



**EU**

**PRO**

EUROPEAN UNION SUPPORT  
TO MUNICIPAL DEVELOPMENT

# QUARTERLY REPORT

1 January – 31 March 2019



Republic of Serbia



Implementing partner



<b>Overall objective:</b>	To contribute to a more balanced socio-economic development in Serbia
<b>Purpose:</b>	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.
<b>Budget:</b>	25 million Euros
<b>Start date:</b>	1 January 2018
<b>Programme area:</b>	The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia
<b>Donor:</b>	The European Union
<b>Implementing partner:</b>	United Nations Office for Project Services (UNOPS)
<b>Report date:</b>	9 April 2019
<b>Period covered:</b>	1 January – 31 March 2019
<b>Prepared by:</b>	UNOPS

## Acronyms

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

## Executive Summary

The European Union Support to Municipal Development – EU PRO commenced the second year of implementation with strong progress towards achieving objectives. The first quarter of the year was marked by steady implementation of ongoing projects, endorsement and promotion of new Programme beneficiaries and finalised evaluation of two more public calls.

The most significant progress is made related to **better market positioning and more competitive business sectors** with award of 106 grants to entrepreneurs and enterprises. Local communities will benefit from creation of 255 new jobs in the following year, out of which 12 are already registered within the first month of grants implementation. An additional 500 jobs are expected to be created in the three-year period. Moreover, the beneficiary enterprises will increase value chain contribution and enlarge sales volumes, as indicated by projected increase of annual export and income by over 30%.

**Supported projects with enterprises will also have significant social impact**, going beyond job creation. Almost half of the supported enterprises are owned by youth or women, 56% of supported enterprises have production facilities in rural areas and a quarter of supported enterprises are located in municipalities with lowest development levels. Moreover, local communities will benefit from Corporate Social Responsibility activities implemented by beneficiary enterprises. Two-thirds of social responsibility interventions relate to support to organisations and institutions focused on children and vulnerable groups, significant portion of beneficiaries will support sports clubs and community associations, and the remaining will make donations to local health centres, support environmental protection activities and contribute to organisation of community events.

The Call for Business Support Organisations has been developed, as a result of extensive consultations with the key national stakeholders and will be presented to the Programme Steering Committee for consideration in the next quarter. Taking into account the needs of the enterprises which were assessed through a survey conducted by the Programme in 2018, the Business Support Organisations will have the opportunity to implement the most relevant interventions aiming at improved quality of products and services of enterprises, support market expansion and introduction of standards.

Seventy-seven projects related to **land management and infrastructure development** are being implemented in line with the agreed dynamics. Local self-governments implementing grant agreements related to development of detailed regulation plans, development of technical documentation and implementation of local and economic infrastructure projects are progressing with contracting of works and services. Fourteen beneficiaries have selected contractors and the first construction works have commenced in Aleksinac green market. Tendering procedure is under implementation by 28 grant beneficiaries, while the remaining are in final stages of preparation for advertisement of tenders.

Furthermore, evaluation of the 33 applications received in response to the Call for Introduction and Development of Geographic Information Systems is finalised. The Programme Steering Committee will be presented with projects contributing to improvement of public infrastructure and spatial and urban planning, attraction of investments and development of new businesses, preservation and valorisation of natural, cultural, architectural and urban heritage, tourism, agriculture and rural development, environmental protection, energy efficiency and public property inventory and valuation.

Programme requirements went beyond the legal requirements for development of detailed regulation plans, **contributing to improved participation, transparency and accountability of the process**. Nineteen beneficiary municipalities have improved materials for early public insight and enhanced visibility of the

planning process. The key stakeholders from the beneficiary municipalities have improved their skills for practicing participatory methods in urban development planning, and these skills are being put into practice.

Within efforts to **enhance social cohesion**, the activities contributing to enhanced social cohesion in multi-ethnic municipalities continued to progress. A mid-term evaluation of the project for enhancing learning of Serbian as non-mother tongue among 750 Albanian pupils in four schools in Bujanovac and Preševo was confirmed successful with registered improvement in approximately 75% of the classes. Consultations with beneficiaries and partners indicate high interest in maintaining sustainability of the activity, while also ensuring increased effects through synergy with other relevant interventions.

In addition, evaluation of the 53 project applications submitted in response to the Call for Fostering Social Cohesion in Multi-ethnic Municipalities is finalised. The projects to be proposed to the Programme Steering Committee will directly affect 3,000 inhabitants of 18 multi-ethnic communities. These projects will create better employment prospects and income generating opportunities for the most vulnerable groups, particularly for youth, rural women, Roma and people with disabilities. Furthermore, their access to the fundamental rights will be improved, thus advancing their position in the society, contributing to overall cohesion in the local communities.

The Programme continuously put efforts into **coordination of activities** and consultations with the national stakeholders in development and implementation of activities. The Ministry of Economy and Development Agency of Serbia were consulted in development of the Call for Business Support Organisations, and actively engaged in review and selection of beneficiaries to the Call for enterprises in the capacity of observers. Likewise, the Ministry of Construction, Transport and Infrastructure was actively involved in evaluation and selection of beneficiaries of the Call for Geographic Information Systems. EU PRO also collaborated with other development programmes, and primarily with the Swiss funded Swiss PRO Programme. With support from the Swiss PRO experts, local infrastructure projects implemented in 37 municipalities will embed good governance principles into the core of interventions, which will enhance accountability of local stakeholders, as well as effectiveness and sustainability of the projects.

