



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

QUARTERLY REPORT

1 April – 30 June 2019



Republic of Serbia



Implementing partner



Overall objective:	To contribute to a more balanced socio-economic development in Serbia
Purpose:	To enhance competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and developing/improving business enabling and social infrastructure.
Budget:	25 million Euros
Start date:	1 January 2018
Programme area:	The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia
Donor:	The European Union
Implementing partner:	United Nations Office for Project Services (UNOPS)
Report date:	August 2019
Period covered:	1 April – 30 June 2019
Prepared by:	UNOPS

Acronyms

AoR	Area of Responsibility
BSO	Business Support Organisation
CB	Coordination Body for Preševo, Bujanovac, and Medveđa
CFP	Call for Proposals
CIF	Citizens' Involvement Fund
CSO	Civil Society Organisation
DEU	Delegation of the European Union
DAS	Development Agency of Serbia
DOA	Description of Action
EU	European Union
FIDIC	The International Federation of Consulting Engineers
GEM	Gender Equality Mechanism
GG	Good Governance
HR	Human Rights
LSG	Local Self-Government
MCTI	Ministry of Construction, Transport, and Infrastructure
ME	Ministry of Economy
MEI	Ministry of European Integration
MESTD	Ministry of Education, Science and Technological Development
MSE	Micro and Small Size Enterprises
MSP	Managing Successful Programmes
NGO	Non-governmental Organisation
NMC	National Minority Council
OHCHR	Office of the High Commissioner of Human Rights
OSCE	Organisation for Security and Cooperation in Europe
OSS	One Stop Shop
PPF5	Project Preparation Facility 5
PRINCE 2	Projects IN Controlled Environments
PSC	Programme Steering Committee
RDA	Regional Development Agency
RFP	Request for Proposals
RSOC	Serbia Operations Centre
SCTM	Standing Conference of Towns and Municipalities
SDC	Swiss Agency for Development and Cooperation
SME	Small and Medium Sized Enterprises
PIMO	Public Investment Management Office
SIPRU	Social Inclusion and Poverty Reduction Unit
SME	Small and Medium Enterprise
TOR	Terms of Reference

Executive Summary

The European Union Support to Municipal Development – EU PRO sturdily entered into period of intensive implementation of activities, with over 13.8 million Euros being implemented through 244 grants with local self-governments, civil society organisations and enterprises. With the public call for business support organisations closing in mid-June and preparations for advertisement of the second call for entrepreneurs and enterprises being finalised, the Programme is well on its way to select final beneficiaries of its interventions, contributing to overall social and economic growth in Šumadija and Western Serbia and Southern and Eastern Serbia.

Programme support to entrepreneurs, micro and small enterprises strongly advanced. One third of beneficiaries have already procured and installed equipment, and 68 new jobs are created in 32 supported businesses. The beneficiary businesses are also making tangible social impact on their local communities through corporate social responsibility interventions. Donations of food and other products to Red Cross offices and families with social need, support provided to local sport events, award of scholarships to talented students and assistance in reconstruction of public facilities are positively perceived and, could potentially have greater social impact with the higher level of social awareness within the business community.

Striving to **further enhance business competitiveness**, the public call for business support organisations was advertised in May and will open until mid-July. Over 130 representatives of 67 different organisations participating in info sessions confirmed relevance of the call which was developed taking into account actual needs of the businesses from the Programme territory, including improvement of business processes, guidance for market expansion and support in standardisation.

With award of grants for introduction or development of geographic information systems, along with development of urban plans and technical documentation, and implementation of economic and local infrastructure projects, 96 grants related to **land management and infrastructure development** are being implemented.

Nineteen projects related to geographic information systems awarded during the quarter shall contribute to implementation of Government initiatives related to improvement of public infrastructure, public property inventory, attraction of investments, and development of new businesses in 34 beneficiary local governments. The activities under the grant agreements are initiated and entering into implementation.

Development of detailed regulation plans in 19 municipalities is predominantly progressing as planned. With the enhanced approach related to early public insight, the relevance of developed plans is greater, which is also confirmed by facilitated investments aligned with development of plans. Namely, implementation of detailed regulation plans are supported by public investments, such as 22 million dinars for reconstruction of the town citadel in Užice or investment in construction of walking and cycling track on the town Fortress in Veliko Gradište.

The importance of development of technical documentation as a vehicle for economic growth is demonstrated in Bela Palanka as the documentation for reconstruction of facility of an old factory is now developed in line with the needs of a known investor. Likewise, development of technical documentation for revitalisation of a community centre in Rgošte village, other communities in Knjaževac are looking for ways to replicate the approach and created conditions for establishment of agricultural start-up centres.

With construction season underway, implementation of works related to economic infrastructure are progressing in six out of nine locations. Implementation of 37 local infrastructure grants have registered manageable delays, mainly due to scarce quality of technical documentation which has stalled procurement processes. The challenges are being addressed by beneficiary local self-governments with the Programme technical support and are expected to be surpassed in the following quarter.

Within efforts to **enhance social cohesion**, with the award of 22 grants targeting 18 multi-ethnic municipalities, the activities contributing to enhanced social cohesion in multi-ethnic municipalities are developing. The projects endorsed during the quarter shall respond to the needs of the most marginalised groups through their socio-economic strengthening. The expected results include improvement of local policies for national minorities and their implementation, fostering cooperation between multi-ethnic communities in order to improve position of the excluded groups and national minorities and improved inter-ethnic relations, particularly among youth.

In addition, following successful implementation of the first phase of the project for improving teaching of Serbian as non-mother tongue with 750 Albanian pupils in four schools in Bujanovac and Preševo as beneficiaries confirmed by the testing results, the second phase of the project to be implemented in the following school year is approved by the Programme Steering Committee.

In addition to afore mentioned delayed procurement processes with beneficiary local self-governments, **the key challenge** during the quarter was initiation of activities implemented by entrepreneurs and enterprises. Namely, eleven out of the 106 approved beneficiaries have retracted from project implementation during this phase. The main reasons include change in business approach or relevance of the approved intervention, but also acknowledged lack of capacities in beneficiary businesses to implement grant agreements and commit to achieving projected results. The latter is addressed by simplified processes to be introduced in the new call for MSEs.

