



Government
of the Republic
of Serbia

The Poverty Reduction Strategy (PRS) in Serbia is a medium-term development framework aimed at reducing the key forms of poverty by creating material and other prerequisites and by providing opportunities to each person to provide the basic subsistence for themselves and their families. The PRS offers an analysis of causes, characteristics and profile of poverty in Serbia, as well as main strategic guidelines for eliminating them in the coming years. The Government of Serbia is committed to economic growth and development, for which reason the PRS activities are geared towards economic development and growth, prevention of emergence of new poverty and care for the traditionally poor groups. The final PRS document was adopted on October 16, 2003, whereas on February 17, 2005 the Government authorized the Deputy Prime Minister to regularly inform the Government on the Strategy implementation process, in cooperation with the PRS Implementation Focal Point.

UNEMPLOYMENT REDUCTION ACTIVITIES

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HAAKON BLANKENBORG – AMBASSADOR OF NORWAY

Serbia and Norway – Partners in Peace and Development

The partnership between Serbia and Norway is well developed. It spans from longstanding local community cooperation between municipalities, to a number of small business development projects as well as increased commercial business activities. This partnership includes a sophisticated programme of cooperation between our two governments and extensive cooperation in security and defence reform.

Serbia is a country with a huge potential of catching-up. There is high economic growth and an increasing amount of foreign direct investments. There are strong intellectual traditions to build on and a proactive NGO-sector. At the administrative level we continuously experience a very high level of knowledge and competence in many key areas.

At the same time, unemployment is peaking, poverty is widespread and there are political challenges that could potentially endanger a young democracy like the Serbian.

Integration into euroatlantic structures has proven to be a very efficient way of promoting democracy and securing stability.

Enlargement of the EU and NATO has been the main vehicle for change and democratic reform in Europe during the last decades.

Norwegian activities in Serbia are therefore targeted at strengthening euroatlantic integration. This was the Norwegian policy towards the last ten countries that joined the European Union and it will continue to be our policy towards Serbia. However, our programme towards Serbia and the Western Balkan is unique. It is not long term development assistance nor is it specific support for a EU candidate country. The programme was triggered by the temporary setbacks that this country and this region suffered during the 1990s. Consequently, as the set back is overcome so will our partnership change.

One important milestone was reached when Serbia recently was invited to join Partnership for Peace. This invitation should be seen as a concrete confirmation that Serbia is a part of the euroatlantic structures. Norway will continue to be a key partner in defence and security sector reform.

While Norway is a NATO-member, we are not a member of the European Union. Still we believe we are a relevant partner for Serbia in its efforts of joining the EU.

Norway is in many ways a living proof that functional European integration can be achieved with-

out actual membership. The point isn't that membership not should be sought. The point is that adopting European standards and values can also be done without membership.

European integration is primarily about doing work at home. Implementation of European standards and values can be done independently of membership or contractual relations. There are no conditionalities blocking domestic reform.

How to organize for Europe, how to adopt European standards and how to secure a well functioning relationship with the EU and its member states, is an area where Serbia and Norway should continue to exchange knowledge and experience.

These days Serbia and Norway will sign the annual agreement where we agree to continue the cooperation programme that was initiated between our countries in October 2000.

As in earlier years this programme covers a broad range of projects and the programming and implementation of the cooperation programme is done by the Serbian government.

Two clusters of activities stand out in this years programme.

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ĐORĐE STANIČIĆ, SECRETARY GENERAL OF THE STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES

Important Steps for Strengthening Local Governments

This year has been particularly important for the Standing Conference of Towns and Municipalities (SCTM) and its members due to the adoption of the Law on Financing Local Self-Governments, the full implementation of which is expected towards the beginning of next year. The Law shall ensure stable and predictable financial sources, property tax as a major source of revenues and an efficient balancing system. The SCTM finds the Law particularly important because it represents a first comprehensive model of successful and substantial cooperation between different levels of authority. We are proud of our cooperation with the Ministry of Finance and the Local Self-Government Committee of the National Assembly on developing and adopting the Law.

The local self-government property found its place in the legal system of Serbia with the adoption of the new Serbian Constitution. However, only when the Law on Local Self-Government Property has been adopted shall conditions be created for substantial

decentralization in Serbia and independent development of Serbia's municipalities and towns. The Constitution leaves some unanswered questions, the most important being the structure of executive bodies of towns and municipalities and the local election system. It is evident that the quality of solutions to these questions shall exert influence on the overall local self-government system and the everyday functioning of municipalities and towns.

A large bulk of activities of towns and municipalities this year has been dedicated to the development of strategic plans at the local level. We have seen that the essence of efficient strategic planning is largely contained in the process instead of its product and/or the respective plan. Strategic planning insists on innovative and cooperative approaches to problems which local authorities face, with a tendency to involve citizens, business sector, scientific and development institutions at the local level and other civil sector representatives in solving the problems.

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Government of Serbia Adopted the Economic Development Strategy by 2012

The Government of the Republic of Serbia has adopted the National Economic Development Strategy 2006-2012, which envisages economic growth and decrease in unemployment.

The Strategy envisages an average 7% annual GDP growth and 5.9% decrease in unemployment. The Strategy envisages below 5% annual inflation and an FDI inflow of EUR 2 billion per year.

During the presentation of the Strategy, Minister of Economy Predrag Bubalo said that the Strategy was adopted in order to define activities to be implemented in the second transition stage, when structural reforms shall be continued aiming at economic growth and unemployment decrease. The document has been submitted to the National Assembly for adoption.

The Strategy envisages an increase of GDP investment share from 20.5% in 2006 to 25.8% in 2012, with an average annual growth of 15.8%. Exports is planned to increase annually 17% on average and reach 45% share in GDP, whereas the foreign trade deficit should be reduced from 21.9% to 16.7% GDP.

Public revenues should be decreased from 44.1% to 37.5% GDP share, and productivity increased from 16.7 to 40%. Authors of the document envisage that Serbia shall reach USD 46.2 billion worth of GDP by 2012 and/or USD 6.500 per capita.

The employment structure should shift in favor of the private sector, which should employ 1.1 million workers by 2012 instead of current 420,000 and the social sector, which currently employs 600,000 workers, should be extinguished.

The budget sector, public enterprises and agriculture shall mark moderate decrease in the number of employees and the number of new jobs by 2012 shall amount to 130,000.