**Communication activities** continued to be intensive. Three press releases were issued and two high profile events were organised in function of promotion of support to enterprises. The two events were attended by high EU and Serbian officials, including Director-General for Neighbourhood Relations and Enlargement Negotiations at the European Commission, Minister of European Integration of the Republic of Serbia, and the Head of the Delegation of the European Union. The Programme website remained the key source of information, now with renewed content which includes multimedia video gallery populated by selection of Programme related videos. All these actions contributed to generation of 346 positive media reports, out of which 181 or 52% were in the national media, marking the first quarter with the national media coverage surpassing the local media coverage.

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

Third National Report<sup>1</sup> on Social Inclusion and Poverty Reduction in the Republic of Serbia for the 2014 - 2017 period was presented in February 2019. The Report includes an overview of the legal, strategic, and institutional framework relevant to social inclusion and poverty reduction processes, analysis of the current situation, overview of the implemented measures, conclusions, and main lines of action for the following period. During the reporting period, the Republic of Serbia significantly improved the legislative framework, but the poverty indicators are showing that social exclusion rates are still very high. A total of 25.5% of the population of the Republic of Serbia (1.79 million people) are at risk of poverty, 19.5% (1.37 million people) are severely materially deprived, and 15.7% (1.01 million people) live in households with low work intensity.

A number of government institutions and donor programmes are supporting entrepreneurs and enterprises in areas similar to the EU PRO. The significant support for the development of entrepreneurship is conducted by The Ministry of Economy through two major Public Calls for Procurement of Equipment for Entrepreneurs, Micro and Small Enterprises and financial support to start ups in business. The total funds available in 2019 amounts to approximately 8.5 million Euros. This confirms the relevance of the EU PRO Programme, but also emphasises the need for close coordination of activities, monitoring and possible funds leveraging in order to avoid possible overlaps.

A Proposal of the Law on Changes and Amendments to the Law on Planning and Construction<sup>2</sup> is proposed to the Serbian Parliament for adoption on 29 March 2019. There are two major changes introduced with the proposed Law: (1) Further relaxing of the conditions for issuing of the building permits for capital infrastructure (i.e. roads and railways). With the proposed changes, the property issues do not have to be solved for issuance of the construction permit and this step is replaced with the statement from the investor that he will resolve property issues prior to issuance of the usage permit. The commencement of works will be possible for the stretches with solved property issues. The offered justification for the Amendments is that Serbia has the intention to build more corridors and that the major obstacle for this is resolving the property issues which currently takes over a year. (2) The proposed Law is introducing the Steering Committee with equal number of members from the professionals and the government, with the chair being from the government, which will take on some of the responsibilities previously held by the Chamber of Engineers.

### Progress towards achieving objectives

Activities related to **better market positioning and more competitive business sector** in the less developed areas are already yielding results, with twelve jobs created in six beneficiary enterprises in the first month of projects implementation. The social impact created through the beneficiary enterprises<sup>3</sup> goes beyond job creation. Almost half of the supported enterprises are owned by youth or women (26 and 29 respectively), 60 enterprises have production facilities in rural areas and 25 are registered in municipalities with the lowest development levels, creating the impact in the areas with the greatest needs. Moreover, 106 Corporate Social Responsibility (CSR) activities will be implemented by beneficiary enterprises, 46 of which targeting organisations dealing with children, 24 in support to vulnerable groups, 19 supporting

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<sup>1</sup> The report is available at [http://socijalnoukljuicivanje.gov.rs/wp-content/uploads/2019/02/Treci\\_nacionalni\\_izvestaj\\_o\\_socijalnom\\_ukljucivanju\\_i\\_smanjenju\\_siromastva\\_2014%E2%80%932017\\_eng.pdf](http://socijalnoukljuicivanje.gov.rs/wp-content/uploads/2019/02/Treci_nacionalni_izvestaj_o_socijalnom_ukljucivanju_i_smanjenju_siromastva_2014%E2%80%932017_eng.pdf)

<sup>2</sup> The proposed Law is available at <http://www.parlament.gov.rs/akti/zakoni-u-proceduri/zakoni-u-proceduri.1037.html>

<sup>3</sup> As a result of evaluation of the 468 project concept note applications, the Programme shortlisted 215 MSEs out of which 191 submitted applications and 106 were awarded with grants

sports clubs and associations and the rest dealing with environmental issues, health and events in local communities.

Activities related to **infrastructure development and land management** progressed. The conditions for business operations will be enhanced through more efficient administrative service provision in LSGs improving or introducing Geographic Information Systems. The forty projects related to implementation and development of designs for economic infrastructure projects, and development of detailed regulation plans already under implementation are well on their way to contribute to realisation of industry investments and creating conditions for new jobs creation.

In the effort to **foster social cohesion in the multi-ethnic regions**, by improving socio-economic position of the most excluded citizens and through better integration of the national minorities, the Programme is expected to support 22 projects that will target over 3,000 direct beneficiaries. They will create conditions for economic empowerment and better access to education, social protection and health services for the target groups, advance inter-ethnic understanding and contribute to implementation of the rights of national minorities, contributing to the overall social cohesion of the most underdeveloped regions.

