



Project: PIMS 00081610

“Local Action for Inclusive Development” - Local Development Programme

2012 ANNUAL REPORT

01 September 2012 - 31 December 2012

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: 120,000.00 USD (Year 1/2012)

Last revision: 126,897.55 USD

Reporting period: 01 September 2012 - 31 December 2012

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.

The main partners will be the Centers of the planning regions and selected municipalities where innovative practices with replication potential will be developed. Initially, it was planned the key interventions to be implemented in one planning region and few selected municipalities. The intention is later on the Programme to be replicated and scaled-up nation-wide. 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.

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 due to the following comparative advantages:

- Priorities of the Vardar Planning Region such as ensuring sustainable local development through promotion of the region as an attractive business destination, tourism development, utilization of renewable energy sources, energy efficiency, waste collection and management, rural development, development of agriculture, especially organic production; etc. to great extent overlap with the objectives of the Local Development Programme;
- Existence of the well elaborated and relevant strategic and planning documents for integrated regional development that enable focused action;
- Existence of strategic and planning documents of the local government units members of VPR and well developed NGO and business sector;
- Relevant experience of majority of municipalities in identification and implementation of projects through inter-municipal cooperation in different areas under local competences of LSGU-s;
- Existence of professional local administration and skilled professionals in the local institutions;
- Previous excellent experience in implementation of joint projects between CDVPR, LSGU's and UNDP, etc.

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 sixth place out of the eight planning regions in the country.

On 27 July, 2012 in the Municipality of Veles, the project team had its first meeting with Mr. Goran Petrov, President of Council of Vardar Planning Region, and Mayor of Veles and Mr. Aleksandar Buzalkov, Director of the Centre for Development of the VPR. The goal of the meeting was to present the key objectives of the Local Development Programme and to discuss the overall opportunity and the technical modalities for establishment of a partnership with the Center for Development of the VPR as well as to identify potential areas and priorities of the region with regard to its governance related needs, possible inter-municipal cooperation forms and overall socio-economic development.

Mr. Petrov and Mr. Buzalkov emphasized the immediate needs of the region which are mainly related to supporting implementation of the already produced studies/concepts for:

- Establishing of a regional business center in Veles;
- Transit and alternative tourism (opening of info centers);
- Regional solid waste management;
- Protection through branding of regional agriculture products.

Specifically, Mr. Petrov informed that the Council of the Veles municipality made a decision to offer (free of rent) one public building (with app. 100 square meters) in the city of Veles for multiyear use by the two national Chambers of Commerce for hosting their regional branches. The Chambers of Commerce were requested to develop programmes for supporting the economic development of the region and to allocate staff to assist the municipalities in the activities for promotion of the local and regional businesses and in facilitating communication and cooperation with interested domestic and foreign investors.

With regard to the on-going projects for opening of tourism info centers and the branding of agricultural products, the overall economic identity and branding has to be considered as overarching priority of the region due to its comparative advantages such as the geographical disposition (the central position in the country/attached to the Corridor 10 - in most of its length), existing preconditions for development of highly diversified forms of tourism (mountains, three artificial lakes, wine routes, hunting and culture) and competitive products such as wine, fruits and tobacco. One of the ideas discussed by the Council of the Vardar PR was creation of a Regional body for joint promotion of tourism and the agriculture products. The region also has potentials for further development of its metal production and food/tobacco processing industry and there are several zones for economic development identified in the general urban plans of the VPR member municipalities that could serve as attractive business investment destinations. Modalities for adjusting the on-going projects and economic activities more in line with the principles of the social partnerships and entrepreneurship models were discussed and Mr. Petrov expressed his willingness to support the approach because it will create positive social impact with regard to the unemployed and the most vulnerable people and communities in the region.

Based on the discussion, the following conclusions were reached:

- Until the end of August 2012, the project team to review in more detail (jointly with the staff of the Center for Development of the VPR) all strategic and planning documents that are in force and the documentation of the on-going projects in order to identify a list of priority actions that could be implemented through various forms of inter-municipal cooperation and supported in the frame of the UNDP Local Development Programme;
- At the beginning of September 2012 an introductory workshop to be organized with an aim to:
 - present the Local Development Programme to the VPR member municipalities and relevant stakeholders;
 - present initial proposal of actions with a focus on establishment of at least one IMC form;
 - identify other potential partners for implementation of the Local Development Programme such as the CSO's, Chambers of Commerce, branches of the central government institutions and local institutions and business entities.