Communication activities continued to be intensive with Programme activities inspiring generation of 500 positive media reports, out of which 44.5% were in the national media. Three official events are organised to promote Programme activities during the quarter, and eleven press releases were published. Moreover, the first issue of the Programme Newsletter in the new format was released on 15 June to an updated database of close to 3,000 stakeholders and promoted via social media.

This Report provides review of progress and performance, update on management and coordination issues, review of assumptions and risks, quality and sustainability considerations, insight into the key outputs for the next reporting period, and lessons learned. A number of annexes give the readers opportunity to get in depth knowledge of some specific actions taken by the Programme.

Table of Contents

Acronyms	2
Executive Summary	3
Review of progress and performance	5
Policy and programme context	5
Progress towards achieving objectives	6
Result 1	7
Result 2	8
Result 3	10
Management and coordination	12
Programme Steering Committee	12
Coordination	12
Finances	13
Human resources	13
Procurement	14
Reporting and monitoring	14
Risks and issues	14
Quality	15
Sustainability	15
Lessons learned	15
Communications and Visibility	15
Work plan	17

Review of progress and performance

Policy and programme context

The Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030¹ was adopted by the Government of the Republic of Serbia in June 2019. The Strategy is a significant step forward in urban development approach in Serbia, since it introduces new EU and global policies² and instruments for dealing with urban development, with a strong focus on spatial dimension and key areas of intervention. It directly refers to implementation of Sustainable development goals 11 and 17 of the 2030 Agenda for Sustainable Development³. The Strategy will enable creation of supporting instruments at national level to prepare institutions to deal with urban development in accordance with EU directives, before EU cohesion funds and tools such as Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD) once available⁴.

The Strategy provides set of measures which directly correlate with the EU PRO support related to provision of incentives for employment and for entrepreneurship as well, the development of infrastructure, improvement of efficiency in utilisation and management of construction land, utility management tools, and institutional capacities at local level for land management. The Action Plan for the Strategy should be developed by September 2019. The EU PRO activities related to infrastructure development and land management were tailored specifically toward measures and areas of intervention during preparation of the Strategy and will contribute to its implementation and monitoring of identified indicators.

The first Fund for Social Economy Development in Serbia was launched in May 2019 by Smart Kolektiv⁵, which will invest around half a million Euros in the social enterprises in the next five years through mentorship, networking and provision of grants and soft credits. The Fund is a long-term strategic support programme for social enterprises, tailored to their needs, and includes financial and non-financial support for all stages of development - from the incubation of the idea to the stage of growth and preparation for larger investments. While this confirms relevance of the EU PRO's activities related to the social economy, it could also create an opportunity for synergy of the activities in the future.

Project Norway for You funded by the Kingdom of Norway and implemented by UNOPS has published a Call for Proposals for Support to Beginners in Business and to Development of Existing Businesses through Procurement of the Equipment and Provision of Services.⁶ The call targets entrepreneurs and companies founded in the period 2014-2018 and for unemployed planning to start up their own business. Total budget of the Call is 798,000 USD with maximum value per grant of 11,400 USD with the objective to contribute to more balanced socio-economic development in Serbia. Having that the call partially targets eligible applicants for the planned second call for SMEs of the EU PRO, measures are taken to avoid overlaps.

¹ The Sustainable and Integrated Urban Development Strategy of the Republic of Serbia can be found at:

<https://www.srbija.gov.rs/dokument/45678/strategije.php>

² The key global documents relevant for urban development are: Urban Agenda for the EU (<https://ec.europa.eu/futurium/en/urban-agenda-eu/what-urban-agenda-eu>); New Urban Agenda (<http://habitat3.org/wp-content/uploads/NUA-English.pdf>) and Leipzig Charter on Sustainable European Cities (https://ec.europa.eu/regional_policy/archive/themes/urban/leipzig_charter.pdf)

³ The 2030 Agenda for Sustainable Development can be found here:

<https://sustainabledevelopment.un.org/post2015/transformingourworld>

⁴ <https://www.eukn.eu/policy-labs/policy-lab-for-cz-integrated-territorial-approach/policies/eu-policies-and-tools-in-the-field-of-integrated-territorial-and-urban-strategies/>

⁵ <http://socijalnoukljucivanje.gov.rs/rs/pokrenut-prvi-fond-za-razvoj-socijalne-ekonomije-u-srbiji/>

⁶ The Call is available at <https://www.norveskazavas.org.rs/public-05-2019.html>

Progress towards achieving objectives

Grants to micro, small and medium-sized enterprises (MSEs) related to **better market positioning and more competitive business sector** in the less developed areas have contributed to creation of 68 new jobs in 32 supported businesses. Fourteen MSEs have either completed or initiated implementation of the planned Corporate Social Responsibility (CSR) interventions creating tangible impact on local communities. These included reconstruction of local sports courts and supporting local sport events, award of scholarships to talented students, organisation of educational events, and donations of food and other products to Red Cross offices and families with social need.

Activities related to **improvement of economic infrastructure and fostering an environment conducive to business creation** are already yielding results. After initiation of construction works under the economic infrastructure project in industrial zone in Svilajnac in May, the municipality has signed a contract with a Slovenian food company "Hočevar"⁷. Slovenian company has committed to invest approximately ten million Euros in setting up a factory which will initially generate 50 new jobs and up to 100 planned jobs in the longer term. Likewise, plans developed through EU PRO supported public investments, such as Detailed Regulation Plan (DRP) for Užice old town which provide framework for public investment of 22 million dinars by the Ministry of Trade, Tourism and Telecommunications and the City of Užice for reconstruction of the town citadel⁸ or DRP in Veliko Gradište which includes walking and cycling track on the town Fortress which will be financed by the Government of Serbia⁹.

The activities for **enhancing social cohesion in the multi-ethnic municipalities** are being prepared for implementation. Twenty two projects will contribute to the better integration of the national minorities and improved socio-economic position of the most deprived and vulnerable citizens, particularly people with disabilities, women from rural areas and youth, which are living in 18 municipalities. In addition, better integration of Albanian community will be further supported through continuation of the project for increasing the knowledge of Serbian language among the elementary school youth. Furthermore, the Ministry of Education, Science and Technological Development (MESTD) recognised this activity as an important measure that is contributing to their wider efforts for delivering reforms of the tuition of Serbian as Non-Mother Tongue, thus contributing to the implementation of the Action Plan for the realisation of the rights of national minorities.