Additional social cohesion intervention for better integration of 750 Albanian youngsters by enhancing their knowledge of Serbian language showed initial advancement in the language understanding among 75% of the beneficiaries at half the project implementation. It is expected that their knowledge will further improve with the project progress, and have positive impact on their socio-economic integration in the long run.

## Result 1

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

The 106 beneficiary MSEs selected through the Call for Proposals for Procurement of Equipment and Provision of Services for MSEs<sup>4</sup> should generate 255 new jobs in the 12-months period, and additional 500 in the three-year period. In the first month of implementation 12 new jobs are confirmed by six beneficiary enterprises. As a result of the increased competitiveness with procurement of new equipment, in the first year the beneficiary enterprises projected increased total income of over 8 million Euros and increased export of over 2 million Euros, accounting for 32% and 36% increase respectively.

## Activities

### 1.1 Grant scheme for SMEs

Evaluation of the 191 full applications received from enterprises registered in 58 LSGs in response to the CFP for Procurement of Equipment and Provision of Services for Micro and Small-sized Enterprises (MSEs) is completed. A total of 106 applications were selected by Grant Evaluation Committee and approved for financing by Programme Steering Committee held on 30 January 2019. The value of approved applications is 3,276,851 Euros, of which 2,156,379 Euros is requested from the Programme. The selected 106 applicants are dispersed across 44 municipalities/cities and mainly operate in four dominant industries in Serbia – food, wood and furniture, textile and metal.

The Grant Support Agreements with MSEs have been awarded at two ceremonies held on 22 February in Bujanovac and on 5 March in Kraljevo, with over 230 participants in total. The beneficiaries have initiated administrative procedures for opening of designated bank accounts in line with the defined procedure,

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<sup>4</sup> The Call was conducted between May and October 2018 and is available at [Call for Proposals for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises](#)



started preparing tendering documentation and registering first results. Eleven new jobs are created in six beneficiary enterprises, and Corporate Social Responsibility activities are being finalised by one beneficiary.

A meeting with Regional Development Agencies hosted by the Development Agency of Serbia was held on 18 February 2019. The RDAs provided positive feedback on the conduct of the Call for MSEs and the role of RDAs in the process.

## 1.2 Support to Business Support Organisations (BSOs)

The Call for Proposals for Business Support Organisations was developed in line with the Programme document and with considerations for inputs received from the key stakeholders and partners, including the Ministry of Economy, the Ministry of European Integrations and development programmes targeting SME sector. The objective of the Call is enhanced sustainability and competitiveness of SMEs and their ability to expand to new markets as well as implement relevant standards and policies through support provisioned by the beneficiary BSOs and the eligible applicants include Business Incubators, Clusters, Science or Technology Parks, Regional Development Agencies, Business Associations, Chambers of Commerce and Research Institute and Academic Organisations. The Call is subject of approval of the Programme Steering Committee scheduled for early April.

## Result 2

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

Preliminary results of the Call for Introduction and Development of Geographic Information Systems<sup>5</sup> (GIS) confirm great interest of the LSGs to digitalise and improve the quality of the geospatial information. Majority of proposed projects included elements related to improvement of public infrastructure, public property inventory and valuation and spatial and urban planning, as well as attraction of investments and development of new businesses, rehabilitation/ development of brownfield sites, underused and deprived areas and activation of its economic potentials and agriculture and rural development. Projects implemented in partnership between two or more LSGs included elements of preservation and valorisation of natural, cultural, architectural and urban heritage and tourism development, as well as addressing environmental protection, climate change adaptation, risk prevention and management and energy efficiency issues.

### Activities

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

The Terms of Reference for preparation of the Study for Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents was developed and presented to the PSC for consideration. The Committee did not endorse support to development of the Study and encouraged consideration for it to be funded from other available sources.

In response to the Call for Proposals for Introduction and Development of GIS, the administrative check of 33 received applications was completed in January and the technical evaluation process was completed in March 2019. Three Grant Evaluation Team meetings were held: on 25 January, 22 February and 19 March, and all were attended by the observer from the Ministry of Construction, Transport and Infrastructure. The

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<sup>5</sup> The Call is available at <https://www.eupro.org.rs/en/kttext/open-call-for-proposals-for-introduction-and-development-of-geographic-information-systems>

results of the evaluation process will be presented to the PSC in April 2019, with the recommendations for funding.

#### 2.1.2 Development of urban plans related to economic development

Implementation of the 19 grants for development of Detailed Regulation Plans (DRPs) progressed well with eleven<sup>6</sup> DRPs contracted, mostly with the urban directorates with the assign duties, four<sup>7</sup> procurement processes underway and four<sup>8</sup> procurements in preparation.<sup>9</sup>

The Programme organised trainings for organisation of meetings and facilitation of stakeholders in the early public review of detailed regulation plans on 5 and 6 February. The trainings were attended by 19 beneficiary LSGs, Ministry of Construction, Transport and Infrastructure and Planning Commission for Compliance Control of the Planning Documents<sup>10</sup>. The process for development of DRPs is enhanced in addition to legal requirements, with improved materials for early public insight, enhanced visibility of the planning process through established dedicated web page<sup>11</sup> and designated e-mail addresses for remarks, suggestions and provision of feedback. In addition, property ownership status of the regulated area is included in the plan, as well as the programme for communal equipping of the construction land.

