



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

QUARTERLY REPORT

1 August – 30 September 2018



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:	October 2018
Period covered:	1 August – 30 September 2018
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 enters into implementation of activities, upon conduct of five public calls. During this reporting phase, which encompasses period from 1 August to 30 September 2018, the Programme completed evaluations of four infrastructure related Calls for Proposals (CFPs), concluded the first phase evaluation of the two-phase Call for Micro and Small Enterprises (MSEs) and developed two more Calls approved for publishing.

Considerable portion of the Programme funds were committed as the result of the four CFPs: 77 projects with EU PRO share of 9.6 million Euros were approved for signing. Corresponding, relevance of the Programme activities was confirmed by high interest in participating local self-governments (LSGs) and receipt of 107 project proposals in response to the calls, diminishing the need for new cycles of the two standing calls for implementation and designs for economic infrastructure project originally planned to have several cut-off dates.

The Programme efficiently conducted technical evaluation of the large volume of project proposals related to **competitiveness of enterprises**, ensuring integrity of the process with coherent evaluation plan, involving ten voting evaluators and observers from the Ministry of Economy and Development Agency of Serbia. Two-hundred-and-fifteen out of 468 received applications were endorsed for the second phase of the application process which will likely result in opening of 200 to 300 new jobs. The projected results may meet the targeted number of beneficiary enterprises as the average requested amount is below the projected value, however the final results will likely leave residual funds for another cycle of the aligned activity.

Activities related to **infrastructure development and land management** are being prepared for implementation. Forty projects related to implementation and development of designs for economic infrastructure projects, and development of detailed regulation plans will enhance planning and technical conditions for realisation of investments and create the pipeline for investments estimated at 20 million Euros.

Within efforts to enhance **social cohesion**, 37 projects for development of local infrastructure approved for funding will contribute to enhancement of the quality of life in 37 beneficiary LSGs. Additionally, social cohesion in Bujanovac and Preševo will be supported with provision of assistance to primary schools teachers to enhance learning of Serbian as non-mother tongue among estimated 750 Albanian pupils. To support social cohesion in 32 multi-ethnic municipalities, the Programme will launch a Call for Fostering Social Cohesion in Multi-Ethnic Municipalities which will enable funding of at least 25 projects.

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	5
Result 1.....	6
Result 2.....	7
Result 3.....	9
Management and coordination	11
Programme Steering Committee	11
Coordination.....	11
Finances.....	12
Human resources	12
Procurement	13
Reporting and monitoring.....	13
Risks and issues	13
Quality	14
Sustainability	14
Communications and Visibility.....	14
Work plan.....	15

Review of progress and performance

Policy and programme context

The Ministry of Economy has amended the Regulation on establishment of a standard set of services for micro, small and medium-sized enterprises and entrepreneurs in 2018 implemented by accredited regional development agencies¹ as per the Government decision of 6 July 2018. The amendments include support to development of full project proposals for the EU PRO Grant Scheme for SMEs.

A number of government institutions and donor programmes are supporting entrepreneurs and enterprises in areas similar to the EU PRO. This confirms relevance of the Programme but also emphasises the need for close coordination of activities and possible funds leveraging.

- With support of the Russian Federation, United Nations Development Programme (UNDP) supports agribusinesses to improve their competitiveness and market placement through market driven diversification of products, development of value-added products, certification, export promotion and access to new markets.² Up to ten selected food processing businesses will receive mentoring support, trainings and will have access to B2B meetings in Russia. The public call was closed in mid-September 2018.
- The Development Agency of Serbia (DAS) supports internationalisation of businesses through adaptation of business premises to comply with the international quality standards, certification, improvement of technological processes, participation at international fairs, and specialised management trainings.³ Total allocated funds are 140 million Dinars with individual grant not exceeding two (2) million Dinars. The public call closed at the end of September.
- The Ministry of Agriculture, Forestry and Water Economy supports private individuals, businesses, agricultural cooperatives, schools and scientific institutions to procure agricultural equipment.⁴ The incentives are provided as refund of already accrued expenses up to 50% of their value and not exceeding 1.5 million Dinars per individual grant. The call closed on 17 September 2018.

Progress towards achieving objectives

EU PRO is well underway to initiate implementation of the planned activities which should over time contribute to sustainable economic development of the regions of Šumadija and Western Serbia and the Southern and Eastern Serbia.

