2 Two Technical Support Staff | 83,290 | 5,861 | 7% | 77,429 |
| Sub Total | 1,589,819 | 33,260 | 2% | 1,556,559 |
| ACTIVITY 5 | | | | |
| 5. Improved Delivery of Municipal Administrative Services | | | | |
| 5.1 Establishment of CACs | | | | |
| 5.1.1 CAC Advisor | 41,645 | 9,468 | 23% | 32,177 |
| 5.1.2 Renovation Costs | 192,802 | | | 192,802 |
| 5.1.3 Training & Software | 64,267 | | | 64,267 |
| 5.2 Strengthening of CACs | | | | |
| 5.2.1 Conference | 25,707 | | | 25,707 |
| 5.2.2 International Consultants | 65,553 | | | 65,553 |
| Sub Total | 389,974 | 9,468 | 2% | 380,506 |
| 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 | 521,337 | 94,686 | 18% | 426,651 |
| 6.1.2 Supervisors (4) 4 staff x 24 months = 96 | 192,494 | 46,592 | 24% | 145,902 |
| 6.2 Technical Team (5) | | | | |
| 6.2.1 Training Managers (2) 2 staff x 24 = 48 | 83,290 | 5,822 | 7% | 77,468 |
| 6.2.2 Public Relations Assistant | 48,123 | 8,516 | 18% | 39,607 |
| 6.2.3 Engineers (2) 2 staff x 24 = 48 | 83,290 | 9,646 | 12% | 73,644 |
| Sub Total | 928,535 | 165,262 | 18% | 763,273 |

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| | | | | |
|---|-------------------|----------------|-----------|-------------------|
| ACTIVITY 7 | | | | |
| 7. Programme Evaluation & Audit | | | | |
| 7.1 Programme Evaluation | 77,121 | | | 77,121 |
| 7.2 Programme Audit | 64,267 | | | 64,267 |
| 7.3 Baseline and Follow Up Surveys | 64,267 | | | 64,267 |
| Sub Total | 205,656 | | | 205,656 |
| | | | | |
| Total without GMS | 11,040,365 | 658,561 | 6% | 10,381,804 |
| General Management Services (GMS) 7% | 772,826 | 46,099 | 6% | 726,727 |
| | | | | |
| Overall Total | 11,813,191 | 704,660 | 6% | 11,108,531 |

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 still being developed |
| 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 planning process started in all locations To date no progress on regional infrastructure project International citizen satisfaction surveys completed on all of the CACs |
| 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 | <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"> Progress being made on the development of a RDA No progress on joint infrastructure project as yet SSRGF |

| | Intervention Logic | Verifiable Indicators | Sources of Verification | Assumptions | Results |
|--|--|--|--|--|--|
| | regional development | | | | problems encountered with institution |
| | 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 | 1. Good progress being made here. |
| | 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 • 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 | Municipal records; Survey of municipal staff conducted and analysed in M2 and M23; Records on content and quality of municipal sub-projects; Project Facilitator observations; Municipality Agriculture Departments'/Ministry of Agriculture registration records; agriculture grant and credit programme public records | Municipality willing to implement organisational reforms to accompany new competencies | <p>1. Currently recruiting international and local service providers hence no progress to date.</p> <p>2. On the agricultural municipal staff development initial plan reviewed as discussed in the text and initial trainings held.</p> |

| | Intervention Logic | Verifiable Indicators | Sources of Verification | Assumptions | Results |
|-------------------|--|--|---|---|--|
| | | associations or registered cooperatives) across the region increased by 20% between month 2 and month 23 | | | |
| | 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) | <ol style="list-style-type: none"> 1. Initial survey performed of the services available in each CAC and where no CACs exist 2. Initial baseline survey of existing CACs implemented |
| Activities | <p>1. Facilitate regional co-operation for development</p> <p>1.1 Facilitate 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</p> | <p><u>Means:</u></p> <p>Technical Assistance ICT Equipment Furniture</p> <p>(see activity schedule)</p> | <p><u>Costs:</u></p> <p>Lump sums Reimbursables Direct costs</p> <p>(see budget)</p> | <p>Municipal leaders willing and able to meet on 4-monthly basis</p> <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</p> | <p>1.1 Three meetings held on RDA during last reporting period.</p> <p>1.2 Problems being experienced here.</p> <p>1.3 No progress to date on the joint infrastructure project</p> <p>2.1 Good progress being made on strategic planning process refer to relevant section of the report</p> <p>2.2 No sub projects implemented as yet</p> |