Advantages of Serbia include human resources, natural and production potentials and the geographical position of the country, whereas main disadvantages are outdated technology, degraded infrastructure, high exports share of primary and low-technology products, an outflow of quality staff and unbalanced regional development and corruption.

CARDS 2006 PROGRAMME

EUR 144 Million for Serbia

The financial agreement CARDS 2006, providing grants for Serbia amounting to EUR 144 million, has been signed by the Minister of International Economic Relation within the Government of the Republic of Serbia, Milan Parivodić and the Head of the European Commission Delegation in Serbia, Josep Lloveras. This is the last transfer within the CARDS programme, and the EU shall continue providing financial assistance in the forthcoming period through EU pre-accession instruments (IPA programme).

Serbia has so far received EUR 1.125 billion within the CARDS programme, and a part of the resources has been used for humanitarian assistance, prevention of collapse of the energy system and procurement of medication for hospitals.

The following year shall see the CARDS programme resources support the solution of existential issues of refugees and promotion of employment, raising capacities of local governments for improving the provision of public services and strengthening of public institutions – police, health care and judiciary. Investment conditions shall also improve by providing support for the growth of SMEs and modernization of traffic corridors, such as corridors 7 and 10.

In the period 2007-2013, Serbia shall be using EU resources from the new pre-accession IPA instrument, which is used by countries that have taken up the path of reforms and full-fledged membership in the EU. Josep Lloveras has emphasized that Serbia has made progress, wherefore focus shall be shifted from reconstruction to the provision of institutional support for Serbia.

Allocation of CARDS Programme Resources

Assistance resources shall be allocated in the following manner:

- Support for the NGO sector – EUR 4.5 million
- Development and enhancement of media – EUR 2 mill.
- Judiciary and strengthening of internal affairs – EUR 11 mill.
- Integrated management of borders – EUR 6 mill.
- SMEs – EUR 7.5 mill.
- European Integrations – EUR 4 mill.

- Local government development – EUR 20 mill.
- Statistical reform system – EUR 1.8 mill.
- Assistance for enterprises – EUR 5 mill.
- Cadastre reform – EUR 1 mill.
- Trade and agriculture – EUR 7.5 mill.
- Energy – EUR 24 mill.
- Transportation – EUR 5 mill.
- Environment – EUR 13 mill.
- Education and employment – EUR 8 mill.

HAAKON BLANKENBORG

– AMBASSADOR OF NORWAY

Serbia and Norway – Partners in Peace and Development

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The first is linked to reform of public administration through increased efficiency in the planning and budgeting processes. The ability to set goals, agree on priorities, allocate resources and implement activities in a well coordinated manner is crucial in order to have an efficient democracy and secure implementation of national reforms, like the Poverty Reduction Strategy. These are also important mechanisms to have in place in order to be able to meet EU-demands of decentralised implementation of funds.

All the Nordic democracies are based on a strong and well functioning public sector. If Norway has relevant know-how in our public sector we would like to facilitate an exchange of knowledge between our two state administrations.

The second set of activities is related to business development and job creation. Increased employment is a key to economic development, and economic development is strongly correlated with the ability to sustain democracy. One of the projects aimed at job creation is the Norwegian funded business incubator in NIS and the ENTRANSE-programme. Hopefully this programme has generated valuable lessons learned that will benefit the development of a national programme for incubators as well as further development of the SME-sector.

As Serbia is catching-up, the partnership between our two countries will evolve and take on new forms. Right now, Serbia is in the middle of rapid change, facing steep challenges. Through this process Norway will continue to be a constructive and responsive partner.

DORĐE STANIČIĆ, SECRETARY GENERAL OF THE STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES

Important Steps for strengthening Local Governments in Serbia

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Close cooperation of the SCTM and the PRS IFP relating to the development and implementation of local development plans from the aspect of poverty reduction has been achieved within the Support for Local Development project.

Aims of the project are the implementation of the PRS at the level of local communities and the development of a network of small and underdeveloped municipalities. Ten pilot municipalities shall represent a core of the network of small and underdeveloped municipalities, representing an advocating and lobbying mechanism, facilitating their access to domestic and foreign funds and motivating them to exchange good practices with other municipalities with the aim of poverty reduction.

The SCTM has initiated, in cooperation with the Council of Europe and EAR, the implementation of a new programme which shall comprehensively contribute to the strengthening of local self-governments in Serbia. One part of the programme deals with the strengthening of the institutional framework for the work of local governments, and another with the implementation of the concept of learning from the competition and the introduction of quality standards into local communities according to the European model, which has been accepted and applied successfully in many countries in the region.

We have learnt from our foreign partners that, even in conditions of ideal legislative and institutional frameworks, organizational and human capacities can always be improved. Therefore, in the forthcoming period we shall continue working on the development of human resources in the area of management and provision of services to the population. A modern and efficient local self-government should be a service which satisfies successfully the needs of its citizens, wherefore it does not represent an authority but a „company“ for whose services citizens pay by means of taxes, and its qualities are checked at the ensuing elections.



DEVELOPMENT FUND

Loan Support for Would-Be Entrepreneurs and the Unemployed

The Development Fund of Serbia has announced a programme for providing loans from the National Investment Fund for stimulating investment and employment in 2006 and 2007, amounting to CSD 2.27 billion.

The Fund shall approve of loans for entrepreneurs and enterprises for business start-up in the amount of EUR 2,500 to 30,000, with 1% annual interest, grace period of 12 months and the payment deadline up to three years. It is envisaged that CSD 170 million be allocated through the programme of loan support for would-be entrepreneurs this year and additional CSD 425 million in 2007.

The National Investment Fund envisages CSD 212.5 million for micro loans this year, and additional CSD 637.5 million in 2007.

The Development Fund shall also be approving of loans for stimulation of investment and employment in underdeveloped regions. The loans may be used for infrastructure and new facility construction and business expansion. Entrepreneurs and private companies in underdeveloped municipalities of Serbia shall be given loans through the programme in the amount of CSD 1.27 billion in this and the following year.

The self-employment micro-loan programme shall enable the unemployed, redundant workers and innovators to obtain loans in the amount of EUR 8,000 to 30,000 with a 1% annual interest rate and the payment period of 3 to 5 years. In order to obtain the loan it is necessary to mortgage immovable property or realty in the amount equal to the loan.

REGIONAL WORKSHOP ON SOCIALLY RESPONSIBLE INVESTMENTS

Sustainable Business for Poverty Reduction Programme

The Belgrade Office of the United Nations Development Programme (UNDP) hosted a regional workshop in October 2006 which gathered promoters of socially responsible investment from Macedonia, Bosnia and Herzegovina, Montenegro, Turkey, Moldavia, Albania and Serbia.