Striving to better market positioning and more competitive business sector in the less developed areas, 215 entrepreneurs, micro and small enterprises whose concept notes were positively assessed were endorsed to apply for funds with full project proposals.⁵ The expected results include enhanced competitiveness of beneficiary businesses through enhanced market potentials and increased value chain contribution, while local communities will benefit through opening of at least one new job per beneficiary, increased (local) tax incomes and specific corporate social responsibility activities.

¹ http://www.srbija.gov.rs/vesti/dokumenti_pregled.php?id=326243

² <http://ras.gov.rs/konkurs-za-mmspp-iz-sektora-agobiznisa-i-prekhrambenog-sektora-1>

³ [http://www.ras.gov.rs/aktuelno/otvoreni-pozivi-konkursi/javni-poziv-za-ucisce-u-programu-podrske-konkurentnosti-i-internacionalizaciji-mmspp-u-2018-godini](http://www.ras.gov.rs/aktuelno/otvoreni-pozivi-konkursi/javni-poziv-za-ucisce-u-programu-podrske-konkurentnosti-produktivnosti-i-internacionalizaciji-mmspp-u-2018-godini)

⁴ http://www.minpolj.gov.rs/wp-content/uploads/datoteka/javni_poziv/Javni_poziv_Primarna_biljna_2018.pdf

⁵ As a result of evaluation of the 468 project concept note applications, the Programme shortlisted 215 MSEs

Contributing to improved business enabling infrastructure, 40 projects⁶ creating pre-conditions for realisation of industry investments and business development initiatives were approved for funding. The nine economic infrastructure projects⁷ should enable the industry investments and create 1,700 new jobs while 31 projects⁸ will enhance planning and technical conditions for realisation of investments and creation of additional 3,300 jobs in the next three to five years.

Through support to 37 LSGs in the reconstruction of public institutions, the Programme will also address the social aspects and improve working conditions in schools, kindergartens, sports and cultural institutions and improve living conditions through development of communal infrastructure.

The Programme is currently preparing the CFP for fostering social cohesion and inclusion in 32 multi-ethnic municipalities by improving socio-economic position of the most vulnerable citizens and through better integration of national minorities. Having in mind the fact that some regions, inhabited predominantly by national minorities, remain among the most underdeveloped, it is expected that this initiative will in the long run contribute to reduction of the existing gaps, while targeting at least 3,000 direct beneficiaries.

Another social cohesion activity for increasing knowledge of Serbian language among 750 Albanian school children is expected to enhance their socio-economic integration in a longer perspective through better access to employment, institutions and services in Serbian language.

Result 1

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

As a result of the first phase evaluation process under the Call for Procurement of Equipment and Provision of Services for MSEs,⁹ 215 applicants have been endorsed to submit full applications. Depending on the success rate in the second phase of the application process, the activity should facilitate opening of 200-300 new jobs, enhance market potentials and increase value chain contribution of beneficiary enterprises.

Activities

1.1 Grant scheme for SMEs

The Programme finalised evaluation of 468 concept notes received from 79 LSGs in response to the CFP for Procurement of Equipment and Provision of Services for MSEs.¹⁰ As a result of the screening process, 19 received applications were immediately disqualified – ten for late submission¹¹ and nine for being incomplete.¹² Thus, 449 applications underwent eligibility screening.

⁶ Forty projects are approved for funding under three Calls: 9 for economic infrastructure, 12 for technical designs and 19 for development of DRPs

⁷ The list of economic infrastructure projects which will be supported through EU PRO is available at: <http://eupro.org.rs/uploads/files/55-709-rezultati-javnog-poziva-03-poslovna-infrastruktura.pdf>

⁸ The list of Detailed Regulation Plans and Designs for economic infrastructure projects which will be supported through EU PRO is available at: <http://eupro.org.rs/uploads/files/55-591-rezultati-javnog-poziva-01-izrada-planova-detajlne-regulacije.pdf> and <http://eupro.org.rs/uploads/files/55-776-rezultati-javnog-poziva-02-izrada-projektno-tehnicke-dokumentacije.pdf>

⁹ The CFP is available at <http://www.eupro.org.rs/ktext/javni-poziv-za-podnosenje-predloga-projekata-za-nabavku-opreme>

¹⁰ The CFP is available at <http://www.eupro.org.rs/ktext/javni-poziv-za-podnosenje-predloga-projekata-za-nabavku-opreme>

¹¹ The deadline for submission of concept notes was midnight on 6 July 2018

¹² Applications received without identification of the applicant, or required documentation are considered incomplete

The Phase I eligibility screening included assessment of information available at this stage, including: (1) registration location, (2) date of establishment, (3) ownership structure, (4) business activity (5) period of bank account blockage, if any and (6) net profit at the end of 2017. Forty-seven applications were assessed as non-eligible and the remaining 383 applications underwent technical evaluation, out of which 215 MSEs from 63 LSGs, who passed the set threshold, were recommended for the Phase II evaluation process.

