



Project: PIMS 00081610

“Local Action for Inclusive Development” – Local Development Programme

2013 ANNUAL REPORT

01 January 2013 – 31 December 2013

Implementing Partner: UNDP

Government Counterpart: Ministry of Local Self-Government

Project start date: 01 September 2012

Project end date: 31 December 2013 (end of the initiation period)

Total budget of the project:

Planned: 237,165.84 USD (Year 2/2013)

Last revision: 240,795.84 USD

Reporting period: 01 January 2013 – 31 December 2013

TEXTUAL ASSESSMENT

1. *What are the major achievements of the programme or project vis-à-vis the expected results during the year under review? To the extent possible, include an assessment of the potential impact, sustainability and contribution to capacity development.*

The UNDP Local Development Programme promotes integrated territorial development and an area-based approach that encompasses a policy mix of employment generation, environmental protection and social cohesion measures, while supporting good governance processes at local and regional level.

This project specifically aims at:

- Enhancing local good governance mechanisms and processes and improving overall service delivery to citizens at planning region level;
- Applying innovative instruments for securing sustainable growth and
- Balancing the local and regional economic development by implementing effective social cohesion and environmental protection measures.

For the project initiation phase the Vardar Planning Region¹ was selected as a pilot region and partnership was established with the Center of the Vardar Planning Region

The main partners of the project will be the Centers of the planning regions and selected municipalities where innovative practices with replication potential will be developed. The intention is the LD Programme to be replicated and scaled-up nation-wide².

Output 1 – Enhanced good governance mechanisms and processes and improved overall service delivery performance of the institutional network at planning region level and in the selected municipalities

Implementation of the decentralization process

The Ministry of Local Self-Government (MoLSG) was assisted to start evidence-based tracking of the decentralization progress and achieved results by applying the monitoring methodology that was jointly prepared with UNDP. National authorities provided inputs on the status of implementation of the 89 actions/projects listed in the 2012 – 2014 Action Plan for Implementation of the Decentralization Programme.

Municipal survey on the status of the implementation of the Decentralization Programme in 2012 (with responses from 55 mayors/municipal administrations and 53 councils out of 81 municipalities) was completed in close cooperation with the Ministry of Local Self-Government (MoLSG) and the national Association of the Municipalities. Survey results were presented during the first annual Conference on Decentralization held in December 2013. The Conference was co-organized by the Ministry of Local Self-Government (MoLSG) and the national Association of the Municipalities and supported by UNDP.

The Conference and the municipal survey signify a concrete response to one of the High Level Accession Dialogue (of the Government and EU) benchmarks - the in-depth analysis of the decentralization process that were to be undertaken with participation of the municipalities.

The Inter-Municipal Cooperation Commission (chaired by MoLSG) was supported in surveying and reporting on IMC developments. The Ministry of Local Self-Government staff was trained for utilization and administration of the software for maintaining registry of established IMC forms and forms of international cooperation of the municipalities developed by

1 The Vardar Planning Region (VPR) is consisted of nine municipalities: Veles, Kavadarci, Negotino, Sveti Nikole, Demir Kapija, Caska, Gradsko, Rosoman, and Lozovo. The municipality of Sveti Nikole participates in the planning region activities to a very limited extent due to the dissatisfaction with the territorial division of the regions. The VPR covers 4,042 km square or 16% of the territory of the country. According to the census conducted in 2002, the nine VPR municipalities have 154,535 inhabitants. As required by the national legislation, in 2007, the nine municipalities established a Council of the Planning Region and the Center for Development (CD). Based on the development index, the economic-social index, and demographic index, VPR is on the seventh place out of the eight planning regions in the country.

2 The Local Development Programme shall be considered as a framework rather than a single project. It also has a potential to be translated from a pilot initiative to a national policy for improvement of the planning regions programming framework.

UNDP. In addition the Ministry of Local Self-Government was assisted in identification of suitable IMC forms that are to be supported with financial incentive in 2014.

Implementation of the fiscal decentralization

Ministry of Finance was assisted in undertaking policy research that contributed for the preparation of 2012 Annual and 2013 Semi-Annual report on the implementation of the fiscal decentralization process.