Within the Development of Sustainable Business for Poverty Reduction programme, the UNDP brokers in partnership with private sector companies, predominantly large multinational companies, invest efforts into the identification and development of innovative business models which, in addition to ensuring increments

on investment for the investor, stimulate entrepreneurship within the most vulnerable groups.

In addition to the exchange of experiences in establishing investment partnerships with public and non-government sectors, the workshop contributed to the expansion of cooperation with the Recan company, operating within the Ball Packaging Group, onto the markets of Bosnia and Herzegovina and Macedonia. The Recan company works with the recycling of aluminum cans and is already providing trade-founded income sources for poor gatherers of secondary raw materials in Serbia.

EUROPEAN FUND FOR SOUTH-EAST EUROPE

Support for Banks to Approve of New Loans

The European Fund for South-East Europe (EFSE) opened its office in Serbia in October this year. Executive Director of the Fund Klaus Maurer said at the opening that the Fund, even prior to the opening of the office in the period of only 10 months of its existence, invested EUR 42 million for stimulating the development by issuing loans to Serbia's SMEs, agricultural workers and households, and shall invest EUR 10 million more by end year.

Following the opening of the Belgrade office, the EFSE shall operate more actively at the Serbian market by long-term financing of Serbian banks, which shall use the resources to issue commercial loans to SMEs, micro-companies, households (for constructing and adapting flats) and municipalities. Results of the up-to-day investments are the approved 15 thousand loans of EUR 5,775 average value.

In Serbia EFSE gives loans through the HVB, Commercial, Prokredit, Kulska

and Zepter Banks and Prokredit Leasing, with annual interest rates of around 10%. It is estimated that in the following three years the number of approved loans to SME and micro-enterprises and agricultural workers in Serbia shall rise to 120 thousand, thus enabling opening of 30 thousand new jobs and some 30 thousand housing loans. Serbia is currently using some 20% Fund loan portfolio, which operates in all South-East European countries.

The aim of the Fund is to activate additional large-scale private resources and ensure continuity for the current financial development support.

EFSE is ranked among the largest world development financing funds, whose capital basis comprises donor resources and merged earlier development programmes, as well as new resources provided by international financial institutions such as IFC, EBRD, KFW, FMO and private institutional investors.

www.efse.lu

FOURTH INTERNATIONAL CONFERENCE ON SME: Role of Public Sector in Stimulating Development

The Ministry of Economy, in cooperation with the EAR-funded EDEP project, International Labor Organization and the Entranse project of the Government of the Kingdom of Norway, has organized the Fourth International Conference on Small and Medium-Sized Enterprises – Stimulating Development of Small and Medium-Sized Enterprises and Entrepreneurs – Role of the Public Sector.

Josep Lloveras, representative of the European Commission in Belgrade, emphasized that the share of small and medium-sized enterprises in Serbia's economy already makes up a half of jobs and income and a third of overall investments, yet it need be even higher. The European Commission has assessed positively the development and implementation of the European Charter on SME in Serbia, and emphasized that Serbia has achieved progress in improving SME operation conditions, in particular in the area of fast and cheaper registration of new enterprises. The SME Policy Index was assessed to be implemented realistically and that it reflects the real situation in the area and/or the assessment of the overall situation in SME policy is between 2 and 3 (out of 5).

The Council for Small and Medium-Sized Enterprises and Entrepreneurship was presented as well, which was established by the Government Decision on August 17, 2006. The President of the Council is the State Secretary of the Ministry of Science and Environmental Protection, Dragan Povrenović. The Council also gathers the Chamber of Commerce of Serbia and the Association of Employers. The aim of the Council is to monitor and analyze the situation in the area, provides suggestions and expert argumentation regarding creation and implementation of the policy of support for the development of SME and entrepreneurship, by improving conditions for SME start-up and their operation. Furthermore, it is to monitor and initiate cooperation between ministries, and between ministries and other organizations and institutions.

The National Network of Incubators was represented as well as a new aspect of support for entrepreneurs. The following period should see 15 new incubators and 10 new clusters established, which shall be supported by budget, NIP and donor resources.

Regional Socio-Economic Development Programme

The Regional Socio-Economic Development Programme (RSEDP) is implemented at the territory of Banat, Central and Southern Serbia from September 2003 until December 2006. It is financed by the European Union, and is managed by the European Agency for Reconstruction.

The programme has helped establish partnerships at the local level. The result of the partnerships has led to the development of strategic documents – Integrative Plan of Socio-Economic

Development and the Operational Programmes for all three regions where the programme is implemented. The documents define priorities, measures and financial resources necessary for the achievement of sustainable socio-economic development, in compliance with all relevant national and local strategies and are officially adopted by key institutions and organizations in all parts of Serbia.

Priorities and measures defined in the planning process are supported through the RSEDP

grant layout through which 58 partner projects of non-profit organizations have been financed with EUR 5.2 million. The programme has contributed to the establishment of Regional Development Agencies representing the institutional framework for implementing Operational Programmes and coordination of available funds and activities in the fields of strategic importance for the region – infrastructure and spatial planning, development of human resources, tourism, agriculture, economy and SME.



NATIONAL EMPLOYMENT SERVICE COMPETITION Financing Regional Employment Programmes 2006

The National Employment Service (NES) has opened the competition for financing regional employment programmes for 2006. Regional employment programmes enable legal entities and entrepreneurs to obtain one-off subsidies for equipping working facilities with the aim of employing 5 or more unemployed persons on a full time and open-end basis, who are registered with NES.

Regional programmes also finance employment of 5 or more redundant workers if they enter employment with another employer in line with a redundant workers programme.

Resources are approved for stimulating employment within economic professions of strategic importance for the development of regions and which are a part of local development plans, except in the area of trade, catering industry, taxi services and games of chance.

These one-off subsidies amount to CSD 90,000.00 per person employed on an open-end basis, with the duration of at least 2 years starting with the first employment day.

Associations, state bodies, organizations and other direct and indirect budget beneficiaries are not eligible.

The decision on approving the subsidy is made by the competent NES body, in line with the dynamics of the inflow of resources for this type of programme.

The contract shall be made in the competent branch office based on the decision made.

