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Lot 6: Western Balkans & Turkey**

**Synthesis Report on
*Projects of Support to
Regional Development
Agencies in Serbia***

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ANNEXES

ANNEX I: Monitoring Reports Produced

DISCLAIMER

This report has been produced in the frame of a project funded by the European Union. The content of this publication is the sole responsibility of the Results-Oriented Monitoring (ROM) WBT Team and can in no way be taken to reflect the views of the European Union.

It is recalled that the ROM system focuses on individual projects and is solely designed to measure their individual performance, within the overall frame of the Project Cycle Management (PCM) approach. Its methodology and criteria have not been foreseen nor tailored to allow drawing more general findings, conclusions or recommendations on any higher or wider level, such as sectors, countries or regions.

For this reason, attention is drawn to the fact that such more general findings and conclusions, formulated in this Synthesis Report, should be considered as indicative only, without any statistical validity or reliability whatsoever.

INTRODUCTION

This Synthesis Report presents the main findings drawn from the monitoring of six (6) ongoing projects related to the provision of support to Regional Development Agencies (RDAs) in Serbia. The monitoring of these projects and the present (this) Synthesis Report were planned in the Workplan of the Results-Oriented Monitoring Project in the Western Balkans and Turkey Region (ROMWBT Project) on the request of the European Commission Delegation (ECD) in Belgrade.

The monitoring and the resulting outputs of the following projects are the main basis for the elaboration of the present Synthesis Report:

- Operating Grant to enhance operations of Regional Economic Development Agency for Sumadija and Pomoravlje;
- Operating Grant to enhance operations of Centre for Development of Jablanica and Pcinja Districts;
- Operating Grant to enhance operations of Regional Development Agency Eastern Serbia;
- Operational grant to enhance operations of Regional Economic Development Agency "Zlatibor";
- Operational grant to enhance operations of Regional Socio-economic Development Agency Banat;
- Support to the Regional Development Agencies (Regional Socio-Economic Development Programme II).

The monitoring of the five operational grants took place in February 2009, whereas the monitoring of the service contract "Support to RDAs" was carried out in August 2009.

In addition, the monitoring of, and the ROM outputs on eight (8) other EC-funded projects directly intervening in support to regional and local development in Serbia have been taken into account in the elaboration of the Synthesis Report.

The present report is structured as follows:

- One* *Programme Synopsis*
- Two* *Monitoring Work Plan*
- Three* *Insights of the Programme*
- Four* *Special Issues*
- Five* *Success Stories*
- Six* *Conclusions and Recommendations*

The Annex recapitulates all the Monitoring Reports produced concerning the six RDA projects as well as the eight other projects directly intervening in support to regional and local development in Serbia.

1. PROGRAMME SYNOPSIS

1.1. Background

The monitored projects covered by this Synthesis Report all belong to the wider frame of the Regional Socio-Economic Development Programme II (hereafter RSEDP II).

On the level of its Standard Summary Project Fiche (IPA Centralized Programmes), the RSEDP II was assigned the following Overall Objective and Project Purpose:

- Overall Objective** Strengthened capacity in Serbia to develop and implement regional development policy for more balanced territorial socio-economic development.
- Project Purpose** *Component 1: Assistance to Regional Policy Development at National Level:*
Increased capacity at national level to plan and implement integrated regional development policy.
- Component 2: Support to the Regional Development Agencies (RDAs):*
Increased development planning and implementation capacities of RDAs, participating municipalities and other local stakeholders.

However, on the level of the Terms of Reference (ToR), bearing the title “Regional Socio-Economic Development Programme II”¹, the Overall Objective and Project Purpose are defined as follows, without any mention of the Programme’s division in two complementary Components (national and regional levels):

- Overall Objective** Strengthen the capacities in Serbia for the design and implementation of a policy for a balanced socio-economic development in the perspective of EU accession.
- Project Purpose** Improve the capacities of the Regional Development Agencies (RDAs) and other regional and municipal stakeholders for regional development planning and implementation.

1.1.1 Country Background and Relevant Programmes

Regional differences in Serbia have been growing steadily over the past years and are currently among the highest in Europe. A survey conducted by the Government of Serbia (GoS) in 2005 indicated large disparities both between the regions and within them. Apart from the traditionally underdeveloped areas in the Southern part of the country, new disadvantaged regions emerged in Central and Eastern Serbia, largely as a result of the economic crisis in the nineties and the adverse effect of transition in the 2000s.

The index of imperilment illustrates clearly such large disparities in their development. The ratio between the most and the least developed regions is 1:7 and the discrepancies on sub-levels are even higher (1:15).

These inter-regional and intra-regional disparities result in high differences in the competitiveness of the regions which further deteriorates the position of those less developed, as they are considered less attractive for new investments. In this respect, the South Backa is the most successful district with an average productivity rate exceeding the Republic’s average by 25.8%, while the least productive is the district of Pcinja (Southern Serbia) with 51.3% of the average.

The GoS now recognises the need for a coherent policy for regional development. Indeed, as Serbia seeks to integrate its economy and markets in the global markets and in particular into the EU single market, there is an imperative need to ensure that all areas of the country are capable of being competitive.

The priorities and conditions for further integration into the European Union are outlined in the European Partnership for Serbia (Council Decision 2008/213/EC of 18-02-2008). The Partnership indicates that one of the short-term priorities is to continue with the implementation of the Stabilisation

¹ These Terms of Reference are part of the Contract signed for the project “Support to the Regional Development Agencies”, covered by this Synthesis Report.

and Association Agreement (SAA) and EU integration processes, whereas the medium-term priorities are: further strengthening of European integration capacities at all levels, implementing constitutional provisions relating to decentralisation and improving business environment in order to increase green field foreign direct investment.

Furthermore, the Stabilisation and Association Agreement (SAA), signed between the Republic of Serbia and the EU in April 2008, indicates in Article 113 that one of the priority cooperation areas between them is the strengthening of regional and local cooperation with the objective to enhance economic development and decrease regional disparities.

Socio-economic development has always been one of the objectives of the GoS policies. However, in the past, the development policies were defined and managed at the central level. These policies were based on the different sectors and included some resources' allocation to the most disadvantaged areas. Public investments in infrastructure and incentives for new business were among the instruments the GoS utilised in order to support the least developed areas. However, a system for assessing the specific needs of the least developed municipalities and districts did not exist. In consequence, this approach proved not to be efficient and contributed to the growing disparities between the municipalities and districts.

Certain significant changes started to occur as of the early 2000s. The first strategic document which was produced in a fully participatory manner was the Poverty Reduction Strategy (PRS). This Strategy provided a solid basis for addressing the specific socio-economic needs of the least developed areas. The document was adopted in 2003.

The National Economic Development Strategy (NEDS) in 2006 also involved bottom-up consultations. All municipalities across Serbia were requested to put forward their priorities and plans. However, the final selection of priorities was with the Government and the stakeholders did not have an opportunity to comment on the draft NEDS before it was adopted by the Parliament.

The National Investment Plan (NIP), adopted in 2006, outlines the Government's infrastructure investment priorities in 17 key sectors and is, to a high degree, aligned with the provisions and objectives of the PRS.

In January 2007, the GoS adopted the Strategy for Balanced Regional Development of Serbia 2007-2012 (SBRD). The SBRD is based on the concept of integrated regional development. It broadly encompasses the development priorities and interventions aimed at reducing the disparities among the districts and at increasing the potential competitiveness of the poorest parts of the country. The SBRD also foresees a legal and institutional framework, which is currently being designed in the Draft Law on Regional Development (DLRD). The Strategy includes the following priority objectives:

- To achieve sustainable development;
- To increase regional competitiveness;
- To reduce regional disparities and poverty;
- To reverse negative demographic trends;
- To continue the decentralisation process;
- To build regional institutional and regional infrastructure.

The Strategy builds upon the experiences of the successful regional development policies in the new EU Member States. The key principles of the Strategy include:

- Formulation of the overall regional development policy;
- Partnership between local communities, institutions and civil associations;
- Gradual territorial decentralisation;
- Harmonization with the relevant EU regulations;
- Alignment with other development strategies;
- Stable sources of funding;
- Monitoring and evaluation of the results of the regional development support.