Result 1

Improved technological structure of SMEs and their ability to increase their market share

Thirty-two MSEs selected through the Call for Proposals for Procurement of Equipment and Provision of Services for MSEs have employed 68 new employees within the first quarter of projects implementation. Procurement processes are completed and equipment delivered and installed in 17 MSEs, while additional 35 MSEs have finalised procurement processes and area awaiting delivery of equipment.

The Public Call for Proposals for Business Support Organisations¹⁰ has been published on 22 May 2019 with the deadline for submission of project proposals by 10 July 2019. The expected outcome of the call is

⁷ <https://www.ekapija.com/en/news/2500495/slovenian-food-company-hocevar-to-open-facility-in-svilajnac-investment-worth-eur>

⁸ Source: eKapija, <https://www.ekapija.com/news/2500803/za-obnovu-citadele-u-uzicu-22-miliona-dinara-uskoro-raspisivanje-tendera-za>

⁹ Source: eKapija, <https://www.ekapija.com/news/2527050/za-izgradnju-brze-saobraćajnice-od-autoputa-kod-pozarevca-do-golupca-350-mil>

¹⁰ The Call is available at <https://www.eupro.org.rs/en/ktext/public-call-for-proposals-for-business-support-organisations>

enhanced sustainability and competitiveness of SMEs and their ability to expand to new markets as well as implement relevant standards through support provisioned by the beneficiary BSOs.

Activities

1.1 Grant scheme for SMEs

Under the Call for Proposals for Procurement of Equipment and Provision of Services for MSEs¹¹, 106 beneficiary MSEs were selected for support. Implementation of activities is initiated and underway in 95 beneficiary MSEs, while 11 MSEs have decided to retreat from project implementation primarily due to inability to change of business objectives, secure co-funding, lack of capacities to manage grant agreement and hesitancy to commit to achieving projected results, including job creation.

Activities in the 95 MSEs are being implemented as planned. The first quarter of implementation is marked by administrative procedures for opening of joint bank accounts, transfer of beneficiary cost-share contributions and the first tranche of Programme funds and initiation of procurement processes. Procurement is completed in 52 beneficiary MSEs, out of which equipment is delivered in 17. Additional eight procurement processes are underway with tenders published, while 18 more are finalising tender documentation.

Fourteen MSEs have completed some, or all of the planned Corporate Social Responsibility (CSR) activities.

1.2 Support to Business Support Organisations (BSOs)

The Public Call for Proposals for Business Support Organisations¹² was published on 22 May 2019. The objective of the Call is to enhance sustainability and competitiveness of enterprises and their ability to expand to new markets as well as implement relevant standards through support provisioned by the beneficiary BSOs. Interested BSOs can apply for support of up to 30.000 Euros for single BSO projects and up to 50.000 Euros for projects to be implemented in partnerships of two or more BSOs.

To promote the Call, eight info sessions have been organized, including seven conducted in Programme municipalities (Vranje, Zaječar, Vrnjačka Banja, Zlatibor, Šabac, Srebrno Jezero, Niš) and one live on-line info session. Total of 134 participants attended the eight info sessions representing 67 different organizations¹³. Recordings from two info sessions are made available at EU PRO website¹⁴. Contributing further to transparency of the process and enabling equal access to information, questions and answers received at the sessions and through assigned e-mail address have been made publicly available through the Programme website immediately after the deadline for submission of questions passed. Deadline for submission of project proposals under this Call is 10 July 2019.

Result 2

Improved conditions for business operations through more efficient administrative service provision, better land management and specific small scale infrastructure investments

¹¹ The Call is available at <https://www.eupro.org.rs/en/ktext/public-call-for-proposals-for-procurement-of-equipment>

¹² The Call is available <https://www.eupro.org.rs/en/ktext/javni-poziv-za-predloge-projekata-za-organizacije-za-podrsku-poslovanju>

¹³ The Report on BSO Info Sessions with more details can be found in Annex I, Attachment 1.1

¹⁴ The recordings are available at <https://www.eupro.org.rs/en/ktext/public-call-for-proposals-for-business-support-organisations>

The projects awarded under the Call for Introduction and Development of Geographic Information Systems¹⁵ (GIS) shall contribute to implementation of Government initiatives related to improvement of public infrastructure, public property inventory, attraction of investments and development of new businesses, with identified topics that are among all defined through various set of measures in the Strategy of Sustainable and Integrated Urban Development in Serbia until 2030¹⁶ such as rehabilitation/development of brownfield sites, underused and deprived areas and urban rural linkages. In addition, the activities in GIS development show synergy with other EU and Government initiatives, in particular with EU funded Exchange 5 Programme, which supports property management activities in 14 EU PRO Programme LSGs¹⁷ awarded under their GIS public Call, and with the Ministry of Public Administration and Local-Self Government efforts in improvement of local administration in Rača.

The applications developed through selected 19 projects will additionally contribute to implementation of urban development policies and activities of the relevant ministries. The Programme will share the results of the GIS grants and its developed applications, that will help record the relevant indicators and topics related to environment protection and land management, with the Ministry of Environmental Protection and the Ministry for Construction, Transport and Infrastructure, in order for them to identify, aggregate and analyse data. This coordination may open room for improvement and better structuring of information that the ministries require in formulation of government policies.

The technical documentation for the reconstruction facilities of the former factory "Femid" in Bela Palanka is now developed taking into consideration the needs of the known investor, which confirms the importance of this project to the local community. The premises of the old factory will be reconstructed based on the technical documentation developed through EU PRO. In Knjaževac, other villages are interested to replicate the idea of turning their abandoned community centres into agricultural start-up centres based on the Training/Start-up centre in Rgošte village, for which the detailed design will be developed through EU PRO grant.

A total of 76¹⁸ thematic applications will be developed through 19 grants in 34 LSGs. of the data on public infrastructure, spatial and urban planning, public property inventory and valuation will be improved through 31 GIS applications; attraction of investments and development of new businesses, rehabilitation/development of brownfield sites, underused and deprived areas, agriculture and rural development through 24 GIS applications, preservation and valorisation of natural, cultural, architectural and urban heritage, tourism development through 14 GIS applications and environmental protection, climate change adaptation, risk prevention and management, energy efficiency through seven GIS applications.