The Committee for evaluation of grants in the first phase consisted of ten voting members, including chairperson, three non-voting secretaries and four non-voting observers from the Ministry of Economy and Development Agency of Serbia. Each application was reviewed independently by three Committee members.¹³ The results were presented to the Programme Steering Committee and the applicants were informed on the results. Two hundred and fifteen applicants that successfully passed the first phase also received instructions and documentation for application for the second phase of the CFP.

The Programme organised five workshops offered to the 215 shortlisted applicants, where the application process, documents and criteria for the second phase of CFP were explained in details. The five workshops¹⁴ were attended by 284 participants (90 or 32% women and 194 or 68% men) representing 186 enterprises, ten regional development agencies (RDAs) and Development Agency of Serbia (DAS)¹⁵.

As the Ministry of Economy included support for the MSEs in preparing documentation for EU PRO Programme in the set of standardized services provided by RDAs, the Programme organised a one-day Orientation Meeting for RDA representatives on 17 September to enhance their capacities to provide assistance to enterprises.

1.2 Support to Business Support Organisations (BSOs)

Concept for the CFP for BSOs is developed pursuant to consultations with local stakeholders, mainly RDAs. The concept will be presented to the national stakeholders – the Ministry of Economy and DAS in the forthcoming period.

Result 2

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

The Programme LSGs showed satisfactory interest for the two CFPs for economic infrastructure, diminishing the need for new cycles after all available funds were exhausted. Evaluation of 61 project proposals received in response to the CFPs for development of detailed regulation plans (DRPs), designs execution and economic infrastructure, resulted in approval of 40 projects with total Programme contribution of 5,106,345 Euros. The projects will create the pipeline of 20 million Euros for realisation of industry investments or business development initiatives through development of designs, and enable expansion of existing and development of new businesses through improved infrastructure in the business zones.

¹³ Summary of results is available at http://eupro.org.rs/uploads/files/18-174-epr_smephase1results_eng_011018_final_page1.pdf

¹⁴ The workshops were organized in Niš and Vrnjačka Spa in 19 – 26 September period

¹⁵ For more details please see the Annex I, Attachment 1.1 - Report on Phase 2 Info Sessions

Grant support will be provided for development of 19 DRPs that contribute to creation of conditions to attract investments and develop new businesses, rehabilitate brownfield sites, and support urban renewal as well as regeneration, preservation and valorisation of natural and cultural heritage. The Programme will support development of 12 designs that will create technical conditions for the construction or reconstruction of public utility infrastructure in business areas, greenfield and brownfield sites and construction or reconstruction of business support facilities. The nine economic infrastructure projects will enable or enhance functioning of the industrial zones, technology parks and business incubators and the infrastructure that contributes to development of tourism destinations, including spas.

Additionally, the Programme published the CFP for development of Geographic Information System (GIS) aimed at supporting LSGs in digitization and improvement of quality of the geospatial information and creation of mechanisms for advancement of institutional, technical and human resource capacities for development and management of geospatial data, which will in turn enable the LSGs to provide accurate information to businesses and investors about the possibilities for new business developments. As a result, the beneficiary LSGs will be more efficient and effective and improve its evidence-based decision making.

Activities

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

In August 2018, the Programme contracted the company which will provide the ICT equipment, hardware and software components, which will enable establishment of the currently non-existing back-up system for issuing of construction permits with the Ministry of Construction, Transport and Infrastructure (MCTI). The value of the equipment together with the installation and provision of licences is 217,000 Euros. The equipment will be installed by end October 2018.

The Programme developed the Terms of Reference (ToR) for the preparation of the Study that will define the necessary conditions for establishment of electronic system for development of planning documentation in Serbia and subsequently enable digitalisation of the spatial planning process. The Concept of the Study was presented to the Programme Steering Committee (PSC) jointly with the MCTI Assistant Minister. Pursuant to the PSC recommendation, the Programme shall use the time until anticipated adoption of the changes to the Law on Planning and Constructions¹⁶ to further develop the concept for using electronic voting procedure and subsequently re-submit it for consideration by the PSC.