Programmes enabling employment of unemployed persons of the following categories shall be prioritized: unemployed refugees and IDPs; unemployed persons of Roma nationality; the unemployed waiting for a longer period for employment; unemployed persons – women; unemployed persons – youth below age 30; the unemployed aged over 50; beneficiaries of money allowances; unemployed parents; unemployed single parents.

The competition for financing regional employment programmes shall be open by December 22, 2006.

ITALIANS BUILD TWO FACTORIES IN ZRENJANIN EUR 740,000 of NIP Resources for Employing 370 Workers

A contract on allocating the grant of EUR 740,000 from the National Investment Plan has been signed in Zrenjanin.

The contract was signed by representatives of the Serbian Investment and Export Promotion Agency (SIEPA) with Heads of Pompea and Fulgar companies, which are building production facilities in the first industrial zone in Zrenjanin. Pompea shall invest EUR 17 million in constructing a factory for producing socks, whereas Fulgar

shall invest EUR 8.5 million in facilities for producing synthetic fibers.

NIP stimulation resources are intended for employing some 370 workers who will get employed in the two factories and shall be paid on a successive basis. The amount in question is EUR 2000 per employee, which is in compliance with the EU practice.

EUR 2.7 million is earmarked for building a new industrial South-East zone.

Business Incubator in Zrenjanin

The first business incubator of Vojvodina started working in Zrenjanin in mid-November 2006. This is one of the three planned business incubators in Vojvodina, which aim at providing IT support to SME. The beginning of work of the business center with five companies and some 20 employees represents the continuation of the implementation of the strategic development plan of the municipality of Zrenjanin, which envisages that there will be no unemployed persons by end 2013 in the municipality, which shall also be contributed by the already initiated activities at establishing free and industrial zones.

The business incubator is a joint enterprise of the Province's Government and the municipality of Zrenjanin, with support of OSCE, ENTRANS and GTZ. A business incubator is planned to be opened in Subotica as well.

EAR COMPETITIONS FOR SUPPORTING WOMEN FROM BANAT:

Loan Guarantees for Women Entrepreneurs

The European Agency for Reconstruction (EAR) has opened a competition for approving guarantees for obtaining loans intended for financing equipment procurement for women entrepreneurs and founders of small enterprises operating less than three years, from the territory of AP Vojvodina – Banat. The guarantee potential of the competition is CSD 20,000,000.

The main goal of issuing guarantees is the creation of preconditions for easier access to credit lines of business banks and ensuring the lack of financial resources, with the aim of stimulating economic activities, increasing the level of technical equipment, better usage of existing capacities, increased exports, increased employment, energy savings, processing of secondary raw materials, import substitution, environmental protection, increase in efficiency and effectiveness of business operations of subjects in the area of production services and production, in line with the

Programme of Balanced Sustainable Economic Development of AP Vojvodina – Banat and in cooperation with the Regional Socio-Economic Development Programme in Serbia for Banat, financed by EAR.

Eligible participants in the programme are: women entrepreneurs and women founders of small enterprises operating less than three years and are included in the Programme of Regional Socio-Economic Development in Serbia for Banat.

Guarantees shall be issued for loans approved by the following conditions: maximum loan amount: CSD 2,000,000, indexed in EUR in accordance with the mean exchange rate of NBS on the day of loan issuing; fixed nominal 6.95% interest rate; loan payment deadline up to 5 years in annual annuities, with the 12 months grace period.

Guarantees shall be issued for loans for procuring equipment intended for performing registered activities.

Guarantees for Loans to Labor Inactive Women for Business Start-Up

EAR has opened a competition for issuing guarantees for obtaining loans intended for financing START UP programmes of labor inactive women at the territory of AP Vojvodina – Banat. The guarantee potential of the competition is CSD 30,000,000.

Eligible applicants are labor inactive women covered by the Regional Socio-Economic Development Programme in Serbia for Banat, financed by EAR, through the project of the Women Entrepreneurship Academia in Kikinda and the Project of the Zrenjanin Education Center in Zrenjanin.

Guarantees shall be issued for loans approved for procuring equipment and working assets, within the following economic activities: processing of agricultural products; tourism (except for equipment for hotelier facilities); software, consulting, engineering and laboratory services (as logistic support for economic entities), craftsmanship – old crafts (in line with the Rulebook on Determining Activities Considered Artistic and Old Crafts) and production services.

Maximum 30% approved loan

resources may be used for financing working assets.

The competition envisages guarantees for loans approved in line with the following conditions: mean exchange rate of NBS on the day of loan issuing; fixed nominal 6.95% interest rate; loan payment deadline up to 5 years in annual annuities, with the 12 months grace period.

The condition for issuing approved guarantees is the translation of the status of the labor inactive into the labor active woman, in line with the Law on Private Entrepreneurs and the Law on Enterprises.

The application form for applying for competitions and the methodology for developing a business plan may be obtained in the Guarantee Fund of the AP Vojvodina in Novi Sad, 16 Bulevar Mihajla Pupina, 3rd floor, 9-15h on work days, or in the RSDP office – Regional Socio-Economic Development Programme in Zrenjanin, 11 Beogradska st.

The competition shall be open until the guarantee potential has been used up.

The competition text may be seen at the Internet presentation: www.garfondapv.org.yu



REGULATORY REFORM COUNCIL: Better Laws shall Boost Economic Growth and Employment Generation

As of October this year, the Regulatory Reform Council (RRC) has joined the implementation of the project titled Improving the Process of Adopting Laws and Impact Analysis prior to their Adoption. The project aims at raising knowledge and building skills for adopting new regulations in Serbia.

The Regulatory Impact Analysis (RIA) is used primarily for obtaining answers to the following questions: which problem does the law address, how is the proposed solution most appropriate for solving the problem, which are the expected benefits and law cost-effectiveness and do the benefits justify the costs. A first method implementation case in Serbia was the enterprise registration reform.

The project is worth USD 2.8 million and is financed by the Government of the Kingdom of Sweden, administered by the World Bank, and is implemented and coordinated by the body of the Government of Serbia – Regulatory Reform Council.

The implementation of the project shall enable the development of higher-quality laws, and for the first time in Serbia the mover shall be obliged to define distinctly the expected impact of the respective regulation, analyze and present it to the Government and the National Assembly, as well as to the wider public.