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

Implementation of twelve Grants that deal with the development of project technical documentation for economic infrastructure projects is underway. The project design task is being finalised in five LSGs<sup>12</sup>, the preparation of tender documentation for the design process is ongoing in five LSGs<sup>13</sup>, while Topola and Knjaževac completed the tendering procedure and signed contracts for designing. No projects are identified as critical at this stage.

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

Grant implementation is ongoing in all nine LSGs which were granted economic impact infrastructure projects. Tenders for works are advertised in six municipalities<sup>14</sup>, technical review is ongoing in Smederevo, Bojnik and Užice.

### Result 3

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

The activities contributing to enhanced social cohesion in multi-ethnic municipalities continued to progress. A mid-term evaluation of the project for enhancing learning of Serbian as non-mother tongue among 750 Albanian pupils in four schools in Bujanovac and Preševo showed improvement in about 75% of the classes.

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<sup>6</sup> Kraljevo, Kučevo, Topola, Užice, Rača, Čajetina, Pirot, Leskovac, Vlasotince, Surdulica and Arandelovac

<sup>7</sup> Zaječar, Veliko Gradište, Velika Plana and Raška

<sup>8</sup> Dimitrovgrad, Blace, Merošina and Majdanpek

<sup>9</sup> The overview of progress for each grant is available in Annex II, Attachment 2.1

<sup>10</sup> The overview of the trainings is provided in the Annex II, Attachment 2.2

<sup>11</sup> An example of the dedicated web page may be seen at <http://uzice.rs/plan-detajljne-regulacije-stari-grad-u-uzicu/>

<sup>12</sup> Kučevo, Smederevo, Kraljevo, Vranje and Čačak

<sup>13</sup> Kučevo, Niš, Doljevac, Kragujevac and Vladičin Han

<sup>14</sup> Priboj, Kragujevac, Svilajnac, Paraćin, Šabac and Sokobanja

The evaluation of the applications received as a response to the CFP aiming to foster social cohesion in multi-ethnic municipalities is finalised. The list of 22 project proposals worth 399,793 Euros is recommended for funding and submitted to the PSC for consideration. It is expected that the projects will create better employment prospects and income generating opportunities for the most vulnerable groups, particularly for youth, rural women, Roma and people with disabilities. Furthermore, their access to the fundamental rights will be improved, thus advancing their position in the society, contributing to overall cohesion in the local communities. The local actions will also contribute to advancement of the inter-ethnic understanding by enhancing cooperation between communities of different ethnic background through cultural, sports and other interventions, while position of national minorities will be improved through establishment of effective institutional mechanisms for addressing minority rights issues.

## Activities

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

Implementation of all 37 grants for local infrastructure is ongoing, and all grants are currently in various implementation stages. Works for the construction of the green market in Aleksinac are contracted in January 2019. Tender packages are approved by the Programme and advertised in 13 LSGs. Preparation of tender documentation is ongoing for 23 grants, out of which the technical specifications are being further improved in nine LSGs before the Programme can give the green light for advertising<sup>15</sup>.

### 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 non-mother tongue in four elementary schools in Bujanovac and Preševo is advancing in accordance with the plan. The Second Progress Report<sup>16</sup> confirmed the key milestones for the reporting period were reached, followed by the payment of the second tranche in the value of RSD 3,428,414.40. The Group 484 monitors continuously the assistants' work through field visits and review of their monthly reports, confirming that replacement of the previously withdrawn assistant was conducted smoothly.

The experts from the Faculty of Philology of the University of Belgrade conducted the second testing of pupils' knowledge of Serbian language at the end of January, with the participation of 642 children, covering all the classes included in the project, but with exception of eight graders<sup>17</sup>. The results<sup>18</sup> of the second testing conducted after end of first semester showed improvement in the understanding of Serbian language among Albanian students in about 75% of the classes. As in previous examinations, it is shown that the younger students are making better progress in their knowledge.

The administrative screening of 53 applications submitted within the Call for Proposal for Fostering Social Cohesion in 32 multi-ethnic municipalities was completed at the beginning of January. Five applications did not meet eligibility criteria<sup>19</sup> and they were disqualified. A technical evaluation of the remaining 48 applications was finalised<sup>20</sup> at the end of February. Total of 22 projects worth 399,793.24 Euros, out of which Programme's share is 383,913.63 Euros and applicants' cost-share 15,879.61 Euros, are

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<sup>15</sup> The overview of progress for all 77 grants is available in Annex II, Attachment 2.1

<sup>16</sup> Available in Annex III, Attachment 3.1

<sup>17</sup> Two classes of eight grade were not tested, considering that they will not be available for final testing planned for May 2019

<sup>18</sup> Available in Annex III, Attachment 3.2

<sup>19</sup> An incomplete documentation was the main reason for disqualification, but also ineligibility of the applicant

<sup>20</sup> Available in Annex III, Attachment 3.3

recommended for funding and will be presented to the PSC for approval at the next meeting planned for April 2019.

Twenty municipalities<sup>21</sup> submitted applications. Similar to other CFPs, the lowest response was from the region of Eastern Serbia, where two out of nine targeted municipalities participated with five applications. Twelve applications were submitted within LOT 1<sup>22</sup> and 41 within LOT 2<sup>23</sup> - most of them by CSOs, and five by LSGs institutions. This is somewhat expected considering that the CFP is designed primarily for the civil sector. Thirty projects were result of a partnership that was mandatory only for the LSG applicants.

