



EU
PRO EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

QUARTERLY REPORT

1 July – 30 September 2019, Belgrade



Republic of Serbia



Implementing partner



Overall objective: To contribute to a more balanced socio-economic development in Serbia

Purpose: To enhance competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and developing/improving business enabling and social infrastructure

Budget: 25 million Euros

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: 11 November 2019

Period covered: 1 July 2019 – 30 September 2019

Prepared by: UNOPS

Acronyms

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

Executive Summary

The European Union Support to Municipal Development - EU PRO continued with intensive implementation of activities and accelerated progress towards achieving results. Beneficiary local governments are progressing with implementation of grants related to development of planning and technical documentation, implementation of construction works and initiating activities on geographical information systems. Likewise, beneficiary enterprises have continued with strengthening of their competitiveness with newly procured equipment and effective job creation while making tangible impact on local communities. Finally, civil society organisations working on social cohesion projects have commenced their interventions, followed by their peers focused on support to businesses who are awarded during the third quarter of 2019 covered by this Report.

The first tangible results of activities contributing to **improved business competitiveness** are reflected in creation of 143 new jobs in 68 beneficiary enterprises, out of which 75 are registered during the reporting period. The beneficiary enterprises have continued with efficient implementation of their grant agreements not only by executing procurements of equipment and services but also by supporting their communities through corporate social responsibility interventions implemented as means of their contribution to the realisation of the grant activities in addition to the provided cost share. The Second public call for entrepreneurs and enterprises will enable wider reach of the Programme to the private sector as a partner in ensuring socio-economic development at the local level. The call launched in September streamline Programme intervention to enterprises dealing with production which enables more focused assistance based on the lessons learnt from the ongoing activities. EU PRO will implement intensive outreach activities to promote the Call, including direct mail to eligible businesses and promoting testimonials from the beneficiaries awarded with the first Call.

Twenty projects submitted by the business support organisations have been approved for financing by the Programme Steering Committee. These will ensure complementarity with direct assistance to entrepreneurs and enterprises, with at least 489 enterprises directly benefiting from the intervention. The enhanced sustainability and competitiveness of enterprises will be supported through interventions contributing to improvement of processes and quality of products and services, structured activities in support to market expansion and assistance in implementation of relevant standards and certifications. In addition, half of the awarded organisations will implement activities to strengthen their internal capacities to better address the needs of targeted enterprises.

With adoption of the first out of the nineteen detailed regulation plans supported by the Programme, contribution to the **improved business environment** is registered with facilitated investment of 250,000 Euros in Užice old town. This, along with the meetings organised with investors in seven local governments confirm the effectiveness of the early public insight which was a prerequisite of the Programme in support to the development of plans. Namely, the quality of plans is being enhanced in Rača and Merošina with better definition of the industrial zones, and in Velika Plana with strengthened approach to the development of tourist recreational area.

The effects of commitment of the nine local self-governments implementing economic infrastructure projects to attract investments are also promising. Twelve investors are already building production facilities in Paraćin industrial zone. Likewise, following the opening of the first factory in Šabac, negotiations with nine new investors are underway, while Svilajnac gets closer to concluding contracts for new investments. These three local governments have made the greatest progress with implementation of

construction works. Implementation of the remaining six projects is underway with works contracts signed by the remaining three municipalities during the quarter.

Induction meetings with the nineteen local self-governments leading implementation of projects related to geographic information systems have resulted in enhancement of the scope which these projects will cover. Additional applications which will have greater contribution to implementation of national urban development policies shall be developed in Šabac related to mapping of architectural heritage, Novi Pazar related to valorisation of underused and deprived locations and Kruševac and Aleksinac in relation to improvement of urban mobility.

Contributing to **strengthened social inclusion and social cohesion** to date construction works are completed in seven local governments and in additional 21 the works are underway while the remaining nine are in the final stages of tendering procedures. The six projects completed during the quarter include reconstruction of the school buildings in Merošina and in Velika Plana with over 500 beneficiaries benefiting from enhanced energy efficiency and conditions for sports activities. Likewise, 15,000 people attending 58th Youth Culture Festival in Knjaževac benefited from the renovated open-air stage of the Gurgusovac Tower. Reconstruction and equipping of the Community centre in Dugojnica village enabled revival of social and cultural activities in this Surdulica village while in Žabari users of social services are now enjoying better conditions in the reconstructed facility for Social Services. Finally, the reconstruction of an outdoor sports field in Kragujevac will contribute to improved conditions for numerous sportspersons, and sports clubs and the local population. Technical assistance for good governance strengthening sustainability of infrastructure projects is provided to 35 local governments, with two regulations already adopted and additional eleven in proceeding for adoption.