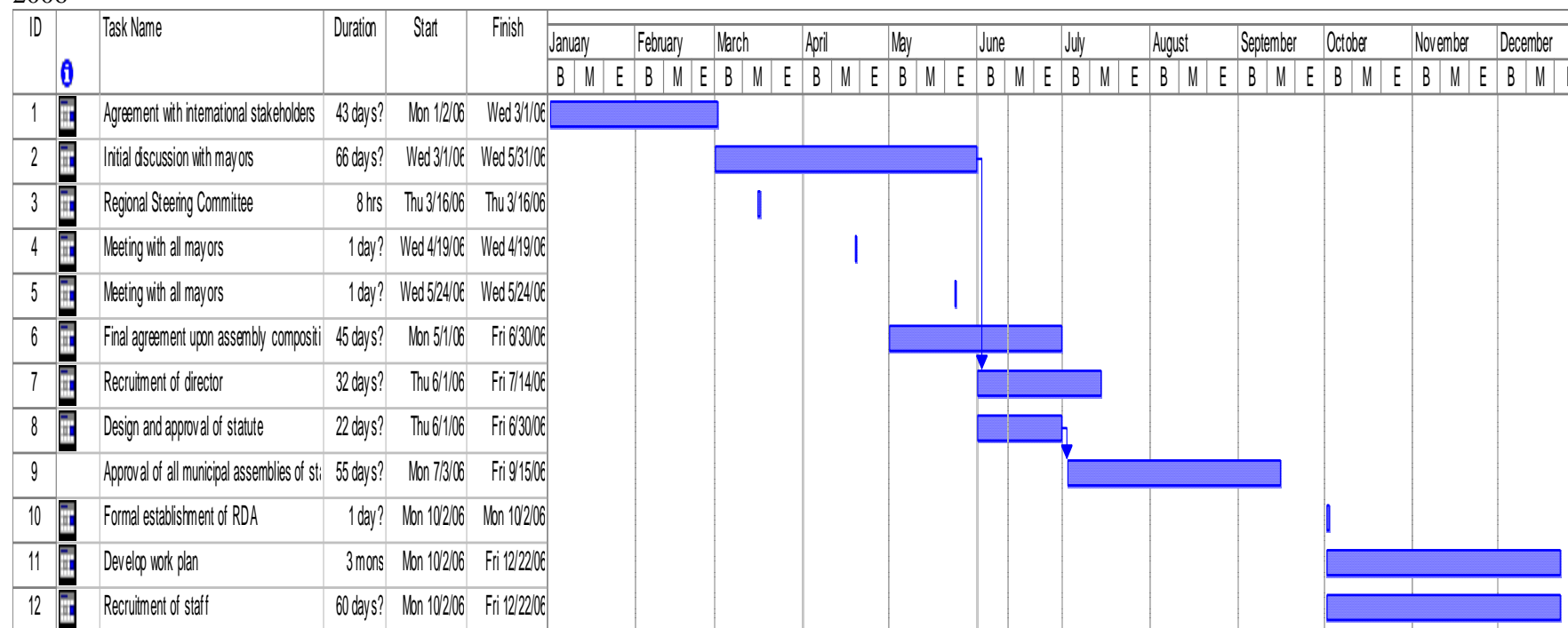
| | Intervention Logic | Verifiable Indicators | Sources of Verification | Assumptions | Results |
|--|--|-----------------------|-------------------------|---|---|
| | <p>priorities</p> <p>3. Build municipal capacity to manage and communicate</p> <p>3.1 Design and implement training and consulting programme 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>building efforts</p> <p>Municipalities want establishment of CACs</p> <p>Pilot municipality interested in streamlining administrative processes</p> | <p>3.1 Currently in process of recruiting international and local service provider</p> <p>3.2 Programme design completed and initial training sessions implemented</p> <p>4.1 Municipalities identified where this activity would be appropriate and negotiations soon to begin.</p> <p>4.2 Initial baseline surveys of CACs completed and areas for improvement identified</p> |
| | | | | <p>Pre-condition: Ministry of Finance commits money to Municipal Development Funds, representing the municipal contribution for sub-projects</p> | |

| | | | | | |
|--|---------------------------|------------------------------|--------------------------------|--------------------|----------------|
| | Intervention Logic | Verifiable Indicators | Sources of Verification | Assumptions | Results |
| | | | | (Component 2) | |

