



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

QUARTERLY REPORT

1 April - 30 June 2020



Republic of Serbia



UNOPS

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

Donor: The European Union

Start date: 1 January 2018

End date: 31 December 2020

Programme area: The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia

Implementing partner: United Nations Office for Project Services (UNOPS)

Report date: 10 July 2020

Period covered: 1 April 2020 – 30 June 2020

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
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
PPF5	Project Preparation Facility 5
PRINCE 2	PRojects IN Controlled Environments
PSC	Programme Steering Committee
RDA	Regional Development Agency
RFP	Request for Proposals
RSPC	Serbia Programme Centre
SCTM	Standing Conference of Towns and Municipalities
SDC	Swiss Agency for Development and Cooperation
SME	Small and Medium Sized Enterprise
PIMO	Public Investment Management Office
SIPRU	Social Inclusion and Poverty Reduction Unit
ToR	Terms of Reference

Executive Summary

The European Union Support to Municipal Development – EU PRO sustained the progress of activities in the second quarter of 2020 regardless of the COVID-19 pandemic. As a result of the Second Call for Micro and Small enterprises (MSEs), the Programme supported 112 enterprises bringing the total number of projects to 358. With an additional 39 projects finalised during the quarter, a total of 142 projects are completed accounting for almost 40 percent of all Programme activities.

In order to support the Government's **efforts to respond to COVID-19**, the Programme managed to conduct emergency procurements of priority medical and non-medical equipment and items. Through reallocation of a portion of funding, EU PRO procured devices for monitoring, ventilation and anaesthesia needed for treatment of the increasing numbers of infected. In addition, the Programme procured fully equipped triage containers which are installed in front of medical centres in Programme municipalities as means for reducing the spread of the virus.

Regardless of the global economic crisis, the Programme contribution to **improvement of the business environment** persisted. Investments of over 43 million Euros are expected as a result of the four completed economic infrastructure projects in Kragujevac, Paraćin, Svilajnac and Priboj, with creation of opportunities for over 1,800 new jobs. Significant investments have already materialised, with four new investors procuring land in Kragujevac industrial zone, one new investor leasing premises in Priboj and five investors requesting building permits for Paraćin industrial zone.

Furthermore, developed technical documentation for a factory in Bela Palanka and irrigation system in Topola enabled investments of over 2 million Euros in realisation of these projects. Finally, planning documentation developed for Dimitrovgrad business zone created conditions for business development, and all parcels have been sold out, while one investor completed construction of its production facility.

EU PRO contribution to enhanced social cohesion in multi-ethnic communities continued through advancement of the position of the marginalised groups and national minorities. The project for better integration of Albanian community by improving their knowledge of Serbian language is completed resulting in over 800 children significantly improving their understanding of the language. In addition, the Programme continued to implement measures that are contributing to increased participation of almost 100 people representing economically inactive populations coming from marginalised groups in the labour market. It is expected that this will create opportunities for employment of at least 30% of the beneficiaries in the immediate future while extended effects are expected in the long run.

With completion of nine local infrastructure projects during the quarter, **15,000 inhabitants will directly benefit from the improved living conditions** while the number of indirect beneficiaries is estimated at 50,000. Pupils and teachers in primary schools in Priboj and Prijepolje will use reconstructed premises for sports activities while school in Merošina village Balajnac improved its energy efficiency and working conditions which will provide benefits to over 450 pupils, including over 100 Roma children. Conditions for cultural activities are improved in Vladičin Han, Bela Palanka and Požega with over 3,400 users of these premises. Finally, improved infrastructure in Boljevac, Doljevac and Kraljevo will contribute to better living conditions of over 11,000 people.

Contributing to **improved business competitiveness**, the Programme continued to register new jobs, however at a slower pace. Ninety-one out of the 94 projects implemented by MSEs awarded as a result of the First Call are completed and immediate effects captured. EU PRO assessed resilience of these businesses during the crises with three surveys conducted during the quarter and registered an expected decrease in production with 44 percent of beneficiaries. An additional 112 enterprises will be directly supported by the Programme, as a result of the Second Call for MSEs. These enterprises are aiming at the immediate creation

Programme is financed by the European Union, implemented by UNOPS in cooperation with the Government of the Republic of Serbia.

www.eupro.org.rs

of 231 new jobs and an additional 344 in the three-year period, predominantly in underdeveloped municipalities.

In addition, over 290 enterprises have directly benefited from interventions implemented by the business support organisations in support of their competitiveness. Over 50 enterprises are supported to extend their markets through promotional activities, an additional 40 have access to new production equipment and 200 SMEs are benefiting from capacity building activities.

Part of the EU PRO MSE beneficiaries have supported the fight against COVID-19 pandemic, further enhancing the **Programme contribution to social awareness and empowerment of social responsibility**. The equipment secured through the Programme in textile industry was used for production of face masks which were donated to frontline medical workers, a beneficiary who in regular times produces industry disinfectants has donated hand sanitizers to his community, the city of Leskovac and one of the MSE beneficiaries working in Šabac has designed and produced disinfection tunnels used in public buildings.

The Programme ensured **coordination of activities** with the relevant stakeholders. The Swiss PRO Programme continued to support local governments in application of good governance principles. Though no acts have been adopted during the quarter due to limited activity of local administrations, application of agreed principles continued. For example, 120 members of 30 Roma families in Raška have been provided with subsidies for usage of the communal infrastructure. Coordination with the stakeholders under the language learning project was maintained.

The Programme retained its visibility throughout the quarter. The EU PRO assistance to curb COVID-19 effect was promoted and generated 424 positive media reports, out of which 284 (67 percent) were in the national outlets. A visit of the EU Delegation to EU PRO projects in Batočina, Rekovac and Kragujevac and promotion of results of the Second Call for MSEs also generated significant media coverage.

The Programme continuously addressed **challenges deriving from the COVID-19 pandemic**, mitigated related risks and minimised its effects. Some of the Programme activities have been delayed or temporarily suspended due to limited access to project sites, ban of public gatherings or suspension of financial transactions of local administrations during the State of Emergency. In response, the effects are largely mitigated with reconceptualisation of activities and implementation of activities in an alternative modality. To ensure sufficient time for completion of activities and allow for efficient administrative and financial closure, the Programme has proposed a limited, six-month time extension until 30 June 2021.

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.

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Review of progress and performance

Policy and programme context

The Corona-Virus (COVID-19) pandemic has significantly affected the country and implementation of the Programme. The state of emergency enacted by the Government of Serbia (GoS) on 15 March was concluded on 6 May 2020, and this period imposed the greatest implementation challenges, however the effects went beyond the period of the formal restrictions.

The COVID-19 pandemic causes wide-ranging effects to economies around the world. Demand has been reduced by movement restrictions, supply shocks due to the restricted labor supply and difficulties in sourcing material inputs have also occurred. Access to financing could also be a problem if credit options deteriorate while demand rises. Lastly, the uncertainty associated with the crisis is driving down investment and innovation. The breakup of otherwise healthy businesses in response to such a temporary shock hints at severe social and fiscal costs.¹

Based on country-level survey data collected during the crisis by the World Bank Group, at least 50 percent of the firms in the surveys had been forced to close at least partly, and the business activity was minimal for those that remained open. Micro and small firms were more affected than medium and large firms. For example, 35 percent of Serbian micro-firms expect revenue drops above 80 percent compared to 10 percent of medium firms with the same expectation. The COVID-19 crisis is expected to impact Serbia's economy primarily through manufacturing, with exports and durable goods especially important. Based on the World Bank survey, 22 percent of respondents have temporarily closed all operations, and another 26.5 percent have partially closed.²

The social implications of the pandemic are also far-reaching. Different UN reports³ show that the crisis disproportionately affects poor people and that⁴ certain groups such as elderly, women, young and unprotected workers, people living in informal settlements and homeless people are particularly vulnerable and affected during the crisis, while the mitigation measures must include targeted support to the most excluded categories and better mapping of those in need.