In accordance with the mutually agreed targets the project team started with implementation of the priority activities that lead to the following results:

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

Initial desk review of all relevant strategic programming and planning documents was completed by the project team and the CDVPR in August 2012 followed by intensive consultations including an introductory Workshop held at the beginning of September 2012. This approach resulted with a high sense of ownership of the planned project interventions by the local stakeholders.

Governance assessment of the Vardar Planning Region was completed by a local CSO - PREDA PLUS and respective Report was produced including a Mapping and Assessment Study of the governance and service delivery platforms, an Action Plan for improving the integrated local and regional governance platform and an integral Capacity Development Programme for inclusive governance, thus providing a solid basis for systematic and well-targeted policy and capacity development action. On its session held on 28 December 2012, the Council of the VPR endorsed those three project deliverables.

The methodological approach for preparation of the above mentioned documents was phased and the following tools were applied:

Phase 1: Office/Desk research

The mapping exercise started with office/desk research and comparative analysis of the current LED strategies and other local policy documents on local, regional and national level relevant for the development of VPR. Based on comparative data, thorough analysis of the region was conducted in the three fields:

- Local economic development,
- Environmental protection and
- Social inclusion

As a result a detailed Overview of the strategies and action plans in Vardar planning region was produced.

Phase 2: Field research with interviews

After reviewing the general framework of the situation, needs, problems and priorities of VPR, field research was conducted through direct interviews with the most relevant stakeholders from private, public and civil sector. The aim of the field work was to validate the findings from the previous phase, as well as to gain in-depth knowledge of the situation. The questionnaire itself was structured in a manner that enabled gathering data on the needs of the stakeholders from Vardar planning region, as well as information on their correlation, communication and networking.

As a result situation analysis were prepared including Overview of the implementation of the transferred competences by the Local-self-government units in Vardar planning region and a Map of the relevant stakeholders in Vardar planning region.

Phase 3: Focus group's work

In order to focus the field research in the three main areas: local economic development, environmental protection and social inclusion, three mini-focus groups on regional level were formed, each comprised from representatives of the private, public and civil sector. Each focus group held one workshop where they identified needs and prioritized them. This information was used as starting point for designing training for preparation of project proposals in each of the fields.

As a result the priority needs of the region on local economic development, environment and social inclusion were identified.

The following is the summary of the findings on the most burning issues faced by the VPR municipalities and their immediate needs (from the Assessment Study of the governance and service delivery platforms):

- Each municipality in VPR faces the challenge of horizontal communication on local level. In the framework of each municipality, communication among different types of institutions (municipal and national) exists, though without any formal links, pre-

defined period of coordination/meetings. There is no single institution with a mandate to coordinate. The recommendation is to provide a model inter-municipal cooperation that should provide better inclusion and support from most of the institutions and stakeholders.

- Very low level of awareness of the private sector regarding their role and possibilities for participation in the development at local and regional level through different types of partnership including establishment of social enterprises;
- Lack of inter municipal links/cooperation among the municipal departments for local economic development, almost no exchange of ideas and experiences in the framework of rather fragmented project activities;
- The governance principals of transparency and accountability are respected in the municipalities, though not fully as subscribed by the legal obligations;
- From the overview of the strategic documents of the municipalities prepared in participative approach, it is noted that most of the municipalities lack certain strategic documents, some have outdated strategic documents and some will be outdated in 2013. There is a lack of prioritization based on criteria taking into consideration the forecast of the accessible resources (financial and human);
- The development of local policies is often gender insensitive;
- In relation to the young people, four out of nine municipalities in VPR have local strategies for youth that address the following challenges: employment of young people with a focus on self-employment, youth participation in creation of policies correlated to culture and sport, youth information access in the urban and rural areas, volunteering opportunities, programs for young disabled people, schools security and increase of awareness about the impact from deviant occurrences;
- The needs of elderly: improvement of the social protection system, provision of assistance in the households of the old persons such as delivery of food/medication and possibilities for institutional care targeting old persons;
- None of the municipalities have established proactive identification mechanism of persons living under the poverty line and vulnerable groups;
- Regarding the needs of Roma community: inclusion of the Roma children in the pre-school institutions, health protection, employment measures and housing support;
- Concerning the education, the focus should be introduction of modular forms of work that will enable flexibility of the system and increase of its capability to answer and adopt timely to all changes in the social living from all aspects, including social inclusion;