Pursuant to the PSC approval of the CFP for Introduction and Development of GIS,¹⁷ the Call was published for submissions until 30 December 2018. With the available funds of 1.2 million Euros, the Programme will provide support to Local Self-Governments (LSGs) in collecting and digitalisation of geospatial data, improvement of quality and increment of quantity of the geospatial information. Partnership projects with one or more LSGs are encouraged.

2.1.2 Development of urban plans related to economic development

¹⁶ Changes to the Law on Planning and Construction are expected to be presented to the Government of Serbia in November 2018

¹⁷ The CFP for GIS development is available at: <http://eupro.org.rs/ktext/javni-poziv-za-podnosenje-predloga-za-uvodenje-i-razvoj-geografskih-informacionih-sistema>

Nineteen project proposals recommended for funding under the CFP for Formulation of Detailed Regulation Plans¹⁸ were approved by the PSC on 13 September 2018. The total value of the projects is 345,590 Euros, out of which Programme share is 255,274 Euros (73%) and LSG cost-share 92,516 Euros (27%). Nine DRPs¹⁹ will regulate industrial and production greenfield or brownfield locations, four DRPs²⁰ will regulate protected natural and cultural locations while six DRPs²¹ will regulate areas with tourist potential. The Programme will sign the grant agreements with the awarded LSGs in October 2018.

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

Twelve project proposals recommend for funding under the CFP for Development of Execution Designs for Economic Infrastructure²² were approved by the PSC on 13 September 2018. Six designs will be developed for infrastructure in industrial zones,²³ three designs for business incubators, start-up centres and agricultural infrastructure (irrigation system)²⁴ and three designs for IT parks, expo and training centres.²⁵ The total value of the projects is 405,586 Euros, out of which Programme share is 274,695 Euros (68%) and the LSG contribution 130,891 Euros (32%). The approved projects have exhausted all available funds under the Call. The Programme will sign the grant agreements with the awarded LSGs in October 2018.

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

Nine project proposals recommended for funding under the CFP for Economic Infrastructure Projects²⁶ were approved by the PSC on 13 September 2018. Eight projects relate to the construction in the industrial zones²⁷ while one project in Sokobanja will improve the conditions for the enhanced tourism offer. The total value of the projects is 5,481,771 Euros out of which Programme share is 4,576,380 Euros (83%) and LSG contribution 905,391 Euros (17%). The PSC approved exceeding of the allocated amount 3.7 million Euros in response to high interest of LSGs²⁸ and the number of positively assessed projects. The Programme will sign the grant agreements with the awarded LSGs in October 2018.

Result 3

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

EU PRO activities related to improvement of living environment and enhanced social cohesion continued to advance. As the result of the CFP for local infrastructure, 37 projects worth 4,494,303 Euros will be funded to improve municipal infrastructure related to education, health, social care, environmental protection, culture, and sports and positively affect quality of life of citizens.

¹⁸ The CFP is available at [Open Call for Proposals for Formulation of Detailed Regulation Plans](#)

¹⁹ Pirot, Vlasotince, Rača, Merošina, Raška, Topola, Dimitrovgrad, Kraljevo and Kučevo

²⁰ Majdanpek, Leskovac, Arandjelovac and Užice

²¹ Velika Plana, Zaječar, Blace, Čajetina, Veliko Gradište and Surdulica

²² The CFP is available at <http://eupro.org.rs/en/kttext/open-call-for-proposals-for-development-of-execution-designs-for-economic-infrastructure-projects>

²³ Bela Palanka, Kraljevo, Doljevac, Smederevo, Kragujevac and Vladičin Han

²⁴ Kučevo, Knjaževac and Topola

²⁵ Čačak, Nič and Vranje

²⁶ The CFP is available at [Call for proposals for economic infrastructure projects](#)

²⁷ Smederevo, Bojnik, Paraćin, Šabac, Kragujevac, Svilajnac, Užice and Priboj

²⁸ Programme received 15 applications with requested value of over 6.8 million Euros in response to the Call

Implementation of activities contributing to enhanced social cohesion in multi-ethnic municipalities have commenced, supporting 750 Albanian pupils in schools in Bujanovac and Preševo to improve knowledge of Serbian language and facilitate their social integration as well as future business or higher education prospects.

Additionally, the CFP aiming to contribute to enhanced integration of national minorities and excluded groups at the local level approved for publishing is expected to enable funding of at least 25 projects that will contribute to social cohesion, while in line with the EU PRO objective, economic empowerment will be one of key thematic areas to be addressed.