The report⁵ provided by the Social Inclusion and Poverty Reduction Unit of the Government of Serbia, based on the data provided by civic and public sectors, indicates similar findings in Serbia. It is estimated that 70% of people who were impoverished during the crisis were left with no support. Therefore, the expansion of social security assistance, both horizontally (by increasing the amounts) and vertically (by increasing the coverage), was recognized as one of the key necessities. Furthermore, financial recovery programmes must target the informally employed and inactive population, as they are at the most risk of being pushed into poverty due the crisis. Suspension of certain social protection services during the state of the emergency excluded a great number of disadvantaged citizens from institutional support. The civic sector stepped in and provided basic support, indicating the need to redefine institutional services and equally include civil society service providers. Overall, the impact of the COVID-19 crisis showed vulnerability of both health and social care systems and need for future investment in these sectors.

¹ The Economic and Social Impact of COVID-19, WESTERN BALKANS REGULAR ECONOMIC REPORT No.17 | Spring 2020, World Bank Group <https://www.worldbank.org/en/region/eca/publication/western-balkans-regular-economic-report>

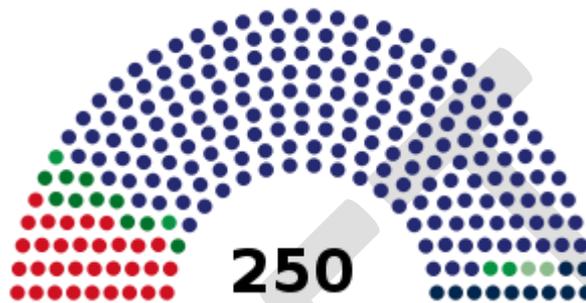
² Ibid

³ <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25815&LangID=E>

⁴ http://hdr.undp.org/sites/default/files/covid-19_and_human_development_0.pdf

⁵ [SIPRU online conference on poverty during Covid - 19](#)

Parliamentary and local elections in Serbia⁶ were held on 21 June 2020 practicing changes to the electoral threshold which was lowered from five to three percent of all votes cast while the threshold was waived for ethnic minority parties. Citing the absence of conditions for free and fair elections numerous political parties boycotted the elections which resulted in the lowest turnout since the establishment of a multi-party system in 1990 and the landslide win for the Serbian Progressive Party (SNS) -led coalition. There are 250 seats in the National parliament⁷ of which 126 are necessary for a majority vote - SNS now holds 191 seats, 60 more than in the previous term.



SPS: 32 seats | AMV: 10 seats | PAD: 2 seats | SNS: 191 seats | SDAS: 2 seats | JRA: 2 seats | SPAS: 11 seats

The local elections encompassed voting for 21 electoral lists in 145 municipalities and 29 cities. The Serbian Progressive Party (SNS) won in 139 municipalities and all 29 cities, while six municipalities of which five are in the EU PRO AoR - Čajetina, Ražanj, Surdulica, Svilajnac, Topola and Beočin will be administered by other entities.⁸ Election observer organisations declared that the elections were conducted according to minimum democratic standards, but some irregularities that affected turnout and results were noted.⁹

While the majority of the local self-governments are not experienced to be significantly affected by the election results, those localities where the change in administration has transferred from the “opposition” entities to SNS leadership are the most vulnerable in terms of project administration and will require close monitoring to ensure full implementation according to set outcomes. The Innovation Fund of Republic of Serbia has launched a Mini Grants Programme targeting young companies that are developing technological innovation that is needed in the market and Matching Grants Program intended for micro, small or medium enterprises for development of new products, services and technologies with high added value and to encourage the commercialization of research and development of existing innovative companies, as well as the establishment of cooperation/partnerships with international companies/organizations. The Public Call for Proposals was launched on 15 June and closes on 31 August 2020.¹⁰

⁶Using the d'Hondt method the 250 seats of the National Assembly are elected by closed-list proportional representation from a single nationwide constituency. While some parties choose to contest elections solely in their own name, multi-party coalitions are more common. This allows smaller parties to reach the electoral threshold together, while for larger parties it represents an opportunity to amass support from more diverse sections of the electorate.

⁷Final division of the 250 parliamentary seats is as follows: SNS coalition For Our Children (SNS–SDP–PS–PUPS–PSS–SNP–SPO–NSS) - Aleksandar Vučić has 188; SPS–JS - Ivica Dačić has 32 seats (10.4%); SPAS (Aleksandar Šapić) has 11 seats (3.6%) while the remaining 4.5% is divided amongst minority parties i.e. Hungarian VMSZ István Pásztor (2.5%); Bosniak SSP–DPM Muamer Zukorlić (0.7%) and SDA Sulejman Ugljanin (0.5%); Albanian PDD coalition Shaip Kamberi (0.7%).

⁸ Europeanwesternbalkans.com [Fajon and Bilčik: The dramatic change a challenge for the future government](#) (22 June 2020)

⁹ OSCE.org <https://www.osce.org/odhr/elections/serbia/parliamentary-elections-2020> (22 June 2020)

¹⁰ <http://www.inovacionifond.rs/info/nova-prilika-za-inovativna-preduzeca>

Progress towards achieving objectives

During the quarter, an additional 112 projects have been awarded bringing the total number of projects to 358. With an additional 39 projects completed, 142 projects or close to 40 percent of the Programme activities are finalised. The greatest progress is made in implementation of infrastructure activities with 21 projects completed during the quarter regardless of challenges imposed by the COVID-19 crisis.

The programme continued to contribute to realisation of investments. Four realized economic infrastructure projects¹¹, with a total value of 1.4 million Euros should contribute to realisation of investments worth 43 million Euros, which should in turn facilitate opening of estimated 1,859 new jobs by the end of 2023.

EU PRO contribution to enhanced social cohesion in multi-ethnic communities continued through advancement of the position of the marginalised groups and national minorities. After almost four years of implementation within two programmes, the project for better integration of Albanian community by improving their knowledge of Serbian language is completed. It is estimated that over 2,000 children in total benefited from the project, where only under the EU PRO programme around 800 children significantly improved their understanding of the language, which is expected to improve their educational and employment prospects in the future.

The programme continued to implement measures that are contributing to increased participation of economically inactive populations coming from marginalised groups in the labour market. Almost 100 people of different backgrounds (youngsters with intellectual disabilities, Roma from hard to employ categories and women from passive rural areas) are strengthened to get activated in the labour market through various activities, such as on-the-job and vocational trainings, procurement of equipment for business starting, opening of specialised career centres, etc. It is expected that this will create opportunities for employment of at least 30% of the beneficiaries in the forthcoming period and for most of them in the long run.