- At the moment, only towns/urban areas are receiving public communal services, excluding the suburb and rural areas. In this region, there is no integral water management as well as adequate management of waste water;
- VPR has a great potential for development based on the promotion of its culture but lacks a joint regional vision;
- On the local level, there is a lack of horizontal coordination among all stakeholders;
- Tertiary health protection does not exist in VPR;
- The combination of the financing sources is crucial and it imposes a need for improvement of the skills of the Development center of VPR in the area of provision of funding and other resources as possibilities for establishment of regional purpose-built funds. The development on local/regional level involves building partnership relations among different stakeholders and joint project design targeting available EU funds and other donors.

The findings and the recommendations from the assessment were translated into concrete Action Plan for improving the integrated local and regional governance platform comprised of activities and actions that aim at:

- Strengthening the role of the civil society and the various communities in order to have a more active participation in the work of the local institutions through:
 - Supporting civic engagement at local level and development of integrity;
 - Promotion of the principles of good governance;
 - Enhancing capacities for participatory governance.
- Institutionalization of concepts and tools for promoting transparency and accountability such as ISO (Quality Management series) and/or CAF standards in the municipalities and Centers of the planning regions;
- Increasing project preparation and absorption capacity of the centers of the planning regions, local self-government units and social partners, local institutions/enterprises to apply for and efficiently utilize the available financing instruments of the EU (Instrument for Pre-accession Assistance - IPA) and other donors in the country as well as the capital grants provided by the central government;
- Addressing the key factors that influence the absorption capacity including the financial, debts and investment management capabilities and overall strategic planning, programming, capital budgeting and implementation capacity of the local human resources.

Other factors such as gender equality are also included in the specific actions such as the provision of support of the local commission for equal opportunities.

The priority capacity needs were translated into integral Capacity Development Programme - CDP for inclusive governance that indicates the priority training topics. Implementation of the CDP started even from the project outset with an aim to increase the institutional capacities of the staff of the Center for Development of the Vardar Planning Region, the focal points of the local development units of the municipalities of this region, as well as the representatives of the regional chambers of commerce and relevant civil society organizations.

Besides the transferred knowledge and skills for utilization of the IMC legal framework (during the Introductory Workshop) a separate training was organized by the local CSO PREDA PLUS for transferring skills on preparation, programming and implementation of projects and regional initiatives that the Centre for Development of this region will pursue in the future. The third training was delivered on the legal and financial system for balanced regional development and other regional development financing instruments, including IPA. The gained knowledge and skills by the local stakeholders can be utilized for joint preparation of priority project applications and utilization of the available funds for their financing.

The project also supported the Planning Region Centre in certifying its Quality Management System and successfully attaining ISO 9001 - 9008 certification, an important integrity measure, which will be a critical asset in their resource mobilization activities. The issued certificate is applicable for the administrative activities of the CDVPR; the preparation of the program and plan for development of the planning region; preparation of project proposals for development of the planning region and areas with specific development needs; coordination of activities; provision of professional and technical assistance to local government units and professional services for collaboration with NGO. The Certificate is valid until 17 December 2015.

Output 2 - Applied innovative instruments for securing sustainable growth

The introductory Workshop was held on 6 September 2012 in Veles and was attended by 35 participants including 6 mayors, relevant municipal employees of member municipalities of Vardar Planning Region, representatives of the Centre for Development of the Vardar Planning Region, relevant local NGOs, business sector, regional branches of Chambers of Commerce, members of the National Inter-Municipal Commission and the Ministry of Environment and Physical Planning.