Activities

2.1.1 Enhancing land management through development of GIS and improved access to geospatial data

The Programme Steering Committee (PSC) endorsed recommendation for funding of 19 projects to be implemented in 34 LSGs, out of the 33 received applications targeting 50 LSGs received in response to the

¹⁵ The Call is available at <https://www.eupro.org.rs/en/ktext/open-call-for-proposals-for-introduction-and-development-of-geographic-information-systems>

¹⁶ The Strategy is available at: <https://www.srbija.gov.rs/dokument/45678/strategije.php>

¹⁷ Čačak, Kragujevac, Batočina, Kruševac, Mali Zvornik, Niš, Požarevac, Žagubica, Veliko Gradište, Topola, Rekovac, Lapovo, Arilje and Požega

¹⁸ The number of applications will increase after additional consultations with LSGs during implementation

Call for GIS. The total value of approved applications is 2,049,150 Euros, where the amount requested from EU PRO is 1,697,200 Euros. The PSC supported budget reallocation to allow for funds higher than allocated by the Call¹⁹ in response to high quality of received applications.

2.1.2 Development of urban plans related to economic development

Implementation of the 19 grants for development of Detailed Regulation Plans (DRPs) progressed well with fifteen²⁰ DRPs contracted, out of which four contracts with urban directorates with the assign duties²¹. For contracts are signed²² during the reporting period, two DRPs are in public insight phase²³, two in draft phase²⁴, three are in early public insight²⁵ and eight are in pre-drafting phase²⁶.

The remaining four²⁷ procurement processes are underway²⁸ and slightly beyond the schedule. A higher risk project is registered in Raška as that the case is filed with the Agency for the Protection of Bidders.

2.1.3 Development of project technical documentation for projects contributing to economic development

Implementation of twelve Grants that deal with the development of project technical documentation for economic infrastructure projects is underway. The project design task is being finalised in three LSGs²⁹, the tender is advertised and evaluation ongoing in Vladičin Han, while Topola, Kučevo, Smederevo, Doljevac, Kragujevac, Vranje and Knjaževac completed the tendering procedure and signed contracts for designing.

In this Quarter, contracts for development of technical documentation were signed in Kučevo, Smederevo, Doljevac, Kragujevac and Vranje. Projects in Kraljevo and Niš are identified as ones with manageable delay at this stage.

2.2 Development/improvement of small-scale infrastructure with economic impact on local level

Grant implementation is ongoing in all nine LSGs which were granted economic impact infrastructure projects. Tenders for works are advertised in two LSGs, Smederevo and Bojnik, while works started in six LSGs³⁰, with Priboj being the only LSG where tender process is stalled due to the complaints process.

In this Quarter, contracts for works were signed and works are ongoing in Šabac, Sokobanja, Paraćin, Svilajnac, Užice and Kragujevac, and tenders were advertised in Bojnik and Smederevo. Priboj is identified as critical due to the complaint process which is ongoing with the Agency for the Protection of Bidders Rights for both infrastructure Grants – Local and Economic infrastructure. Implementation of both Grants

¹⁹ The indicative funding amount in the Call for GIS is 1.2 million Euros

²⁰ Kraljevo, Kučevo, Topola, Užice, Rača, Čajetina, Pirot, Leskovac, Vlasotince, Surdulica, Arandjelovac, Velika Plana, Veliko Gradište, Zaječar and Merošina

²¹ Kraljevo, Leskovac, Pirot and Užice

²² Velika Plana, Veliko Gradište, Zaječar and Merošina

²³ Čajetina and Užice

²⁴ Topola and Surdulica

²⁵ Rača, Pirot and Kraljevo

²⁶ Kučevo, Zaječar, Vlasotince, Leskovac, Veliko Gradište, Merošina, Velika Plana and Arandjelovac

²⁷ Blace, Dimitrovgrad, Majdanpek and Raška

²⁸ The overview of progress for each grant is available in Annex II, attachment 2.1

²⁹ Kraljevo, Niš and Čačak

³⁰ Šabac, Sokobanja, Paraćin, Svilajnac, Užice and Kragujevac

was ongoing as per Action plan provided by the municipality until the completion of the bid evaluation processes when the complaints were submitted. Both processes are now on hold, until the Agency for the Protection of Bidders Rights provides its decision to all parties involved in the process, and depending on their decision, the processes may be partially or completely repeated. The programme closely monitors these projects and, where justifiable, it will consider to recommend to the PSC change of implementation modality from grants to direct implementation by the programme. However, any further action is conditioned by receipt of the Decision from the Agency for the Protection of Bidders Rights regarding complaints in question.

Result 3

Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations

The activities contributing to enhanced social cohesion in multi-ethnic municipalities are advancing. The first phase of the project for improving teaching of Serbian as non-mother tongue is completed reaching 750 Albanian pupils in four schools in Bujanovac and Preševo. Mid-term evaluation showed significant improvement in their knowledge, while the analysis of the final testing is underway and it is expected to show further improvements. The second phase of the project was approved by the PSC.

Total of 22 project proposals worth 399,793 Euros were approved for funding by the PSC within the CFP for fostering social cohesion in multi-ethnic municipalities and their contracting is underway. Most of the projects foreseen inter-thematic solutions, where majority of them will be responding to the needs of the most marginalised groups through their socio-economic strengthening, eight projects will be working on improving of local policies for national minorities and their implementation, seven projects will foster cooperation between multi-ethnic communities in order to improve position of the excluded groups and national minorities and five projects are expected to contribute to the improved inter-ethnic relations, particularly among youth. Over 3,000 direct beneficiaries will benefit from the intervention.

With completion of works on Aleksinac green market, the first local infrastructure project is completed during the quarter. Working conditions have been improved for over 130 marketers with instalment of new stalls and roofing.

