

# Aid Matters

Newsletter on Development Assistance in Serbia



Issue no. 7 February 2013

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## New Contact Entry

The new JICA Balkan Office Resident Representative is Mr Abe Toshiya.

## Western Balkans Investment Framework

Western Balkans Investment Framework (WBIF) supports socio-economic development and EU accession across the Western Balkans through the provision of finance and technical assistance for strategic investments in transport, energy, environment and social sectors. Private sector development and energy efficiency have recently been added as areas that are now supported. It is a joint initiative of the EU, International Financial Institutions, bilateral donors and governments of the Western Balkans.

WBIF applies a key principal of financial "blending" – combining grants and loans – whereby relatively small grants are provided that subsequently attract much larger amounts of loan finance (a process known in jargon as "leverage"). The loans are used to pay for an infrastructure project's development through to completion. The grants are used in two ways: first and predominantly for technical assistance (TA) in preparing a project for investors to

Serbia has been awarded 28 grants by WBIF, which support some 23 projects. Of these national projects, 13 grants are implemented by IPF Technical Assistance while the other 15 national grants are managed by IFIs. Serbia is also participating in 6 regional projects. The spread across the sectors is: Energy 7, Transport 11, Environment 5, and Social and Private Sector Development 11.

make their investment decision and make it "bankable". And second, in particular cases, as a direct grant investment. Much of the TA is administered by one of the WBIF's facilities: the Infrastructure Projects' Facility (IPF).

By summer 2012, 130 projects have been supported by WBIF. These projects have been helped by WBIF grants totaling €270 million which, in turn, have attracted investment loans worth €6.4 billion from

IFIs. The full value of the projects' complete development costs is in excess of €11 billion.

Projects proposed for grants through WBIF need to be related to loans provided by financial institutions involved in WBIF: EIB, EBRD, CeB, KfW, WB. Projects can be national, as well as regional (provided that the project is supported by at least two WBIF beneficiaries and one IFI).

The identification of project proposals for the IX round is underway, and they will be submitted on 22nd February. More information is available at [www.wbif-ipf.eu/index.php](http://www.wbif-ipf.eu/index.php)

## IPA 2014-2020 Conference

IPA Conference 2013 - Instrument for Pre-Accession Assistance (2014-2020) was organised on 25th January, with the aim to exchange opinions on the new IPA within 2014-2020 financial perspective.

Proposed structure and content of planning documents and basic principles for the new IPA



implementing regulations were presented in the event that gathered 400 participants: representatives of the EC, IPA beneficiary countries, IFIs, donors.

Presentations and conclusions can be downloaded by following this link

[www.evropa.gov.rs/Evropa/PublicSite/News.aspx?NewsId=289](http://www.evropa.gov.rs/Evropa/PublicSite/News.aspx?NewsId=289)

## Public Administration Reform

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Following the adoption of Public Administration Reform (PAR) Strategy in 2004, two subsequent Action Plans (2004-2008 and 2009-2012) and a number of system laws, numerous measures and activities have been implemented with the aim to improve legal and institutional framework, as well as to strengthen capacities within public administration system.

In order to create a framework corresponding to PAR area circumstances, the new PAR Strategy and Action Plan 2013-2016 preparation process has been initiated, involving a wide spectrum of stakeholders through consultations. Drafting this strategic document is supported by EU IPA 2010 "Support to Public Administration Reform in Serbia" and will include areas related to public administration, regional development and local self-government, public finance and procurement, e-government, anti-corruption, public agencies and control of PA bodies work.

A significant number of projects financed through development

assistance has been implemented, with the EU as the most prominent development partner. Bilateral donors, such as Sweden, Norway, Great Britain, have been greatly contributing, together with UNDP, World Bank and international organizations. Since 2004, eight projects have been directly dedicated to various PAR initiatives, with around 11 million EUR in value. Beside projects of "systematic nature" committed to preparation of relevant strategic documents, (e.g. Strategy for civil servants professional development in the Republic of Serbia 2011-2013 and PAR Strategy), certain projects encompass specific areas, such as performing functional analyses, development and application of e-government concepts, etc.

Besides financing, donors have provided support through other mechanisms: regular consultations, drafting numerous analyses and documents covering different PAR areas, intensifying key reform initiatives by financially supporting projects.

Donor support in the field of PAR is particularly important, and bearing in mind challenges that will arise from the implementation of new PAR Strategy in forthcoming period, it is important to ensure a continual close cooperation between public administration bodies and donor community in different PAR areas.