Annex III Overall Work Plan for the Project as a Whole

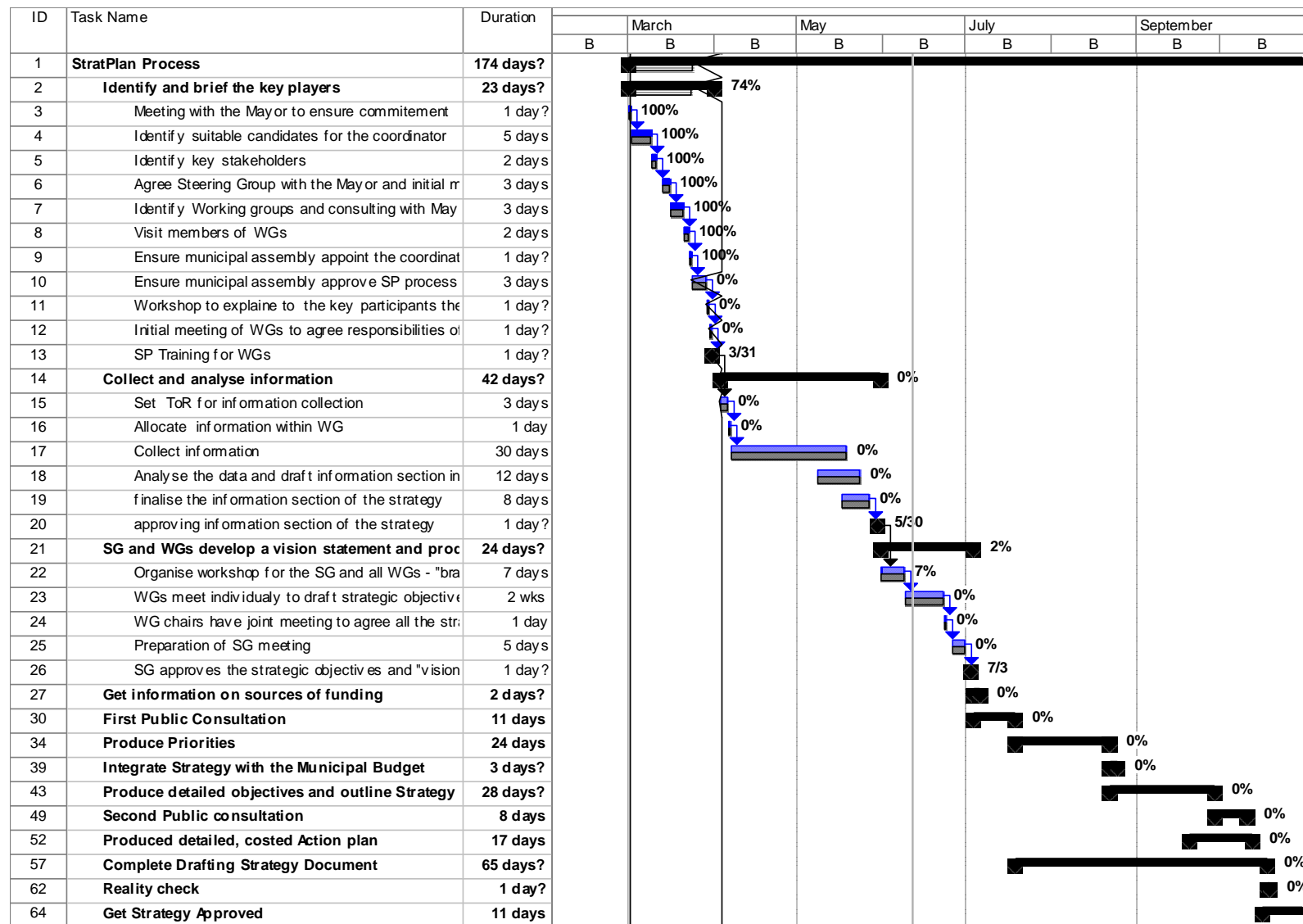
Gant Chart – Component One

2006



Gant Chart – Component Two Activity 2.1

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The above activity is progressing on schedule.

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 | Identification of needs | 42 days? | Mon 1/2/06 | [Bar] | | | | | | | | | | | |
| 4 | Develop plan | 90 days? | Wed 3/1/06 | | [Bar] | | | | | | | | | | |
| 5 | Implementation | 280 days? | Wed 7/5/06 | | | | | | | [Bar] | | | | | |

| 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 | | | | | | | | | [Bar] | | | |

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 | | [Bar] | | | | | | | | | | |
| 8 | Design of activities | 122 days? | Fri 4/14/06 | | | | [Thick black bar] | | | | | | | | |
| 9 | Analysis of survey | 24 days? | Fri 4/14/06 | | | [Bar] | | | | | | | | | |
| 10 | Prepare and plan stakeholders | 17 days? | Fri 5/19/06 | | | | | [Bar] | | | | | | | |
| 11 | Stakeholder conference | 2 days? | Tue 6/13/06 | | | | | | | [Bar] | | | | | |
| 12 | Meetings of municipal staff | 24 days? | Thu 6/15/06 | | | | | | | [Bar] | | | | | |
| 13 | Draw Up plan | 30 days? | Wed 7/19/06 | | | | | | | [Bar] | | | | | |
| 14 | Consult service provider on pl | 23 days? | Thu 8/31/06 | | | | | | | | | [Bar] | | | |
| 15 | Implement activities | 326 days? | Mon 10/2/06 | | | | | | | | | | [Bar] | | |

| 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 | | | | | | | | | | | | |

Progressing as per plan.