Capacity development

Capacity of the municipal officials for accurate, transparent and accountable public financial management and of the national and local NGOs to undertake social audit of the available financial/fiscal data was strengthened. 4 trainings were delivered and 72 local officials from 59 municipalities and 17 representatives from NGOs were trained. The training materials were completed in close cooperation with the Ministry of Finance.

Additional training was delivered for the local civil servants of the Vardar Planning Region municipalities involved in activities for energy efficiency on:

- The concept of IMC and EE
- Using EXCITE software
- Conducting Walk-through EE Audit
- Developing programs and action plans for EE

Output 2 - Applied innovative instruments for securing sustainable growth

Formal inter-municipal cooperation was established by the councils of the 8 partner municipalities of the Vardar Planning Region in area of Energy Efficiency (Joint Unit on EE) and Local and Regional Development (joint working body – Network for inclusive development). The process of the formal establishment of the both IMC forms was permanently facilitated by the Project.

Construction works at the premises of the Network for Inclusive Development in Veles and joint Unit for EE in Negotino including the first regional EE Info Center were initiated.

Methodology for preparation of the Programme of the Network for Inclusive Development 2013-2015 was developed.

Three years programs on EE for 6 municipalities and annual action plans on EE were prepared by the specialized Institute –MACEF and public consultations were held on 23 April, 2013 in the premises of the municipality of Negotino.

User perspective assessment of the web-site of the Center for Development of the Vardar Planning Region: vardarregion.gov.mk, was completed and ToR for upgrading the web site features was drafted.

Functional analyses of the relevant units for energy efficiency of all 8 municipalities were completed.

UNDP provided support for organization of the first "Partners Day" of the Vardar Planning Region held on 3 December, 2013. The established IMC forms – the Local Inclusive Development Network and the joint administrative unit for energy efficiency involving eight municipalities in the Region were officially promoted. The seat of the joint EE unit in Negotino was officially opened and the Local Inclusive Development Network Programme of Work for the period 2014-16 was completed, printed and disseminated. For the preparation of the Network Programme ten innovative research tools were used and responses were collected from over 700 people - representatives of local stakeholders and leading beneficiaries of the Programme. Video materials for promotion of investment potentials of the Vardar Planning Region were prepared and posted on the new web site of the Center for Development of the VPR.

Output 3 – Balanced local and regional economic development through implementation of effective environmental protection and social cohesion measures

Local climate change governance assessment- phase II

The Governance Assessment aimed to establish a nationally owned system of information on governance issues (governance data) through the development of governance indicators which can be measured over a period of time. The emphasis of the assessment was put on recommending how local action for CC can be enhanced and aligned to the EU processes, through adjusting the governance architecture at all levels within the country.

The Phase II of the assessment was supported by the UNDP Oslo Governance Center.

Detailed Methodology and Operational Plan including detailed budget for the second phase of the Climate Change Governance assessment was prepared by the project team. The Ministry of Environment and Physical Planning – MoEPP endorsed the proposed documents. In parallel and due to its complementarity, the Methodology for Climate Change Vulnerability Assessment developed through the "3rd National Communication to the UNFCCC" Project of the UNDP CO in Skopje was also applied in both planning regions.

The second phase of the assessment was completed in a span of seven months (May – November 2013) mainly by using the UNDP CO in Skopje in-house expertise: the Coordinator for Decentralization and Local Development Initiatives (Governance Unit), the Inter-Municipal Cooperation Specialist (Governance Unit), the Project Manager of the 3rd Communication to the UNFCCC (Environment and Energy Unit) and the two project assistants (from the respective UNDP CO projects) that provided all necessary logistical assistance. This composition of the team secured continuity between the Phase I and II, efficiency due to the experience gained through the implementation of the previous phase and familiarity with the objectives of the

overall exercise as well as the functional filed network that is already maintained by those team members.

In addition, three local experts were hired: (1) Climate Change expert, (2) Expert for assessing the CC vulnerability of the viticulture sector (selected as priority economic sector by the Council of the VPR) and (3) Economic analyses expert.

The project team maintained permanent and direct consultations with the MoEPP on each of the relevant steps and approach undertaken for realization of the assessment. MoEPP/UNDP GHG Inventory team also contributed to the implementation of the phase II of the CC GA assessment.

Reports on the Climate Change Local Governance Assessment in the Vardar and South–East planning regions and Assessment of Viticulture Vulnerability in the Vardar Planning Region and Climate Change Adaptation Measures by Applying the BioMa Model including Economic Analysis were completed, printed and disseminated.