Result 1

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

With 91 projects awarded under the First Call for Proposals for Procurement of Equipment and Provision of Services for MSEs completed, the three remaining awarded under this Call are in the final stage. Based on the survey conducted in June 2020¹² all beneficiary MSEs have continued production and 29 new jobs have been created during the quarter. However, due to COVID-19 crisis 44% of companies have reduced their production, and three companies had to lay off one worker each. Upon conclusion of the State of Emergency, one quarter of beneficiaries have increased production. Future development of the COVID-19 pandemic will condition further development of the beneficiary MSEs.

The MSEs endorsed for support under the Second Call for MSEs are expected to open 231 new jobs during the year, and an additional 344 in the three-year period. The beneficiary enterprises have projected an increase in revenue in the first year by 33% or 6.7 million Euros and an increase in export by 57% or 1.6 million Euros. All 112 beneficiaries have committed to conduct corporate social responsibility activities that will benefit their local communities.

Over 290 SMEs have benefited from activities implemented by Business Support Organisations (BSOs) so far. These activities included capacity building, joint usage of equipment and promotion. The two completed BSO

¹¹ Full Impact of EIP is available in Annex II_Att.2.1_EPR_Imact of the EU PRO economic infrastructure projects

¹² Summary of results of the survey is given in Annex I_Att.1.1_EPR_MSE Survey Results

projects have yielded concrete results. Four furniture producers, tenant companies of “Yumco” business incubator in Vranje are using the equipment secured through the Programme. In addition, they have established over 20 business connections and reached at least 500 potential customers at the International furniture fair in Belgrade they attended in November 2019 as a part of the project activity. This has been followed by three business contracts and 10 purchase orders. However, the future positive effects are expected after the COVID19 pandemic is over. Also, as a result of the project implemented by the Centre for Development Support and Initiative “Novitas”, 64 SMEs from Pirot and neighboring municipalities have benefited from the training programme on available external financing¹³ and ten women entrepreneurs from Pirot district received support in improving their promotion and marketing activities including preparation of promotion materials as well as joint e-commerce portal <https://vredneruke.rs/>.

Activities

1.1 Grant scheme for SMEs

During the reporting period, activities on 14 projects awarded under the First Call for Micro and Small Enterprises (MSEs) have been finalised. Total number of completed projects is 91 out of the 94. Activities on the remaining three projects are in the final stages of implementation, with enterprises awaiting delivery or installation of the equipment. The procedure with customs has proven to be challenging since there were different approaches by Custom officials in different parts of the country.

The results of the Second Call for Proposals for Procurement of Equipment and Provision of Services for MSEs have been approved by the Programme Steering Committee. Total of 112 applications in the total value of projects of 3.3 million Euros out of which 2.5 million Euros is EU PRO Programme contribution have been recommended for financing with. An additional six beneficiaries have been endorsed for the reserve list.¹⁴ The selected beneficiaries are submitting supporting documents for issuance of the grant agreements. The orientation meetings for the selected MSEs on management of grants have been held online due to the health risks.

1.2 Support to Business Support Organisations (BSOs)

With Business Incubator “Yumco” Vranje and Centre for Development Support and Initiative “Novitas” Pirot have successfully finalised their project activities, two out of the twenty projects awarded to Business Support Organisations (BSOs) have been finalized.

As part of the project carried out by “Yumco” four tenants - start-ups from Vranje exhibited at the Belgrade Furniture Fair. The Incubator also purchased a multi-spindle drill for plywood and wood that will be used by all tenants for finalization of their products. The equipment was installed in an adequately adapted space and training of tenants was conducted. The existing and future tenants will have the opportunity to improve the furniture manufacturing process so that panel furniture can be assembled at the customer address, which enables significant savings in transport costs per unit of product, and also minimizes the possibility of breakage and damage in transport. On the other hand, this opportunity gives room for insight into a new type of sales - through the online store, which can contribute to the growth of sales and market share to a significant extent, bearing in mind that these are mostly small start-ups.

Within the "Novitas" project, three training sessions for 64 SME representatives have been conducted. Participants have been equipped with all the necessary practical tools for available external financing in order to finance its business expansion plans. Web portal <https://podrskaprivredi.rs/> has been created within the project, dedicated to the local entrepreneurs where they will find all the materials from training's, including

¹³ materials publicly available at <https://podrskaprivredi.rs/>

¹⁴ Detailed analysis of the received and proposed applications is given in the Annex I_ Att1.2_EPR_Analysis of the Result of the Second Call for MSEs

video streams from all training sessions. The project also developed Guidelines for technical support of ten woman businesses to expand into new markets. Web presentation <https://vredneruke.rs/> with the e-commerce option has been created in order to support the woman businesses in joint participation at the market. Promotional material „Regional products - South-east Serbia“, for joined participation on the fairs and similar events has been created. That includes a promo catalogue of ten women entrepreneurs from the Pirot district, banner, leaflets and business cards.

The activities on the remaining 18 projects progressed:

- Business Innovation Centre Kragujevac finalised the public call for Quality Management System (QMS) training and selected 15 companies for participation. The first out of the three in-house trainings for BIC staff regarding QMS is conducted along with the needs assessment analysis for ten SMEs participating in Business Support Program.
- Regional Business Center (RBC) Kragujevac completed workshops for SMEs. One additional workshop was held on economic measures of the Government of the Republic of Serbia due to the COVID-19 crises. Internal capacity building training for RBC staff is half way through completion. Development of the IT platform is progressing and it should be completed in mid-August 2020. Public call for junior experts is closed, 23 applications were received and evaluation is in process.
- Regional Development Agency Baraničevo Podunavlje completed Public call for Standardisation & Marketing support and selected six SMEs from dairy industry.
- Timočki Omladinski Centar (TOC), Zaječar completed all eight trainings for SMEs, majority of training were held online due to COVID-19 pandemic. Mentorship program for SMEs started and is progressing according to the plan.
- "Etno Forum" Svrlijig procured printing equipment, installed and put into operation. The association started providing a printing service for the business needs of the members of the association and entrepreneurs. A brochure has been prepared to promote entrepreneurs and small businesses from Svrlijig and the surrounding area.
- The Electronic Faculty of the University of Niš installed 3D printing equipment in their premises to be used by at least 30 SMEs for prototyping.
- RDA Zlatibor contracted rental of exhibition space for the fair in Hanover, Germany which will be held from October 27-30.
- Startup Centar doo Niš procured part of equipment for the gaming IT industry;
- BSO "Dundjer" prepared workshops which will, considering the circumstances, be organised on-line.
- Center for Development Leskovac held capacity building training for the RDA staff and published Call for SMEs that will be supported by RDA. The Call will be open until 8 July 2020.
- RDA SEDA prepared training materials for the capacity building programme for the RDA staff.

Several BSOs including NiCAT Cluster, ENECA, and RDAs from Loznica have prepared requests for revision and extension of projects since they will not be able to implement some of the activities mainly due to travel restrictions and change of market conditions. RDA RARIS and Technical Faculty Bor postponed some of the activities.

Result 2

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

During the quarter, several Programme interventions were contributing to infrastructure investments.

The Modification of the Detailed Regulation Plan of the Business Zone Beleš in Dimitrovgrad created planning conditions for the infrastructural equipping of the extended zone covering an area of 12 ha. As communicated by the Mayor of Dimitrovgrad, all parcels in the zone are sold out and the factory for rubber recycling "Eco Rubber", started its business with intention to employ 20 new workers¹⁵ upon finalisation of COVID-19 crisis.