Activities

3.1 Supporting projects for improvement of the living conditions and quality of public infrastructure in municipalities

Implementation of all 37 grants for local infrastructure is ongoing, and all grants are currently in various implementation stages. Works for the construction of the green market in Aleksinac are completed in June 2019. In this Quarter works started in 13 LSGs. Tender packages are advertised and the evaluation of bids is ongoing in 14 LSGs. The complaints during the tender process were filed with the Agency for the Protection of Bidders Rights in Priboj (25 April 2019), Prijepolje (20 May 2019) and Sjenica (20 May 2019). The Agency has the deadline for two months for providing opinion, but in practice it turns out that deadline is seldom respected. The Programme is working with LSGs to plan for the alternative solution, such as accepting that UNOPS conducts the procurement of works instead, if the complaint process is still not resolved until end August. Preparation of tender documentation is ongoing for nine grants where the

technical specifications needed further improvement before the Programme can give the green light for advertising³¹.

3.2 Supporting projects enhancing inter – ethnic dialogue and cooperation, improving social cohesion and social integration in multi – ethnic communities

Following positive results of the project for enhancing learning of Serbian as non-mother tongue (SNMT) among Albanian pupils, one year extension of the intervention was proposed to the PSC in their fifth meeting held on 17 April. Responding to their request, the project proposal³² was prepared and obtained support letters³³ from two key institutions, the Coordination Body (CB) and the Ministry of Education, Science and Technological Development (MESTD). The PSC approved the project continuation by electronic voting on 20 June 2019. The contract annexing is in the procedure and the action will be extended until 30 June 2020 in the same value as the current project.

The Third Progress Report³⁴ submitted by the Group 484 in June confirmed the key milestones for the reporting period were reached, followed by the payment of the fourth tranche in the value of RSD 857,103.60. The SNMT experts conducted the third testing of pupils' knowledge of Serbian language at the beginning of June, and the analysis of the results is being prepared.

The PSC approved supporting of 22 projects³⁵ proposed for funding under the CFP for Fostering Social Cohesion in Multi-ethnic Municipalities on 17 April 2019. The total value of the projects is 399,793.24 Euros, out of which the EU PRO's share is 383,913.63 Euros and the CSOs and LSGs will participate with 15,879.61 Euros. Total of 18 municipalities³⁶ will be supported under this initiative. Twelve applications will be supported within LOT 1³⁷ and 16 within LOT 2³⁸. Most of the projects envisaged inter-thematic approach, responding to more than one of topics covered by the Call.

The verification of the project proposals is finalised for 19 applications. Their contracting is in the procedure and expected to be completed at the beginning of July 2019, with exception of one agreement that will be postponed for August, as the project's commence needs to be synchronized with the start of the school year. Two applications from Novi Pazar and Sjenica are still in the process of the verification due to the complexity of the projects (both include infrastructural works) and low capacities of the applicants. The CSO from Vranje, the Association of Health Workers of Roma Nationality, failed to submit requested clarifications due to the recent management change, which will most probably lead to the grant drop out.

³¹ The overview of progress for all 77 grants is available in Annex II, Attachment 2.1

³² The project proposal can be found in Annex III, Attachment 3.1

³³ The support letters can be found in Annex III, Attachment 3.2

³⁴ The Group 484 Third Progress Report can be found in Annex III, Attachment 3.3

³⁵ Evaluation Results for the Social Cohesion can be found in Annex III, Attachment 3.4

³⁶ Požarevac, Bor, Priboj, Prijepolje, Sjenica, Tutin, Novi Pazar, Bela Palanka, Babušnica, Dimitrovgrad, Leskovac, Lebane, Bojnik, Vladičin Han, Vranje, Surdulica, Bujanovac and Preševo

³⁷ Inter-municipal projects up to 30,000 Euros

³⁸ Individual municipality projects up to 15,000 Euros

Management and Coordination

Programme Steering Committee

The fifth Programme Steering Committee (PSC) meeting was held on 17 April 2019. The PSC approved the Quarterly Report³⁹ for January – March 2019 period and 22 projects contributing to social cohesion⁴⁰.

As agreed at the PSC meeting, the Programme followed-up with three approval requests via electronic voting:

- With updated information on the summary of applications in response to the Call for Introduction and Development of Geographic Information Systems, 19 projects were approved⁴¹ on 30 April 2019
- The Call for Business Support Organisations⁴² was approved on 17 May 2019
- The proposal for extension of the Serbian as a non-mother tongue project to another school year was approved on 20 June 2019

The next PSC meeting is planned for early September 2019.

Coordination

The Programme is coordinating efforts for implementation of local infrastructure projects with the sister Swiss PRO Programme. As part of these efforts, 6 out of the 37 beneficiary LSGs have been visited in June jointly by the EU PRO and Swiss PRO teams to confirm the needs for incorporation of good governance principles in projects related to improvement of energy efficiency in public buildings.

The Programme has communicated intensively during budget verification process with awarded LSGs and Exchange 5, in order to ensure avoidance of possible overlapping, but also to ensure better synergy among activities to be implemented through related projects.

The Programme held coordination meeting with the representatives of the Group 484 and the Coordination Body for Preševo, Bujanovac and Medveđa (CB) in April to assess progress of the project and determine further steps in implementation. The relevance of the project was confirmed and expressed need for the project continuation. With the aim to strengthen the project results, it was discussed potential synergy with the initiatives that are encouraging inter-ethnic cooperation between Albanian and Serbian children, and opportunities to seek funding for implementation of new projects with similar objectives. Following conclusions of the meeting, the project continuation is initiated and approved, while the CB applied with a new inter-cultural project to the Open Society Foundation, foreseeing involvement of the beneficiaries of the project funded by EU PRO and their further practicing of the Serbian language through communication with their peers of Serbian nationality.

EU PRO participated in the Social Innovation Forum (SIF), organised by Smart Kolektiv in partnership with the Responsible Business Forum and funded by USAID, dedicated to the social entrepreneurs and organisations that have developed sustainable and successful models of social innovation across the South

³⁹ The Report is available at <https://www.eupro.org.rs/uploads/files/51-664-eu-pro-third-quarterly-report-1-january-31-march-2019.pdf>

⁴⁰ The results are available at <https://www.eupro.org.rs/uploads/files/56-111-results-of-the-call-for-proposals-fostering-social-cohesion-in-32-multi-ethnic-municipalities.pdf>

⁴¹ The results are available at <https://www.eupro.org.rs/uploads/files/56-113-results-of-the-call-for-proposals-support-to-the-introduction-and-development-of-geographic-information-systems.pdf>

⁴² The Call is available at <https://www.eupro.org.rs/en/ktext/public-call-for-proposals-for-business-support-organisations>

East Europe region in the area of green economy, agriculture, inclusion and youth employment. They shared experiences and introduced good practice examples, where Social Enterprise “Radanska Ruža”, established through European PROGRES and further supported through EU PRO, was presented as successful model of social economy in agriculture.