As a first step in the implementation of the Strategy, in May 2007, the Government created the Ministry of Economy and Regional Development (MoERD), responsible for the coordination, administration and management of integrated regional development. One of the first tasks of the MoERD was to draft the Law on Regional Development (LRD). The first draft version was circulated in May 2008, and the Law was adopted by the Parliament in July 2009. It is now expected that a series of by-laws will precisely establish the necessary criteria, guidelines and methodologies for the implementation of the Law and of the SBRD. The new legal framework should also enable an efficient coordination of the regional development process.

There are currently a number of organisations that aspire to become RDAs. The establishment of those organisations was supported by international donors. Some of them started to operate as Agencies for the Development of Small and Medium Enterprises (SMEs) and are in the process of turning into RDAs. The need to improve their project identification and formulation skills, as well as the need to increase their absorption capacity, encouraged local stakeholders to become founders and investors in these new RDAs.

RDAs share the common mission to promote socio-economic development within their respective territories. However, they have neither secure means of financing, nor a clear mandate to represent the regions in which they operate, since no regions are defined as such in Serbia. RDAs are not formally linked to the national planning process for regional development and therefore contribute only to some extent to the national development objectives. Their operational costs are covered mainly by a combination of fees from participation in donors' programmes, small contributions from participating municipalities and from the provision of fee-based services. In the absence of relevant framework legislation, the Government has not contributed to the financing of the existing RDAs (other than contracting certain services in the frame of the SME support).

It is important to underline that the current RDAs are Private Public Partnership (PPP) non profit organisations, registered as limited liability companies and, as such, they may have the following, fairly wide, sources of funding:

- fees from contracts for performing activities assigned to them by the Government or other stakeholders,
- annual membership fees (if such fees are foreseen in the contract or founding act),
- donations (primarily from international donors) and
- sponsorship and other sources.

The major step forward in the integration of the existing regional associations, which aspire to become RDAs in the institutional framework for regional development, is expected to be made now, on the basis of the adopted Law on Regional Development.

There is a general willingness among the various stakeholders to continue and expand RDAs' operations. However, the capacity of RDAs to take responsibilities for the coordination of regional development differs among them, in the different parts of the country. This is primarily due to the problems associated with the lack of secure funding, the lack of willingness of the local authorities and stakeholders to cooperate with them, and also due to different levels of knowledge and skills of their managers and employees.

In addition to RDAs, there are currently at least ten local development offices which were established with the support of international donors. The capacity of most of those is limited and they only cover the geographic area of their own municipality.

As concerns relevant programmes and other donor activities, it is observed that considerable resources have been provided by the EU, USAID and other donors to support the regional, municipal and local development initiatives across Serbia.

The EU funded the establishment of the SME Development Agencies (CARDS 2004 Enterprise Development Programme) and a number of grants for socio-economic development, and established three Regional Development Agencies in Northern (in Zrenjanin), Central (in Kragujevac) and Southern (in Leskovac) Serbia, within the Regional Socio Economic Development Programme I (RSDEP I, see Chapter 1.1.2 below), completed in December 2006. In addition, the ongoing Municipal Support Programme for North-East Serbia (CARDS 2005), provides support to the RDA in Zrenjanin and to the establishment of an RDA in Pozarevac, while the EU and the Swiss Government jointly funded the

“PRO 2” programme in south-west Serbia in order to support the transformation of the Uzice SME Agency into a RDA and the establishment of an RDA in Kraljevo. Moreover, during 2007 and 2008, the EU provided short-term technical assistance to the MoERD in order to prepare the draft Law on Regional Development. Finally, the IPA 2007 Programme for Serbia includes the following operations, in the wider frame of the RSEDP II:

- Several operational grants to financially support a number of existing RDAs, 5 of which, contracted in 2008, are covered by this Synthesis Report;
- A capacity building (strategic and operational support) project for the RDAs (“Support to the Regional Development Agencies”), covered by this Synthesis Report;
- A capacity building project for the national level institutions (MoERD and future National Agency for Regional Development –NARD-) responsible for the management and the coordination of regional development (not yet tendered);
- A Grant Scheme (indicative total budget 9 MEUR) to support regional development projects, to be launched at the end 2009 – beginning 2010.

Considering the importance of the RSEDP I for the good understanding of the current situation and of the efforts already invested by the EU in support to regional development actors, a more comprehensive overview is presented below.

1.1.2 Regional Socio-Economic Development Programme I (RSEDP I)

The main components of the Programme were:

- partnership building,
- strategic planning,
- human resource development framework to create pathways to employment for vulnerable groups,
- socio-economic development fund,
- policy and strategy recommendations at national level, and
- procurement of equipment for the Programme beneficiaries.

The Programme consisted of the technical assistance component (2.4 MEUR) and the pilot Regional Socio-Economic Development Fund (RSEDF), with an EC contribution of approx 5 MEUR. The RSEDF was used to co-finance projects of regional importance, arising from the regional strategic plans and from the social development assistance (Calls for Proposals). The objectives were to develop sustainable economic development capacity and implement actions to support the vulnerable groups. Based on extensive discussions with the key stakeholders in the programme areas (all participating municipalities, local NES offices (local offices of the National Employment Service??), Head of Districts, Regional Chambers of Commerce, SME and Civil Society representatives), the Programme supported the partnership structures in Central Serbia, by assisting the transformation of an SME Agency into an RDA (in Kragujevac) and the process of establishing an RDA in Northern Serbia (in Zrenjanin). The new RDA was established in September 2004, in close cooperation with the Ministry of Economy and all relevant local stakeholders.

In 2006, the RDA in Kragujevac implemented the project “Development of Institutional Capacity for Implementation of the Integrated Plan of for the Socio-Economic Development of Šumadija and Pomoravlje” within the RSEDF’s 1st Call for Proposals. The aim of the project was the establishment of an environment for economic development by improving the capacities of local authorities and institutions and encouraging socio-economic development in the Šumadija and Pomoravlje region.

The progress of establishing an RDA was slower in the case of Banat (Vojvodina, Northern Serbia): a general agreement existed regarding the establishment of the RDA as a permanent technical support to the “Banatsko Partnerstvo” (Banat Partnership) and to support the creation of an appropriate project pipeline by providing consultancy services, boosting technical capacity of the municipalities and other potential beneficiaries of the Operational Programme.

In the process of establishing the RDA, all 19 Municipalities in Northern Serbia expressed strong willingness to support the set up of the RDA as a precondition for future EU funds and as a tool for increasing local capacities. All the activities were carried out by representatives of the RSEDP team and representatives of the project "Setup of RDA", awarded under the RSEDF 1st Call for Proposals and implemented by the SME Agency in Zrenjanin. The project proposal: "Setting up the Regional Socio-Economic Development Agency for the Banat region (RDA Banat)" was awarded a grant (0.2 MEUR) and was implemented in 12 months. The official establishment of the RDA took place in December 2006.

The RSEDP, along with the MIR2 and USAID/CHF, initiated also the establishment of an RDA in Southern Serbia in coordination with 13 Municipalities, Districts of Pcinja and Jablanica, Chamber of Commerce, 3 private companies and 3 NGOs, as well as the Coordination Body for the Municipalities of Presevo, Bujanovac and Medvedja. This process was later supported by the UNDP, MIR2 and CHF. The purpose of this RDA was to facilitate inter-municipal cooperation and lead the social and economic development of the region. The agency is governed by an assembly comprising of local government, civil society and private sector representatives.

The partnership structures within the RDAs have involved, from an early stage, a broad grouping of local governments, private sector interests, public institutions, non governmental sector and civil society organisations. The overall achievement of the RSEDP induced the RDAs as the leverage mechanism for further strengthening of capacities of participating organisations within the 1st and the 2nd Call for Proposals of RSEDF. Their role as the nucleus in the process of initiating balanced regional development has been confirmed by the necessity to continue setting up organisations that support economic development, to promote awareness on regions' opportunities, matching available resources with strategies and priorities, supporting economic competitiveness in the region through projects filtering, fund raising and allocating resources for projects implementation.

There are currently at least 14 RDAs in Serbia, covering a large part of the national territory. Many were created with donor assistance, after having initially started up as SME Development Agencies. The need to improve project identification and formulation, and to increase absorption capacity for State and donor financing has encouraged local stakeholders to become founders and investors in the new RDAs.