## Management and coordination

### Programme Steering Committee

The fourth Programme Steering Committee (PSC) meeting was held on 30 January. The PSC approved the Annual Report<sup>24</sup> for January – December 2018 period and 106 MSE projects<sup>25</sup>. The Committee did not endorse support to development of the Study for Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents and encouraged consideration for it to be funded from other available sources.

The next PSC meeting is planned for April 2019.

### Coordination

The Programme is coordinating efforts for implementation of local infrastructure projects with the sister Swiss PRO Programme. As part of these efforts, 16 out of the 37 beneficiary LSGs have been visited in January and February jointly by the EU PRO and Swiss PRO teams to confirm the needs for incorporation of good governance principles. Subsequently, the individual action plans are produced and will be implemented in the following months.

The Programme attended presentation of the Concluding observations and recommendations of UN Committee concerning the fourth periodic report on the implementation of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in Serbia. UN and civil sector representatives presented the key findings, welcoming the legal reforms undertaken, but underlining need for further advancement of GE in the overall society with particular focus on economic empowerment of the most excluded groups of women. The Programme will take into considerations main conclusions when planning GE related activities in future.

EU PRO participated in the Social Innovation conference, organised by the EU-funded project CARE - Contribution to Access of Refugees and IDPs to Rights and Employment Opportunities, which gathered the stakeholders dealing with the economic empowerment of the vulnerable groups in order to facilitate finding of the best solution for the project's beneficiaries through share of experience and presentation of the best practice models. EU PRO presented its practice and results from the preceding interventions, while being recognised by other participants as an important actor in social entrepreneurship development.

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<sup>21</sup> Požarevac, Bor, Priboj, Prijepolje, Sjenica, Tutin, Novi Pazar, Bela Palanka, Babušnica, Dimitrovgrad, Leskovac, Lebane, Bojnik, Medveđa, Vladičin Han, Vranje, Surdulica, Bosilegrad, Bujanovac and Preševo.

<sup>22</sup> Inter-municipal projects up to 30,000 Euros

<sup>23</sup> Individual municipality projects up to 15,000 Euros

<sup>24</sup> The Report is available at [https://www.eupro.org.rs/uploads/files/52-966-epr\\_ar18\\_d3\\_230119.pdf](https://www.eupro.org.rs/uploads/files/52-966-epr_ar18_d3_230119.pdf)

<sup>25</sup> The results are available at <https://www.eupro.org.rs/uploads/files/54-818-results-of-the-call-procurement-of-equipment-and-provision-of-services-for-entrepreneurs-micro-and-small-enterprises.pdf>

The coordination with the other relevant projects managed by UNOPS is ensured, particularly for the social cohesion activity in order to avoid possibility of funding projects that are already financed by the Swiss-funded programme. Additionally, lessons learned and best practices in relation to the CFPs designed for civil sector and related to social inclusion activities were shared with the Norway-funded project.

Programme held a meeting with representatives from USAID Competitiveness Programme in January and discussed correlation between activities that will be supported by Call for Business Support Organisations and USAID interventions. Recommendations obtained from the USAID colleagues were considered, and, where relevant, incorporated into the Draft Call for BSOs, contributing to synergy of activities.

### Finances

The following are the main financial indicators:<sup>26</sup>

- The total delivery as of 31 March 2019 was 9,759,300.63 Euros or 39.04% of the Programme budget
- The forecast delivery for the next reporting period is 1,924,633.00 Euros.

### Human resources

During the reporting period the Programme worked on yearly recruitment plan, assessing and identifying human resources requirements to align them with the work plans. In this respect, total of seven positions have been identified by respective Programme Sectors. The rational use and engagement throughout the year will be followed closely and aligned with the particular activities that require specific expertise. The position of On-call Serbian Language Editor and Proof-reader has been filled in by re-hiring the personnel engaged for the predecessor programme.

Programme personnel completed performance reviews for 2018 and established individual performance related objectives for 2019 based on which their engagement, contribution and results achieved with EU PRO will be monitored and evaluated throughout the year. In parallel with the establishment of performance objectives, personnel worked on the assessment of learning needs and trainings.

Following trainings funded from UNOPS corporative funds have taken place in the first quarter of 2019:

- Sector Manager for SMEs and BSOs, Programme Associate for Infrastructure and Technical Documentation and Associate Engineer completed Health, Safety, Social and Environmental (HSSE) Management Implementation Training aimed to help them to manage occupational health and safety risks and opportunities across all UNOPS activities and operations.
- Five personnel completed one UNOPS Project Workshop held in Belgrade aiming to get acquainted with the new enterprise portfolio and project management system in UNOPS.
- The personnel is on track with completing newly introduced mandatory trainings.