Technical documentation developed in the first quarter of 2020 enabled new investments. Bela Palanka contracted reconstruction of facilities of the former factory "Femid" in April 2020 based on completed technical documentation. In addition 20 out of the expected 100 employees are undergoing vocational training for work in the factory. Likewise, Topola procured works for the first phase of the irrigation system financed with 1.6 Million Euros by the Government and an additional 3 million Euros are secured by the Government for the second phase of the project deriving from the technical documentation developed through EU PRO.

Economic infrastructure projects supported by the Programme continued to yield results. In Kragujevac industrial zone four investors have acquired land to initiate their investments: "Rakalj", "Luk oil", "Sanel" and "Helenic petroleum". In Priboj free zone, company "Inmold" from Požega leased 3200 square meters of office space with intention to engage 100 new employees for the production of robotics and plastic spare parts. To support this investment, technical school in Priboj adjusted the educational system to fit the needs of the economy.

Furthermore, Paraćin handed over the completed construction works to company "Rimaster" on 19 June 2020 and started to collect rent on the facilities thus enabling funds for the loan reimbursement. "Rimaster" commenced equipping the facility, targeting to initiate the production in October 2020. The negotiations with the new workforce is in progress, slightly slower than planned due to COVID-19. In addition, five companies have requested permits for construction of new facilities in the zone, while an additional six companies expressed interest in buying the land. Arandjelovac based company "Gerovit" entered into negotiation to acquire one of the four blocks of land in the zone.

Finally, Svilajnac completed a short film on promoting the impact of infrastructure equipping of the new business zone in attracting investors. Slovenian company "Hočevlar d.o.o"¹⁶ and German company "A2000 industrija-elektronika d.o.o"¹⁷ facilitated 11 million Euros of investments in new factories that will provide jobs for estimated 250 employees. The construction of their facilities are in progress. To meet the needs of the economy, Svilajnac is adjusting the high school education system to create adequate profiles. In addition, local Company "Visan" acquired 7ha in the zone for further development.

Activities

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

Development of Geographic Information Systems is progressing in beneficiary local governments. During the quarter, a meeting was held in Raška with the grant team regarding project implementation and organisational aspects, while the technical assistance was provided continuously to local governments to conduct procurement processes. Kruševac completed procurement for GIS software upgrade, training, GIS capacity analysis and GIS strategies development, Čačak conducted procurement for hardware, Loznica for drone and Topola for investment locations data collection. The consent from the Public Procurement department for the negotiation process for upgrade of GIS software in Paraćin is pending the ongoing software intellectual property registration in Serbia which is the ownership of the service provider.

¹⁵ <https://www.danas.rs/ekonomija/prodate-sve-parcele-u-zoni-beles/>

¹⁶ <https://www.rts.rs/page/stories/sr/story/57/srbija-danas/3522625/slovenacka-kompanija-hocevar-gradj-pogon-u-svilajncu.html>

¹⁷ <http://www.infocentrala.rs/dve-nemacke-fabrike-u-svilajncu/>

2.1.2 Development of urban plans related to economic development

Eleven out of the 19 supported detailed regulation plans have been developed. In addition to the six plans developed earlier¹⁸ plans for Arandjelovac, Kraljevo, Kučevo, Leskovac and Rača were completed during the quarter and entered into adoption procedure. Development of the detailed regulation plan for Blace was cancelled due to inability of the municipality to implement project activities during the contracted period. Namey, the plan developer failed to deliver contracted outputs, however the process was stalled, thus Blace did not have the time to select a new developer to complete the process.

Activities on other projects also progressed. The plan for the industrial zone in Merošina entered public insight, while public insights are to be organised by Dimitrovgrad and Zaječar for detailed regulation plans for the industrial zone and for the spa-tourism complex, respectively. The plans for Surdulica, Majdanpek and Vlasotince are being drafted while Raška completes early public insight and enters the drafting phase.

Since measures related to control of COVID-19 pandemic postponed activities longer than expected, the timeframe for implementation for three grant agreements¹⁹ were additionally extended during the quarter.

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

Development of technical documentation projects continues to progress, with five projects²⁰ finalised during the quarter thus totalling to eight completed projects. Besides Topola and Bela Palanka where completed technical documentation already generated investments, Kučevo is also undertaking negotiations with the Government to secure funding for the Business Incubator Centre designed under the EUPRO Programme.

The remaining four projects are predominantly implemented in line with the agreed dynamics. Čačak completed conceptual design which is under review by the contracting authority, Kraljevo Directorate for construction is still reviewing preliminary design, and Vranje progressed up to 80% in drafting the design for the construction permit.

However, the development of the technical design for Niš multifunctional expo centre continued to register delays as tender has not been launched yet. The Programme is closely monitoring progress as the risk for delays outside of the Programme timeframe have been identified.

Four GSAs were formally extended due to delays in implementation²¹, as the reasons for delays were justifiable.

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

With four²² out of the nine economic infrastructure projects completed, implementation of the remaining five projects are in final stages. Smederevo and Užice have completed all construction works during the quarter and initiated technical commissioning, bringing the project activities to the final stage. Small portion of construction works is to be conducted in Sokobanja and Šabac, while Bojnik finalised two thirds of construction works. Three local investors expressed interest in initiating their business in the zone, which is the first expression of interest thus far for Bojnik agricultural zone.

¹⁸ Užice, Piroć, Čajetina, Veliko Gradište, Velika Plana and Topola

¹⁹ Leskovac, Velika Plana and Zaječar

²⁰ Bela Palanka, Kučevo, Doljevac, Smederevo and Vladičin Han

²¹ Čačak, Niš, Kraljevo and Vranje

²² Paraćin completed in Q1 of 2020 and the works on Kragujevac, Svilajnac and Priboj economic infrastructure projects completed in 2019

Result 3

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

In spite of implementation delays caused by the COVID-19 crisis, local communities continued to benefit from the social cohesion projects. After four years, the project for improving understanding of Serbian language among Albanian pupils is successfully completed. In the final phase, over 600 children improved their functional knowledge of Serbian language. An improvement in the average grades was registered in the second semester in all the classes where teaching assistants were engaged, which can in part be attributed to the distance learning programme.

Several documents that contribute to the improvement of the position of the Roma and Bosniak national minorities and inter-ethnic cooperation have been created. The publication “Guidelines for the protection of the intangible cultural heritage in multiethnic regions” was developed and published by the CSO “New Vision” from Prijepolje and the experts from the Faculty of Philosophy of University in Belgrade. Furthermore, a joint list of proposed elements of Bosniak and Serbian cultures for enrollment in the National Register of the intangible cultural heritage was prepared as a result of public participation process realised in the municipalities of Prijepolje, Priboj, Novi Pazar, Tutin and Sjenica. The results of the research on socio-economic status of Roma residents in the Municipality of Babušnica is published and disbursed to the relevant institutions for the planning purpose on improving the position of Roma community.