It has been generally considered that the RSEDP (implemented from September 2003 to December 2006) and the MIR2 (December 2005 to 2008) were successful in building up the capacity in their target areas and that similar assistance should be extended to other areas of the country, but taking into account lessons learnt throughout the implementation of the programmes.

1.2. Intervention Logic of the monitored projects

The projects covered by this Synthesis Report are on one hand the grant contracts for five operational grants, supporting the development of five RDAs and on the other hand one service contract for the delivery of the non-financial support – technical assistance to all the RDAs in Serbia. Both the grant-funded operations and the service contract belong to the same wider RSEDP II, briefly outlined above, and therefore share the same general intervention logic and overall objectives, as briefly recapitulated in Table 1.

Table 1: Intervention Logic of the monitored RDA-related projects

Grant Contracts with five Serbian RDAs	Service Contract to Support all Serbian RDAs
<p><u>Overall Objective:</u> To strengthen the capacity in Serbia to design and implement policy for more balanced territorial socio-economic development with a view to EU accession.</p>	<p><u>Overall Objective:</u> To strengthen the capacities in Serbia for the design and implementation of a policy for balanced territorial socio-economic development in the perspective of EU accession.</p>
<p><u>Project Purpose:</u> 1) Increased access to financing for project implementation in support of development policy priorities. 2) RDA supported and its sustainability enhanced, so that it is capable of managing the process of planning, coordinating and delivering socio-economic development measures for its region.</p>	<p><u>Project Purpose:</u> To improve the capacities of the Regional Development Agencies (RDAs) and other regional and municipal stakeholders for regional development planning and implementation.</p>
<p><u>Expected Results:</u> 1. Conditions created for planning & management of regional development processes by enhancement of institutional capacities. 2. Economic sectors' development mechanisms operational and functional. 3. Partnerships established with international development institutions and EU member state regions based on the principle of decentralized cooperation. 4. Interregional partnerships established on a national level.</p>	<p><u>Expected Results:</u> 1. Conditions created for planning and management of regional development processes by enhancement of institutional capacities. 2. Increased efficiency of RDAs in managing local development resources. 3. Increased participation of RDAs in the national regional development policy planning and increased advocacy role of RDAs at national level. 4. Improved skills of RDAs' staff and other stakeholders in Project Cycle Management (PCM) and financial management. 5. Efficient management of the Grant Scheme for Regional Development.</p>
<p><u>Planned Activities:</u> They slightly vary from one RDA to another but are all clearly focused on the above Results.</p>	<p><u>Planned Activities:</u> These are grouped in 4 Components, each corresponding to one of the Expected Results.</p>

These six projects represent roughly 10% of the current monitoring portfolio for Serbia but, at the same time, belong to a significant component of this portfolio devoted to the EC support to regional and local development, with a total of 14 projects. They represent 24% of the portfolio and 30% of the total EC budget covered by the current monitoring portfolio.

Table 2 lists these 14 projects, with their recapitulated identification data, being stated that the recapitulated information on the projects that have already been monitored (as of September 2009) is presented in Annex I.

Table 2: Overview of “territorial” projects in the current ROM Workplan for Serbia

#	Project title	CRIS Contract Nr	Start Date	End Date	EC Contribution (€)
1	Municipal Infrastructure Support Programme (MISP)	166489	25-01-08	24-01-10	2.999.800
2	Joint Support to Local Government – EXCHANGE2	166463	28-01-08	27-01-10	2.067.486
3	Zrenjanin Ecka Industrial Zone	166419	14-08-08	14-02-10	4.075.066
4	EXCHANGE 2 – Institutional capacity building of the Standing Conference of Towns and Municipalities	166509	14-03-08	14-03-10	1.000.000
5	Inter-regional cooperation support programme	166518	24-03-08	24-03-10	1.456.000
6	Municipal Support Programme North Eastern Serbia (MSP NE)	164864	17-05-07	17-05-10	6.695.920
7	Technical support to Enterprise Policy and innovation	166403	01-09-08	01-09-10	1.499.970
8	Municipal Development in South West Serbia 2 nd Phase	162921	15-05-07	14-11-10	4.908.320
9	Support to Regional Development Agencies – Regional socio-economic development programme III (RSEDP)	209216	25-05-09	03-06-12	4.985.000
10	Operating Grant to enhance operations of Regional Economic Development Agency for Sumadija and Pomoravlje	160894	01-07-08	30-06-11	518.807
11	Operating Grant to enhance operations of Regional Economic Development Agency “Zlatibor” (ZRDA)	161416	01-07-08	30-06-11	561.547
12	Operating Grant to enhance operations of Regional Economic Development Agency Eastern Serbia	161418	01-07-08	30-06-11	560.087
13	Operating Grant to enhance operations of Centre for development of Jablanica and Pcinja Districts (RDA)	161422	01-07-08	30-06-11	554.288
14	Operating Grant to enhance operations of Regional Economic Development Agency BANAT	161475	01-07-08	30-06-11	540.019
TOTAL					32.422.310

(Basis: ROMWBT Workplan update N°42 dated 09-10-09)

1.3. Brief presentation of the monitored projects

This Synthesis Report covers on one hand five (5) grant contracts, signed in end-June 2008 with five RDAs in Serbia, in the wider frame of the RSEDP II, and on the other hand the service contract for the non-financial support to all RDAs in Serbia (including the five RDAs mentioned above), signed in May 2009.

All five grant contracts are designed in the same way, with the EC contribution ranging from 518,807 EUR (CRIS 160894) to 561,547 EUR (CRIS 160921), and other funding ranging from 149,272 EUR (CRIS 160921) to 222,157 EUR (CRIS 161418). The budget of the TA Service Contract consists only in the EC contribution, which amounts to 4,985,000 EUR.

Table 3: Monitored projects supporting the Regional Development Agencies in Serbia (2009)

N°	CRIS N°	Project Title	Project Authority	End date	EC Budget
1	160894	Operating Grant to enhance operations of Regional Economic Development Agency for Sumadija and Pomoravlje (hereafter RDA Kragujevac)	Regional Economic Development Agency (RDA) for Sumadija and Pomoravlje Doo (Limited Liability Non-Profit Company)	30/06/2011	518,807
<p><u>Overall Objective:</u> To strengthen the capacity in Serbia to design and implement policy for more balanced territorial socio-economic development with a view to EU accession.</p> <p><u>Project Purpose:</u> Increased access to financing for project implementation in support of development policy priorities.</p> <p><u>Expected Results:</u></p> <ul style="list-style-type: none"> • Conditions created for planning and management of regional development processes by enhancement of institutional capacities, • Economic sectors' development mechanisms operational and functional, • Partnerships established with international development institutions and EU member state regions based on the principle of decentralized cooperation, • Interregional partnerships established on a national level. 					
2	161422	Operating Grant to enhance operations of Centre for development of Jablanica and Pcinja Districts (hereafter RDA Leskovac)	Centre for Development of Jablanica and Pcinja Districts (RDA)	30/06/2011	554,288
<p><u>Overall Objective:</u> To strengthen the capacity of Serbia to design and implement policy for more balanced territorial socio-economic development with a view to EU accession.</p> <p><u>Project Purpose:</u> Increased access to finance for project implementation in support of development policy priorities.</p> <p><u>Expected Results:</u></p> <ul style="list-style-type: none"> • Ensured sustainability and further development of the RDA, • Enhanced institutional capacity of RDA and improvement of internal operation practices, • Improved capacities of RDA to support regional and local development. 					
3	161418	Operating Grant to enhance operations of Regional Development Agency Eastern Serbia (hereafter RDA Zajecar)	Regional Development Agency Eastern Serbia	30/06/2011	560,087
<p><u>Overall Objective:</u> To strengthen the capacity in Serbia to design and implement policy for more balanced territorial socio-economic development with a view to EU accession.</p> <p><u>Project Purpose:</u> To support RDA and enhance their sustainability, so RDA will be capable of managing the process of planning, coordinating and delivering socioeconomic development measures to the region (Financial Support to Local Socio-Economic Initiatives [Grant Scheme]).</p> <p><u>Expected Results:</u></p> <ul style="list-style-type: none"> • Ensured sustainability and further development of the RDAES, • Enhanced institutional capacity of RDAES and improvement of internal operation practices, • Improved capacities of RDAES to support regional and local development. 					