Better integration of Albanian community is fostered through improved ability of over 700 Albanian youngsters to communicate in Serbian language and will be continued with the second phase of the intervention initiated in September, covering an additional number of beneficiaries. Moreover, the 21 projects awarded for fostering social cohesion in multi-ethnic municipalities commenced implementation and initial activities are underway.

The Programme **communication activities were fruitful**, with three official visits to EU PRO projects and the first public Programme Steering Committee held in September. Additionally, two active public calls during the quarter generated greater interest confirmed through social media and number of visits to EU PRO website. Local and national media followed closely Programme activities with 425 positive media reports, majority generated in relation to marking milestones of the infrastructure projects. The Programme website is enriched with ten new videos and six success stories while the EU PRO YouTube Channel now provides 117 selected videos. This quarter also included production of printed, electronic and video materials for the promotion of the Call for MSEs and the upcoming calendar competition.

Challenges encountered during the quarter included overcoming setbacks in contracting infrastructure projects to make use of the current construction season, as well as additional resources invested in orientation of new Programme beneficiaries. These will continue in the following quarter and are being carefully addressed by close monitoring and reinforced technical assistance.

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 the opportunity to get in depth knowledge of some specific actions taken by the Programme.

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

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Review of progress and performance

Policy and programme context

Following the adoption of the Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030¹ in June 2019, further elaboration of the Strategy was continued through the development of the Action Plan for the period 2020 - 2023. The Programme is invited by the Ministry of Construction, Transport and Infrastructure (MCTI) to contribute to the development of the Action Plan with proposal of concrete activities based on experience at the local level and plans for continued support in related areas. The public insight is planned for November 2019.

A study "Quality of Life - Life and Society in EU Candidate Countries"² was published by Eurofund based on the results of the 2016 European Quality of Life Survey (EQLS). It covers three broad areas: quality of life, quality of public services and quality of society. Data show that the level of life satisfaction in Serbia was at a similar level in 2016 as in 2011. This level is lower than the EU28 average, but it is higher than other countries in the region. However, despite the relatively high level of life satisfaction, the data indicate an extremely low level of optimism about the future. Serbia continues having high rates of people at risk of poverty and social exclusion, and there are particular constraints on quality of life for large sections of society. The situation of young people, women and the long-term unemployed has not improved proportionally to improvements in the economy and employment, and this remains an issue for the economic reform programmes and social and employment policies to address.

Progress towards achieving objectives

The planning basis for issuing location terms for two investments have been established with the adoption of the Detailed Regulation Plan for Old Town (Stari Grad) in Užice on 20 September. Namely, the investments of over 250,000 Euros have been confirmed with the Ministry of Trade, Tourism and Telecommunications investing 22 million dinars for reconstruction works on the citadel in the Old Town and the U.S. Ambassadors Fund for Cultural Preservation (AFCP)³ with 75,000 USD investment for completion of reconstruction of the Old Town. The local government is also working on securing funds for construction of a pedestrian bridge included in the plan.

Programme activities on geographic information systems (GIS) although locally implemented are developed with consideration of national development policies and needs. In this respect, upon award of the donation agreements to local self-governments (LSGs) with thematic GIS applications, the Programme worked on identification of additional applications which may have greater contribution to implementation of national urban development policies. Thus far the additional applications to be developed as an added value to projects with LSGs are the mapping of architectural heritage in Šabac, valorisation of underused and deprived locations for the purpose of economic development in Novi Pazar and improvement of urban mobility for joint project of Kruševac and Aleksinac.

The ongoing activities for enhancing social cohesion in the multi-ethnic municipalities are recording the first results. Better integration of Albanian community is fostered through improved ability of over 700 Albanian youngsters to communicate in Serbian language. More importantly, improved language skills will increase their perspective for further education and employment, and contribute to overall social cohesion in

¹ <https://www.srbija.gov.rs/dokument/45678/strategije.php>

² <http://socijalnoukljucivanje.gov.rs/rs/eurofound-objavio-studiju-o-kvalitetu-zivota-u-zemljama-kandidatima-za-clanstvo-u-eu/>

³ Source: City of Užice, <https://rs.usembassy.gov/education-culture/grants-programs/ambassadors-fund-cultural-preservation/>

Bujanovac and Preševo municipalities. Second phase of the intervention is supported and initiated, covering an additional number of beneficiaries.