Both reports were presented during the National Forum on the Local Action for coping with CC that was organized by UNDP and held on 6 December 2013. In total four round tables were organized in advance to the forum with the local stakeholders in both regions. In addition a Strategic Concept on the Role of Spatial and Urban Planning for Better Climate Change Governance was prepared, printed and disseminated.

Support for the EU accession process (HLAD/Chapters 11, 12 and 22)

As part of the UNDP support for the EU accession process of the country and in particular the High Level Accession Dialogue – HLAD, knowledge, experience and lessons learned of Croatia regarding reforms and negotiations with the EC undertaken under Chapter 22: Regional Policy and Structural Instruments and the Chapter 11: Agriculture and Rural policy and the Chapter 12: Food Safety, Veterinary and Phytosanitary Policy of the EU Acquis were transferred.

The EU accession of the country and down-streaming of relevant policies particularly on Chapters 11, 12 and 22 including the priorities related to the High Level Accession Dialogue was supported. The exchange of knowledge was facilitated through nine missions including trainings with participation of over 200 national and local officials. Those interventions resulted in advancing the IPA Decentralized Management System (IPA DIS) and increasing the efficiency of the operating structures to prepare and implement projects under IPA.

This comprehensive exercise on both chapters 22 and 11 proved helpful to the country's progress in preparing for the start of negotiations as well as for down streaming these policies that are vital for the national and local sustainable development and growth.

Outcome 4: Monitoring, learning, adaptable interaction and evaluation

The Project Board (PB) was not established since the project is still in its initiation phase.

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project was monitored on a quarterly basis. Four quarterly reports were produced and provided a quality assessment that recorded the progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management Module in ATLAS. Based on the initially identified risks, the risk log in Atlas was regularly updated by reviewing the external environment that may affect the project implementation.

Based on the above information recorded in ATLAS, the second annual/2013 Review Report and 2014 AWP were prepared by the Project Manager.

Project Evaluation will be undertaken one year after the end of the project.

Outcome 5: Project management

The project office was located in the UNDP CO in Skopje and strong local/regional presence and visibility of the project was secured by the Office of the CDVPR located in Veles.

The implementation of the Project was managed by in-house capacities, mainly through Decentralization and LD Initiatives Coordinator and the two IMC specialists (one of them left the project at the end of August 2013) and in very close collaboration with the assigned staff of the Centre for Development of the Vardar Planning region, the Ministry of Local Self-Government, the Ministry of Finance, the Ministry of Environment and Physical Planning and the Secretariat for European Affairs.

The procurement of key services from other individual consultants and companies regarding the preparation of the key deliverables of the project went smoothly over the whole duration of the Project.

For this project, Direct Implementation Modality (DIM) was used including direct payment modality according to the activity at hand and the responsible party. The project had annual level of delivery of 92,60 % and it was fully completed in terms of its planned deliverables.

2. *What major issues and problems are affecting the achievement of programme or project results?*

Regarding the realization of the nationwide survey on the delivery of the local services by the municipalities responses were received from 55 out of 81 units of the local self-government in the country. Even having responses from 2/3 of the municipalities which basically secured the representativeness of the sample, ignoring the survey by 1/3 of the municipalities is indicative and manifests the fatigue of the municipalities to respond to concrete initiatives for directly consulting their opinion, stands and suggestions.

The Ministry of Local Self-Government staff that was trained for utilization and administration of the software for maintaining registry of established IMC forms and forms of

international cooperation of the municipalities developed by UNDP is still not internally tasked to continue administering the registry which denotes a risk for sustainable updating and maintenance of the registry.

Same as regarding the nationwide survey, the PFM trainings were delivered to officials from 59 municipalities and the rest missed the opportunity to follow this comprehensive training.

Construction works at the premises of the Network for Inclusive Development in Veles progressed very slowly mainly due to the arrangement with in-kind contribution of the private sector in construction materials and work force.

The implementation of the recommendations from the both Local Action for addressing Climate Change reports is still hampered with the lack of normative solutions (preparation of the law on Climate Change is still a work in progress) and enabling legal and institutional environment for execution of municipal competencies in this field.