The workshop served as an opportunity to present to the Vardar Planning Region stakeholders the UNDP Local Development Programme, its objectives (short and midterm), components, activities and expected results including the priority actions for 2012. It also served as an opportunity to start with implementation of the activity for improvement of the Vardar Planning Region service delivery platform with a focus on creation of innovative inter-municipal cooperation practices. The Workshop resulted in:

- Renewed knowledge of the participants of the normative and institutional framework for establishment of IMC forms in the country and the crucial benefits for the municipalities;
- Selection of priority ideas/concepts for establishment of possible IMC forms that could be supported by the LD Programme;
- Identification of potential partners for co-financing and joint implementation of the LD Programme in the Vardar Planning Region;

After the introductory Workshop and in the period until mid-November 2012, proposals for establishment of the two priority IMC forms were jointly prepared with the CDVPR and further on endorsed by the Council of the Vardar Planning Region -VPR on 27 November 2012.

As a follow up a Project cooperation agreement was signed with the Centre for Development of the VPR and Cost -sharing agreements were signed with the eight municipalities of the VPR for establishment of a Working body - Network for Inclusive Development of the VPR and Joint administrative unit - Joint Administration for Energy Efficiency of the VPR.

Working body - Network for Inclusive Development of the VPR

The NID of VPR will be established in accordance with the provisions of the Law on Inter-municipal Cooperation as innovative IMC form that has the potential to be replicated nationwide.

The main task of the Network is to coordinate the efforts for designing well-conceived policies and active measures for support of the private sector and creation of conditions for development of strong and competitive regional economy and in that way to mitigate the intensity and the consequences of unemployment and migration. The NID of VPR will provide very specific services to all municipalities and the other relevant parties and it will simultaneously contribute for achievement of the Programme for development of VPR objectives related to start-up of SMEs and creation of new jobs.

Creation of the NID of VPR signifies a very concrete and advanced solution for the existing lack of effective coordination of activities for private sector development and regional competitiveness in VPR. Hence, from creation of this Network as an institutional arm of the Centre and the municipalities of the VPR, the both regional Chambers of Commerce, the private sector entities and relevant NGOs will have own benefits. Especially, the role of the civil society and the various communities will be strengthened and they will be able to have a more active participation in the work of the local institutions on this priority issues. The NID of VPR will also prevent issues and bottlenecks such as the eligibility for utilization of funds from sources that require more representative institutional form of cooperation.

The very existence of the Network will provide for the Centre of the VPR to play a more important role in coordinating and channeling investments at the planning region level.

Joint administrative unit - Joint Administration for Energy Efficiency of the VPR

The main purpose of this intervention is to build the municipal capacities, needed to successfully develop and implement measures for energy efficiency in public buildings through inter-municipal cooperation with an ultimate aim to protect limited energy resources on local level and mitigate climate change on global level. More specifically this intervention will be focused on:

- Building of municipal capacities on expert and policy level as well as capacities of relevant stakeholders on Energy Efficiency in the public buildings through Inter-municipal Cooperation;
- Establishment of Joint Administrative Body (Joint administration for EE) selected by the local stakeholders as the most appropriate form of IMC in accordance to the Law on IMC. When established in the course of 2013, this will be the first joint administration for EE at the local level in the country;
- Development of the obligatory programming and planning documents for EE in accordance to national legal framework and by using top-notch methodology and mechanisms and tools including required equipment for its implementation;
- Increasing awareness of wider community in partner municipalities regarding the need for and the benefits from implementation of the EE measures.

Two and a half days Workshop was held in Ohrid on 27-29 November 2012 with the members of the national IMC Commission, representatives of the Agency for Energy, Directors of the eight Centers for Development of the Planning Regions, and representatives of the regional UNDP "Think Globally, Develop Locally" IMC pilot project from Gevgelija, Valandovo and Bogdanci. The aim of the workshop was to support the national authorities in replication of the innovative UNDO IMC interventions and to trigger a policy dialogue on utilization of IMC in the area of energy efficiency and to exchange best practice and lessons learned. During the Workshop the national Commission for IMC was also supported in preparation of its Work Plan for 2013 and the Methodology for selection of best IMC practices.

Furthermore, the IMC Commission was supported in upgrading the existing IMC web platform with software's for on-line evidence of IMC forms and forms of international cooperation of the municipalities, thus enabling the MoLSG and the municipalities to fulfill legal obligations deriving from the Law on IMC and the LSG Law.

In order to enable effective migration of the IMC web platform including the both software's in to the ICT system of the MoLSG, the project purchased and installed adequate Server.