### Procurement

In accordance with the value of the goods, works or services and nature and complexity of the requirement, the conducted solicitation processes in the period January– March 2019 were distributed as follows:

- 10 shopping cases - small value purchases up to USD 5,000.00 mainly focused on provision of promotional material, registration and insurance of project vehicles and newspapers advertising
- 11 Request for Quotations (RFQ) cases - purchases of value USD 5,000.0 to USD 50,000.00, such as organization of two DRP training sessions in Belgrade, DEU Ambassador visit to Bujanovac, EU PRO

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<sup>26</sup> While these figures provide quality insight into the programme's spending the final figures are only provided in the Programme's financial reports.

certificate awarding ceremony and regular operational purchases such as fuel for project vehicles, vehicle service, mobile telephony services and promo material for the project events

### Reporting and monitoring

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

### Risks and issues

Due to the very relaxed provisions which define the content of detailed designs in the current Building and Planning Law, the quality of technical documentation is poor, the estimated value of works is not accurate and the Programme engineers have to work with the LSGs to improve the designs, which causes the delays in preparing the technical specifications for the tender and increase in estimated costs which should be covered by the LSGs. As a mitigation measure for future calls, the full detailed design should be part of the required supporting documents and the quality of the design should be evaluated.

Due to different interpretation of the financial and public procurement laws by the different LSGs, the Programme is faced with different procedures for opening and managing of project sub-accounts, which causes the uneven procedures for payments from the project sub-accounts. As a mitigation measure, the Programme is encouraging LSGs to contact each other and exchange the views-interpretations of the financial laws as well as to obtain and share the opinions from the state auditing institutions among each other.

To avoid the risk in overlaps in funding of the social inclusion related actions, EU PRO made a crosscheck of the projects recommended for funding within the CFP for Fostering Social Cohesion with the projects that are already funded by Swiss PRO - UNOPS managed and Swiss-funded programme.

Some of the procurements of equipment for enterprises could be at higher risk due to suppliers request for advance payment. UNOPS practice is to avoid advance payments and the beneficiaries were advised to do the same. In a cases were advance payment is the only option the beneficiaries are advised to mark milestones in the procurement process and transfer payments consequently. The Programme will closely monitor these procurement processes and provide support as necessary.

### Quality

Trainings for organisation of meetings and facilitation of stakeholders in the early public review of detailed regulation plans held in February 2019 have been positively evaluated by the participants. The evaluations confirmed substantial interest in the training, with the overall average grade of 4.89, indicating quality of the training content and achieved training objectives as most valuable, as well the other elements such as training materials and methods.

The quality of the process conducted in selection of the enterprises and entrepreneurs was vetted both by the Regional Development Agencies who provided assistance to the applicants to develop proposals and the awarded beneficiaries. Namely, the feedback from majority of beneficiaries was that the support in development of project proposals was effective, and this was also confirmed by the RDAs at a meeting hosted by Development Agency of Serbia on 18 February.

## Sustainability

Elements contributing to sustainability are embedded in design of the public calls, evaluation and selection of Programme beneficiaries, and monitoring of projects implementation.

The good governance activities which will accompany implementation of the 37 local infrastructure grant agreements, the beneficiary LSGs will ensure institutional sustainability of the projects. In partnership with the Swiss PRO Programme, the LSGs will be supported to develop rule books or decisions that will be adopted by the local Councils or Assemblies, securing the functioning of the infrastructure system beyond the duration of the Programme.

The early public insight into detailed regulation plans will engage investors, relevant stakeholders and ensure participation of the public in the process of urban planning in a more rational and efficient way. Through requirements introduced by the Programme to the beneficiary LSGs in development of DRPS, the LSGs will achieve more realistic and better-quality planning solutions by identifying the needs of investors in early stages of the planning process, which would lead to more efficient implementation of the plans. The LSGs will also achieve early harmonisation of conflicting proposals (investor demands, public sector conditions, other) and receive good-quality information on the conditions issued by the authorities, organisations and companies in the planning procedure. This process will also raise the level of decision-making transparency in the planning process – by sharing information about the meetings and results of the participation of investors and other actors during the early public insight. With ensured feedback on decisions made after the meetings, public participation in the process will be elevated.

Sustainability of grants issued to entrepreneurs and enterprises is ensured through meticulous selection of beneficiaries which included vetting of legal and financial records of the owners and responsible persons. In addition, technical evaluation included strong sustainability elements. Namely, sustainability of the project proposals was assessed through the applicant's ability to use and maintain the equipment and achieve the set targets in a post project period. The factors will were considered included evaluation of the applicant's technical expertise to maintain equipment operational and in use, evaluation of availability of funding of the applicant to maintain the equipment and cover other costs deriving from its use, as well as the environmental impact of the project.

## Lessons Learned

*Introducing condition for transferring of the first tranches to the grantees only after they deposit their cost share contribution has proven effective.* Namely, having that there are different mechanisms to secure Programme funding, one of which being dual signature to the project bank accounts, the EU PRO had various approaches for conditions for transferring Programme funds. For the grants selected through the infrastructure calls, the grantees were obligated to transfer cost-share amounts as pre-condition for the second tranche of the Programme, whereas for the grants selected through the call for enterprises, this was the pre-condition for transfer of the first Programme tranche. Even though there are pros and cons for both approaches, the latter yielded better results, as it expedited the process of the beneficiary securing the mandatory cost-share funding.

*Vetting of technical documentation relevant for project proposals should be introduced during the evaluation of the project proposals.* The experience shows that in many cases, the quality of technical documentation backing the projects selected for implementation is not at the satisfactory level, i.e. with

fewer details and estimated values that are not up to date, creating further delays in implementation. During the Evaluation process additional time should be set aside for site visits to all applicants, in order to check the allegations of their proposal, as well as the quality of available technical documentation. The Public Calls should include also the extended description of the eligible costs related to infrastructure projects, which should be in line with the standard content of the design summary.