The Programme presented the results of GIS public call and EU PRO activities on GIS development at the eight GIS network event⁴³ of the Standing Conference of Towns and Municipalities (SCTM), held on 24 June 2019.⁴⁴

Finances

The following are the main financial indicators:⁴⁵

- The total delivery as of 30 June 2019 was 11,615,560 Euros or 46.46% of the Programme budget
- The forecast delivery for the next reporting period is 1,942,317 Euros.

Human Resources

Following the structural changes of the UNOPS Serbia Office, with appointment of the Head of Office, Head of Support Services and the Head of Programme, a competitive recruitment process for the Project Manager position was conducted and the position is filled-in as of 1 April 2019. Considering that the recruited candidate was holding Sector Manager for SMEs and BSOs post within the Programme, the recruitment for that position was subsequently organised and filled-in.

Furthermore, as a part of the planned recruitment dynamics, Programme Assistant for Social Cohesion is recruited during the reporting quarter.

The engagement and contribution of Programme personnel is continuously monitored and constructive feedback shared through regular informal performance related discussions.

In parallel, personnel are working on meeting their learning objectives. Following trainings funded from UNOPS corporative funds have taken place:

- All personnel have completed mandatory security training BSAFE.
- The personnel is on track with completing the remaining newly introduced mandatory trainings.
- Communications Manager has completed a management and leadership course “What motivates my team?”
- Programme and Communications Assistant is undergoing a mentoring programme with the Head of Programme in order to excel her knowledge of the Project Management Manual.

Procurement and Grants Administration

Procurement processes conducted in the period April – June 2019 were in support to activities related to Public Call for Proposals for Business Support Organizations which was advertised in May. Procurement Unit conducted processes for printing of posters for the promotion of the Public Call as well as provision of

⁴³ The GIS network is part of the project “SCTM Institutional Support”, funded by SDC. The purpose of this informal network is to gather LSGs to share experience in using modern technologies in management of spatial development of local communities.

⁴⁴ For more details on the event visit <http://www.skgo.org/vesti/detaljno/2191/odrzan-osmi-sastanak-skgo-mreze-za-geografski-informacioni-sistem>

⁴⁵ While these figures provide quality insight into the programme’s spending the final figures are only provided in the Programme’s financial reports.

media campaign services on websites eKapija and Bizlife with 10,000 daily displays in order to enable visibility of the Call.

Procurement services were also provided in support of organization of seven info sessions in the period from 29 May to 19 June.

The following grant agreements were issued in the period April – June 2019:

- 19 Grant Support Agreements for GIS
- 18 Grant Support Agreements for Social Innovative Projects

Around 100 new vendors were registered and accompanied by relevant Purchase Orders in oneUNOPS system. This resulted in around 100 successfully completed payment processes towards Grantees in amount of 1.5 M EUR in the reporting period. There were around 50 SME registered in the Tax Office at the same time.

Reporting and Monitoring

In addition to the contractually obligated reports, EU PRO produces monthly reports and, as needed, status updates and reports on individual activities. Although not a contractual obligation, these could be provided to the MEI and the donor upon request.

In June, the Programme adopted Monitoring and Evaluation Plan which introduces systematic approach to monitoring and measurement of progress towards objectives. This Plan includes information on the approach to M&E, performance indicators, source of data, collection methods, frequency of data collection, analysis of collected information and reporting framework.

Risks and issues

Due to the prolonged complaint process with the State Agency for the Protection of Bidders Rights, the Programme is faced with the possible delays in grant implementation in several LSGs⁴⁶, where the works might not be completed within the grant duration. As a mitigation measure, the Programme is discussing with LSGs the option of directly advertising for works while securing the LSGs recognise the UNOPS procurement process and sign contracts with the selected Contractors for the portion of works, to cover their co-funding.

As a precondition to the contract issuing, the Programme is conducting additional verification of two applications approved for funding within social cohesion activity, which are including infrastructural activities. In order to avoid the risk of contracting the projects that are not fulfilling technical conditions for delivering planned infrastructural works, the Programme requested additional guarantees (property ownership prove and consent, site plan, etc.) on feasibility of these actions.

Eleven out of 106 awarded MSE beneficiaries have retracted from project implementation. The main reasons include change in business approach or relevance of the approved intervention, but also acknowledged lack of capacities in beneficiary businesses to implement grant agreements and commit to achieving projected results. The risk related to capacities of the business community to engage in grants management was identified earlier, and now backed-up with more specific recommendations which may mitigate the risk in future activities targeting MSEs. A simplified application process is already being developed for the upcoming second call for MSEs taking this into account.

⁴⁶ Priboj, Prijepolje and Sjenica so far

Quality

Previous to the contracting, the Programme conducted in-depth review of the project proposals endorsed under the social cohesion CFP in order to confirm feasibility of the proposed interventions and to improve quality of the projects, by addressing certain indefiniteness and inconsistency. More detailed elaboration of the key activities, better defined criteria and process of the selection of the beneficiaries, strengthening of the sustainability aspects will lead to more efficient and effective implementation of the projects, ensure reaching of the planned results and enhance positive impact on the target groups.

Sustainability

The Programme will share the results of the GIS grants and its 76 thematic applications developed through GIS grants with the Ministry of Environmental Protection and the Ministry for Construction, Transport and Infrastructure and the Ministry of Environmental Protection. The recorded indicators related to land management and environment protection will provide the ministries with relevant data to formulate sustainable integrated urban development strategies and action plans?

The implementation of the EU PRO Gender Action Plan (GAP) is advancing, contributing further to the enhancement of the gender aspects in the Programme's activities and raising awareness on gender issues among the personnel. The gender equality (GE) considerations are integrated into criteria of the CFP for BSOs by promoting activities taking into consideration gender equality. In cooperation with the Swiss PRO Programme, continued support was provided to the beneficiary LSGs to include GE elements in infrastructure projects within good governance-related activities. In addition, all EU PRO personnel completed mandatory and 95% completed recommended gender related courses.