N°	CRIS N°	Project Title	Project Authority	End date	EC Budget
4	160921	Operational grant to enhance operations of regional economic development agency "Zlatibor" (hereafter RDA Zlatibor)	Regional Economic Development Agency "Zlatibor" (ZRDA)	30/06/2011	561,547

Overall Objective:

To strengthen the capacity in Serbia to design and implement policy for more balanced territorial socio-economic development with a view to EU accession.

Project Purpose:

1. Increased access to financing for project implementation in support of development policy priorities;
2. Zlatibor RDA supported and its sustainability enhanced, so that it is capable of managing the process of planning, coordinating and delivering socio-economic development measures for the Zlatibor region.

Expected Results:

- Strengthened internal capacities of ZRDA for managing regional development process,
- Ensured ZRDA's leading role in socio-economic development of the region,
- Enhanced ZRDA's relations with development partners on regional, national and international levels.

5	161475	Operational grant to enhance operations of regional socio-economic development agency Banat (hereafter RDA Banat)	Regional Economic Development Agency "Banat" (RDA Banat)	30/06/2011	540,019
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Overall Objective:

To strengthen the capacity in Serbia to design and implement policy for more balanced territorial socio-economic development with a view to EU accession.

Project Purpose:

1. Increased access to financing for project implementation in support of development policy priorities;
2. Banat RDA supported and its sustainability enhanced, so that it is capable of managing the process of planning, coordinating and delivering socio-economic development measures to the region.

Expected Results:

- Updated Banat development strategy,
- Banat project pipeline database created,
- Regional and local development projects identified and prepared,
- Local (municipal) strategic planning and project preparation capacity enhanced,
- At least 1 (new) RDA service product offered to stakeholders,
- Organisation quality standard developed and certified,
- More appropriate and financially sustainable office premises,
- High level of visibility & stakeholder awareness of RDA Banat role and activities,
- Founder and stakeholder support increased due to recognised value added.

6	209216	Support to the Regional Development Agencies (Regional Socio-Economic Development Programme II (hereafter TA to RDAs)	WYG International Limited, UK	02/06/2012	4,985,000
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Overall Objective:

To strengthen the capacities in Serbia for the design and implementation of a policy for balanced territorial socio-economic development in the perspective of EU accession.

Project Purpose:

To improve the capacities of the Regional Development Agencies (RDAs) and other regional and municipal stakeholders for regional development planning and implementation.

Expected Results:

- Increased efficiency of RDAs in managing local development resources,
- Increased participation of RDAs in the national regional development policy planning and increased advocacy role of RDAs at national level,
- Improved skills of RDAs' staff and other stakeholders in Project Cycle Management (PCM) and financial management,
- Efficient management of the Grant Scheme for Regional Development.

2. MONITORING WORK PLAN

2.1. Monitoring Approach

The Portfolio of EC-funded Projects in the WBT consists of various types of projects which mainly differentiate by their design, geographical location, size, complexity and centralised (regional projects) or de-concentrated (national projects) management. There are two main types to which projects can be grouped: (a) National (bilateral), and (b) Regional. The monitored projects, covered by this Synthesis Report, belong to the Portfolio of national projects in Serbia, managed by the EC Delegation in Belgrade.

2.2. Preparation and Implementation of Monitoring Missions

2.2.1 Cooperation with the EC Delegation

The 6 projects covered by this Synthesis Report were monitored in the overall frame of the ROM Portfolio of national projects for Serbia in the 2nd year of operations of the ROMWBT Project. In addition, and in response to the ECD Task Manager's request, this Report presents an overall synthesis of the outcome of the ROM Missions implemented to the projects, with a focus on certain cross-cutting issues, being stated that all the project-specific monitoring findings are delivered in the corresponding monitoring reports (see Table 4 for the monitoring references).

2.2.2 Preparation and organisation of the Monitoring Visits

The operational grants were monitored in February 2009, 8 months after the start of the corresponding contracts, and were foreseen to be implemented over three years. In agreement with the ECD, the monitoring of the service contract "Support to the RDAs" was implemented at the end of its Inception Phase, in early August 2009, in order to deliver feedback at this initial stage of the project positioning and setting up process.

All the ROM Missions were prepared, organised and implemented without any major problem. However, it should be noted that extreme weather conditions slightly hampered the schedule of visits to the RDAs in February 2009. The monitoring of the service contract "Support to the RDAs" also included visits to several beneficiary RDAs (Kragujevac, Kraljevo, Novi Pazar). The corresponding monitoring information is presented in Table 4.

Table 4: Overview of the ROM activity for the Programme

#	ROM Mission timing	MR Number	Project Monitored
1	17/02/09 – 24/0/09	116620.01	Operational grant to enhance operations of regional economic development agency for Sumadija and Pomoravlje (RDA Kragujevac)
2	20/02/09 – 20/02/09	116463.01	Operating Grant to enhance operations of Center for development of Jablanica and Pcinja Districts (RDA Leskovac)
3	17/02/09 – 19/02/09	116462.01	Operating Grant to enhance operations of Regional Development Agency Eastern Serbia (RDA Zajecar)
4	17/02/09 – 24/02/09	116621.01	Operational grant to enhance operations of regional economic development agency "Zlatibor" (RDA Zlatibor)
5	17/02/09 – 24/02/09	119441.01	Operational grant to enhance operations of regional socio-economic development agency Banat (RDA Banat)
6	03/08/09 – 11/08/09	123540.01	Support to the Regional Development Agencies (Regional Socio-Economic Development Programme II – RSEDP II)
Specific CRS sectors covered			15110 - Economic and Development Policy/Planning 15112 - Decentralisation and support to subnational government
MEUR covered (total EC contribution to all monitored projects)			7,719,748
Average size (EC Contribution in EUR) of monitored projects			1,286,624

3. INSIGHTS OF THE MONITORED PROJECTS

3.1. Performance of Monitored Projects by Monitoring Criteria

Table 5 presents the average performance of the monitored projects, covered by this Synthesis Report. The performance of the projects is calculated as the average of the five ROM criteria (Relevance and quality of project design, Efficiency of implementation to date, Effectiveness to date, Impact prospects, and Potential sustainability). For the calculation of the average, the grades a, b, c, d have been translated into scores 4, 3, 2, 1 respectively.

Table 5: Average ratings per each main criterion

Criterion	Average rating	Sample (Number of Projects)	Sample (Number of M-Reports)
Relevance and Quality of design	3.12	6	6
Efficiency to date	3.12	6	6
Effectiveness to date	2.92	6	6
Impact prospects	3.20	6	6
Potential Sustainability	2.88	6	6
AVERAGE	3.05	6	6

The monitored projects performed well on average (3.05/4.00). Nevertheless, in order to have a more precise insight, it is necessary to distinguish between the average performance of the monitored RDAs (operating grants) on one hand, and that of the service contract “Support to RDAs” on the other hand, as shown below:

Table 6: Average ratings for RDAs and for the project “Support to RDAs”

Criterion	Average rating	Average rating
	RDAs	Support to RDAs
Relevance and Quality of design	3.26	2.40
Efficiency to date	3.25	2.70
Effectiveness to date	3.10	2.00
Impact prospects	3.24	3.00
Potential Sustainability	2.96	2.50
Overall Average	3.15	2.52

All monitored RDAs’ grant contracts demonstrated satisfactory performance. Relevance and Quality of Design shows the best scoring (3.26), with stronger points for the relevance of the RDA projects to the actual needs of their target groups and the support provided by the stakeholders to the projects’ design and implementation. It is understandable that the potential sustainability, although satisfactory, has the lowest average score (2.96), given the relative uncertainty of the future policy and institutional support to the RDAs, both on a national and international basis. Among the five RDAs, the RDA Banat (CRIS 161475) and the RDA Kragujevac (CRIS 160894) show the best average performance (respectively 3.43 and 3.28) and can be considered as success stories.

The performance of the service contract (please refer to Table 7 below for details) providing support to the RDAs at its Inception is not entirely satisfactory, (overall average of 2.52), with low Relevance (2.00), Stakeholders Support (2.00) and Effectiveness (2.00). It is worth noting that this particular project was monitored in its very beginning, at the end of the formal Inception Phase, which took place over the summer vacations period in Serbia (June to August). Nevertheless, its low grade for Design should be a matter of concern, as clearly underlined in the corresponding ROM output.