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 & Monetenegro | | | Page: | |
| Planning period: | Prepared on: 31/05/06 | | | | | | | | |
| ACTIVITIES IMPLEMENTED & TIME FRAME | PERSONNEL INTERNATIONAL | | PERSONNEL LOCAL | | EQUIPMENT AND MATERIAL | | OTHER | | |
| | Planned | Utilised | Planned | Utilised | Planned | Utilised | Planned | Utilised | |
| | 1 Project Manager 24 months | Six months | 1 Deputy Programe Manager 24 months | 6 months | Vehicles 20 13 PIUs | 18 13 PIUs | | | |

| | | | | | | | | |
|---|--|----------|--|-------------------------------|-----------------------------|--|--|--|
| Activity 2.1 Strategic Planning Seven days | 2 Component Team Leaders 48 months | 7 months | 1 Operations Manager 24 months | 6 months | Computers 52 Printers 27 | Computers 52 Printers 27 | | |
| | | | 1 Component Manager | 0 months | Photocopiers 13 | Photocopiers 13 | | |
| | International Strategic Planning consultant | | 1 Public Relations Assistant 24 months | 6 months | Scanners 7 | Scanners 7 | | |
| | | | 1 IT Assistant 24 months | 6 months | Cameras 11 | Cameras 11 | | |
| Activity 1.1 Development of RDA total 16 days | International Organisational Change Consultants (two people) | | 3 Finance & Audit Assistants 72 months | 18 months | Mobile phones 29 | Mobile Phones 29 | | |
| | | | 1 Admin Assistant 24 months | 6 months | Lap Tops 4 | Lap Tops 4 (one lap top purchased by MIR2) | | |
| | International Regional Development Consultants (2) | | 1 Logistics Assistant 24 months | 6 months | Beamer 2 | Beamer 2 | | |
| Monitoring & Evaluation 13 days | International M&E consultant | | 1 programme assistant 24 months | 6 months | | | | |
| | | | Drivers 2 for 48 months | 6 months | | | | |
| | | | Supervisors 4 for 116 months | 24 months | | | | |
| | | | Facilitators 13 for 24 months = 312 months | 11 for six months = 66 months | | | | |
| | | | Engineers 2 for 24 months = 48 months | 1 for 6 months | | | | |
| | | | CAC Advisor 1 for 24 months | 6 months | | | | |
| | | | Guarantee Fund Advisor 1 for 24 months | 0 months | | | | |

| | | | | | | | |
|--|--|--|--|----------------|--|--|--|
| Development of environmental guidelines for sub projects | | | Component Manager | 0 months | | | |
| | | | Agriculture Advisor 1 for 24 months | 6 months | | | |
| | | | Training Manager 2 for 24 months = 48 months | 1 for 6 months | | | |
| | | | Environmental consultant 5 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 | |
| | | | | | | |

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| | | | | | |
|------------------------|---|-------|--|------------------------|------------|
| PERSONNEL | Programme Manager (int) | | 12/05 – 05/06 | Six months | 18 months |
| | Component Manager Strategic Planning (int) | | 01/06 – 05/06 | Five months | 19 months |
| | Component Manager Improved Municipal Management and Service Delivery | | 04/06 – 05/06 | Two months | 22 months |
| | Deputy Programme Manager | | 12/05 – 05/06 | 6 months | 18 months |
| | Operations Manager | | 12/05 – 05/06 | 6 months | 18 months |
| | Communications Associate | | 12/05 – 05/06 | 6 months | 18 months |
| | IT Assistant | | 12/05 – 05/06 | 6 months | 18 months |
| | Finance & Audit Assistants (3) | | 12/05 – 05/06 | 18 months | 54 months |
| | Logistics Assistant | | 12/05 – 05/06 | 6 months | 18 months |
| | Admin Assistant | | 12/05 – 05/06 | 6 months | 18 months |
| | Programme Assistant | | 12/05 – 05/06 | 6 months | 18 months |
| | Drivers (2) | | 12/05 – 05/06 | 9 months | 39 months |
| | Supervisors (4) | | 12/05 – 05/06 | 24 months (4 persons) | 72 months |
| | Facilitators (13) | | 12/05 – 05/06 | 66 months (11 persons) | 246 months |
| | Training Managers (2) | | 12/05 – 05/06 | 6 months (one person) | 18 months |
| | Engineers (2) | | 12/05 – 05/06 | 6 months (one person) | 18 months |
| | Agriculture Advisor | | 12/05 – 05/06 | 6 months | 18 months |
| Guarantee Fund Advisor | | | 0 months | 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 | Contract No: | Country: Serbia & Montenegro | Page: |
|--|--------------|--|-------|