Lessons Learned

The process of selection of beneficiary enterprises and entrepreneurs implemented through the first public call for MSEs was carefully examined, both from internal organisational point of view and the feedback from the applicants and beneficiaries and the lessons are embedded in the approach for the second iteration of the call for MSEs. This is primarily related to the volume of input requested from the applicants and the timing of their collection.

Communications and Visibility

Communication activities continued to be intensive. Eleven press releases were published and three official events organised to promote Programme activities. The EU PRO website remained the key source of information, and besides the regularly updated Calendar of Events, now features the search option for the existing project table, 25 videos and 18 success stories and the first issue of the Programme Newsletter. All these actions contributed to generation of 500 positive media reports, out of which 223 or 44.5% were in the national media.

One high profile visit was organised with the DEU Head of Sector II to visit four infrastructure projects in Svilajnac and Kragujevac on 27 June 2019. Also, the promotion of local and economic infrastructure projects in five local self-governments resulted in the coverage of 200 positive media reports focused on the EU support to the local development, economy and competitiveness. Briefing notes and updates on Programme activities were produced as a regular update and in response to MEI and DEU requests.

The intensive Programme activities were promoted through eleven press releases and two media announcement resulting in a total of 511 positive media reports published of which 44.6 percent in the

national media (228). Namely, the promotion of both the new CFP for BSOs and the results of the CFPs for Fostering Social Cohesion in Multi-ethnic Municipalities and Introduction and Development of Geographic Information Systems (GIS) generated 183 media reports of which 40 percent (72 reports) in the national media. Press releases on local and economic infrastructure projects in Aleksinac, Šabac, Surdulica, Merošina, Paraćin and Doljevac generated 170 reports of which 57 percent in the national media (98 reports) while the DEU visit to projects in Surdulica and Kragujevac resulted in 41 media reports, 43 percent of which in the national media (18). The statistics confirm that besides the Programme CFPs and their relevant results which imply the direct benefits to Programme stakeholders, and the high level official visits that are of interest to media, the most covered topic is infrastructure that are immediately visible to the citizens. However, the statistics covering the period from the beginning of the Programme show that the media is largely focused on “big figures” as the greatest media coverage, of 517 media reports in one month, was recorded in October 2018 when the news of 77 infrastructure projects worth almost ten million Euros was published.

Further, four interviews have been organised to present Programme activities, two of them for Radio Belgrade discussing to-date support of the EU to infrastructure sector through the Programme and to present the BSO CFP. The BSO Call was additionally promoted through the interview for Tanjug news agency and TV Pirot.

Finally, the first issue of the Programme Newsletter in the new format was released on 15 June to an updated database of close to 3,000 stakeholders and promoted via the EU PRO Facebook page.

The Programme continues its active presence on the social media with total of 10,008 followers and 9,930 likes acknowledging the relevance of 122 posts related to the opportunities provided by the EU and other stakeholders as well EU PRO related content. Twitter account attracted 953 followers and 162 likes at the end of the quarter. Despite the Programme active presence on the social media the followership on Facebook stagnates due to, as noted in previous reports, the Facebook algorithm which thwarts organic followership to encourage paid content. To illustrate – the paid video content promoted over a two week period in May 2019 resulted in as many as 242,925 people being reached and 73,714 video views. Currently a methodology of payment for Social Media campaigns is being reconsidered to allow for continuous promotion which would significantly enlarge the Programmes on-line followership.

Programme website has been regularly updated and due to the publishing of the public call results and the new call for business support organisations it was visited 11,135 times by 5,972 unique visitors, which is an increase of 27.5 and 21.5 percent respectively compared to the previous quarter. The increase of visitation is notable in May and June, due to announcements of CFP for BSO and results of the Call for the Development of GIS and Social Cohesion in Multi-ethnic Municipalities. The most visited web pages remain - the Public Calls and Results pages.

In total 106 videos related to the Programme have been uploaded to EU PRO YouTube Channel published by various media outlets. Multimedia video gallery on the EU PRO website has also been populated by a selection of 25 Programme related videos majority broadcasted by Radio Television of Serbia and other national TV channels. Also, a total of 18 success stories have been published on the website Library page.

In direct support of the ongoing Programme activities two result info sheets for Fostering Social Cohesion in Multi-ethnic Municipalities and Introduction and Development of Geographic Information Systems (GIS) have been developed and published on the EU PRO webpage. The material for CFP for BSOs promotion was developed, including the visual identity and relevant animation, web and print content. The outreach efforts include media promotion, Facebook campaign, as well as direct media placement on two business

portals. The advert was displayed 440,003 times on Ekapija.com, and 506,771 on Bizlife.rs while the total number of clicks reached 435 and 408 per portal respectively. Support was also provided in promotion of the corporate social responsibility activities of five enterprises by preparing the media material, engaging photographer and sharing the news through social media channels. The team also took part in marking the Europe Day, as invited by MEI and presented the promotional material at the event that took place in Belgrade on 11 May.

Work Plan

EU PRO Work Plan for the period from July – September 2019 is available in the Annex V, Attachment 5.1. The following are the key milestones for the upcoming reporting period:

Result 1

- Activity 1.1 Monitor and support implementation of 95 projects awarded under the first Call for Proposals for Procurement of Equipment and Provision of Services for MSEs.
- Develop the second Call for Proposals for Procurement of Equipment and Provision of Services for MSEs.
- Activity 1.2 Conduct evaluation of project proposals received under the Public Call for Proposals for Business Support Organisations.

Result 2

- Activity 2.1.1 Initiate implementation of 19 projects awarded under the Call for introduction and development of Geographic Information Systems
- Activity 2.1.2 Monitor implementation of 19 Grant Agreements for development of Detailed Regulation Plans
- Activity 2.1.3 Monitor implementation of 12 Grant Agreements for development of technical designs
- Activity 2.2 Monitor implementation of nine Grant Agreements for Economic Infrastructure

Result 3

- Activity 3.1 Monitor implementation of 37 Grant Agreements for Local Infrastructure
- Activity 3.2 Finalise contracting under the CFP for Fostering of Social Cohesion and initiate project implementation; Issue addendum to the contract for the language learning project and ensure continued implementation.