## Communications and Visibility

Two high profile events were organised to promote grants awarded to the entrepreneurs, micro and small enterprises, in Bujanovac on 22 February 2019 and on 5 March 2019 in Kraljevo. The Kraljevo event, which gathered close to 140 participants, including 65 enterprises, was attended by high EU and Serbian officials, namely, Christian Danielsson, Director-General for Neighbourhood Relations and Enlargement Negotiations at the European Commission and Jadranka Joksimović, Minister of European Integration of the Republic of Serbia, and the Head of the Delegation of the European Union, Ambassador Sem Fabrizi. The Bujanovac event that gathered over 80 participants and 38 enterprises was held in the presence of the Head of the Delegation of the European Union, Ambassador Sem Fabrizi, and the President of the Coordination Body for Preševo, Bujanovac and Medveđa, Zoran Stanković. Both events generated positive media coverage of almost 145 media reports that focused on the EU support to local economy and its competitiveness.

Six briefings were produced - four at the request of the donor – the Bujanovac Faculty Technical Meeting to be held on 3 April 2019, DEU Ambassador's visit to Vranje and Bujanovac, the Friends of South Serbia (FSS) and the visit of Director-General for European Neighbourhood Policy and Enlargement Negotiations. Correspondingly two were prepared for the UNOPS Head of Office in Serbia – one for Bujanovac visit and the other for FSS meeting. Furthermore, eleven overviews of UNOPS projects divided by districts were also produced per MEI request.

The Programme activities were promoted through three press releases and two media advisories, covering the two above mentioned events and the promotion of the result of the CFP for the support to micro and small enterprises. The greatest interest, as always, was attracted by the visit of the Head of DEU to South Serbia, resulting in 85 positive reports, followed by the EC Director General participation in the Programme event, which generated 54 media reports, while over 70 media stories reported on the EU support to small enterprises. Out of overall 346 generated positive media reports, more than a half, namely 181 reports were in the national media.

In addition, the Communications team organised the press statements for the Radio Television of Serbia<sup>27</sup> and overviews were prepared for regional media (Danas Sandžak, TV Kruševac and Niš Media Research Centre). One interview for the DEU Ambassador was organised with Južne Vesti<sup>28</sup> in EU PRO office in Vranje on 21 February, which, although focused on political topics, covered the EU support provided to the South of the country through the EU PRO Programme.

The support provided to the entrepreneurs and micro and small enterprises was also promoted in the newsletters published by the EU Info Centre<sup>29</sup> and Ministry of the European Integration, Aid Matters.<sup>30</sup>

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<sup>27</sup> RTS.rs [Through tough selection to the EU funds](#) (18 February 2019)

<sup>28</sup> Južnevesti.com [Sem Fabrizi: Serbia is not on the dark side of the history](#) (3 March 2019)

<sup>29</sup> Europa.rs [EUIC Newsletter](#) (7 March 2019)

<sup>30</sup> Mei.gov.rs [Aid Matters Newsletter Mart 2019.pdf](#)



Result info sheets for the conducted Calls for Proposal (CfP) for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises were developed and published on the EU PRO webpage, following the PSC approval, thus contributing to the transparency of the grantee selection process. An UNOPS Health Sheet featuring Health related projects implemented by the organisation through EU PRO, Swiss PRO and European PROGRES Programme since 2014 with relevant statistic has been developed and designed.

The calendar of events included on the EU PRO website has been regularly updated with the Programme related information providing stakeholders with a comprehensive and easily accessible insight into Programme activities. Additionally, the list of the approved projects has been updated with 106 new entries related to MSE projects.

In total 83 videos related to the Programme has been uploaded to EU PRO YouTube Channel<sup>31</sup> published by various media outlets. Multimedia video gallery on the EU PRO website has also been populated by a selection of Programme related videos majority broadcasted by Radio Television of Serbia.

After the successful finalisation of the procurement of promo material - 700 promotional folders, 700 promotional bags, 1,000 business cards, 350 diploma covers and 200 award certificates, the procedure for the procurement of the set of 4,500 sticker for the equipment, 100 safety vests, and 29 safety helmets together with six roll-up banners has been initiated. Additionally, Vranje office has been branded with EU PRO insignia.

Additionally, European PROGRES (EP) was announced as one of the four finalists of the UNOPS Project of the Year Award (POTYA), in part as a result of the efforts invested by the Communication team. The winner of the award will be announced on 4 April. UNOPS Liaison for EU project consulted EU PRO on branding of vehicles issues and best practices. Adjusted materials, lessons learned and guidelines were shared, through Brussels, to all UNOPS projects financed by EU. In March communication personnel attended a meeting with the newly formed EU Info Centre team to discuss common approach to EU Visibility, minutes of the meeting have been prepared accordingly. Delegation of the European Union has requested the selection of photos from European PROGRES (EU PRO not available yet) for the upcoming Europe Day.