Serbia was among the top reforming countries two years in a row according to the World Bank Doing Business Report. Reforms noted in the Doing Business Report improved substantially the business and investment climate in the country. At the same time two other World Bank studies (the Investment Climate Assessment Report and FIAS Administrative Barriers Study) show that regulatory burden is one of the key constraints to long-run growth and competitiveness in Serbia. Building on the momentum of the earlier reforms, the Government of Serbia wants to take the reforms further with this new project, and capacity building of the Regulatory Reform Council and other Government institutions for impact analysis are seen as a top priority by the Government of Serbia.

Although RIA is binding for all new law and regulations in Serbia, capacities of Government institutions for implementing a quality analysis in line with the RIA method are rather limited.

The project will be implemented through six components:

1. Preparation of the Regulatory Reform Strategy to be adopted by the Government
2. Strengthening the capacity of the Council for Regulatory Reform and its Secretariat to take the new role of coordination and provision of quality control of RIA
3. Capacity building and RIA training program
4. Performing detailed RIA on 8 draft laws (at least two per year)
5. Preparation and publishing of an operational manual for government officials on preparation of the RIA
6. Establishment and management of RIA Web Portal

The Regulatory Reform Strategy will consider the application of some of the international best-practice approaches like:

- a) the „regulatory guillotine“ (a technique that can speed up the process of reviewing, eliminating, and streamlining unnecessary regulations by creating a central regulatory registry with positive security)
- b) „delegislation“ (a mechanism by which a primary law is downgraded to a secondary level regulation such that Parliament's approval is no longer required)
- c) „simplification“ (the Government sets up an annual simplification plan with a list of administrative procedures to be streamlined through the annual simplification bill, presented by the Government and enacted by the Parliament)
- d) „codification“ (a mechanism that empowers the Government to create consolidated texts of laws that substitute all previous regulations, deregulate a specific subject, and harmonize and simplify procedures in specific sectors)
- e) „silence is consent“ approach (when administrative offices do not respond to the businesses' or citizens' requests a permission is automatically granted)

RESEARCH: Access to Programmes of Active Employment Measures for Roma

The aim of the research titled Access to Programmes of Active Employment Measures for Roma is to gather as much data as possible on the needs of the Roma community and establish a database of unemployed persons in order to organize programmes of training, additional training and employment. The research is being implemented at the initiative of the Roma Information Center from Kragujevac.

The task of the Government is to implement the Action Plan for Roma Employment within the Roma Decade 2005-2015, through following activities: establish an

information system on the employment of Roma at the labor market; improve entrepreneurship of Roma; motivate unemployed Roma to get involved in public works programmes and motivate Roma for active job search. Research is implemented in municipalities covered by the National Employment Service, the branch office in Kragujevac (Kragujevac, Arandelovac, Batočina, Knić, Lapovo, Rača, Topola).
Roma Information Center (RIC)
81/3 Atinska Str; 34000 Kragujevac
Tel/fax: 034 349 587
E-mail: ricoffice@ptt.yu; www.ric.org.yu

PRS IMPLEMENTATION FOCAL POINT AND UŽICE CENTER FOR HUMAN RIGHTS AND DEMOCRACY Competitor: Local Initiatives

The PRS Implementation Focal Point has launched the programme titled Poverty Reduction Strategy Implementation – Local Initiatives, with the aim of establishing and strengthening coalitions, partnerships and networks at the local level as a contribution to the PRS implementation. The overall programme resources total EUR 200,000 and are provided by the Department for International Development of the United Kingdom of Great Britain and Northern Ireland intended for the Government of Serbia to oversee and coordinate the implementation of the Poverty Reduction Strategy.

The Poverty Reduction Strategy (PRS) implementation process aims at integrating PRS-set policies in the regular system of planning, budgeting and implementation on the part of the Government and other partners participating in the process. One of the main principles of the process is the PRS implementation at the local level.

Specific objectives of the programme are to: encourage small and underdeveloped municipalities to be proactive and visible in the PRS implementation process; provide local level partners with an opportunity to develop efficient PRS implementation models which do not exert additional financial investments, yet use up the existing resources to the fullest; ensure active participation of key local level actors in the PRS implementation; inform Serbian citizens on PRS implementation objectives and outcomes.

The Programme consists of two programmatic lines which shall be implemented depending on the development and different capacities and resources of the municipalities themselves.

1. Programmatic Line A – Development of capacities for linking activities and partnership building in the PRS implementation process. The support is intended for smaller municipalities with the population of up to 25,000 and which have not developed a strategic development plan at the municipality level.

2. Programmatic Line B – Support for existing capacities and ongoing initiatives to develop partnerships at the local level. The support is intended for municipalities which already have or are developing local strategic development documents.

Registered citizen associations operating in the country comprising the municipality to which the project proposal refers to. The Programme shall support not more than 10 projects (not more than 5 per each Programmatic Line) proposed by non-government organizations, in partnership with local authorities, labor unions, economic entities and all other partners which shall work together on the promotion and support for the PRS implementation at the local level.

The project shall last from January 15, 2007 to April 15, 2008. The selected project proposals shall be financed with up to EUR 20,000 per individual project.

The organization Užice Center for Human Rights and Democracy has been chosen as the Project Management Unit and shall provide support for interested organizations.

The final selection of LIP shall be published by December 22, 2006 at the PRS Internet presentation.

For more information see: www.prsp.sr.gov.yu

RURAL LOCAL COMMUNITIES – PROKUPLJE EU Standards in Agriculture

The pilot project titled Application of European Standards in Agriculture at the territory of the Prokuplje municipality has been implemented by the NGO Inicijative from November 2006.

The aim of the project is to strengthen capacities of agricultural workers associations from rural local communities of Velika Plana, Bresničić and Reljinac, by way of courses and trainings with topics of: EU standards in fruit-growing, protection of plants, cattle breeding, production of health food, policy of development of an agricultural strategy in Serbia... Positive changes in agricultural production in Toplica and Prokuplje shall ensure better positioning of agricultural raw materials and finished products at the market of health food and a faster turnover of capital.

The project is implemented with financial support of USAID. Inicijative, Prokuplje, tel: 027 329 142
e-mail: agriculture.sr@theinitiatives.org



ROUND TABLE ON THE STATUS OF SOCIALLY VULNERABLE CATEGORIES Social Welfare Decentralization

The round table titled Social Welfare Decentralization was held in mid-November 2006.

The main conclusion of the gathering was that social welfare decentralization does not guarantee improvements of social welfare for socially vulnerable population and/or there are many conditions to be met in order that decentralization would produce positive effects.

The data that social welfare allocations from municipal budgets amount to less than 2% on average, which covers one-off assistance for the population, indicates that social welfare is not a priority for municipal authorities in the process of budgetary resources allocation.