If appraised over the Main Criteria and also the Prime Issues, a more detailed insight is given in the table below.

Table 7: Average ratings for main criteria and prime issues

Code	Criterion	Projects						Average
		RDA Kragujevac	RDA Leskovac	RDA Zajecar	RDA Zlatibor	RDA Banat	TA to RDAs	
M1	Quality of project design	3,60	3,00	3,10	3,30	3,30	2,40	3,12
M11	Actual Relevance	4,00	3,00	3,00	4,00	4,00	2,00	3,33
M12	Feasibility & flexibility	3,00	3,00	3,00	3,00	3,00	3,00	3,00
M13	Stakeholders support	4,00	3,00	3,00	3,00	3,00	2,00	3,00
M14	Cross-cutting issues	3,00	3,00	4,00	3,00	3,00	3,00	3,17
M2	Efficiency	3,80	2,75	3,00	3,25	3,25	2,70	3,13
M21	Input availability	3,00	3,00	3,00	3,00	3,00	3,00	3,00
M22	Activity timeliness	4,00	3,00	3,00	3,00	3,00	4,00	3,33
M23	Outputs achievement	4,00	3,00	3,00	3,00	3,00	3,00	3,17
M24	Partner contribution & involvement	4,00	2,00	3,00	4,00	4,00	1,00	3,00
M3	Effectiveness	3,00	3,00	3,00	3,00	3,50	2,00	2,92
M31	Results achievement	3,00	3,00	3,00	3,00	3,00	2,00	2,83
M32	Project Purpose achievement	3,00	3,00	3,00	3,00	4,00	2,00	3,00
M4	Impact	3,00	3,00	3,00	3,60	3,60	3,00	3,20
M41	Impact prospects	3,00	3,00	3,00	4,00	4,00	3,00	3,33
M42	Indirect positive / negative impacts	3,00	3,00	3,00	3,00	3,00	3,00	3,00
M5	Sustainability	3,00	2,80	2,80	2,70	3,50	2,50	2,88
M51	Economic viability	2,00	3,00	3,00	2,00	3,00	3,00	2,67
M52	Local ownership	4,00	3,00	3,00	3,00	4,00	2,00	3,17
M53	Policy support	2,00	2,00	2,00	2,00	3,00	2,00	2,17
M54	Institution building	4,00	3,00	3,00	4,00	4,00	3,00	3,50
TOTAL AVERAGE		3,28	2,91	2,98	3,17	3,43	2,52	3,05

The following can be commented on each particular project:

RDA Kragujevac The project design is very good (3.60), with excellent design relevance and stakeholders support. Efficiency of implementation is also very good (3.80), with activity timeliness, achievement of outputs and partner contribution and involvement as strong points. The relatively weaker points are linked to potential sustainability and refer to Economic viability and in Policy support (2.00), which are weaknesses shared generally by all the RDAs.

RDA Leskovac The project's overall performance is good, and so is the performance in relation to Design, Effectiveness and Impact, with, however, none of the prime issues being graded as excellent. The relatively weaker point is Efficiency (2.75), mainly in view of low partner contribution and involvement (2.00), followed by Potential sustainability, mainly affected by problems related to policy support (2.00).

RDA Zajecar Design is the most successful facet of this project to date, while also performance is good in relation to Efficiency, Effectiveness and Impact prospects. As in the other RDAs, Potential sustainability is lower (2.70), in particular in view of low Economic viability and Policy support.

RDA Zlatibor This RDA project performs well, with particularly good performance in terms of Impact (3.60) and Efficiency, (3.25). Actual relevance, Partner contribution and involvement and institution building are its stronger points. Its poorest aspects are, again, Economic viability and Policy support.

RDA Banat Impact is best appraised (3.60), followed by Effectiveness and Sustainability (3.50). The reason for this very good performance in terms of Sustainability, opposite to the other RDAs, is certainly the very good Local ownership and Institution building, as well as the good Economic viability and Policy support. This can be explained by the fact that this RDA is located in the Autonomous Province of Vojvodina, which allows it to expect institutional support on that level and not only from the central level of the Republic. None of the Criteria is below 3.30 in this generally very successful project.

Support to RDAs Problems are identified in the performance of this project during the Inception (2.40/4.00). In terms of Design, the project seems not to be maintaining its actual relevance (probably due to its delayed start compared to the start of the RDA grants, but also due to the uncertainties related to the legal Framework for regional development), and thus does not enjoy adequate support of the stakeholders. This is further ascertained by the fact that while Efficiency of implementation has been good and in particular timeliness of activities has been very good, the involvement and contribution of the partners has not been as required. Local ownership and policy support are also limited. This whole situation seems to be affecting the Effectiveness of the project. It is however noted that it is rather early to draw concrete conclusions, since the project was monitored in a very early stage of its implementation.

3.2. Strong and Weak Points by Criterion

The strengths and the relative weaknesses of the monitored projects are presented in Table 8 below. The following can be noted, on the level of all six monitored projects:

- The strongest Criterion is M4 Impact, followed by M1 Quality of project design.
- The strongest Prime Issue M11 Actual relevance, followed by M24 Partner contribution and involvement and M54 Institution building;
- The weakest Criterion is M5 Potential Sustainability, followed by M3 Effectiveness.
- The weakest Prime issue M53 Policy support, followed by M51 Economic viability.

Table 8: Strong and weak points per main criterion and sub-criterion

Project		RDA Kragujevac	RDA Leskovac	RDA Zajecar	RDA Zlatibor	RDA Banat	TA to RDAs	Most Frequent
Project-visits		1	1	1	1	1	1	6
Strongest	Main Criterion	M2	M1, M3, M4	M1	M4	M4	M4	M4
	Sub-criterion	M11, M22, M23, M24, M52, M54	M1, M3, M4, M51	M14	M11, M24, M41, M54	M11, M24, M32, M41, M52, M54	M22	M11
Weakest	Main Criterion	M3	M5	M5	M5	M2	M3	M5
	Sub-criterion	M51, M53	M24, M53	M53	M51	M12, M13, M14, M21, M22, M23, M31, M42, M51, M53	M24	M53

4. SPECIAL ISSUES

4.1. Logical Framework Approach (LFA)

It is interesting to note that all the monitored projects are part of one overall LFA, set up for the RSEDP II and clearly confirmed in the equivalence of their respective overall objectives, purposes and results (see Section 1.2.). Naturally, the downstream sections of their respective LFM are different for the RDAs and for the project "Support to RDAs", but all these projects clearly and strongly converge towards one sole strategic objective which is to strengthen the Serbia's capacity of balanced territorial development by enhancing the capacity of the RDAs (to which "other regional and municipal stakeholders" were added in the PP of the "Support to RDAs" project).

Generally taken, an appropriate usage of the LFM was observed in all the projects, with nevertheless certain nuances from one project to another, as briefly reported below:

- RDA Kragujevac: being stated that the PP targets the sustainability, the related Objectively Verifiable Indicators (OVI) are relevant but quantified too ambitiously, certainly motivated by the need to achieve a significant quantity of results.
- RDA Leskovac: its LFM meets the Project Cycle Management (PCM) standards although the OVI could be improved. Assumptions are highly appropriate, and, unsurprisingly, sustainability is a key LF result.
- RDA Zajecar: The formulation is similar to the LFM of RDA Leskovac, with the PP in two parts, and, again, with a strong reference to sustainability.
- RDA Zlatibor: the formulation of the PP is solely focused on the beneficiary's increased access to financing for project implementation, and the LFM does not present risks but only assumptions.
- RDA Banat: the results formulated in the LFM are (too) many and not clearly linked to the planned activities: these latter are grouped under four different components. However, the OVIs are pragmatically and precisely defined.
- Support to RDAs: the initial LFM, presented in the contractor's technical proposal, has been further developed in the project inception phase, allowing, on the OO level, to clarify that the focus of the project on the existing RDAs will make it difficult for it to have an overall impact. One could observe that this reflects the gap induced by the fact that this project's OO is the same as the one which had been initially assigned to the RSEDP II programme as a whole. In addition, a very important new Assumption has been introduced on the PP level, assuming that the RDAs will be able to achieve accreditation and that the future accreditation process will not be politicised".