Activities

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

Thirty-seven projects recommended for funding under the CFP for Local Infrastructure Projects²⁹ were approved by the PSC on 13 September 2018. The total value of the projects is 6,151,532 Euros, out of which 4,494,303 (73%) is Programme funding and 1,657,228 (27%) LSG contribution. Twenty projects will create better conditions for sports and cultural activities³⁰ in LSGs, the communal infrastructure will be improved in ten,³¹ five schools and kindergartens³² will have better working conditions and improved energy efficiency while two social and health institutions³³ will have improved conditions for providing their services to citizens. The Programme will sign the grant agreements with the awarded LSGs in October 2018.

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

Implementation of the project for enhancing learning of Serbian as a non-mother tongue among Albanian pupils in four elementary schools in Bujanovac and Preševo³⁴ has commenced after selection and contracting of the service provider, the NGO “Group 484” and will be delivered until June 2019 with the budgeted amount of 8,571,036 Dinars. The implementing partner submitted the Inception Report,³⁵ confirming production of deliverables planned for the inception period which included creation of detailed action plan; selection and engagement of teaching assistants; preparation and execution of the plan for assigning assistants to appropriate teachers and engagement of two experts for Serbian as non-mother tongue.

The activity was successfully launched in September, after selection of six teaching assistants (TAs) and start of their engagement by supporting teachers of Serbian as non-mother tongue in delivery of the classes. In order to ensure continuity³⁶ of the intervention, the project primarily targeted pupils of the fourth and the sixth grades. In total, 27 classes of targeted grades are encompassed, while additional ten

²⁹ The CFP is available at [Open Call for Proposals for Local Infrastructure Projects](#)

³⁰ Golubac, Vladičin Han, Bela Palanka, Prijepolje, Surdulica, Užice, Knjaževac, Babušnica, Dimitrovgrad, Velika Plana, Šabac, Rekovac, Kraljevo, Kragujevac, Čajetina, Požega, Priboj, Ljubovija, Batočina and Svilajnac

³¹ Raška, Aleksinac, Trgovište, Kuršumljija, Bosilegrad, Kučevo, Doljevac, Bujanovac, Valjevo and Boljevac

³² Merošina, Leskovac, Sjenica, Prokuplje and Smederevo.

³³ Žabari and Žagubica

³⁴ “Naim Fraseri” and “Muharem Kadriu” in Bujanovac and “Ibrahim Kelmendi” and “Selami Halaci” in Preševo

³⁵ For more details please see the Annex III, Attachment 3.1 - Inception report Group 484

³⁶ The project relies on the results of the previous interventions implemented in the last three school years

classes of III, V and VIII grades were included in order to fulfil full class load of TAs' engagement. Nine teachers will be supported in delivery of classes to estimated 750 pupils.

The CFP for Fostering Social Cohesion in Multi-Ethnic Municipalities is approved by the PSC on 13 September with the recommendation to adjust criteria in order to respond to the migration and refugees crises. The CFP is accordingly finalised³⁷ and will be published in late October. The activity targets 32 municipalities³⁸ which have multi-ethnic composition according to the Law on Local Self-Government³⁹ and relevant census data. It envisages provision of the grants to Civil Society Organisations (CSOs) and LSGs, aiming to 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 excluded groups, including migrants, refugees and asylum-seekers, in multi-ethnic communities. The indicative overall amount available under this CFP is 400,000 Euros.

Management and coordination

Programme Steering Committee

The third PSC meeting was held on 13 September 2018 in Belgrade. The PSC approved⁴⁰ the Quarterly Report for May-July 2018 period,⁴¹ 19 DRP formulation projects.⁴² 12 projects for development of project technical documentation for economic infrastructure,⁴³ nine economic infrastructure projects,⁴⁴ 37 local infrastructure projects,⁴⁵ as well as criteria for the CFPs for Enhancing Social Cohesion in Multi Ethnic Municipalities and criteria for the CFP for Geographic Information Systems. The Concept Note for the Study for the Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents will be revised upon adoption of relevant framework and re-submitted to the PSC members for electronic voting.

The next PSC is planned for December 2018.