Although the deinstitutionalization process (which implies that beneficiaries are moved out of large residential institutions) represents a reform priority in the area, home and day-care assistance programmes for persons with disabilities are present only in one third of municipalities, including those which are financed from non-budget resources. Therefore, open protection mechanisms need to be developed in parallel providing regular support to beneficiaries, in particular the services in the competency of local self-governments.

The situation is least favorable in small and underdeveloped municipalities, as well as in municipalities in which no donors or specific Republic-financed programmes have been implemented.

Considering that services are not well developed in municipalities where they are established, it was concluded that improvement of the status of socially vulnerable categories does not require only sufficient additional material investments, but it is necessary to additionally train the staff who will continue developing local social welfare services.

The introduction of standards and the process of issuing licenses and accreditations are the recommended priorities in the forthcoming period, for it is difficult to regulate and stimulate the work of new service providers from the non-government and private sector without clear standards.

The discussion involved representatives of the Republic and municipal authorities, statutory institutions and the non-government sector, who work jointly on finding solutions for more efficient provision of existing services and the definition of potential activities for further decentralization of social welfare services.

The round table titled Social Welfare Decentralization was organized by the United Nations Development Programme (UNDP) and the Ministry of Labor, Employment and Social Affairs, and the project is financed by the European Agency for Reconstruction.

SOCIO-ECONOMIC COUNCIL PROJECT Development of Social Dialogue

At the session held on November 14, 2006, the Socio-Economic Council adopted the project titled „Social Dialogue and the Road of Serbia towards European Integrations“, which shall be implemented in the following three years' period.

The aim of the project is to make an overview of social dialogue since its establishment until today, as well as to continue its development, both at the local and national levels.

It is planned that a satisfactory level of dialogue is attained in the three years to come based on the adopted project, so that labor unions, employers and the state may tackle seriously the issue of unemployment rate reduction as of 2008.

The Socio-Economic Council also adopted the decision on expanded impact of the special collective contract for the employed in social welfare. The contract shall, in addition to the staff of social welfare institutions established by the Republic, encompass the employed at the local level. In this way conditions are created for all persons employed in the social welfare area to have equal working conditions in every respect, irregardless of who established the institution that employs them.

B92 ACTION Safe House Construction

The B92 has initiated a large-scale activity of gathering resources for constructing a safe house for children and women who are family violence victims. The house of 200 square meters surface shall be built at the territory of Belgrade and shall have capacities for admitting 30 women and children. The construction of a first house should start towards end December, and first beneficiaries should move in during April 2007. Another safe house is planned to be built on the same property. The project shall be expanded to other towns in Serbia. Telenor network users who wish to assist the construction of the asylum for family violence victims may call the number 063/9765. Prepaid users donate CSD 50 + VAT, whereas postpaid users donate CSD 150 + VAT.

WORLD BANK COMPETITION Small Grants Programme

The World Bank Office in Serbia has opened the Small Grants Program 2007 for civil society organizations in Serbia.

The World Bank Office in Serbia has received the total amount of \$35,000 grant money this year. The maximum amount of grants is around \$3,500 per project.

The theme for this year's program is: youth, transparency and public accountability in local service delivery with the aim of improving social protection and access to public services for the poor and vulnerable population. For more details on the grant program and what is financed see www.worldbank.org.yu.

Activities are to be finalized within a year as of the small grant approval.

Half of the overall budget is expected to be a contribution in goods acquired from a source other than the small grant.

Organizations may receive not more than 3 donations within the period of five years.

The competition shall be open until March 1, 2007.

The application form may be downloaded at:

www.worldbank.org.yu

The filled in application form may be sent to the following address via regular mail:

The World Bank Country Office in Serbia

86 Bulevar Kralja Aleksandra, 11000 Belgrade

or to the e-mail: belgraderecep@worldbank.org

FOOD BANK CITIZEN ASSOCIATION: First Food Bank in Belgrade

The Food Bank – Belgrade (BHB) citizen association was established in September 2006, with the aim of contributing to poverty reduction, by taking part in fight against hunger and food waste. The BHB operates by gathering and distributing food products to the most afflicted groups of population.

Food gathering activities shall involve donors dealing with producing or trading food products, including the population as well by buying a food article for charity. Largest donations are expected in the form of products whose shelf life is soon to expire, with constant and strict quality control. Gathered products shall be distributed by other humanitarian organizations or institutions taking care of vulnerable categories of population (Red Cross, institutions for children without parents, children with developmental problems, the elderly, social work centers, Commissariat for Refugees...).

According to the ethical principles of the Charter of the European Federation of Food Banks, food may not be purchased for these purposes, wherefore the first task of the BHB is to create a network of donors and a network of distributors of donor products.

The first food bank was established in 1967 in Arizona, and France was the first to initiate such an activity in Europe in 1984. Some 190 food banks are operational today in 17 European countries, with some 600 employees and more than 5,300 volunteers.

The BHB has announced the first food distribution for children from specific institutions during the New Year holidays.

UG BANKA HRANE – Beograd

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ROMA ASSISTANT PROJECT: 54 Assistants are Selected for Assisting Pupils of Roma Nationality

As of the second term, schools in Serbia shall engage assistants for providing support for the education of Roma children, within activities linked to the Roma Decade 2005–2015. The aim of the project is to improve the education level of children of Roma nationality and improve their inclusion in the education system, in line with the Unique Action Plan for Improving the Education of Roma.

The role of the Roma assistant is to communicate with pupils, parents and the school, to provide support for children of Roma nationality to cover school subject matter, to overcome problems in commu-

nication with teachers and other children and to stimulate pupils to continue their studies.

Selected candidates speak the Roma language, have experience in working with Roma children and implementation of education-related projects. Additional training is envisaged in organization of the Ministry of Education and Sports and the OSCE, with support of the EAR.

Similar projects in other countries have resulted in the reduction in the number of Roma children dropping out of school and their full inclusion into society. The EAR has spent over EUR 2 million on similar projects in Serbia.



Finalized Draft Convention on Rights of Persons with Disabilities

By adopting the Draft International Convention on the Rights of Persons with Disabilities and the Draft Optional Protocol at the 8th, August sitting of the Ad Hoc UN Committee for developing the draft, a historical step has been made in protecting and promoting human rights and freedoms of persons with disabilities.

The final Draft Convention and Optional Protocol shall be submitted for adoption to the UN General Assembly during its regular autumn sitting in 2006.