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| Programme Phase II (MIR2) | | | | |
|---------------------------|---|--|--|--|
| Planning period: | Prepared on: 1 | | | |
| REPORTING PERIOD | MAIN ACTIVITIES UNDERTAKEN | CONTRACTOR | INPUTS UTILISED | |
| | | | MATERIALS AND EQUIPMENT | OTHER |
| 01/03/06 – 31/05/06 | Establishing and Strengthening of PIUs | MIR2 staff | Vehicles Computers office equipment etc | MIR staff |
| | Organising visibility events associated with the programme launch at the national and local level | MIR2 staff | | |
| | Developing new Logo | Local graphic designer | Vehicles Computers office equipment etc | MIR staff Local Consultants International consultant |
| | Establishing an RDA | MIR 2 staff and independent consultants | Vehicles Computers office equipment etc | MIR staff Local consultants |
| | Signing MOUs with all municipalities | MIR2 staff | | |
| | Developing and signing MOU with Coordination Body | MIR2 staff and one international consultant | Vehicles Computers office equipment etc | |
| | Implementing strategic planning process at the local level in 13 municipalities | A large number of local contractors and suppliers engaged to provide the services required | Vehicles Computers office equipment etc | MIR Staff International consultant |
| | Identifying key municipal staff who will be participating in the learning programme implemented under Component three | MIR2 staff | Vehicles Computers office equipment etc | MIR Local Independent Consultants International Consultants Local companies |
| | Developing and launching tenders for both the local and international service providers | MIR2 staff | Vehicles Computers office equipment etc | Local Company MIR staff |

| | | | | |
|--|--|--|--|--------------------------------|
| | Collecting baseline data on the performance of the CACs. Two separate surveys were implemented | MIR2 staff | Vehicles Computers office equipment etc | MIR staff Local consultants |
| | Training for programme facilitators on coaching techniques that can be used in their every day work. | International consultants | Vehicles Computers office equipment etc | MIR staff Local consultants |
| | Development of draft environmental guidelines that can be used when developing sub projects | MIR2 staff with input of local consultants | | MIR 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 | Reason for deviation | Comment on constraints & assumptions |

| | (+ or -%) | | |
|---|---|--|--|
| <p>Programme Management 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>Component 1: Regional Co-operation for Development</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>Component 2: Municipality Strategic Planning for Development</p> <p>Activity 2.1: Embedded Capacity for Strategic Planning Activity 2.2: Municipal Projects to Catalyse Sustainable Economic and Social Development</p> <p>Component 3: Improved Municipal Management</p> <p>Activity 3.1: Improving Universal Management and Communication Skills</p> | <p>Delay in finalising M&E system</p> <p>1.1 On schedule 1.2 Behind schedule 1.3 No progress as yet</p> <p>2.1 On schedule 2.2 No progress but plans have been developed in Vranje</p> <p>3.1 Behind schedule 3.2 On schedule</p> | <p>Late recruitment of component manager leading to delay in development of Municipal Capacity Index</p> <p>1.2 Delay with guarantee fund activities due to problems highlighted in the main body of the text</p> <p>3.1 Delay because of delayed recruitment of international component manager</p> | |

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| <p>Activity 3.2: Improving Management of Agricultural Sector Development</p> <p><u>Component 4: Improved Delivery of Municipal Administrative Services</u></p> <p>Activity 4.1: Establishment of Citizen Assistance Centres</p> <p>Activity 4.2: Strengthening of Citizen Assistance Centres</p> | <p>4.1 On schedule</p> <p>4.2 On schedule</p> | | |
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Annex VIII Detailed Implementation Plan Activity 3.2 March 2006 – December 2007

| Activity | Date | By whom | Budget Estimate |
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| Establishment Activities | | | |
| Summarise and present a list of key recommendations arising from municipality questionnaires | March | Ag Advisor | |
| Finalise TORs for Training of advisers and PRA specialists and persons to deliver grants information programme and finalise delivery contract (Other contracts to be issued later) | End March/beginning April | Ag Advisor | |
| Get copies of job descriptions for all Municipality agricultural advisers and copies of all current agricultural plans/budgets within Municipalities | March/Beginning of April | Ag Advisor with support of facilitators | |