In Lebane, the women’s association is equipped with a solar dryer, which enables the start of sustainable production of dried forest fruits and vegetables in remote mountain villages and economic empowerment of at least ten women from rural areas. Over 120 children and youth from Bor, Novi Pazar and Bela Palanka, members of the most marginalised groups such as Roma and youngsters with disabilities, have acquired knowledge and skills that will improve their school achievement and employment prospects by attending various workshops, on-the job trainings, ICT courses, etc. In addition, two career centres have been established by the CSOs in Novi Pazar and in Bela Palanka for individual career guidance and counselling services of the most disadvantaged youth groups.

Over 15,000 people have directly benefited from the improved living conditions derived from the nine local infrastructure projects completed during the quarter, with an extended impact on the population of over 50,000 people in the nine local governments.

With reconstruction of sports halls in primary schools in Priboj and Prijepolje, over 1,000 pupils will enjoy adequate conditions for sports activities, including the children with disabilities. The rulebooks for usage of the facilities prepared with support of the Swiss PRO Programme, will enable access of the wider community to access these facilities. In addition, reconstruction of the school in Balajnac in Merošina municipality will improve working conditions for over 450 pupils and teachers and energy efficiency of the building, including over 110 Roma currently attending the school.

Three cultural institutions have been reconstructed during the quarter - the cultural centre in Vladičin Han, cultural institution Remisiana in Bela Palanka and sports and cultural centre in Požega. As a result, over 3,400 users of these facilities will benefit from improved conditions. The quality of life for over 5,000 inhabitants of Boljevac and Doljevac will be improved with reconstruction of water and sewage systems. Finally, access to sports and recreational facilities on the bank of the Ibar River created conditions for over 6,000 persons with disabilities living in Kraljevo to access the facilities.

The usage of local infrastructure projects is also improved during the quarter. With the Decision on Provision of Municipal Wastewater Collection Activities adopted by Raška, 30 Roma families with 120 family members located in Roma settlement Trnavska reka will have access to the system without reimbursement. This is a result of the Swiss PRO Programme technical assistance that contributed to enhancement of the good governance principles of accountability for management and decision-making for appropriate usage of the wastewater collector.

Activities

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

Despite COVID-19 related measures that slowed down the works on the construction sites and operational capacities of the local self-governments and contractors, during the quarter nine²³ local infrastructure projects finalized all activities, thus totalling to 22 out of the 37 projects completed.

Out of the 15 remaining local infrastructure projects, construction activities are completed on eight²⁴, and these are pending finalisation of minor procurements and promotional activities, delayed due to COVID-19 measures.

The works on the remaining seven projects are in final stages. Contractors in Čajetina and Batočina that have temporarily suspended the works due to the imposed curfew rules, resumed with their activities and progressed respectively to 50% and to 80%. Works on the Health Centre in Žagubica resumed after alleviation of the state of emergency. Two-thirds of works on local infrastructure projects in Užice, Bosilegrad, Sjenica and Kučevo are completed.

During the quarter, 21 GSAs for local infrastructure projects were formally extended, out of which 11 requests were directly related to COVID-19 crises.

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

Following the COVID-19 outbreak, social cohesion activities carried on implementation in a modified way or in accordance with the revised plan where the project activities required postponement. Two projects were finalised, bringing the total number of completed projects to five.

The language learning project was finalised through the distance learning modality in June 2020. Due to COVID-19 related circumstances, the final testing of pupils' knowledge was not feasible and the evaluation of the final phase of the project was based on the final grades of the children²⁵. The teaching assistants' impression is that the pupils were motivated to learn in an online environment. The pupils are confirmed to be more capable to translate and find solutions when needing to use Serbian language. Currently, the teaching assistants are finalising an e-book with the support of the experts from the Centre for Serbian as Foreign Language of the Belgrade University Faculty of Philology. It will contain best practice examples of the teaching units delivered within the project. The material will be available for online download with the intention to be used by the teachers of Serbian as non-mother tongue in the future, thus contributing to the sustainability of the project.

²³ Merošina, Vladičin Han, Bela Palanka, Prijepolje, Doljevac, Kraljevo, Požega, Priboj and Boljevac

²⁴ Raška, Trgovište, Dimitrovgrad, Rekovac, Smederevo, Valjevo, Prokuplje and Svilajnac

²⁵ More information is available in the Final Report of the implementing partner available at Annex III_Att.3.1_Group 484_Eight Progress Report_Jun20

Two²⁶ social cohesion grants are closed, one²⁷ is completed and its closing is underway, while the project implemented by the Municipality of Surdulica is closed financially, but pending realisation of the remaining activity - final sports tournament which was postponed due to the pandemic. Remaining 17 projects submitted revised activity plans, of which 12 were extended due to the COVID-19 related delay. Five payments were processed and two milestones reports are in the process of verification. The budget revision was approved by the Municipal Association for Assisting Children and People with Disabilities of Sjenica due to the change of the market price for the construction of two outdoor classrooms.

Implementation of the grants is significantly affected by the pandemic, mostly in relation to the planned timeline, but it is not expected to have a major effect on their results. Most of the activities had to be postponed. With the suspension of lockdown, the project activities gradually resumed. The equipment procured prior to the lockdown by two grantees was delivered and several workshops were realised. Given the recent worsening of the epidemic situation in several LSGs, some grantees, mostly those working with the people with disabilities, had to suspend their activities again.

Management and coordination

Programme Steering Committee

Due to the State of Emergency declared in response to the COVID-19 pandemic, the Programme Steering Committee (PSC) did not meet during the quarter, and an electronic voting was organised instead. The following materials were presented for Committee consideration on 6 May 2020: Programme Annual Report for 2019, Programme Quarterly Report for January - March 2020 period, Results of the Second Call for MSEs and the Minutes from the Sixth PSC. All submissions were endorsed, including the proposed 112 MSE beneficiaries and an additional six on the reserve list. The next PSC meeting is planned for September 2020.

Coordination

In May, the Programme participated in the online conference “Poverty during the COVID-19 pandemic and in the post-crisis period in the Republic of Serbia” organised by the Social Inclusion and Poverty Reduction Unit (SIPRU). The conference aimed at highlighting key challenges imposed by the COVID-19 pandemic and to create a dialogue on recommendations for the post-crisis period. The conference led to several important conclusions: marginalised and vulnerable groups become even more excluded during pandemic; institutional responses were insufficient and slow, the civil sector played important role in providing basic and prompt assistance to the most deprived citizens; importance of having targeted support for specific groups and better mapping of vulnerable groups; need for future investment in the health prevention system, education and social welfare system; redefine institutional social protection services and equally include civil sector; creation of clear plans of action and role in regular and crisis situations and strategy for quick shifting from one plan to the another, etc.

Coordination with the stakeholders under the language learning project was maintained. An online meeting was held in early June, where it was concluded that the output testing of pupils’ knowledge, planned for the end of the project, will not be feasible. It is suggested to endeavour final assessment based on the pupils’ final grades. Online modality of the project did not significantly affect the project implementation, as it has both advantages and shortcomings. It was discussed preparation of the e-book, which will contain the best practice examples of the teaching units, and its promotion to the teachers of Serbian as non-mother tongue. This activity was funded by the Group 484, as it was not planned by the project. The Programme confirmed

²⁶ The Association of Citizens “Handicrafts of Lužnica and the Muscular Dystrophy Association Jablanica District

²⁷ the Association of Roma “Zora”

that it will inquire about the possibility to designate additional funds for further expansion of this initiative which will contribute to the sustainability of the project.