## Work Plan

EU PRO Work Plan for the period from 1 April – June 2019 is available in the Annex V, Attachment 5.1. The following are the key milestones for the upcoming reporting period:

### Result 1

Activity 1.1 Initiate implementation of all 106 awarded MSE projects, monitor implementation

Activity 1.2 Publish the Call for Business Support Organisations, implement info sessions

### Result 2

Activity 2.1.1 Sign Grant Agreements with LSGs for GIS projects, pending PSC approval

Activity 2.1.2 Monitor implementation of 19 Grant Agreements for DRPs

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<sup>31</sup> [EU PRO YouTube](#)

Activity 2.1.3 Monitor implementation of 12 Grant Agreements for Development of Designs

Activity 2.2 Monitor implementation of nine Grant Agreements for Economic Infrastructure

Result 3

Activity 3.1 Monitor implementation of 37 Grant Agreements for Local Infrastructure

Activity 3.2 Sign Grant Agreements with beneficiaries for enhancing social cohesion in multi-ethnic municipalities, pending PSC approval and initiate implementation; Monitor implementation of the language learning project.

## LFM – progress against indicators

### Legend<sup>32</sup>

	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><b>Overall objective:</b> To contribute to a more balanced socio-economic development in Serbia.</p> <p><b>Project purpose:</b> 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>183 projects contributing to overall objective were approved for funding. Implementation of activities is underway and first results in terms of creation of jobs are registered.</p>	<p>The Programme grant schemes for economic infrastructure and execution designs, and for development of detailed regulation plans for areas that have potential to generate economic activity create foundation to facilitate significant investments into infrastructure development and industries, which would in turn contribute to generation of jobs. EU PRO scheme for MSEs should also help local businesses to enhance competitiveness, win new markets, and increase export, while the local community would benefit from direct opening of at least 250 jobs. The projects selected through the CFP for GIS should contribute to more efficient administrative service provision, better land management and valorisation of socio-economic potential of LSGs. Finally, the projects selected through the CFP for Social Cohesion should contribute to implementation of the rights of national minorities, improvement of inter-ethnic understanding and relations, better integration of national minorities and addressing of specific needs of marginalised and vulnerable groups in multi-ethnic communities.</p>
<p><b>RESULT 1</b> Improved technological structure of SMEs and their ability to increase their market share</p>		
<p>Activity 1.1 Grant scheme for SMEs</p>	<p>Two Grant Award Ceremonies are held and two workshops for administrative and programmatic management of grants implementation for the 106 beneficiaries organised. Signing of the Grant Agreements is underway,</p>	<p>The CFP was developed, approved and advertised. The Phase I and Phase II evaluation processes was concluded, and final beneficiaries selected and approved by the PSC. Five workshops for applicants and one workshop for RDAs in support to second phase application process conducted.</p>

<sup>32</sup> Colour the boxes in the table as appropriate

<p>Activity 1.2 Support to Business Support Organisations (BSOs)</p>	<p>The CFP is developed and ready for presentation to the PSC for approval.</p>	<p>The CFP was developed and discussed with the key stakeholders.</p>
<p><b>RESULT 2</b> 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 evaluation of 33 applications received for development of GIS was completed and the recommendations prepared for the PSC in April.</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. Equipment was successfully installed in October 2018. In consultations with the MCTI, the Programme developed the Concept for the Study for the Establishment of Electronic Preparation of Planning Documents, but the PSC did not approve it for funding. The PSC approved the CFP for development of GIS and the Call was closed on 30 December 2018, evaluation of 33 applications completed in March 2019</p>
<p>Activity 2.1.2 Development of urban plans related to economic development</p>	<p>Implementation of 19 grants is ongoing, with 10 DRPs contracted, five public procurements advertised and four in preparation.</p>	<p>The CFP was advertised in April 2018 and closed on 11 June. 28 applications received, Programme recommended and the PSC held on 13 September approved 19 projects for funding. The implementation of grants is ongoing.</p>
<p>Activity 2.1.3 Development of project technical documentation for projects contributing to economic development</p>	<p>Implementation of 12 grants is ongoing with two contracts signed, five project tasks for the tender developed and five tender documents in preparation for advertising</p>	<p>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. The implementation of grants is ongoing.</p>
<p>Activity 2.2 Development/improvement of small-scale infrastructure with economic impact on local level</p>	<p>Implementation of nine grants is ongoing. Tenders for works are advertised in four LSGs, technical review is ongoing in three LSGs, while tender is approved for advertising in two LSGs.</p>	<p>The CFP was advertised in April 2018 and closed on 11 June. 15 applications received, Programme recommended and the PSC held on 13 September approved nine projects for funding. The implementation of grants is ongoing.</p>
<p><b>RESULT 3</b> Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations</p>		
<p>Activity 3.1 Supporting projects for improvement of the living conditions and quality of public infrastructure in municipalities</p>	<p>Implementation of 37 grants is ongoing. Works for the construction of the green market in Aleksinac are contracted in January 2019. Tenders advertised in 13 LSGs. Preparation of tender documentation is ongoing for 23 grants.</p>	<p>The CFP was advertised in April 2018 and closed on 29 June. 46 applications received, Programme recommended and the PSC held on 13 September approved 37 projects for funding. The implementation of grants is ongoing.</p>

<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 mid-term evaluation of the project for improving knowledge of Serbian language among Albanian school children is conducted. Evaluation of 53 applications is completed and 22 projects are recommended for funding.</p>	<p>The evaluation of language learning project showed progress in 75% of the classes. The evaluation results under CFP for Social Cohesion are submitted to the PSC for approval.</p>