### Professional Orientation in Serbia - GIZ Project

Source:



"Professional orientation in Serbia" project aims at developing a sustainable system for professional orientation which helps youth get support, information, and education that will prepare and strengthen them for making independent and right decisions regarding their future education and career. The project targets youth in transition from primary to secondary school or to the labor market and has already been implemented in 730 primary schools and 54 youth offices. Over 67,000 pupils and youth,

2,194 teachers, 94 accredited educators and 110 student interns have participated in the project so far. Detailed information about the project is available at

<http://profesionalnaorijentacija.org/>

Political partners of the project are Ministry of Education, Science and Technological Development and Ministry of Youth and Sport and the budget is 4 million euro for the period 2013-2015. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is an implementing agency of the German Government, which is the biggest bilateral donor to Serbia and has been supporting Serbia's development priorities since 2000.

### Development Assistance Effectiveness and Efficiency Evaluation

#### In Brief

According to December 2012 opinion poll, 66% of citizens support reforms necessary for EU accession. The opinion poll results are available at [www.evropa.gov.rs](http://www.evropa.gov.rs)

Within Sida financed project "Support to DACU for effective partnership for improved aid effectiveness", Serbian European Integration Office, has launched evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia in the period 2007-2011, per sector as they are defined

in document „Needs of the Republic of Serbia for International Assistance“ (NAD). Findings and recommendations will be used for drafting the new NAD for 2014-2020, which makes the participation of all actors involved in planning, programming and management of development assistance necessary. Evaluation findings shall be based on five evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability). All development assistance of development partners shall be evaluated, including „soft“ loans.

## Czech Development Cooperation in Serbia

The Czech Republic has been providing development assistance to Serbia since 2002, in the total amount of 21 million € (2002-2011 period). The priority areas of Czech assistance include: environment protection (particularly water supply and waste water treatment), SME development, health, renewable energy sources and technology transfer. Geographically, assistance has mostly focused on Sandžak and Šumadija regions. Czech development assistance is implemented in line with Development Cooperation Strategy 2010 – 2017 of the Czech Ministry of Foreign Affairs, through Czech Development Agency and the Embassy of the Czech Republic in Serbia.

Between 2002-2009 the most important projects were: “Kolubara “A” Power Plant Reconstruction”, “Ensuring continuity of extraction in Rembas and Soko mines”, „Exploration of resources and delivery of technology for drinking water facility in Lazarevac“, „Exploration of pollution and rehabilitation of Ada Huja area“. The most significant 2009 project was one million € donation to Serbian Railways „Increasing security

on railway crossings“, supplying 10 border crossings in the period of 3 years.

Projects “Delivery of medical equipment for “Dr. Dragiša Mišović” hospital, Belgrade” (10 hemodialysis chairs), “Support to cancer prevention among women population in Šumadija region”, “Development of waste management in Valjevo region” and “Enhancement of energy effectiveness in heating system of Valjevo hospital” were implemented in 2010/2011.

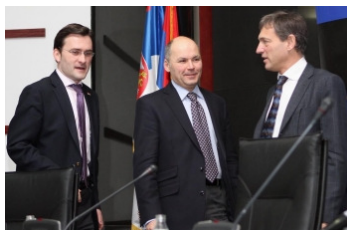
The MoUs for the implementation of projects: “Construction of sewerage system in the village of Kruščica” and “Support of cheese production in the Sandzak region” were signed in 2012. Three new projects will start in 2013, the most notable being „Renewal and modernization of equipment in the surgical unit of General Hospital Pirot“.

The Agreement on development assistance between the Governments of Czech Republic and Serbia is in preparation and shall determine general development cooperation regulations.

## IPA 2012 Financing Agreement Signed

On December 21, 2012, SEIO Director Milan Pajević and Head of the EU Delegation Vincent Degert, signed a €172 million agreement on National IPA Programme for 2012, aimed at assisting Serbia to implement key reforms required for joining the EU. The Serbian Government will provide additional €27 million for 13 sector and project fiches contributing to the EU integration, economic growth and social development through:

1. Strengthening rule of law by improving justice efficiency, with special support to judiciary, prosecution and police, and public administration reform;



2. Support to social development through better inclusion of minority groups, especially Roma population, support to employment policy, developing social services and modernizing education system;

3. Environmental protection, combating climate change and promoting sustainable energy

sources.