Finances

The following are the main financial indicators²⁸:

- The total delivery as of 30 June 2020 was 19,078,096 Euros or 76.31 % of the Programme budget;
- The forecast delivery for the next reporting period is 3,678,471 Euros.

Responding to an immediate need of the Government of Serbia to fight COVID-19 pandemic, the Programme has assessed the value of uncommitted funds and, in agreement with the donor and the Ministry of European Integration, reallocated funds in the amount of 1,365,980 Euros for provision of priority medical and non-medical items. UNOPS has activated its Emergency Procurement Procedures to enable a faster response to requirements related to the current situation.

Human resources

The competitive recruitment process for Communications/Programme Assistant position has been completed, however, the position was not filled in, and therefore, other options for filling in the position will be assessed. Furthermore, two on-call Graphic Designers have been engaged with the aim to provide support in communications and visibility related activities. Currently, there are on-going recruitment processes for retainer positions for On-call Videographer and On-call Editor and Animation which will further reinforce the communications sector.

Programme personnel set their personal individual performance objectives as well as learning and development plan by 30 April 2020.

Two communications colleagues will benefit from the external individual learning programme funded by UNOPS corporate budget. They will take a “Certified Digital Marketing Professional” course. Furthermore, Sector Manager for SMEs and BSOs has enrolled Leading People at UNOPS Programme aimed to strengthen UNOPS leadership culture and develop further leadership skills.

Procurement

Pursuant to reprogramming of the Programme funds, UNOPS has activated its emergency procurement procedures to adequately respond to the pandemic and conduct procurements of the necessary medical equipment and supplies in line with the request and priority list of the Government of Serbia. With EU PRO funding, 25 devices for monitoring, ventilation and anaesthesia, 20 triage containers with medical equipment and 263 infra-red thermometers were procured. In efforts to be more effective and achieve best value for money, the procurement processes were joined with other related procurements conducted by UNOPS and funded by other projects. Following the successful tendering procedures UNOPS has contracted the selected companies in March/April 2020 while the equipment was delivered in April/May 2020.

In addition, several procurements of lower value were conducted contributing to improvement of working conditions and administrative and logistic support of the programme (additional conference chairs for the office, CASCO insurance and vehicle registration and replacement of vehicle tires, IT equipment and additional disinfectants and protective equipment for the Programme staff related to the pandemic). The

²⁸ While these figures provide quality insight into the Programme’s spending, the final figures are only provided in the Programme’s financial reports.

terms of reference and technical requirements for provision of services in support of EU PRO Communication activities were defined and finalised to enable commencement of the tendering process.

Grants administrative support

During the quarter, the Grant Administration Unit was predominantly focused on providing support to an administrative management of the grant support agreements (GSAs) issued in 2018 and 2019. A total of 37 financial and procurement reports for EU PRO grant beneficiaries were verified and 31 requests for payments processed. COVID-19 pandemic crisis caused delays in grant implementation, so the Grant Administration Unit processed 74 amendments mainly requested in regard to project time extension. In addition, the Grant Administration Unit conducted administrative closure of 71 grant support agreements and 43 VAT-office project extensions.

Reporting and monitoring

During the period, the quarterly report for 1 January - 31 March 2020 was developed by the Programme and endorsed by the Programme Steering Committee. During the state of emergency, a number of daily and weekly updates on COVID-19 related procurement processes were shared with the donor and MEI. The Programme also prepared monthly reports for UNOPS Serbia and these can be shared with the PSC upon request.

Risks and issues

Global pandemic and related national State of emergency may delay Programme activities and have negative impact on the expected outcomes and impact. On 15 March 2020 the Government of the Republic of Serbia proclaimed the state of emergency and a number of measures to combat the COVID-19 pandemic which were in place until 6 May 2020. The state of emergency and the consequent limitations of the ongoing pandemic greatly affect the implementation of planned activities and the achievement of results envisaged by the Programme. The Programme regularly monitors the development of the situation, and updates the tools to monitor the impact on the Programme implementation. An overview of key identified risks and issues that have implications on further implementation of programme activities is given below.

- The effects of the global socio-economic crisis caused by the COVID-19 pandemic, may reduce the expected outcomes and impact. The expected investments deriving from the economic infrastructure activities may be prolonged or even cancelled reducing the outcomes of the Programme. In addition, new jobs projected and even those materialised may be decreased due to difficulties in business operations of the MSE beneficiaries.
- Decrease in demand due to COVID-19 pandemic can lead to decrease in production of MSEs and negatively influence implementation and outcomes of the grants to MSEs. Many MSE beneficiaries expressed concerns that demand will be decreased in the future period, while thus far one beneficiary confirmed that decrease in demand resulted with operations of the business being reduced to 20%. Continued pandemic could endanger achieved and expected benefits resulting from the grants for MSEs.
- The COVID-19 outbreak affected the work of the local self-governments. During the state of emergency, as employed parents of young children were entitled to stay at home and for other health considerations, the local administrations worked with reduced capacities. This caused delays

Programme is financed by the European Union, implemented by UNOPS in cooperation with the Government of the Republic of Serbia.

in implementation of grant agreements implemented by local governments as several LSGs²⁹ failed to timely deliver reports. In addition, pursuant to instructions of the Ministry of Finance, majority of LSGs have suspended procurement processes and financial transactions, including those related to implementation of EU PRO grant support agreements which resulted in delays in implementation. Finally, limitations related to public gatherings disabled possibility for organisation of meetings of the Planning Committees and implementation of the public review process, contributing to delays in development of detailed regulation plans. During the quarter, the Programme extended time for completion of 43 grant support agreements.

- Milestone reports verification and processing of payments to social cohesion grantees are delayed, as they faced difficulties in obtaining supporting documents due to the restrictions imposed by COVID-19 crisis. The Programme provided extension of the deadline for the documents submission. In the second half of June, several social cohesion activities were suspended once again, due to the increased number of COVID-19 cases. These activities are related to the group gatherings of the most vulnerable population, children and people with disabilities, and therefore require special caution and an assessment of potential risk to their health. The Programme is closely monitoring all changes and addresses them per need.
- Transport and custom restrictions enacted during the state of emergency delayed import of some of the goods procured through EU PRO grant agreements, including GIS equipment, which may cause further delays in implementation.

Due to the above, the Programme has requested a limited six-month time extension to allow for completion of activities delayed predominantly due to COVID-19 pandemic.

During the reporting period, the Programme also faced other challenges:

- Upon termination of the contract for development of a detailed regulation plan with selected consultancy, the Municipality of Blace failed to initiate new public procurement in February 2020 and informed the Programme of unsuccessful implementation of the grant activities. As the local government failed to timely implement a new procurement process for selection of service provider for development of the plan, upon expiration of the grant agreement in April 2020 the local government returned the grant funding in full and the activity was cancelled.
- Požarevac Municipality terminated the contract with the service provider who failed to complete services in line with the client requirements and rendered for an adequate software solution. The risk of unsuccessful procurement will impact the completion of the project in the Programme timeframe. Furthermore the Požarevac may suffer the potential claim for damages from the service provider. The Programme will ensure appropriate measures in due time.
- During the election campaign, Programme contributions might fail to be properly attributed. To mitigate the risk, the EU PRO team fully implements Communications and Visibility Plan, apply Stakeholder Management Strategy and regularly meets with local and national partners. In addition, the local elections might cause delays in implementation due to the changes in local administrations. The EU PRO team will monitor the process and try to reinstate the relations with the new administration as soon as feasible.