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| Make a list of all relevant agri-rural advisers that potentially should be involved with the project implementation support and including names and contact addresses of: municipality agricultural advisers, agricultural station persons, private sector persons, Ministry Municipality representatives and already identified priority farmer leaders | March | Ag Advisor with support of facilitators | |
| Finalise and agree conditionalities and memorandum of understanding and to include for agriculture: <ul style="list-style-type: none"> - Access to information on agricultural plan and budget for the municipality - Access to job descriptions and agreement to establish performance indicators and update job descriptions if required - Agreement to enable municipality agricultural advisers/representatives attendance at scheduled meetings/training - Agreement to enable the project to support the development of an agricultural plan (where one is not already available) - To enable proper resources to be made available to enable agricultural advisers to carry out their proposed activities | March | PM/DPM | |
| Organise and conduct 5 inception meetings outlining the project plan, approach and proposed activities and covering: Vranje (Trgoviste) Bujanovac (Presevo) Surdulica (Vladicin Han, Crna Trava, Bosilegrad) Leskovac (Vlasotince) Lebane (Bojnik, Medvedja) | End March/Beginning April | Ag Advisor with support of facilitators | Refreshments 5 (1 day) meetings 50 USD x 5 250 USD |
| Assist Municipalities without agricultural plans in the design and development of a plan (this needs to link to on-going UNDP activities in this respect) | November/December/January and following participatory rural appraisals (below) | Ag Advisor + external support | Local planning specialist – 20 days @ 150 USD 3000 USD |
| Prepare list of potential Serbian consultants able to carry out project technical activities and finalise contracts distribute TORs | May | Ag Advisor | |
| Training Programme | | | |
| Title: <u>Agricultural Project Grant Programmes</u> | | | |

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| <ul style="list-style-type: none"> - Available schemes (Grants and credit) - Filling forms (Ministry programmes) - Forms for registration of farms - Forms for registration of cooperatives and associations <p>1 day workshops for all identified participants. Maximum in each group to be 50 persons (target 150 persons)</p> | April | Ag Advisor + external support | Refreshments/food and training room hire for 3 meetings – 3 days @ 300 USD 900 USD |
| <p>Title: <u>Participative Advisory and Information Approaches</u></p> <p>3 day workshop with identified Municipality/private sector and identified farmer leaders. Start mid day first day and end mid day third day</p> <p>Maximum 25 in each group. 2 nights overnight stay. Target 75 persons and 3 groups</p> <p>Content to include:</p> <ol style="list-style-type: none"> 1. The role and responsibilities of advisers 2. What is advisory and information support? 3. Activities and measuring performance (job descriptions and target setting) 4. Communications and interpersonal skills 5. Participative techniques for collecting and distributing data and developing plans and projects (brainstorming, pareto, questioning and listening skills, Use of flipcharts etc.) 6. Positive attitudes 7. Activities to be developed between workshops/action plan (This should include an assessment of how to contact farmers and where farmers go to obtain sources of information in specific Municipalities) <p>Consideration should be given to inviting representatives from good extension service providers in other regions to present their activities e.g Sjenica or Vojvodina</p> | May/June | Serbian consultant experienced in this area Organisation managed by Ag Advisor with support of facilitators | 30 consultancy contract days (9 training contact days) @ 150 USD per day (2 persons) 4500 USD Accommodation/rental/refreshments 75 persons x 3 days x 35 USD 7875 USD |
| <p>Title: <u>Planning</u></p> <p>2 day workshop with identified municipality/private sector and identified farmer leaders.</p> <p>Maximum 25 in each group. Overnight stay. Target 50 persons and 2 groups</p> <p>Content to include:</p> <ol style="list-style-type: none"> 1. Presentation of main activities completed since last | Group 1 – Lowlands – July Group 2 Highlands August | Serbian consultants to be identified. Organisation and follow up managed by Ag Advisor and area based facilitators | 16 consultancy contract days (4 training contact days) @ 150 USD per day (2 persons) 2400 USD Accommodation/rental/refreshments 50 persons x 2 days x 35 USD |

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| <p>workshop</p> <ol style="list-style-type: none"> 2. Setting Objectives 3. Assessing business opportunities/SWOT 4. Basic elements of a business plan 5. Activities to be developed between workshops/action plan | | | 3500 USD |
| <p>Title: <u>Marketing</u></p> <p>2 day workshop with identified Municipality/private sector and identified farmer leaders. Maximum 25 in each group. Overnight stay. Target 50 persons and two groups</p> <p>Content to include:</p> <ol style="list-style-type: none"> 1. Presentation of main activities completed since last workshop 2. Where to get market information 3. Basic marketing principles related to prices, products, distribution and promotion 4. Actively selling 5. Activities to be developed between workshops/action plan | <p>Group 1 – Lowlands – August</p> <p>Group 2 Highlands September</p> | <p>Serbian consultants to be identified. Organisation and follow up managed by Ag Advisor and area based facilitators</p> | <p>16 consultancy contract days (4 training contact days) @ 150 USD per day (2 consultants) 2400 USD Accommodation/rental/refreshments 50 persons x 2 days x 35 USD 3500 USD</p> |
| <p>Title: <u>Basics of Finance</u></p> <p>2 day workshop with identified Municipality/private sector and identified farmer leaders. Maximum 25 in each group. Overnight stay</p> <p>Content to include:</p> <ol style="list-style-type: none"> 1. Presentation of main activities completed since last workshop 2. Basics of preparing a farm income statement and budget 3. Gross margins 4. Understanding credit 5. Activities to be developed between workshops/action plan (This will include an explanation of project support criteria and conditionalities for 2007) | <p>Group 1 – Lowlands – September</p> <p>Group 2 Highlands October</p> | <p>Serbian consultants to be identified. Organisation and follow up managed by Ag Advisor and area based facilitators</p> | <p>16 consultancy contract days (4 training contact days) @ 150 USD per day (2 consultants) 2400 USD Accommodation/rental/refreshments 50 persons x 2 days x 35 USD 3500 USD</p> |
| <p>Title: <u>Information technology and dissemination</u></p> <p>Workshops to be organised as required and covering areas such as:</p> <ul style="list-style-type: none"> - Scanning websites - Organising and disseminating materials | <p>As required</p> | <p>Local Consultant to be identified</p> | <p>8 consultancy contract days (5 training contact days) @ 100 USD per day 800 USD Refreshments/food and training room</p> |