Coordination

EU PRO has continued to put efforts to coordinate its activities with the relevant stakeholders and other development interventions. The Programme engaged national institutions in selection of projects, and conducted consultations related to specific projects to avoid overlaps. Participation of

³⁷ For more details please see the Annex III, Attachment 3.2 – CFP for Social Cohesion

³⁸ Babušnica, Bela Palanka, Bojnik, Boljevac, Bor, Bosilegrad, Bujanovac, Vladičin Han, Vranje, Golubac, Dimitrovgrad, Doljevac, Žagubica, Žitorađa, Koceljeva, Kučevo, Lajkovac, Lebane, Leskovac, Majdanpek, Medveđa, Merošina, Negotin, Novi Pazar, Petrovac na Mlavi, Požarevac, Preševo, Priboj, Prijepolje, Sjenica, Surdulica and Tutin

³⁹ The municipalities where one national community accounts for more than 5% of the total population or all national communities collectively account for more than 10% of the municipality's population according to the last census are considered to be nationally mixed.

⁴⁰ Pursuant to PSC comments, three projects for development of technical documentation and four projects for construction of economic infrastructure have been revisited and re-confirmed with the PSC after the meeting

⁴¹ The Quarterly Report for 1 May – 31 July 2018 is available at http://eupro.org.rs/uploads/files/51-156-epr_qr_mayjul_040918.pdf

⁴² Results of the CFP for Formulation of Detailed Regulation Plans is available at <http://eupro.org.rs/uploads/files/17-890-results-of-the-call-for-proposals-01-formulation-of-detailed-regulation-plans.pdf>

⁴³ Results of the CFP for Development of Project Technical Documentation for Economic Infrastructure is available at <http://eupro.org.rs/uploads/files/16-273-results-of-the-call-for-proposals-02-development-of-technical-documentation.pdf>

⁴⁴ Results of the CFP for Economic Infrastructure Projects is available at <http://eupro.org.rs/uploads/files/14-264-results-of-the-call-for-proposals-03-economic-infrastructure.pdf>

⁴⁵ Results of the CFP for Support to Development of Local Infrastructure is available at <http://eupro.org.rs/uploads/files/13-160-results-of-the-call-for-proposals-04-local-infrastructure.pdf>

the ME, MCTI, PIMO, and DAS in evaluation processes related to EU PRO CFPs is also indicator of efforts to ensure coordination. Likewise, the national institutions were consulted in relation to CFPs under design.

For example, EU PRO ensured that the cooperation with the relevant institutions is maintained related to preparation and implementation of the social cohesion activities by following-up on previous meetings with the Office for Human and Minority Rights and the Coordination Body for the municipalities of Preševo, Bujanovac and Medveđa and including their comments in the final draft of the CFP for Fostering Social Cohesion in multi-ethnic municipalities.

Likewise, all relevant stakeholders are involved in implementation of the language learning project in the elementary schools in Bujanovac and Preševo: representative of the Coordination Body is included as a member of the project team in charge for the monitoring of the project, and regular meetings with the team are conducted; the Ministry of Education, Science and Technological Development (MESTD) is informed about the planned start of the project and the information on the activities is passed to schools through the Ministry. Additionally, joint meetings with the schools' directors and the MESTD representative are organised in order to assure active participation of the schools in the project.

Furthermore, the Programme maintains coordination with the other relevant projects managed by UNOPS. In September, the coordination meeting with the Swiss and Norway-funded projects was organised to exchange the best practice examples and to ensure coordination of forthcoming activities in which there may be overlapping in approach and beneficiaries.

Finances

The following are the main financial indicators:⁴⁶

- The total delivery as of 30 September 2018 was 639,551.11 Euros or 2.56 % of the Programme budget
- The forecast delivery for the next reporting period is 8,729,595.54 Euros.

In accordance with the Programme's plans, the delivery will be significantly increased in the Q4 2018 as the PSC verified EU PRO recommendations for funding of projects.

Human resources

During September 2018, the recruitment process of five On-call Photographer positions and two Grant Administrative Assistant positions were completed. Also, the vacancy announcement for engagement of three positions for On-call Translator/Interpreter was advertised and the selection process is on-going.

Continued attention was given to performance evaluation where the Programme personnel underwent mid-year discussions of earlier set objectives. Summary of discussion were recorded in the comments section of online performance appraisal tool.

⁴⁶ While these figures provide quality insight into the programme's spending the final figures are only provided in the Programme's financial reports.

Additionally, following trainings have taken place:

- The Sector Manager for SMEs and BSOs completed Leading People at UNOPS Programme aimed to strengthen UNOPS leadership culture and develop further leadership skills
- Two Sector Managers completed Ethics and Fraud Prevention in Procurement course
- Six Programme personnel completed Ethics and Integrity and UN Human Rights Responsibilities UNOPS mandatory courses
- The Programme Associate for Social Cohesion completed Gender Equality in Sustainable Project Management and Mainstreaming Gender Equality in Infrastructure as well as Management Styles course.