The mid and long-term effects of the transferred knowledge, experience and lessons learned of Croatia regarding reforms and negotiations with the EC undertaken under Chapter 22: Regional Policy and Structural Instruments and the Chapter 11: Agriculture and Rural policy and the Chapter 12: Food Safety, Veterinary and Phytosanitary Policy of the EU Acquis, depend very much on the prospects for opening of the negotiations of the country with the EU/EC that are still deadlocked. The national authorities are still a bit reluctant to accelerate the down streaming of the national policies regarding the agriculture and rural development policy

Overall, the capacity of the local, regional and national institutions that are partners in this project is still limited especially regarding the knowledge and skills for implementation of innovative activities.

3. How should these issues or problems be resolved? Please explain in detail the action(s) recommended. Specify who should be responsible for such actions. Also indicate a tentative time-frame and the resources required.

The CDVPR and the VPR municipalities as well as the Ministry of Local Self-Government, the Ministry of Finance, the Ministry of Environment and Physical Planning and the Secretariat for European Affairs designated permanent project counterparts thus enabling effective and efficient coordination of the project activities.

In order to increase the capacity of the project partners and counterparts, substantial capacity building activities were implemented on priority topics, thus contributing for the sustainability of the project outputs and outcomes.

Throughout the process of implementation of the activities, the project team made all efforts to ensure full ownership on the process by the national and the local stakeholders. Various opportunities were provided to the national and local counterparts for providing their inputs.

4. What new developments (if any) are likely to affect the achievement of programme or project results? What do you recommend to respond to these developments?

Even being in its initiation phase, the successful implementation of the project activities in the year 1/2012 contributed for mobilization of additional financial resources and expanding of the 2013 budget compared to 2012 for almost 100%. At the end of 2013, the project team was informed about the intention of the MLSG to allocate app. USD 0,5 million for upscaling of the most of the activities from the project and in that way to help in achieving the planned project outcomes.

The project team in cooperation with the local and national project partners initiated several fundraising activities directed to the UNDP OSLO Governance Centre, the UNDP BRC and the Czech Trust Fund, the SDC, the EUD/IPA and other funding sources including the State Budget.

The local elections held on 24 March 2013 caused certain delay in implementation of the project activities. However, the new municipal bodies as well as the new members of the VPR Council re-confirmed their commitments to the project.

5. What are the views of the target groups with regard to the programme or project? Please note any significant gender-based differences in those views.

All project partners including the CDVPR, the VPR municipalities, the MoLSG, the MF, the MOEPP, the SEA and the members of the IPA operating structure manifested strong commitment to the project.

Evidence on the realized activities and achieved project results can be witnessed in the published web stories on the key project activities including:

Links on the National Climate Change Forum:

<http://a1on.mk/wordpress/archives/248401>

<http://www.telegraf.mk/aktuelno/makedonija/74416-forum-za-procenka-na-lokalnata-akcija-za-spravuvanje-so-klimatskite-promeni>

<http://sitel.mk/mk/nacionalen-forum-za-procenka-na-lokalnata-akcija-za-spravuvanje-so-klimatskite-promeni>

<http://daily.mk/nacionalen-forum-za-procenka-na-lokalnata-akcija-za-spravuvanje-so-klimatskite-promeni?forward=2623758>

<http://kurir.mk/makedonija/vesti/139911-Nacionalen-forum-Procenka-na-lokalnata-akcija-za-spravuvanje-so-klimatskite-promeni>

<http://www.mia.mk/mk/Inside/RenderSingleNews/288/112423193>

<http://www.mia.mk/mk/Inside/RenderSingleGalleryTest/3038?month=12&year=2013&day=1&desc=1>

Links regarding the Partners Day in the Vardar Planning Region:

<http://sitel.com.mk/node/112665>

<http://sitel.com.mk/mk/kancelarija-za-energetska-efikasnost-na-vardarskiot-planski-region>

<http://lisica.mk/index.php/region/4598-otvoreni-kancelarija-i-info-centar-za-energetska-efikasnost-vo-negotino.html>

<http://daily.mk/kancelarija-za-energetska-efikasnost-na-vardarskiot-planski-region?forward=2613869>

<http://www.telegraf.mk/aktuelno/makedonija/72757-kancelarija-za-energetska-efikasnost-na-vardarskiot-planski-region>

<http://www.porta3.mk/kancelarija-za-energetska-efikasnost-vo-vardarskiot-planski-region/>