LFM – progress against indicators

Legend⁴⁷

	Activity completed, outputs delivered in accordance with the set targets
	Activity progressing in accordance with the plan
	Activity progresses with manageable delay
	Activity is critical

Objectively verifiable indicators	Progress during the reporting period	Overall status
<p>Overall objective: To contribute to a more balanced socio-economic development in Serbia.</p> <p>Project purpose: To enhance competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and developing/improving business enabling and social infrastructure.</p>	<p>41 projects contributing to overall objective were approved for funding. Implementation of activities is underway and first results in terms of creation of jobs are registered.</p>	<p>The Programme grant schemes for economic infrastructure and execution designs, and for development of detailed regulation plans for areas that have potential to generate economic activity create foundation to facilitate significant investments into infrastructure development and industries, which would in turn contribute to generation of jobs. EU PRO scheme for MSEs should also help local businesses to enhance competitiveness, win new markets, and increase export, while the local community would benefit from direct opening of at least 250 jobs. The projects selected through the CFP for GIS should contribute to more efficient administrative service provision, better land management and valorisation of socio-economic potential of LSGs. Finally, the projects selected through the CFP for Social Cohesion should contribute to implementation of the rights of national minorities, improvement of inter-ethnic understanding and relations, better integration of national minorities and addressing of specific needs of marginalised and vulnerable groups in multi-ethnic communities.</p>
<p>RESULT 1 Improved technological structure of SMEs and their ability to increase their market share</p>		
<p>Activity 1.1 Grant scheme for SMEs</p>	<p>Implementation of 95 grants for MSEs in underway. 68 new jobs have been opened in 32 MSEs. 17 MSEs received equipment. 35 MSEs have signed the contract with the selected supplier</p>	<p>The CFP was developed, approved and advertised. The Phase I and Phase II evaluation processes was concluded, and final beneficiaries selected and approved by the PSC.</p>

⁴⁷ Colour the boxes in the table as appropriate

	for delivery of equipment. 17 MSEs have done the procurement process and are in the process of contracting the supplier. 8 procurements are currently published and 18 MSEs are in the process of publishing the procurement for new equipment. 14 MSEs have completed some, or all of the planned Corporate Social Responsibility (CSR) activities.	Five workshops for applicants and one workshop for RDAs in support to second phase application process conducted. Two Grant Award Ceremonies are held and two workshops for administrative and programmatic management of grants implementation for the 106 beneficiaries organised. 101 beneficiary signed Grant Support Agreement. 95 beneficiaries fulfilled their obligations regarding financial contribution and procurement process and continued implementation of the grants.
Activity 1.2 Support to Business Support Organisations (BSOs)	The CFP is published, information disseminated and eight info sessions organized and ready for presentation to the PSC for approval.	The CFP published, info sessions organized.
<p>RESULT 2 Improved conditions for business operations through more efficient administrative service provision, better land management and specific small scale infrastructure investments</p>		
Activity 2.1.1 Enhancing land management through development of GIS and improved access to geospatial data	The PSC in April approved 19 applications for funding and grant agreements are issued to LSGs in June.	The technical specifications for the back-up system for electronic permitting agreed with the Ministry of Construction, Transport and Infrastructure. PSC approved the project on 4 June, procurement advertised on 29 June and contract for the implementation signed in August. Equipment was successfully installed in October 2018. In consultations with the MCTI, the Programme developed the Concept for the Study for the Establishment of Electronic Preparation of Planning Documents, but the PSC did not approve it for funding. The PSC approved the CFP for development of GIS and the Call was closed on 30 December 2018, evaluation of 33 applications completed in March 2019, PSC approved 19 for funding in April and contracts are issued in June
Activity 2.1.2 Development of urban plans related to economic development	Implementation of 19 grants is ongoing, with 15 DRPs contracted, four in this Quarter, and four public procurements are advertised.	The CFP was advertised in April 2018 and closed on 11 June. 28 applications received, Programme recommended and the PSC held on 13 September approved 19 projects for funding. The implementation of grants is ongoing with 15 DRPs contracted.
Activity 2.1.3 Development of project technical documentation for projects	Implementation of 12 grants is ongoing. Contracts were signed in	The CFP was advertised in April 2018 and closed on 11 June. 18 applications received, Programme

contributing to economic development	Kučevo, Smederevo, Doljevac, Kragujevac and Vranje.	recommended and the PSC held on 13 September approved 12 projects for funding. The implementation of grants is ongoing, five contracts signed.
Activity 2.2 Development/improvement of small-scale infrastructure with economic impact on local level	Implementation of nine grants is ongoing. Works are ongoing in Šabac, Sokobanja, Paraćin, Svilajnac, Užice and Kragujevac, and tenders were advertised in Priboj, Bojnik and Smederevo	The CFP was advertised in April 2018 and closed on 11 June. 15 applications received, Programme recommended and the PSC held on 13 September approved nine projects for funding. The implementation of grants is ongoing with six contracts signed.
RESULT 3 Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations		
Activity 3.1 Supporting projects for improvement of the living conditions and quality of public infrastructure in municipalities	Implementation of 37 grants is ongoing. Works for the construction of the green market in Aleksinac are completed in June 2019. Works started in 13 LSGs, tenders advertised in 14 LSGs. Preparation of tender documentation is ongoing for 9 grants.	The CFP was advertised in April 2018 and closed on 29 June. 46 applications received, Programme recommended and the PSC held on 13 September approved 37 projects for funding. The implementation of grants is ongoing, construction completed in one, ongoing in 13 LSGs, advertised in 14 LSGs.
Activity 3.2 Supporting projects enhancing inter – ethnic dialogue and cooperation, improving social cohesion and social integration in multi – ethnic communities	The PSC approved continuation of the project for improving knowledge of Serbian language among Albanian school children and funding of 22 projects under CFP for Fostering Social Cohesion.	The activities of language learning project for the past school year are completed and there is on-going analysis of the final testing results. Issuing of the Grant Agreements under the CFP for Social Cohesion is initiated after finalisation of verification for 19 applications, while remaining three are still under review.