²⁹ Delays in submitting final narrative and financial reports registered in Bela Palanka, Žabari and Svilajnac resulted in delayed closure of the related grant agreements

Quality

The period of global socio-economic challenges deriving from the COVID-19 pandemic provided the opportunity to observe and register the contribution of the Programme to social awareness and empowerment of social responsibility. Not only that beneficiary enterprises have each implemented a socially responsible intervention in their communities, a positive change in social awareness in the past months could be observed. For example, a number of beneficiaries from the textile industry have used the equipment procured through the Programme to produce face masks which have been donated to frontline medical workers. Likewise, Programme beneficiary, company “Progen Solutions” from Leskovac who in regular times produces industry disinfectants has donated hand sanitizers to Leskovac, which are placed in public areas of the city³⁰.

The SME beneficiary “Corten art” from Šabac is using the equipment obtained through the grant to produce disinfection tunnels³¹ which are used at the entrances of public buildings. The company received a grant from the Government of Serbia Innovation Fund through the Public Call for combating the effects of COVID-19 pandemic which secured support to twelve innovative projects³².

Sustainability

The implementation of the EU PRO Gender Action Plan (GAP)³³ is underway, contributing to women's empowerment through enhancement of gender parity in the Programme's projects with the most recent example from the business sector. The results of the Second Call for supporting competitiveness of MSEs show that 30% of the applicants were women, while 35% of the supported MSEs are female-owned. This is an increase in comparison to the First CFP with 30% of the supported female-owned MSEs. In terms of internal capacities, another staff member completed the recommended course on gender equality (GE) in sustainable project management. Therefore, 95% of all EU PRO personnel strengthen their understanding of GE and are well equipped for integration of a gender perspective into project management.

The sustainability of results of the economic infrastructure projects is supported by additional efforts invested by local governments to secure investments and maximise impact. Municipalities Svilajnac and Priboj are both adjusting the educational profiles in their high schools to meet the needs of the economy. Another significant social and economic impact in support of their sustainability are two technical documentation projects in Topola and Bela Palanka that facilitated 2.2 million investments with another 3 million prepared for the second phase of the irrigation system project in Topola.

Other than the social impact of Local infrastructure projects, 80% of the projects are considering decreasing the effect on the environment, thus supporting the efforts on the Programme to achieve sustainable development goals. What is more, good governance and capacity building of the local self-governments will ensure sustainability after the Programme lifecycle.

Lessons Learned

The Programme upheld longer extensions of the social cohesion projects that were delayed due to the COVID-19. Considering that some of the projects stopped their activities once again at the end of June, due the

³⁰ <http://europa.rs/besplatna-sredstva-za-dezinfekciju-za-gradjane-leskovca/?fbclid=IwAR0ff-fpD1e1bVl5qr2IOCGwrFTJqetiaqm8kwHLTzkuphx2xu147s9aUd4>

³¹ <http://www.cortenart.rs/en/news/the-first-serbian-disinfection-tunnel-produced-in-sabac/>

³² <http://www.inovacionifond.rs/news/predstavljani-rezultati-javnog-poziva-za-suzbijanje-efekata-pandemije-covid-19>

³³ Annex V_Att.5.1_EPR_Gender Plan_status_v5_Jun 20

second wave of the health crisis, prolonged extension proves to be a good practice in order to prevent additional extensions.

In case of all infrastructure grants, the time for delivery of the final narrative and financial report of 30 days appeared to be too short. Call for proposal was announced in parallel for 37 grants and all grants were signed with the same deadline. In practice, LSGs cannot produce quality narrative with all required output, outcome and impact data (with reference to gender and vulnerable groups) within one month and Programme team cannot evaluate in the same time frame financial and narrative data. It is highly recommended to set a deadline for narrative and financial final report to 3 months upon grant activities completion.

There are no contractual consequences in case grantee fail to deliver final narrative and contractual reports, so there is no real leverage for the team if grantee fails to deliver reports. Fund return should be more explicitly introduced in the contractual clauses in such cases.

Communications and Visibility

During the first half of the quarter, as a part of the COVID-19 pandemic response, the visibility priorities temporarily shifted from the promotion of Programme achievements to supporting the DEU, GoS and UNOPS joint efforts to curb the effects of the pandemic. As a result, besides the preparation of six press releases and paid relevant content on the Programme social media a set of documents was developed - a one-stop information tool to generate briefing documents, reports and other stakeholder relevant communication; UNOPS fact sheet of EU funded projects; and a comprehensive Media monitoring tool.

In June, ahead of the national and local elections the public engagement was scaled up - a field visit was organised and assistance was provided in coordination in organisation of two events as per stakeholder requests. On 8 June in Kragujevac opening of the renovated public basketball courts was marked in the presence of the Minister of Youth and Sports while the attending DEU representatives also visited projects in Batočina, Rekovac and Kragujevac while on 17 June held in Belgrade and event was organised to officially present the results of the second public call for entrepreneurs, micro and small enterprises in the presence of the Minister of European Integration and nine preselected Programme beneficiaries.

Over the period the team generated six press releases which resulted in 670 media reports of which 425 (over 60%) in national media. Namely the media coverage of COVID-19 EU assistance through UNOPS generated a total 424 media reports of which 284 (67%) in the national media. The most covered content predictably featured the President of Serbia (over 80 reports) and the Prime Minister (over 60 media reports). At the local level, the media outlets positively and correctly reported on the triage containers arriving to a number of the Programme local self-governments with the coverage reaching 80 media reports out of which 34 (40%) in the national media. The DEU visit to Batočina, Rekovac and Kragujevac resulted in a total of 39 media reports, out of which 21 reports (54%) in the national media of which one negative report published in Danas.rs titled 'EU in the SNS campaign'. Finally, as advised by the MEI the MSE event due to the COVID-19 pandemic was organised in the presence of only nine beneficiaries and one news media agency (Tanjug). Absent from the event the DEU ensured full visibility support via EUIC. These two press releases, for which the Programme provided information, were reported in 65 media outlets of which 48 (78%) reports in the national media.

Social media channel utilisation for promotion of COVID-19 joint response included a boost of the video on donation of 100 containers to various health institutions across the country produced by EUIC resulted in a reach of 130,637 out of which 35,655 partially or in full viewed the video. Also, in order to maintain Programme relevance during the pandemic, the activities of the two enterprises which were financed through EU PRO regular SME activity bud had adjusted production to respond to the COVID-19 crises i.e. Corten Art from Šabac and Progen Solution from Leskovac were promoted through the social media networks and the EUIC network and both generated organic and very positive responses. Trends captured on social media via

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www.eupro.org.rs

the sponsored content suggest that the majority of people simply react positively to donations by using emoticons while people with negative opinions take time to also write about it. Comments predominantly question the motivation behind the help, mention NATO bombing and are generally extremely anti-EU. Specific to the COVID-19 crisis a common remark is that the help is coming late, that the EU is trying to boost their economy by selling Serbia necessary goods while significant positive mention of China represents a novelty.