4.2. Follow up on Recommendations

None of the monitored projects had been monitored before, so it is not possible to draw any findings and conclusions as concerns the effective follow up on ROM Recommendations. On the other hand:

- As concerns the five monitored RDAs, certain recommendations are the same or very similar from one RDA to another since the RDAs and their respective grant contracts are basically alike and raise equivalent issues and corresponding recommendations.
- As concerns the service contract supporting the RDAs, the ROM recommendations basically focus on (i) the need for reinforcing the design through a deeper intervention on the level of Inception in order to bring the project more in line with the varying needs of the beneficiary RDAs (and other regional and municipal stakeholders), and (ii) the need for creating a more conducive environment for the project implementation by activating the Component I of RSEDP II, consisting of providing EC support to the national level stakeholders.

A tabular presentation of the key ROM recommendations and related comments is presented below, to illustrate to what extent the impact and the sustainability of the RDA grant contracts is also conditioned by an appropriate focus and effectiveness of the project in support to the RDAs.

Table 9: ROM recommendations on the Monitored Projects

Recommendations	Comments
RDA Grant Contracts	
<p><u>EC Delegation</u>: Ensure, before the formal end of the TA project's inception phase that the TA's support to the RDAs will be fully adapted in order to be of maximum utility for the beneficiaries without overlapping with their functions and roles, and with sufficient flexibility to provide very well tailored assistance to the different RDAs' specific needs.</p>	<p>The recommendation was strongly motivated by the fact that not all the (monitored) RDAs are at the same level of development and, consequently, they do not have the same basic needs in terms of technical support from the service contract "Support to RDAs".</p>
<p><u>EC Delegation</u>: Support the RDAs in the consultation with the Government; observe the RDA's actions in other larger EC-funded territorial development programmes.</p>	<p>This relates to the fact that the monitored RDAs are frequently active partners in other EC-funded territorial (regional and local) development projects, situations offering them relevant opportunities for their further development, for additional funding and for the appropriate transfer of their know-how.</p>
<p><u>EC Delegation</u>: The future TA project should carry out an assessment of the existing situation and other external support to ensure the good overall coordination, synergies and avoid any overlapping of future support. The forthcoming TA support should lend more support to those newer RDAs, whilst focussing on key areas of need for others where sufficient future progress cannot be made in terms of local capacities.</p>	<p>This recommendation completes the first recommendation above and also refers to the unequal level of development from one RDA to another.</p>
Support to RDAs service contract	
<p><u>Contractor</u>: Pursue tighter consultation with the target RDAs and local authorities in order to complete the synthesis of findings and a comprehensive qualitative appraisal of the real needs of the beneficiaries. This should be done through a participative approach, coordinated by the RDAs.</p>	<p>The recommendation was motivated by the fact that the Inception Phase of this project had not really allowed to produce an in-depth mapping of the RDAs needs, and should be completed by a more participative approach.</p>
<p><u>Contractor</u>: Reconsider the proposal to set up a task force of 8 JTLEs as resident LT advisors in 8 RDAs, in favour of a more flexible pattern, better suited to specific requirements and maturity of each of the targeted RDAs.</p>	<p>This recommendation is also in favour of customizing the technical assistance to the RDAs, strongly advising to avoid a rigid and linear platform of 8 full time long term advisors (for 8 RDAs), in favour of a more flexible support tailored to the real needs of each RDA.</p>
<p><u>Contractor</u>: Take into consideration the existing ARRAS in the approach to the creation of a national association of RDAs.</p>	<p>One of the components of this project is support to the creation of a national RDA association: in its inception phase the project omitted to identify the existence of such an association, created in the frame of a previous EC-funded project.</p>
<p><u>EC Delegation and Contractor</u>: Take into consideration the National Strategy of Spatial Development and its concept of "Functional Urban Areas" (FUAs)</p>	<p>This recommendation is meant to draw the attention of the project (and of the RDAs) to the national strategy of spatial development, whose concept of FUAs can be an interesting leverage for the territorial focus of RDAs future action.</p>
<p><u>EC Delegation</u>: Consider activation of the RSEDP II Component I, to introduce support to the national/central levels of regional development, optimize the future development of the RDAs and contribute to a more conducive dialogue between the actual project and the MERD</p>	<p>This recommendation may have gone beyond the strict frame of the "Support to RDAs" project but the action it recommends is considered as essential for the balanced and more proactive cooperation between the EC and the Government, and, thereby, in order to enhance the cooperation between the Government and the RDAs.</p>

4.3. Environment of implementation of the Monitored Projects

The EC support to the RDAs has been subject to certain considerations and discussions in direct relation with the preparation and the contents of the Serbian Law on Regional Development. This Law was adopted by the Parliament in July 2009, but it does not seem to respond to the EC's expectations.

Beyond this policy issue, it can nevertheless be noted that the adopted Law recognises the actual RDAs among the "Subjects of Regional Development" and defines them as follows: "District Association is an economic society or association established for the purposes of performing activities of regional development for the district, established in accordance with the nomenclature of territorial units for statistics at level 3". The Law further endeavours to define the financing sources for these District Associations (Article 38), their foreseen responsibilities (Article 39), their relations with the upstream regional and central levels (Article 40), and their accreditation procedures (Article 46), as indicated below.

Abstract from the Law on Regional Development²

Article 38

Funds for financing the operation and implementation of development projects and performing the activities of District Association shall be generated through:

- 1) revenues collected by performing assigned tasks;
- 2) budget of local government units from the territory of district for which it is established;
- 3) donations, grants and development aid received from domestic and international legal and natural entities; and
- 4) other sources, in accordance with law.

Article 39

The District Association shall be responsible for performing the following tasks:

- 1) participate in preparation and implementation of development planning documents and monitor their implementation at the level of district;
- 2) cooperate with autonomous provinces and local government units in the preparation and implementation of local development plans;
- 3) represent the interest of districts in relations with the National Agency and Regional Agency and, within its competence, participate in the implementation of adopted development documents;
- 4) prepare and implement the programmes of professional training for the purposes of developing economic societies and entrepreneurship, developing infrastructure, and developing institutions and organizations and capacity building of local government units which constitute the district at which the District Association performs its activities;
- 5) monitor and implement the measures and implement the entrusted development projects;
- 6) perform the activities of international, cross-border and inter-municipal cooperation from its area of competence;
- 7) manage information system important for the district;
- 8) perform other activities in accordance with the founding document.

Article 40

District Association shall submit annual report on its activities to the Regional Agency in its region, and to the National Agency.

Regional Agency, National Agency and the Ministry can request additional reports on operation, if necessary.

National Agency and Regional Agency shall once a year evaluate the operation of District Associations. Further requirements and criteria for evaluation, as referred to in Paragraph 3 of this Article, shall be further determined by the Minister responsible for regional development.

² Source: unofficial translation downloaded from the website of the Ministry of Economy and Regional Development.

Article 46

The right to obtain accreditation have the economic society established as the limited liability company and the associations established according to the Law on Associations which within their scope of work have the activities from the area of regional development and providing support to the economic societies and entrepreneurship, and whose majority founders (more than 50%) and majority owners of capital (more than 50%) are local government units from the territory of the district which is comprised of those local governments.

Further requirements, criteria and manner of obtaining accreditation and termination of accreditation before its expiration date, shall be further determined by the Government upon the proposal from the Ministry.

Process of accreditation shall be performed according to the provisions of the law which regulates common administrative proceedings.

5. SUCCESS STORIES

This section is of more relevance in an overview of different projects funded in the same framework (e.g. Call for Proposals for a thematic programme, etc.), allowing to highlight best practices in an environment in which each project is different, although they all share the same overall objective. In the present case, characterised on one hand by the strong similarity of the RDA grant contracts and on the other hand by the particular nature and (initial) performance of the service contract in support to the RDAs, it is more difficult to isolate success stories.

Nevertheless, the monitoring overview indicates that two RDAs are slightly above the average, thanks to certain specificities related to their maturity and degree of development and/or their particular geographical positioning in terms of institutional partnership and support. This is the case of the RDA for Sumadija and Pomoravlje (Kragujevac) and of the RDA Banat (Zrenjanin, Vojvodina).

RDA for Sumadija and Pomoravlje (Kragujevac)

Its structure allows to group and federate different local authorities with the representatives of the civil society and of the entrepreneurial community, thereby providing a privileged platform for pragmatic cooperation among development actors whose political visions may not necessarily converge. This can be considered as a very specific success in terms of enhancing the dialogue of development actors and the territorial cohesion of the country.