Procurement

To meet the programmatic requirements and enable efficient implementation, the Programme has conducted following procurement processes during the reporting period:

- The tender for the purchase of mobile phones for personnel successfully completed and the contract was signed.
- The tender for purchase of laptops and monitors for the project personnel is initiated and contracting of the winning company is expected in October 2018.
- To respond to frequent requirements for purchase of variety of visibility material, tendering procedure was initiated aiming to establish Blanket Purchase Agreement(s) with one year validity.
- The tender for purchase of four passenger vehicles for the needs of Programme is advertised.

In addition to the above tenders, two shopping procedures for purchases amounting to less than USD 5,000 were organised for:

- Video and graphic design software
- EUPRO promo material.

Reporting and monitoring

With this Quarterly Report covering the two-month period from 1 August to 30 September 2018, the Programme is aligning quarterly reporting periods with the calendar year.

Technical requirements for establishment of comprehensive monitoring system, whose core will be based on the Logical Framework Matrix (LFM) indicators are being addressed and the system is expected to be in place in the Q4 2018.

Risks and issues

EU PRO coordinates closely with other UNOPS projects to avoid overlaps to address the risk of possible low response rate as a result of overburden of the target groups (LSGs and/or CSOs) being exposed to opportunities from a variety of projects and programmes.

To avoid reputational risk caused by smaller number of applicants that passed to the second phase of the Call for Procurement of Equipment and Provision of Services for MSEs with over 250 applicants not being endorsed to continue with the application process, the Programme emphasises transparency of the selection process and provides detailed information to all interested applicants.

Quality

Informative sessions dedicated to the second phase of the CFP for micro and small enterprises implemented in September 2018 have been evaluated on the basis of feedback from participants. The evaluations confirmed substantial interest in the sessions and the Calls, their effectiveness and relevance of the provided information.

Sustainability

All Programme activities are aligned with the national policies and strategies, contributing to their sustainability. For example, the CFP for Fostering Social Cohesion in Multi-Ethnic Municipalities is developed in line with relevant policies and strategies and foresees that project proposals must relate to legislative framework.

Lessons learned

The two-fold evaluation process for the CFP for MSEs has proven effective for calls expected to result with large number of applications. Moreover, division of responsibilities between ten Grant Evaluation Committee members, with each application having to be reviewed by three individuals has significantly reduced the time needed for the evaluation.

Communications and Visibility

Transparency of the grantee selection process is ensured by development and publishing of result info sheets for five conducted CFPs upon the PSC approval. Likewise, project fact sheets for all 77 projects recommended for funding were developed. Additionally, all results were promoted through traditional and social media with an overall nationally orientated and individual, regionally issued press releases.

Communication and Visibility Guidelines were created in order to regulate, when appropriate and applicable, relevant aspects in the projects and activities that the European Union (EU) finances through the EU PRO Programme. Both will be duly distributed internally as well as to the Programme's grant recipients.

The approach for **promoting the Call for Proposals for Enhancing Social Cohesion in Multi Ethnic Municipalities** has been developed. It will include a social-media campaign, media support and printed material.

The Propositions for the first EU PRO **Calendar art competition** were developed and approved by the donor. The theme of the 2018/2019 competition is: *What could Serbia bring to the EU?* High school students from the 99 cities and municipalities will be invited to submit their artworks and have the opportunity to have them printed on the 2019 EU PRO calendar. The competition will be launched in October.

Briefing notes were produced for the purpose of the Bujanovac Faculty Technical Meeting, held in early September, and the Friends of South Serbia, held in late September. Additionally, **two project overviews** on Sport and Youth were prepared upon the Delegation of the European Union (DEU) request.

Taking into account that evaluation processes for all five calls were ongoing during most of the reporting period, there were no Programme activities to be promoted and the presence in the **media resulted in 110 media reports**, half of which were published in the national media. Since the local self-governments upon receiving the information on the projects approval used the opportunity to promote the results, around 70 media stories focused on the new infrastructure projects while 40 related to the results of the predecessor Programme.