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

However, the capacities of this body are very limited and they reflect the amount of funds which are presently being disbursed through this entity. If regional competitiveness component of IPA will be embarked by the government of for the next programming period, taking into account that the Bureau already has experiences on investing in regional development, the experiences in implementation of the Bureau should be taken into account while building future implementation system. Consequently, its capacity should be strengthened and empowered.

- If regional development is to be strengthened, the funds should be channeled through regional development plans. These plans should become the main strategy for country regional development. Sufficient attention needs to be given to quality preparation of such plans for the next programming period; they should reflect strategic orientation of the 8 regions.
- Once the development strategy for each region has been finalized, the main criteria for project's selection should be quality and maturity of projects. Consequently, the task of the Council for balanced regional development to approve shortlist of projects could be abolished. While Council could be asked to give its agreement on financial distribution per region, once strategy per region has been elaborated, its role should not be to interfere into selection of projects. The selection should be based on regional development plans, municipal plans (where relevant), maturity and quality of projects (optionally, within financial distribution per each region) and selection criteria which result in projects that bring high added value to each region/municipality. However the Council could intervene in cases of too slow progress, need for coordination of various ministries, irregularities detected, etc.
- For efficient preparation of future regional development plans, state authorities should take a strategic decision on envisaged role for regions and municipalities within the next programming period. In this way, regional development plans will reflect the needs and development possibilities, which could be financed from future investments from the IPA funds. IPA should not be the only financial resources for financing such plans, and plans should include broader actions than covered by future IPA programmes.
- On the other hand, coherent and common approach for all centers of planning regions towards the government in representing needs of all regions, sharing experiences among themselves, preparation and implementation of regional projects, etc should be supported. Such activities can play important role in decentralization of the country and at the same time, raising voices and needs of the local population.
- Municipal development plans should be prepared for the period 2014 - 2020. Also in this case, the fact, whether they would become beneficiaries for the next programming period, or not, is crucial for preparation of them, as municipality can tailor their plans accordingly. Plans should be integrated, focused, and include clear

vision of the development potential of municipalities for the several years. Based on strategic plans, every municipality should work on preparation of projects pipeline.

- In the absence of investments plans for the next programming period, association of municipalities should take a proactive role in representing needs and investment potentials of the local authorities in front of the government in a structured way in order to ensure that municipal investment needs will be reflected in relevant strategic documents, whatever the decision on involvement of municipalities during the next programming period will be. Concretely, Centers of the Planning Regions, in cooperation with association of municipalities, could collect investments priorities within each region, and submit them to the government, as a very initial input for the next programming period.

During the first mission, discussions partially covered also implementation of the IPARD (IPA component 5). Ministry of Agriculture is waiting for accreditation of component 301, which is directed to municipalities for smaller infrastructure projects. The LEADER initiative will be part of the future IPARD programme (2014 -2020).

The second Mission on the Chapter 22 was carried out by the UNDP regional advisor for regional and rural development and four experts from Croatia, Slovenia and DG Regio. The second mission was focused on transferring relevant experience. The Seminar that was held in Skopje on 12 -13 November 2012 in Skopje, was attended by more than 50 participants of the national authorities that belong to the IPA operative structure and ZELS. The event was opened by the Deputy Minister of Finance, Mr. Nedim Ramizi and the Deputy Resident Representative of UNDP Mr. Alessandro Fracassetti. The presentations were rich in information and their aim was to familiarize the government counterparts about challenges which are in front of them on issues related to chapter 22 and implementation of IPA 3 Component. Four main topics were covered during the event:

- Negotiations in practice, from institutional point of view (Croatia) and from the 8 years after the initial perspective (Slovenia);
- Administrative capacity issues and implementation challenges;
- Challenges with implementation system and monitoring of the EU funds implementation;
- Challenges which local actors will face regarding EU funds.

The reforms related to the Chapter 22 are crucial for absorbing the significant EU assistance available in the process of accession. The national institutions are now more equipped to continue their reform efforts and speed up the implementation of these reforms and make more effective use of the available IPA funds. The project also succeeded in retaining the attention of the national authorities to the potentials of the local authorities and the balanced regional development institutions regarding the utilization of the actual IPA

are at their early stages of preparedness, and extensive further support is needed for all beneficiaries of the IPARD programme, including farmers and local authorities in terms of further trainings, assistance in project preparation and implementation. More specifically, implementation of public procurement procedures (PRAG) will be a key challenge for municipalities when it comes to the future implementation of the measure 301 - rural infrastructure.