<http://bi.mk/%D0%BA%D0%B0%D0%BD%D1%86%D0%B5%D0%BB%D0%B0%D1%80%D0%B8%D1%98%D0%B0-%D0%B7%D0%B0-%D0%B5%D0%BD%D0%B5%D1%80%D0%B3%D0%B5%D1%82%D1%81%D0%BA%D0%B0-%D0%B5%D1%84%D0%B8%D0%BA%D0%B0%D1%81%D0%BD%D0%BE%D1%81/>

<http://www.mia.mk/mk/Inside/RenderSingleNews/103/112309576>

<http://www.mia.mk/mk/Inside/RenderSingleNews/134/112292039>

On the national Conference on Decentralization:

<http://sitel.com.mk/node/112665>

<http://daily.mk/konferencija-za-decentralizacija-i-lokalen-razvoj?forward=2638345>

<http://daily.mk/konferencija-decentralizacijata-i-lokalniot-razvoj-vo-perspektiva-na-idnoto-chlenstvo-vo-eu?forward=2638913>

<http://daily.mk/hani-makedonija-uspeshno-ja-sproveduva-decentralizacijata?forward=2640129>

<http://www.alfa.mk/News.aspx?id=67826#.Uq3q8fRDs2J>

<http://daily.mk/konferencija-decentralizacijata-i-lokalniot-razvoj-vo-perspektiva-na-idnoto-chlenstvo-vo-eu?forward=2638913>

<http://denesen.mk/web/2013/12/12/hani-makedonija-uspeshno-ja-sproveduva-decentralizacijata/>

<http://sitel.mk/mk/hani-makedonija-uspeshno-ja-sproveduva-decentralizacijata>

<http://daily.mk/hani-makedonija-uspeshno-ja-sproveduva-decentralizacijata?forward=2640423>

<http://portal.com.mk/vesti-makedonija/konferencija-decentralizacijata-i-lokalniot-razvoj-vo-perspektiva-na-idnoto-chlenstvo-vo-eu.html>

<http://www.mia.mk/mk/Inside/RenderSingleNews/134/112621254>

In its resolution adopted on 23 May 2013 on the 2012 Progress Report on the former Yugoslav Republic of Macedonia (2013/2866(RSP)) the European Parliament welcomes the 2011-14 Decentralisation Programme and calls for full implementation of the Law on Regional Development; encourages the government to continue fiscal decentralisation, with a medium-term aim of 9 % of GDP to be spent by local and regional authorities; commends the work of the UNDP and the wider donor community working in partnership with the government to build the capacity of local government to ensure good governance and equal access for all citizens;

6. To date, what lessons (both positive and negative) can be drawn from the experience of the programme or project?

Compared to 2012, in 2013 the range of the project activities was extended in order to address the challenges of the decentralization process and the implementation of the balanced regional development policy jointly with the MoLSG. After almost 6 years a comprehensive nationwide survey on the decentralization process was realized in close cooperation with the MLSG and ZELS. Based on the 2012 lessons learned and recommendations, agreement was reached with the Ministry of Finance to organize and deliver a comprehensive training programme on local Public Finance Management in all municipalities in the country.

The financing of the local services was considered as the crucial challenge by the local authorities and that is the reason why several innovative activities were demonstrated in the Vardar Planning region that resulted in increased resources mobilization for the Network for inclusive development of the VPR.

The project was also able to bring in key experts and former negotiators from the negotiating team of Croatia, the country with the most recent experience in accession negotiation with the EU, and also from Slovenia, to transfer valuable and immediately applicable experience and know-how on the Chapters 22 and 11 and 12.

7. If the programme or project has been evaluated, what is the implementation status of the recommendations made by the evaluators?

Project Evaluation will be undertaken one year after the end of the project.

8. Do you propose any substantive revision to the programme or project document? If yes, what are they? State justification.

No

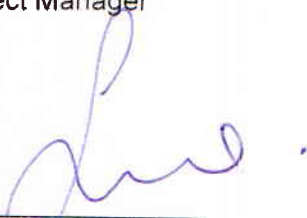
9. Provide any other information that may further support or clarify your assessment of the programme or project. You may include annexes as you deem necessary.

N/A

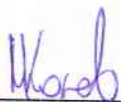


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18 March, 2014



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