The **Programme website** has been regularly updated and **visited 4,808** times by 2,071 unique visitors, especially the page related to Public Calls. The **Programme Facebook page** has retained substantial followership despite a smaller volume of content, caused by a lack of ongoing projects in the early stages of the Programme implementation, standing at 9,820 followers at the end of the reporting period. The same is true for **the Twitter account** with its 870 current followers. On this note, seven Facebook posts have reached 8,371 people, while six Tweets have been liked 53 times.⁴⁷

The **calendar of events** on the EU PRO website has been populated and updated monthly with information on upcoming events, workshops, Call for Proposals etc., providing stakeholders with a comprehensive and easily accessible insight into the Programme activities. Additionally, **data for all 99 Municipal profiles** have been collected and visual for the Municipal profile page developed.

Work plan

EU PRO Work Plan for the period from 1 October 2018 – 31 December 2018 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 – Collect Full Applications for the MSE Call and conduct evaluations including the site visits; Recommend final beneficiaries to the PSC
- Activity 1.2 – Finalise CFP for BSOs and submit to the PSC for consideration

Result 2

- Activity 2.1.1 – Complete the installation of ICT equipment for upgrading of the electronic building permitting system; Publish CFP for GIS and conduct info sessions
- Activity 2.1.2 – Sign Grant Agreements with the 19 awarded LSGs for the CFP for DRPs; Address PSC comments to the Concept Note for the Study for Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents
- Activity 2.1.3 – Sign Grant Agreements with the 12 awarded LSGs for the CFP for Designs for Economic Infrastructure
- Activity 2.2 – Sign Grant Agreements with the nine awarded LSGs for the CFP for Economic Infrastructure

⁴⁷ The Overview of communications work is available in the Annex IV, Attachment 4.1

Result 3

- Activity 3.1 – Sign Grant Agreements with the 37 awarded LSGs for the CFP for Local Infrastructure
- Activity 3.2 – Monitor implementation of the language learning project; Advertise CFP for enhancing social cohesion in multi-ethnic municipalities

LFM – progress against indicators

Legend⁴⁸

	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>77 projects contributing to overall objective were approved for funding. The process for collection and selection of additional projects contributing to the Programme objective under the Calls for social inclusion, MSEs and GIS is underway.</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 SMEs 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 300 jobs.</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>Evaluation of the 468 submitted Concept Notes is completed and 215 applications have been endorsed for the second phase. Five workshops for applicants and one workshop for RDAs in support to second phase application process conducted.</p>	<p>The CFP was developed, approved and advertised. The Phase I evaluation process was concluded and the Phase II process is underway.</p>
<p>Activity 1.2 Support to Business Support Organisations (BSOs)</p>	<p>Further consultations with the stakeholders, mainly RRAs, conducted.</p>	<p>The CFP is under development.</p>
<p>RESULT 2 Improved conditions for business operations through more efficient administrative service provision, better land management and specific small scale infrastructure investments</p>		
<p>Activity 2.1.1 Enhancing land management through development of GIS and improved access to geospatial data</p>	<p>The contract for the back-up system for electronic permitting is signed with the provider and the installation of the equipment will be completed in October 2018. The PSC approved the CFP for development of GIS on 13 September and the Call was advertised, with the closing date set for 30 December 2018</p>	<p>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. Delivery planned for October 2018.</p>

⁴⁸ Colour the boxes in the table as appropriate

		In consultations with the MCTI, the Programme developed the Concept for the Study for the Establishment of Electronic Preparation of Planning Documents, approval pending the adoption of the Building and Planning Law, expected in November. The PSC approved the CFP for development of GIS and the Call was advertised, closing on 30 December 2018
Activity 2.1.2 Development of urban plans related to economic development	Evaluation of 28 applications completed and 19 projects recommended for funding were approved at the PSC held on 13 September	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.
Activity 2.1.3 Development of project technical documentation for projects contributing to economic development	Evaluation of 18 applications completed and 12 projects recommended for funding were approved at the PSC held on 13 September	The CFP was advertised in April 2018 and closed on 11 June. 18 applications received, Programme recommended and the PSC held on 13 September approved 12 projects for funding.
Activity 2.2 Development/improvement of small-scale infrastructure with economic impact on local level	Evaluation of 15 applications completed and nine projects recommended for funding were approved at the PSC held on 13 September	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.
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	Evaluation of 46 applications completed and 37 projects recommended for funding were approved at the PSC held on 13 September	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.
Activity 3.2 Supporting projects enhancing inter – ethnic dialogue and cooperation, improving social cohesion and social integration in multi – ethnic communities	The project for improving knowledge of Serbian language among Albanian school children started. The CFP for social cohesion project approved by the PSC and set for launching.	Activity progressing in accordance with the plan