Farmers also needs further support in all steps, from information about their present and future development possibilities, on broader concept of rural development, on alternative sources of income, as well as in identification of project ideas and preparation of documentation related to project applications and their implementation. Consulting companies should be specific target for further improvements in their delivery of services to applicants for IPARD. Law quality of consulting services proved to be one of the main sources so far in potentially problematic use of IPARD funds, not in line with EU rules.

Good basis for implementation of LEADER measure can be already existing Inter Municipal cooperation services based on the adopted Law on IMC. In order to cover time gap between this measure and introduction of the approach a proposed solution could be utilization of the national funding from the Ministry of Agriculture. A number of qualified local consultants which would be able to facilitate groups to become local action groups as defined by the EU legislation and which could prepare quality local development strategies is needed. Therefore, as a first step, preparation of extensive training for future local consultants would need to be organized. A next step should include direct work with groups in different areas of the country in order to provide pilot/case projects based on which practical experience will be gained. For this work minimum time needed is 2 years.

For stronger involvement of municipalities in rural development, additional attention should be given to them from the perspective of preparation of integrated municipal plans, covering the next programming period, and through improvement of the municipal administrative capacity to prepare and implement projects. Municipalities would need support in identification of future investment needs, prioritizing investments needs and preparation of projects.

A detailed Review Report of fundamental documents related to implementation of Agricultural policy was prepared by the former Head of Croatian Working Group on the Chapter 11, Mr.Miroslav Božić.

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. Two 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, a risk log was activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.

Based on the above information recorded in ATLAS, the first annual/2012 Review Report and 2013 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 Initiatives Coordinator and the two IMC specialists and in very close collaboration with the assigned staff of the Centre for Development of the Vardar Planning region 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 98,71% and it was fully completed in terms of its planned deliverables as well as expenditures.

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

The individual statistically disaggregated data on each municipality of the VPR regarding the local economic development is available but to a very limited extent and is mainly outdated.

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.

The national authorities are still a bit reluctant to accelerate the down streaming of the national policies regarding environmental protection and climate change, transport and private sector development as well as the agriculture and rural development policy.

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 methodology for the assessment of the governance and service delivery platform of the VPR was adjusted in order to be less dependable of lacking data.

The CDVPR and the VPR municipalities as well as the Ministry of Local Self-Government 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, from the project outset a substantial capacity building component was programmed and few training activities on priority topics were implemented, 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 local stakeholders. Various opportunities were also provided to the national counterparts for providing their inputs.

The in-depth situation analyses regarding the Chapters 22 and 11 of the EU Acquis provided substantive arguments for acceleration of the down streaming of the respective policies.

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?*

The project is in its initiation phase and the mobilization of additional financial resources (to the one allocated by the UNDP and the partner municipalities) will be the crucial factor for achieving the planned project outcomes. Already 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 French Embassy, the GIZ, the SDC, TICA, the WBIF/EBRD and other funding sources including the State Budget.

The local elections that will be held on 24 March 2013 will cause certain delay in implementation of the project activities until the new municipal bodies will become fully operational. Therefore, the 2013 AWP of the project envisages the period between mid-February and the end of April 2013 to be mainly used for detailed operative planning and accurate budgeting of the activities that are to be implemented until the end of 2013.

It is to be expected that the new municipal bodies as well as the new members of the VPR Council will re-confirm 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 SEA and the members of the IPA operating structure manifested strong commitment to the project. UNDP received a letter full of praises from the DPM Ms. Teuta Arifi for the quality and purposefulness of the assistance provided for the Chapters 22/11 (as well as the Chapters 23 and 24). Impressive interest of the local stakeholders, in first place the VPR municipalities to initiate and establish IMC forms was evident and translated into very concrete terms by signing the Project Cooperation Agreement and the Cost-sharing agreements with UNDP.

On the basis of the initiative of the Center of the Vardar Planning Region, and a proposal made by the Mayor of Veles, Mr. Goran Petrov, the Council of the municipality of Veles unanimously decided to honor UNDP with '9th of November Award' (prestigious award of the municipality) for all assistances made by UNDP for the municipality of Veles.