Funds will also be directed to resolving housing problems of IDPs and refugees, closing down remaining collective centres, providing support to agriculture and rural development, freedom of press and SME development. An overview of IPA 2012 support can be found at ISDACON - [www.evropa.gov.rs](http://www.evropa.gov.rs)

## Stakeholders' Forum

EU funded project “Preparation of Documentation for River Training and Dredging Works on Critical Sectors of the Danube River in Serbia” (2011-2013), continues to demonstrate that strategic approach and careful planning are necessary for successful public participation.

Directorate for Inland Waterways – Plovput as the project beneficiary, initiated the establishment of an advisory body in the course of project implementation, namely the Stakeholders' Forum, to represent various interests such as navigation, environmental and nature protection, industry and archaeology. The Forum, comprising representatives of the ICPDR, Institute for

Nature Protection of Vojvodina, WWF, the Ship Masters' Association of Serbia, Aqua et Archaeologia, Serbian Chamber of Commerce, SECO for Environment and Energy, SECO for Competitiveness, Delegation of the EU, ministries and other relevant governmental bodies, was established in line with the long-term orientation of the Directorate for Inland Waterways – Plovput towards application of a modern concept of inland waterways management and integrated planning approach. Mutual acknowledgement and understanding among stakeholders in the Forum is crucial for reaching common ground and implementing this complex multidisciplinary project successfully.

## CBC Programmes

Financing Agreements (FA) for Cross-Border Cooperation Programmes with Romania, Bulgaria and Hungary, that include 2012/2013 allocations, were signed on 24th January. FA for Adriatic Programme 2012 allocation was signed in December 2012, and evaluation of project proposals within 1st Call for Proposals, with available funding of 77.2 million €, is underway.

The remaining calls for proposals within this financial perspective, i.e. CBC Programmes with Croatia, Bosnia and Herzegovina and Montenegro are planned for April this year.

## Events

- 8 February Donor Coordination Meeting, Belgrade
- 26 February USAID Annual Review Meeting of Activities Implemented under Assistance Agreements, Belgrade
- 28 February "Monitoring and Evaluation Capacity Development for Western Balkans and Turkey" EC funded and World Bank implemented project - Inception Conference, Vienna

Check out the upcoming events at ISDACON—News and Events section, [www.evropa.gov.rs](http://www.evropa.gov.rs)

## USAID Helps Food Processors Open Belgrade's 1<sup>st</sup> Halal Food Shop

Source: USAID

Six processors from economically depressed South Serbia joined the Halal Agency of Serbia, the Serbian government, and USAID's Economic Security Project to establish the first shop in Belgrade meeting Islamic dietary standards.

Nine Economic Security Project-supported companies received halal certification last year, a critical step to sell to the country's 600,000 Muslims and tap into the global Halal food market which generates more than \$650 million in sales annually. The USAID-assisted "Keepers of Tradition" group of food pro-



Halal agency director Mustafa Jusufspahic chats with USAID director Susan K. Fritz  
(Photo: Hal Lipper/USAID)

ducers is negotiating with Turkish buyers for dairy products worth possibly \$1.3 million in annual sales. The Belgrade halal shop is expected to open in mid-February.

USAID's Economic Security Project provides management, marketing and sales training for 137 small- and medium-sized Sandzak and South Serbia companies to help them succeed. The project also provides suggestions for updated marketing materials and packaging, and organizes the companies' attendance at domestic and international trade fairs to test new markets and expand sales.

## Germany Cancelled 25 Million € of Serbian Public Debt

The Debt for Nature is a unique arrangement between Germany and Serbia, first of a kind, implemented within "Rehabilitation of district heating systems in Serbia" Programme. On the basis of this debt-swap arrangement between KfW and the Republic of Serbia, Germany has cancelled 25 million € of Serbian public debt, based on 5.5 million € of Ser-

bian financial contribution to phase III of the Programme. The second Debt for Nature arrangement was also signed, and once the Republic of Serbia provides evidence of financial contribution of 9.25 million € to the implementation of current phase IV of the Programme, Germany will cancel additional 18.5 million € of Serbian public debt.

## About Aid Matters Newsletter



Aid Matters Newsletter on development assistance to Serbia is developed within the project Support to the Sector for Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance of the Office for the EU Integrations of the Republic of Serbia for effective partnerships for improved aid effectiveness, funded by Sida.

The newsletter aims at improving communication between stakeholders and exchange of information relevant to development assistance activities in the Republic of Serbia.

If you would like to contribute, please send your text to [majamilenkovic@seio.gov.rs](mailto:majamilenkovic@seio.gov.rs). An ideal word count is 150 words.

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