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| - Sources of information | | | hire for 5 meetings – 5 days @ 300 USD 1500 USD |
| Participatory Rural Appraisal Meetings | | | |
| <p>Conduct 1 day participatory appraisal in 4 mountainous locations and covering /Bosiligrad/Trgoviste/Medveja/Bojnik (A further 4 meetings possible but dependant on pilot results)</p> <p>Prepare TOR and contract consultant(s)</p> <p>Make organisational arrangements</p> <p>Invite applications for attendance and register participants</p> <p>Conduct PRAs (only registered farmer attendance) and covering:</p> <ul style="list-style-type: none"> - Key issues and concerns of farmers in the agricultural community - SWOT - Recommendations for initiatives/solutions across their Municipality <p>Complete a detailed report and including:</p> <ul style="list-style-type: none"> - List of participants - Key agricultural issues in the Municipality - Information on where farmers go to access information - A list of the most positive farmers and initiatives - General recommendations for agri-development/training across the Municipality <p>General recommendations to be distributed to Municipalities</p> | July | <p>Serbian specialist to be identified</p> <p>Organisation managed by Ag Advisor and area based facilitators</p> | <p>4 pre-PRA set up days</p> <p>4 one day delivery days</p> <p>6 report finalisation and UNDP presentation days</p> <p>18 days@ 150 USD per day (2 consultants 2700 USD Refreshments 4 (1 day) meetings 50 USD x 5 200 USD</p> |
| Bujanovac Agri-Fair | | | |
| <p>Final conditionalities/plan with all counterparts (Sports hall/Municipality/Ministry)</p> <p>Register fair with Chamber of Commerce</p> <p>Support the development of a promotional strategy</p> <p>Assist in organisation</p> | April/May plan agreement | Ag Advisor | <p>Fair promotion/media advertisements 3000 USD</p> <p>Study trip possibilities 1000</p> <p>Installation of exhibition boards and support 2000 USD</p> <p>5000 USD</p> |
| Supplier/Buyer/Bank/Farmer Meetings/Presentations | | | |
| Identify and make a details list of all relevant buyers, banks and input suppliers across the region for agri-products | May | Ag Advisor | |
| Organisation of at least 10 joint meetings/presentations with invited buyers/input suppliers/banks on specific commercial topics and with representatives from either inside or outside | September onwards | Ag Advisor | 10 (1 day) meetings 300 USD x 10 and to cover refreshments and hall |

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| region/Serbia. Invited representatives should be based on a specifically identified issues... e.g. feed concentrate and with relevant organisations identified and invited from inside or outside of Serbia | | | /equipment hire 3000 USD No payment to be made to suppliers/buyers |
| Dissemination and Information | | | |
| Identify all materials available by contacting relevant organisations/donors/universities/research centres/websites etc Make a list of available materials Make a judgement on the most appropriate materials for distribution and or reprinting Based on feedback from Municipalities following participatory techniques workshop determine a specific plan for disseminating materials and information effectively to farmers and including locations/materials and persons Disseminate materials through workshops and project agri-rural advisers/info/distribution centres determined Consideration to be given to production on leaflets outlining lists of what materials are available and where to access them Printing, buying and disseminating copies of key information/booklets Obtaining and making available copies of farming magazines (a selection from 24) and TV/Radio programmes | June September for finalisation of information dissemination plan Dissemination will be an ongoing activity until the end of the project | Ag Advisor Ag Advisor | Budget outlined below for 2007 |
| Other | | | |
| Technical advice/specialist/study tour support budget <u>as required</u> (Contingency) for specifically arising activities that require a specialist judgement | From July | Monitoring by Ag Advisor and with final approval by PM | 30 person days@ 150 USD per day 4500 USD 5 days of trips for 10 persons @ 150 USD per day per person 7500 USD (This budget can be carried over until 2007) |
| To organise two one day meetings on writing grant proposals and following the end of the training programme | December 2006/January 2007 | Support from Ministry with Ag Advisor | Refreshments/food and meeting room hire for 2 meetings – 2 days @ 300 USD 600 USD |
| Review and update of plan | End of December/January | Ag Advisor and PM | |