The RDA has already reached considerable maturity and experience, with solid professional staff and clear organisational structure. It is based on the participation of all its constituent partners, which goes from the large town and industrial centre of Kragujevac (subject to a major strategic industrial cooperation project with FIAT Italy) to small municipalities, chambers of commerce and SME associations. Such a platform favours cross-fertilization and enhances democratic governance and decision taking.

The geographical coverage of the RDA, with the Districts of Pomoravlje and of Sumadija, provides a critical territorial mass for local and regional development action and constitutes a sound foundation for the RDA's action and future development. This is a very important point which has to be looked at with reference to the geographical breakdown of Serbia into development regions, which is expected to be implemented in the frame of the approved Law on Regional Development³.

RDA Banat (Zrenjanin)

This is currently the only RDA operating in the Autonomous Province of Vojvodina (APV). It covers geographically a major part of the Serbian side of the historical region of Banat, in an interesting CBC cooperation neighbourhood with Romania.

Its positioning in the particular geographical, institutional and economic context of Banat is also marked by cross-border cooperation experience. One of its major achievements has been the preparation of the Regional Development Strategy for Banat, which allowed the streamlining and consolidating of over 350 local projects, thereby showing its capacity as a regional scale development actor and coordinator.

The RDA has cooperated efficiently with the Vojvodina Investment Promotion Agency (VIP), building up its experience in regional competitiveness promotion, and has demonstrated innovation capacity in the creation of a SME support guarantee fund, among others.

Finally, the RDA Banat also has hands on experience of technical cooperation, having hosted several international long term experts and participated in several different international projects.

³ It has been reported, at the moment of the finalisation of this Synthesis Report, that the Districts of Pomoravlje and of Sumadija might end up in two different development regions (NUTS 2 Level, according to the new Law on Regional Development). This would certainly destabilize this RDA and create an institutional gap which could hardly be bridged in the future.

6. CONCLUSIONS AND RECOMMENDATIONS

There is no doubt whatsoever over the relevance of the monitored projects and, above all, the strong complementarity between the grant contracts (set up over a 3-year period with the five RDAs) and the service contract launched several months ago in order to provide non-financial support to all existing RDAs, including other potential beneficiaries at the regional and local levels.

In the meantime, several new grant contracts have either been set up between the EC Delegation and other RDAs, or are intended to be signed in the months to come. These will allow the EC RSEDP II funding possibilities to be fully utilised on that level, while significantly enlarging the geographical coverage of this particular EC support, consisting in providing budgetary aid to the RDAs.

In such an environment, and given a still unclear national institutional context of regional development in spite of the approved Law, the service contract "Support to RDAs" is an essential cross-cutting tool which has a pragmatic obligation to provide useful and needed support to an increasing range of unequally developed RDAs. Furthermore, it can help address the discrepancies existing among the potential local beneficiaries (development offices in the Municipalities etc.).

To this is added the prospect of the upcoming EC funded overall grant scheme (9 MEUR) which is expected to be technically coordinated by the project "Support to RDAs" and will consist of subsidizing (Calls for Proposals) regional development projects prepared by the regional and local development actors.

It is interesting to note that this relatively dense and dynamic support, coupled with all the other territorial projects, operated with the EC financial support, has been now maintained for several years and has resulted in a visible enhancement of the capacity of the regional and local development actors, a domain within which the RDAs still keep a privileged positioning. This may appear in contrast with the apparently static national institutional environment, which has not made significant evolution aside from the recently voted Law on Regional Development, and not least, pending the effective adoption of its various and certainly complex implementation of the associated by-laws.

The recommendations which can be formulated on this overall level stem essentially from the recommendations already set forth from the monitoring of the projects covered by this Synthesis Report. They are summarized as:

- pursue a tight follow up of the ongoing operational grants, with a view, in particular, to the evolution of the institutional context (application of the adopted Law on Regional Development), which might either be conducive for the further development of the RDAs (their full recognition and the possibility for them to take a fair share of responsibilities in the future regional development) or, on the contrary, suddenly create obstacles too heavy for them to face (with or without external support) in the near future;
- ensure a very vigilant coordination over the project "Support to RDAs" in order to help it achieve appropriate targeting and streamlining of its available resources and activities, for the benefit of all the concerned regional and local beneficiaries. This will necessarily have to involve enhanced cooperation with the Government (in particular the Ministry of Economy and Regional Development);
- consider the possibility to (re)activate Component I of the RSEDP II, consisting of providing technical support at the national level, for the implementation of the Regional Development Strategy, with the multifold objective of enhancing the upstream cooperation with the national level, thus creating a more conducive environment for the implementation of the project "Support to RDAs" and clarifying the context in which the upcoming Grant Scheme will be operated and implemented.

ANNEX I

C/N	Project Ref. No	Project Title	Project End Date	Project Authority	Monitoring Report Ref.	Design	Efficiency	Effectiveness	Impact	Sustainability	Key Observations / Recommendations
1	166489	Municipal Infrastructure Support Programme (MISP)	24/01/2010	EPTISA	MR-116120.01	b	b	b	a	a	Project Team: 1) The reallocation of the inputs, to be requested, should allow the possibility for the 5th Feasibility Study to be developed by the project, so as to use its full potential and enable smooth implementation of the infrastructure works contracts to be financed by already approved IPA 2007 funds. 2) Due to changed external conditions, the project should increase its efforts for analysis of the new Law on Ministries in regard to the general division of responsibilities and the broader legal framework for PUC transformation. ECD: Timely secure that supervision of the two regional infrastructure works contracts in Pirot and Uzice will continue after the end of the MISP project in January 2010.
2	166463	06SER01/11/003 - Joint support to local government - EXCHANGE 2	27/01/2010	GDSI LIMITED	MR-117380.01	b	b	b	b	b	Contractor and SCTM: Following good overall progress towards planned results achieved so far, the quantitative nature of some of the OVIs at the "higher" level, especially those associated to the PP, should be re-evaluated in order to ensure the measurable aspect of specific project objectives. ECD: Further support to municipalities selected to receive assistance under Components 4 and 5 and Serbian municipalities in general should be provided through IPA 2007 MSP, in order ensure actual implementation of strategic plans, including sound financial planning and management.
3	166419	06SER01/11/07/001 Zrenjanin Ecka industrial zone	14/02/2010	ALPINE Mayreder Bau GmbH	MR-118840.01	b	b	b	b	b	Despite its negative timing with the global economic environment, the creation of the IZ is expected to positively contribute towards the economic growth of the Central Banat Region of Vojvodina. The 31 plots of the IZ should become available as early as August 2009 and in any case before the next winter season. The following recommendations should be considered by the appropriate project stakeholders. Ministry of Economy and Regional Development, Vojvodina Fund for Capital Investment, City of Zrenjanin, EC Delegation, MSPNE: 1) A clarification meeting should identify what is needed so that the NIP funds become available, and specific commitments and deadlines should be set accordingly. City of Zrenjanin: 1) The tendering of the remaining works components should be a top priority. 2) Develop a business plan for the Industrial Zone with strengthened marketing activities. 3) Establish clear and transparent arrangements and procedures concerning the management of Industrial Zones. Contractor, Supervising team/PIU: 1) Respect the deadlines for all reporting requirements. Supervising team: 1) A coordination plan of the various contractors on site may have to be prepared and the number of staff engaged in the supervision to be increased depending on the timing of implementation of the various works contracts. MSPNE, EC Delegation: 1) When the project is completed successfully, prepare a suitable publication for wider dissemination.
4	166509	EXCHANGE 2 - Institutional capacity building of the Standing Conference of Towns and Municipalities	14/03/2010	Standing Conference of Towns and Municipalities	MR-120440.01	b	b	b	b	b	SCTM and MPALSG: To further facilitate the development of quality communication channels and strategic cooperation between MPALSG and SCTM and secure communication of information to the MPALSG regarding SCTM's institutional development to be supported by the EC. SCTM: Actions to be undertaken to complete the project section in the Exchange 2 website, with relevant information as planned in the Plan of Operation and indicated in the quarterly reports.