The 8th sitting of the Ad Hoc Committee gathered delegations from more than 120 UN member countries, representatives of UN agencies and institutions, national human right institutions and more than 800 NGO representatives from all over the world. Opinions of Serbia were presented at plenary sessions by Damjan Tatić Msc., expert of the Ministry of Labor, Employment and Social Affairs of the Republic of Serbia. Important texts from the Convention may be seen at: www.un.org/esa/socdev/enable

COMPETITION OF THE SECRETARIAT OF SOCIAL AND CHILD CARE Scholarships for Students with Disabilities

The City Administration of the City of Belgrade – Secretariat of Social and Child Care has opened a competition for providing 85 scholarships for students with disabilities. Eligible are students with disabilities meeting the following conditions: to have regulated residence at the territory of the city of Belgrade and/or are resident in a student home; to be students of colleges and faculties established by the Republic; not to have enrolled a same year more than twice, and for students having attended last year classes not to have the status for over two years; to have a disability certificate, or a certificate on care and assistance recognition, or a decision of official health state institutions in which the student holds a health record; users of dialysis, recorded with diabetes mellitus (dependant on insulin), carcinoma or epilepsy.

The competition was opened on November 29, 2006. The deadline for submitting applications is 30 days as of the competition opening.

Applications should be submitted to: Secretariat of Social and Child Care, Sector for Social Welfare, registry room, 1 Tiršova Str., titled Competition for Granting Scholarships for Students with Disabilities.

Additional information: 011 2644 256.

Contact person: Jasminka Tošić.

The Committee shall establish a ranking list of candidates within 30 days as of the deadline for application submission.

COMPETITION OF THE NATIONAL EMPLOYMENT SERVICE Stimulation of New Employment for Persons with Disabilities

The National Employment Service (NES) has opened a competition for providing support to associations, state bodies, organizations and other budget beneficiaries when employing persons with disabilities. Stimulation of new employment of persons with disabilities is achieved through creating conditions for employing unemployed persons with disabilities registered with the NES.

Stimulation of new employment of persons with disabilities is achieved by equipping the working place in the amount of CSD 90,000.00 and the selection of one of the two possibilities:

1. Participation in financing salaries within the period of 12 months, in the amount per employee of up to 80% of average monthly salary of the Republic and/or municipality or town if more favorable, increased for the amount of taxes and contributions for obligatory social insurance, or

2. Subsidizing contributions for obligatory social insurance to be paid by the employer in the period of 36 months.

Subsidies are granted to employers who provide a full-time job for a person with disability on an open-end basis for at least two years.

Employers are given subsidies for each employee.

The decision on granting subsidies is made by the competent NES body, in line with the dynamics of resource inflow for this type of programme. Based on the decision made, a contract is signed in the competent branch office.

The competition shall be open until December 22, 2006, and requests may be submitted in the NES organization unit nearest to the employer's headquarters and/or the facilities where persons are employed.

www.nsz.sr.gov.yu

SHARE-SEE INVITATION FOR PROJECTS: Advocating for Rights and Equal Opportunities

Share-SEE has announced the 7th invitation for projects supporting civil society capacity building through promoting equal opportunities and full participation of persons with disabilities in South-East Europe. By co-financing through the regional grant scheme, the Share-SEE project primarily supports initiatives of organizations of persons with disabilities.

Within the 7th project invitation, organizations of persons with disabilities are invited to propose projects which shall deal with the following topics: advocating for the application of legislation with direct impact on lives of persons with disabilities, with special emphasis on the Law of Preventing Discrimination of Persons with Disabilities; advocating for access to education, employment, services of support at the local level; advocating for improvements of physical and other accessibility; advocating for improvements of health care and rehabilitation at the level of communities (local level); advocating for social inclusion and equal participation at the local level.

Financial participation of Share-SEE in the project may vary between EUR 1,500 and 5,000, depending on the activity and project duration. Projects should be submitted by organizations of persons with disabilities from the territory of Albania, Bosnia and Herzegovina, Macedonia, Serbia, Montenegro and the province of Kosovo under administration of UN. Projects should be submitted in partnership with at least one other organization of persons with disabilities.

The deadline for receiving draft projects is December 22, 2006, by 5PM. The application procedure may be seen at: www.share-see.org.

For additional information: Association of Students with Disabilities – Serbia, tel/fax: 011 3096-536, www.adsyu.org

Center for Independent Life of Invalids – Serbia

tel/fax: 011 360 55 09, www.cilsrbija.org

Handicap International SEE – Serbia, tel/fax: 011 306 68 96,

www.share-see.org

MOLESA COMPETITION: Projects for Improving the Situation of Persons with Disabilities

The Ministry of Labor, Employment and Social Affairs (MOLESA) opened a competition for projects for improving the situation of persons with disabilities. Projects submitted for the competition were supposed to aim at improving the position of persons with disabilities in the Republic of Serbia, by providing support in the following areas: services of daycare activities at the local community (stimulation and inclusive programmes and day care), promotion of rights of persons with disabilities and the principle of equal opportunities (campaigns, publication, research), independent residence with support and other innovative services.

The competition was intended for persons with disabilities and associations whose programmes suggest solutions to concrete problems in the mentioned areas. www.minrzs.sr.gov.yu

Building Flats for Veteran and Military Invalids

Construction of 50 flats for veteran and military invalids and their survivors has started in the settlement of Kamendin in Zemun Polje in mid-November.

The project titled Social Residence for Veteran and Military Invalids, implemented by the Sector for Veteran-Invalid Protection, envisages the construction of flats for 203 families of veteran and military invalids in 11 municipalities and towns in Serbia. The donor is the Government of Japan, and the value of the project amounts to CSD 324,000,000. The Government of the Republic of Serbia decided towards end August that National Investment Plan resources are used to finance the continuation of the project Social Residence for Veteran and Military Invalids, with EUR 4,475,260 for construction costs of 220 flats with overall surface of 11,000 square meters in 13 towns in Serbia.

BRANKO MILANOVIĆ: Separated Worlds

The book *Separated Worlds* by Branko Milanović, an economist of the World Bank, originally published by the Princeton University Press, has been translated into Serbian. The book deals with the issue of measuring global inequality between individuals, its significance being that the Household Budget Survey in more than 100 countries was used for the first time for analyzing the revenue distribution globally.

The circulation is limited, and interested readers may inquire at: aleksandra.radetic@undp.org or at the phone number 011 20 40 405.