The award was received by the UNDP DRR Mr. Alessandro Fracassetti on 9 November 2012 during a ceremony held in Veles that was attended by more than 300 participants including Mr. Goran Petrov, the Mayor of the Veles municipality and the mayors of the neighboring municipalities, members of the Parliament from the municipality of Veles, representatives of the Government, President of the municipal Council, Mr. Slavcho Chadiev and all members of the municipal council, NGO leaders, private sector representatives, celebrities from the municipality of Veles, more than 40 members of delegations from twinned municipalities from Turkey, Romania, Poland, Bulgaria, Croatia and Serbia.

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

The launching of the LD Programme	http://www.undp.org.mk/Default.aspx?LCID=35&NewsID=488 http://www.vardarregion.gov.mk/index.php?option=com_content&view=article&id=203:2012-09-10-06-12-22&catid=3:newsflash&Itemid=1 http://www.veles.gov.mk/index.php?option=com_content&view=article&id=2205%3A2012-09-07-13-23-35&Itemid=130
The visit of the country's European Parliament's Foreign Committee Rapporteur, MEP Richard Howitt to the Vardar Planning Region (organized in the frame of the project)	http://www.undp.org.mk/Default.aspx?LCID=35&NewsID=482 http://www.vardarregion.gov.mk/index.php?limitstart=4 http://www.veles.gov.mk/index.php?option=com_content&view=article&id=2224%3A2012-09-20-13-06-25&Itemid=130
The initiative for	http://www.vardarregion.gov.mk/index.php?option=com_content&view=article&id=213:2013-

establishment of the selected IMC forms	02-05-10-39-41&catid=64:naslovni
The Award received from the Council of the Veles municipality	http://www.vardarregion.gov.mk/index.php?option=com_content&view=article&id=208:g9-g-&catid=3:newsflash&Itemid=1 http://www.veles.gov.mk/index.php?option=com_content&view=article&id=2274%3A-2012-&Itemid=130

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

Even in a very limited period of 4 months UNDP successfully transferred applicable knowledge and skills on drafting regional development action plans and projects and on using available domestic and international instruments for financing regional development to the key stakeholders of the Vardar Planning Region. It also cooperated with a local civil society organization in assessing the governance platform of the Vardar Planning Region and in delivering training modules on relevant topics. Therefore, it is foreseen that all interventions in the framework of the local development programme will be absorbed by the local authorities.

The co-financing aspect where all municipalities no matter how small, poor or rural, have provided co-financing is also a positive indicator. Finally, an active, existing institution, the Center for Development of the Vardar Planning Region has been used to implement the programme and provides guarantees for the continuity and sustainability of the interventions with or without UNDP.

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.

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.

Compared to 2012, in 2013 the range of the project activities will be extended in order to address the challenges of the decentralization process and the implementation of the balanced regional development policy jointly with the MoLSG and in that way to over bridge the period until the start of the implementation of the IPA 2012 funded project on decentralization that has been awarded to UNDP.

It was also deemed as necessary to continue the joint work with the Ministry of Finance on strengthening the local financial and fiscal capacities for more accurate budgeting and reporting as well as for increase of the transparency and accountability of the local authorities regarding the fiscal data on the local revenues and expenditures. The financing of the local services is considered as the crucial challenge by the local authorities and that is the reason why several innovative activities will be demonstrated in the Vardar Planning region.

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.

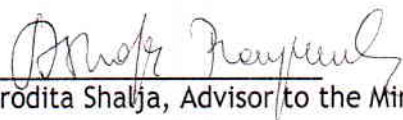


Toni Popovski, UNDP Project Manager

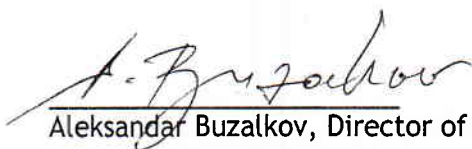
18 March, 2013



Mihaela Stojkoska, UNDP Head of Good Governance Unit



Afrodita Shalja, Advisor to the Minister of Local Self-Government



Aleksandar Buzalkov, Director of the Center for Development of the VPR