5	166518	06SER01/11/002 Inter-regional co-operation support programme	24/03/2010	PLANET AE	MR-120500.01	b	b	b	b	b	1) Beneficiary: Proceed as soon as possible with forming the project Steering Committee in line with the provisions of the ToR. 2) Contractor: Ensure extensive and quality use of STEs person days planned in the project's second half for the needed organisational development of the PCMU. 3) Contractor: Propose promptly an effective solution for the joint communication platform in close coordination and in full agreement with the PCMU and ECD. 4) MoF: Sustain adequate level of the highly qualified PCMU staff needed for the efficient implementation of IPA CBC programmes and with a view towards a future DIS accreditation.
6	164864	05SER01/16/003 Municipal Support Programme. North Eastern Serbia - MSP NE	17/05/2010	VNG International (Consortium leading company)	MR-121280.01	b	a	b	b	b	Project authority: 1) Review the indicators and define them as "SMART". 2) Promote the concept of Local Sustainable Development Strategy and engage a specific reflection on impact indicators for priority projects as sustainable development projects. European commission (EC): 3) Elaborate a memorandum of understanding VRSAC municipality/ECD for the selected investment. Project authority: 4) Highlight in the final report technical insights on each project component, key success factors and lessons learnt. EC & Project authority: 4) Ensure the final visibility of the project with a conclusive seminar of national audience.
7	166403	06SER01/06/04/001 - Technical Support to Enterprise Policy and Innovation	01/09/2010	N/A	-						Not yet monitored, planned for September 2009.
8	162921	Municipal Development in South West Serbia 2nd Phase	14/11/2010	United Nations Development Programme	MR-118040.01	b	b	b	b	c	It is likely that the project will be rather successful and achieve important impact, but the need for further carefully targeted and coordinated external support will remain. Such support should use the momentum and capitalise on achievements in terms of self-governance, citizens participation, civil society role and regional development approach. Investment projects will remain an essential area of cooperation at local level, as infrastructure needs are still huge. The civil society needs further support, especially in terms of empowerment of women and increasing their role in the decision making process. EC: Avoid overlapping of projects in future interventions, as this places significant burden on the project management and target groups, due to multiple activities implemented in parallel, and makes monitoring of the progress more difficult and less accurate.
9	209216	Support to Regional Development Agencies - Regional socio-economic development programme II (RSEDP)	03/06/2012	WYG International Limited, UK	MR-123540.01	c	b	c	b	c	Contractor: 1) Pursue tighter consultation with the target RDAs and local authorities in order to complete the synthesis of findings and a comprehensive qualitative appraisal of the real needs of the beneficiaries. This should be done through a participative approach, coordinated by the RDAs. 2) Reconsider the proposal to set up a task force of 8 JTLEs as resident LT advisors in 8 RDAs, in favour of a more flexible pattern, better suited to specific requirements and maturity of each of the targeted RDAs. 3) Take into consideration the existing ARRAS in the approach to the creation of a national association of RDAs. EC Delegation and Contractor: Take into consideration the National Strategy of Spatial Development and its concept of "Functional Urban Areas". EC Delegation: Consider activation of the RSEDP II Component I, to introduce support to the national/central levels of regional development, optimize the future development of the RDAs and contribute to a more conducive dialogue between the actual project and the MERD.

10	160894	Operating Grant to enhance operations of Regional Economic Development Agency for Sumadija and Pomoravlje	30/06/2011	Regional Economic Development Agency (RDA) for Sumadija and Pomoravlje Doo (Limited Liability Non-Profit Company)	MR-116620.01	a	a	b	b	b	The concept and approach to support directly the reinforcement of the institutional and operational capacity of the RDA in Serbia's current political and regional development situation is highly pertinent. EC Delegation: 1) Ensure, before the formal end of the TA project's inception phase, that the TA's support to the RDAs will be fully adapted in order to be of maximum utility for the beneficiaries without overlapping with their functions and roles and with sufficient flexibility to provide assistance very well tailored to the different RDAs' specific needs. 2) Support the RDAs in the consultation with the Government; observe the RDA's actions in other larger EC-funded territorial development programmes.
11	160921	Operating Grant to enhance operations of Regional Development Agency "Zlatibor" (ZRDA)	30/06/2011	Regional Economic Development Agency "Zlatibor" (ZRDA)	MR-116621.01	b	b	b	a	b	The highly pertinent approach and concept retained to support directly the reinforcement of the institutional and operational capacity of the RDA in the current political and regional development situation of the country is worth noting. The project, by design, provides a privileged platform for tight and pragmatic cooperation among development actors whose political visions may not be necessarily convergent. This can be considered as a very specific success in enhancing the dialogue and the territorial cohesion of the country. EC Delegation: 1) Ensure that the upcoming TA programme to support directly the RDAs will be fully adapted in order to be of maximum utility for the beneficiaries without overlapping with their functions and roles and with sufficient flexibility to implement assistance very well tailored to the different RDAs' specific needs. 2) Provide as much support as possible for the RDAs in the consultation with the RS Government and observe the evolution of the RDAs' already current or/and potential involvement in other larger programmes funded by the EC in support of the municipal development.
12	161418	Operating Grant to enhance operations of Regional Development Agency Eastern Serbia	30/06/2011	Regional Development Agency Eastern Serbia	MR-116462.01	b	b	b	b	b	RARIS makes good overall progress in providing key services and has excellent stakeholder support. Nevertheless, confusion remains over future policy and the status and role of the RDA network. Given the substantial donor investment in the area, the need for amendments to the draft Law is most pressing. The Task Manager is advised that: 1) RARIS updates the LF OVI with 2007 target figures for better measurement of performance; improves EU visibility; and the Annual Report has a breakdown of expenses clearly showing EU-funded activities. 2) The ECD requests attendance at RDA coordination meetings. 3) The future TA project carries out an assessment of the existing situation and other external support to ensure the good overall coordination, synergies and avoid any overlapping of future support. 4) Regular meetings are held with the TA and preferably other involved donors to ensure a coordinated approach and increased lobbying capacity where necessary. 5) The forthcoming TA support lends more support to those newer RDAs, whilst focussing on key areas of need for others where sufficient future progress cannot be made in terms of local capacities.

13	161422	Operating Grant to enhance operations of Center for development of Jablanica and Pcinja Districts (RDA)	30/06/2011	Center for Development of Jablanica and Pcinja Districts (RDA)	MR-116463.01	b	b	b	b	b	The Agency makes solid progress and excels particularly in securing donor assistance. It benefits from previous external support and the current services are well recognised by the stakeholders. The main areas for consideration are the draft RD Law, and the positioning of the forthcoming EU-funded TA support, so that all RDAs may receive an equitable spread of benefits. The Task Manager is advised: 1) That the OVI in the Logframe are updated so as to provide the target 2007 figures. 2) To request that the Annual Report to the ECD includes: a section on delays to progress or deviations to plan; and a clear breakdown of EU funds expenditure (for clarification). 3) That the ECD periodically attends the inter-RDA meetings so as to keep abreast of all related developments. 4) To consider some involvement in the new Agency Director selection, given the substantial EU funding in place. 5) To consider holding periodic meetings with the future TA project, and preferably other involved donors, to ensure a coordinated approach and increased lobbying capacity where necessary. 6) To consider that the forthcoming TA lends more support to those newer RDAs, whilst focussing on key areas of need for others where sufficient future progress cannot be made in terms of local capacities.
14	161475	Operating Grant to enhance operations of the Regional Development Agency BANAT	30/06/2011	Regional Economic Development Agency "Banat" (RDA Banat)	119441.01	b	b	b	a	b	The highly pertinent approach and concept retained to support directly the reinforcement of the institutional and operational capacity of the RDA in the current political and regional development situation of the country is worth noting. The project, by design, provides a privileged platform for tight and pragmatic cooperation among development actors whose political visions may not be necessarily convergent. This can be considered as a very specific success in enhancing the dialogue and the territorial cohesion of the country. EC Delegation: 1) Ensure that the upcoming TA programme to support directly the RDAs will be fully adapted in order to be of maximum utility for the beneficiaries without overlapping with their functions and roles and with sufficient flexibility to implement assistance very well tailored to the different RDAs' specific needs. 2) Provide as much support as possible for the RDAs in the consultation with the Serbian Government and observe the evolution of the RDAs' already current or/and potential involvement in other larger programmes funded by the EC in support of the municipal development.