Responding to requests and in cooperation with the EUIC team, in line with the newly implemented EU sector based approach EU PRO provided inputs (written, photo and video material) that resulted in publishing three success stories - the Šabac Corten Art enterprise making disinfection tunnels, Leskovac enterprise Progen Solution, Niš BSO project Gaming Centre implemented by the Start-up Center Niš. In addition, available Programme video material was shared with the DEU and EUIC teams and used for promoting the new 70 million Euros support of the EU to Serbia. Finally, a video presenting the Programme assistance to MSEs was developed together with the EUIC and broadcasted at the MSE promotion event.

The Web presence of the Programme was continually maintained and updated. The EU PRO website received 13,893 visits from 8,038 unique visitors, noting 17 and 13 percent decrease, respectively due to the reduced level of promotional activities. Regardless, the most popular page is the one dedicated to results of the Calls for Proposals. Programme social media has maintained the traffic in this quarter with 65 Facebook posts liked 1,089 times and reaching 170,940 people, while 53 tweets were liked 518 times. The page followers increased to 18,402 on Facebook, and 1,032 followers on Twitter. The EU PRO YouTube Channel was updated with the thirteen selected videos published by the media outlets, nine of which were also uploaded to the website.

Work Plan³⁴

Result 1: Improved technological structure of SMEs and their ability to increase their market share

Activity 1.1 Administratively close all grant agreements issued as a result of the First Call for MSEs; Sign grant agreements resulting from the Second Call for MSEs and initiate activities, transfer first tranches to at least 30 MSEs

Activity 1.2 Monitor and support implementation of the remaining 18 grants awarded to Business Support Organizations, finalize administrative closure of the two grants completed in Q2 of 2020

Result 2: Improved conditions for business operations through more efficient administrative service provision, better land management and specific small scale infrastructure investments

Activity 2.1.1 Monitor activities related to implementation of 19 Grant Support Agreements (GSA) for development of the GIS. Ensuring completion of GIS related procurements in all 19 grants.

Activity 2.1.2 Monitor activities related to implementation of 7 GSAs for development of DRPs, ensure successful administrative closure of the completed grants. Monitor outcomes and impacts of completed grants. Ensuring completion of three DRP grants in Q3.

Activity 2.1.3 Monitor activities related to four remaining technical documentation projects and ensure closure of all finalized. Ensuring completion of 1 technical documentation project in Q3. Monitoring outcomes and impacts of produced technical documentation projects to the local economy.

³⁴ Quarterly Plan for Q3 of 2020 provided in Annex V_Att.5.3_EU PRO Quarterly Plan

Activity 2.2 Monitor activities related to implementation of five remaining economic infrastructure projects and ensure closure of all finalized. Ensuring completion of at least three more EIP in Q3. Monitoring outcomes and impacts of produced technical documentation projects to the local economy

Result 3: Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations

Activity 3.1 Monitoring of implementation of 15 GSA for development of local infrastructure projects. Follow up on the closure process of 15 GSAs with completed activities. Ensuring completion of 8 GSA in Q3. Monitor outcomes and impacts with regard to the beneficiary data for the completed projects.

Activity 3.2 Submission of the Final Report under the language learning project and finalisation of the e-book. Follow up on the closing process for two completed social cohesion grants, monitoring and evaluating realisation of 17 ongoing grants, of which 12 are expected to be completed in the upcoming quarter. Response to all the issues imposed by the COVID-19 crisis.

DRAFT

LFM – progress against indicators

Legend³⁵

	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:</p> <p>To contribute to a more balanced socio-economic development in Serbia.</p> <p>Project purpose:</p> <p>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>Activities on an additional 39 projects have been completed.</p>	<p>Activities on 142 out of the 358 projects have been completed, out of which 91 implemented by MSEs and 51 implemented by local governments.</p>
<p>RESULT 1</p> <p>Improved technological structure of SMEs and their ability to increase their market share</p>		
<p>Activity 1.1</p> <p>Grant scheme for SMEs</p>	<p>91 MSE grants awarded under the First Call for MSEs completed. 59 grants administratively closed.</p> <p>As a result of the Second Call for MSEs, 112 MSEs approved for financing and 6 SMEs approved for the reserve list.</p>	<p>Two public calls for MSEs have been conducted and a total of 206 projects awarded.</p> <p>Resulting from the first Call, 91 projects are completed, out of which 59 grant agreements are administratively closed. The beneficiaries have procured equipment which will contribute to their enhanced competitiveness and concluded corporate social responsibility activities thus supporting their local communities.</p>

³⁵ Colour the boxes in the table as appropriate

		The newly selected MSE beneficiaries are yet to sign grant support agreements and initiate implementation.
Activity 1.2 Support to Business Support Organisations (BSOs)	Two Public Calls for support to SMEs have been completed and one Public Call published.	<p>The Call for Business Support Organisations has been conducted in April - July 2019 period. Upon evaluation of the 43 received applications, 20 projects have been approved for financing by the PSC in September 2019.</p> <p>Implementation of projects started in November 2019.</p> <p>The capacity building programs for 104 SME have been conducted. Implementation approach adapted to new social distancing conditions.</p>
RESULT 2 Improved conditions for business operations through more efficient administrative service provision, better land management and specific small scale infrastructure investments		
Activity 2.1.1 Enhancing land management through development of GIS and improved access to geospatial data	Implementation of nineteen grant agreements is underway. All LSGs completed the procurement activities except Požarevac where negotiation procedure is pending decision of the committee.	Back-up system for electronic permitting has been procured following PSC approval and installed in October 2018. Out of the 19 awarded grant agreements, procurement of the GIS equipment processed in 18 LSGs.
Activity 2.1.2 Development of urban plans related to economic development	Implementation of the 19 grant agreements is underway. During the quarter, seven DRP were completed and one cancelled.	11 GSA completed and one cancelled. Implementation of seven is underway.
Activity 2.1.3 Development of project technical documentation for projects contributing to economic development	Implementation of 12 GSA is underway. Five GSA completed all activities on grant implementation in Q2 2020.	Out of 12 GSA eight GSA finalised their activities and implementation of four is underway.
Activity 2.2 Development/improvement of small-scale infrastructure with economic impact on local level	Implementation of nine GSA is underway. None completed in the reporting period, while the EUPRO team is recording significant impact of the completed GSAs.	Out of nine GSA, four completed all activities. Implementation of the remaining five is underway.
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	Implementation of 37 GSA is underway. Nine GSA finalized all	Out of 37 GSA, 22 completed all activities, while implementation of 15 is underway..

of public infrastructure in municipalities	activities on grant implementation in Q2 2020.	
<p>Activity 3.2 Supporting projects enhancing inter – ethnic dialogue and cooperation, improving social cohesion and social integration in multi – ethnic communities</p>	<p>The project for improving knowledge of Serbian language among Albanian school children completed activities. Implementing partners initiated preparation of e-book that will contribute to the sustainability of the project.</p> <p>Two social cohesion grants are closed, and one more is completed during the last quarter. Total of 17 grants are on-going, out of which 12 were extended due the COVID-19 related delay. .</p>	<p>Implementation of the social cohesion is progressing but with delay due to the COVID-19 outbreak. Five out of 22 projects are completed, including the service contract for language learning project and four grants, out of which two are closed.</p> <p>Implementation of the on-going projects is significantly affected by the pandemic, mostly in terms of the planned timeline, but without expected negative effect on their results.</p>