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| | (2007) | | |
| TOTAL ALLOCATED BUDGET ON ACTIVITIES DEFINED ABOVE | | | 60025 USD |
| 2007 Issues and Programmes (Additional to the above) | | | |
| Information Materials and Dissemination | | | |
| <u>Guides and Booklets Preparation/Finalisation</u> - Farmer Advisory Support Guide A basic guide on farmers advisory support approaches and based on information developed during workshops - Farm Business Planning Toolkit | February 2007 | Serbian Consultants to be identified and contracted | <u>Farm Advisory Support Guide</u> 15 days consultancy @ 150 USD per day 2250 USD <u>Farm Advisory Support toolkit</u> 15 days consultancy @ 150 USD per day 2250 USD |
| <u>Information materials preparation and dissemination</u> Based on assumption that 25 dissemination points will be identified and supplied with weekly/monthly magazines/copies of materials and also basic video projection | January 2007 | Ag Advisor | 10 magazines x 25 points x 12 months x 3 USD = 9000 USD 40 booklets (or equivalent pages) x 25 points x 10 USD = 10000 USD Information point equipment for audiovisual: 25 points x 400 USD = 10000 USD |
| <u>Study tours</u> Two to be determined (only for trained advisers/key support team) and with the main objective of seeing agricultural advice and information support services in other countries. Suggested countries Slovakia and Poland | March – September 2007 | Ag Advisor with external support | Travel costs (vehicle for two trips and 11 persons per trip – 22 persons total) 200 USD per person = 4400 USD Visas 60 USD per person – 1320 USD 7 nights accommodation 350 USD per person = 2450 USD DSA 9 x 50 USD x 22 = 9900 USD Fee for travel agency in Serbia = 120 USD In country contract fee... 20 days @ 400 USD per day = 8000 USD (including organisation/translation and accompanying of team) |
| Technical advice/specialist/study tour support budget <u>as required</u> (Contingency) for specifically arising activities that require a specialist judgement | From January 2007 | Monitoring by Ag Advisor and with final approval by PM | 30 person days@ 150 USD per day 4500 USD |

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| <u>Equipment Provision</u> 6 sets of computer/office and training equipment | As required in 2007 | Ag Advisor with tender issued for purchase | 6 sets x 1500 per set 9000 USD |
| TOTAL BUDGETED EXPENDITURE FOR 2007 (except projects) | | | 73190 USD |
| <u>Project identified activity support from trained advisers:</u> To cover defined/allowable activities to include (these need to be further defined and approved but must link to farm activities and be results orientated) Demonstrations and trials Farmer associations support Training workshops/conferences/seminars Fairs and exhibitions Study visits (for farmers and in defined areas/products) Support materials Research and analyses <u>Conditionalities for support dependant upon:</u> Person applying having attended 2006 training programmes Municipality agricultural plans in place (if applicant from a Municipality) Activities have been fully discussed and defined in association with farmers in their region affected Proposal properly outlined with activities/responsibilities and defined budget | January 2007 Onwards | Monitoring by Ag Advisor and with final approval by PM Final decisions to be taken on which projects to support by a decision making group to comprise of Ag Advisor /PM and others to be defined | 100000 USD |
| CONTINGENCY | | | 16785 USD |
| TOTAL EXPENDITURE BUDGET | | | 250,000 USD |

PERSONNEL RESOURCES (based on above and still for further discussion and development)

Project Staff Contracts

1. **Predrag Markovic Full time 2006/2007**
2. **A.N.Other(s) to be determined and proposal to be presented to PM by End of March 2006 and including TOR job description and recruitment conditions**

Short Term Consultant Contracts

3. **Serbian Municipality Agri-planning Specialist 20 days**
4. **Serbian Participative Advisory and Information Approaches Specialists (2 persons) 30 days**
5. **Serbian Planning Specialists (2 persons) 16 days**
6. **Serbian Agri-Marketing Specialists (2 persons) 16 days**

- 7. Serbian Finance Specialists (2 persons) 16 days**
- 8. IT/Information Specialist 8 days**
- 9. Participative Rural Appraisals Specialists (2 person) 18 days**
- 10. Support pool for 2006 (30 days)**
- 11. Farm Advisory Service Support Guide 15 days**
- 12. Farm Management Toolkit 15 days**
- 13. Support pool for 2007 (30 days)**