JOINT INITIATIVE OF EAR AND COUNCIL OF EUROPE

Strengthening Local Governments in Serbia

The European Agency for Reconstruction (EAR) and the Council of Europe have launched an initiative of supporting the Government of Serbia and the Standing Conference of Towns and Municipalities (SCTM) to develop effective democratic authority at the local level. The aim of the programme is to enable the implementation of the Work Programme for Better Local Self-Governments, intended for Serbian municipalities. EAR is providing financial and the Council of Europe expert support.

The programme was initiated as a result of the Regional Ministry Conference of South-East Europe on Effective Democratic Management at the Regional and Local Level held in Zagreb in October 2004, organized by the Council of Europe and the Stability Pact.

The joint initiative shall be realized in cooperation with the Government of Serbia (the Ministry of Public Administration and Local Self-Government) and the SCTM. The overall budget envisaged for assisting the municipalities totals EUR 1.8 million, and the programme shall last until June 2008.

The Programme consists of two parts:

1. Strengthening the Local Government Institutional Framework – legislation reform
2. Strengthening Local Self-Governments

Project 1 – Strengthening the Local Government Institutional Framework – legislation reform

The project envisages support for the Government of Serbia by assisting the development of new laws and by-laws in the area of transferring competencies to the level of municipalities, relations between municipal bodies, fiscal decentralization, municipal property and the status of public administration employees.

Main partners are the Ministry of Public Administration and Local Self-Government and the Ministry of Finance, and the role of SCTM is to participate in working bodies (experts and members), gather data and assist the organization of workshops and meetings.

The legislation reform shall be implemented in several key areas, identified based on the National Work Programme for Better Local Self-Government and includes the development of recommendations and proposals for: improving the distribution of competencies between municipal bodies; distribution of tasks and competencies between different levels of authority in line with the subsidiarity principle; establishment of a balanced, transparent and stable system of allocation of resources to local authorities, in line with European standards in the area of local finances; establishment of efficient and objective mechanisms of reallocation of transfers and balancing and strengthening the status of municipal administration employees.

The development of the proposal for amending laws shall be realized in the following manner: establishment of a dialogue platform and inclusion of all stakeholders into the process, definition of objectives of future regulations; gathering of data in the area of current legislative framework and research in a specific area; development of proposals and recom-

mendations based on the conducted research; consultations with local authorities and other stakeholders and final formulation of recommendations and draft development.

Assistant Director of Tax Administration presented the project of fiscal decentralization, which implies general training for local self-government in the area of administration of source revenues, specialized training for different types of source revenues and the development of an IT system for local government financing which should facilitate the work of future local tax administrations. Furthermore, in regard of overtaking Tax Administration employees, the Tax Administration developed an organization chart for every municipality with an optimum staff structure in view of the number and qualification structure which shall be published at the website of the Administration and SCTM.

Project 2 – Strengthening Local Self-Government

Knowledge and skills necessary for the work of the programme for strengthening institutions, based on the methodology developed by the Center of Expertise for Local Government Reform of the Council of Europe, shall be transferred to the SCTM. The Best Practice Programme, the Management Development Programme and the Administration Development Programme shall enable further development of democratic and efficient management and promote strategic management in providing services and strengthening joint participation at the municipal level.

The implementation of this part of the programme falls within the competency of the SCTM, and ministries have pledged to cooperate with the SCTM in the implementation of the project.

This part consists of 3 projects:

- Awards for the best municipal practice (selection of best practice, award ceremony in cooperation with the ministry, organization of trainings and workshops with the aim of dissemination of obtained experiences, organization of visits to awarded municipalities);
- Comparative assessment of capacities of municipal management (Leadership Benchmark – pool of municipal experts and training in comparative analysis, manual preparation, situation analysis in 10 pilot municipalities – volunteers, development of an improvement plan, results dissemination) and
- Assessment of capacities and improvement of work of municipal administrations (Performance Management – 20 pilot municipalities, development of 2 questionnaires in 2 areas, establishment of standards in given areas, situation analysis in municipalities, development of an improvement plan, expert support for municipalities, establishment of a network within the Training Center).

Establishment of a new legislative and regulatory framework for local self-governments and capacity building of Serbia municipalities for efficient implementation of competencies should create a solid basis for the development of new strategies and resources for promoting regional and local development.

30 Billion for Municipalities and Towns in 2007

Following the application of the Law on Financing Local Self-Governments as of January 1, 2007 towns and municipalities shall be given additional competencies, and CSD 29.7 billion shall be allocated for their financing, said Mladen Dinkić, former Minister of Finance, at the opening of the gathering State Transfers for Local Authorities.

The capital surplus in the budget of Serbia of over CSD 8 billion, which is some 20% of overall GDP, has enabled that financial resources are transferred to local governments. Therefore, Belgrade shall be transferred CSD 8.1 billion in 2007 instead of CSD 5.6 billion, which was the case this year. Towns shall be allocated 50% more, and municipalities in Serbia shall be allocated 130% more resources than this year.

This shall make for the transfer of new competencies for local governments, for example in the area of property tax and in time local tax administrations shall be established. The new Constitution of Serbia opens the possibility that towns and municipalities have their own property, so it is necessary that in the next period an appropriate law is adopted which shall regulate the area.

The Law on Financing Local Self-Governments is harmonized with recommendations of the Council of Europe and the European Charter on Local Self-Governments which has been signed by 41 European states, which Serbia is yet to ratify.

The representative of the European Commission Esmeralda Ernandes Aragones pointed out that the establishment of a new legislative framework for local self-government and capacity building of municipalities for efficient execution of competencies should create a basis for the development of new strategies of local and regional development.

A Year of the MEGA Programme Implementation

The MEGA programme has been operational for a year. In such a short period of time a strong partnership has been established with ten municipalities taking part in the programme: eight out of ten municipal local development offices have been established and the adoption of local economic development strategic plans in all ten municipalities is expected to be finalized by end 2006. Economic development projects have been defined and their implementation has been initiated. Capital investment plans shall be adopted in two municipalities by end 2006. Procedures for loan seeking have already been developed, and strategies for managing municipal resources are already being developed.

More and more municipalities are opening municipal offices for local economic development dealing with attracting investments, and a large number of these offices are developing Local Economic Development Strategic Plans with the aim of creating conditions for far-reaching and sustainable economic development and prosperity. Also, more municipalities are developing new and improved promotional materials to attract foreign and domestic investors.

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