Implementation of the 21 social cohesion projects directly targeting over 3,000 beneficiaries is initiated and expected to contribute to socio-economic strengthening of the most excluded citizens and to better integration of national minorities living in the 17 municipalities. First positive developments are noted. In Vranje, the Association gathering people with disabilities created conditions for establishment of social enterprise that will create income generating opportunities for their members and contribute to the organisation's financial self-sustainability.

Result 1

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

Seventy five new jobs have been created during the quarter adding up to a total of 143 new jobs opened in 68 micro and small enterprises (MSEs) awarded through the First Call for Proposals for Procurement of Equipment and Provision of Services for MSEs. The CSR interventions implemented during the quarter included donation of products of the beneficiary enterprises to a cause, such as donation of pellets for winter heating to a local kindergarten in Boljevac or investment in education of the youngest through workshops on jam production in Požega.

Twenty projects have been approved for funding as a result of the Public Call for Proposals for Business Support Organisations (BSOs)⁴ aiming at enhanced sustainability and competitiveness of enterprises in total value of 661.008 Euros. The approved projects are expected to enhance competitiveness and sustainability of at least 489 small and medium sized enterprises and entrepreneurs through a variety of interventions along with enhancement of capacities of the 26 BSOs implementing the projects. The awarded BSOs will implement activities which contribute to the improvement of processes or quality of products and services, support expansion to the new markets and facilitate standardisation and certification. In addition, the BSOs will enhance their internal capacities and introduce new services aligned with identified needs of their target enterprises.

Activities

1.1 Grant scheme for SMEs

Implementation of activities of the grant agreements awarded under the First Call for Proposals for Procurement of Equipment and Provision of Services for MSEs is progressing with intensified completion of procurement processes and delivery of equipment complemented by creation of new jobs. Thus far, the newly procured equipment is installed in 62 beneficiary MSEs while additional 24 have contracted suppliers.

Creating a greater impact on their local communities, 35 MSEs have completed some or all of the planned Corporate Social Responsibility (CSR) activities.

Pursuant to approval of the Programme Steering Committee (PSC), the Second Public Call for Proposals for Procurement of Equipment and Provision of Services for MSEs was published on 23 September 2019.⁵ The objective of the Call is to enhance market potentials, value chain contribution and job creation in beneficiary MSEs. As with the first call, targeted enterprises are those in their second investment cycle with poorer access to commercial financing opportunities, registered in the period from 2014 to 2018 and is streamlined to enterprises registered for production. Total indicative allocated funds for the Call are up to

⁴ The results of the Call are available at <https://www.eupro.org.rs/uploads/files/54-768-cfp-05-19-bsos-v1-eng1.pdf>

⁵ The Call is available at <https://www.eupro.org.rs/en/ktxt/second-public-call-for-proposals-for-procurement-of-equipment-and-provision-of-services-for-entrepreneurs-micro-and-small-enterprises>

2.5 million Euros with single grant awards ranging from 10,000 Euros to 30,000 Euros or even up to 70,000 Euros for export-oriented or fast growing enterprises. Promotion of the Call will be intensified in October with the 13 planned info-sessions and accompanying media campaign, along with mail sent directly to all eligible enterprises, and will be closed on 10 November 2019.

1.2 Support to Business Support Organisations (BSOs)

The Public Call for Proposals for Business Support Organisations (BSOs) was closed on 14 July 2019. Total of 43 applications for projects valued at 1,469,929 Euros were received. Twenty-seven applications were for single BSO projects and sixteen application for partnership projects. Majority of applications were submitted by business associations (17 in total), followed by ten applications received from regional development agencies and seven from business incubators. Clusters and academic institutions have submitted four project proposals each and one application was received from science and technological park.

The administrative review and technical evaluation were conducted during July and August 2019. As a result, twenty projects were proposed and approved by the PSC for funding⁶, out of which 14 proposed by single BSOs and six partnership project in total value of 661,008 Euros. Start of implementation for the awarded projects is planned for early November upon issuance of the Grant Support Agreements.

Result 2

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

Prospects for facilitated investments with economic infrastructure projects are being enhanced with the progress of the construction. Currently twelve investors are building production facilities in Paraćin industrial zone, including the Programme MSE beneficiary 'Natura Gusto' who has already installed the new production line procured under the EU PRO grant agreement. Likewise, following the opening of the first factory in Šabac industrial zone negotiations with fourteen new investors are underway.

With respect to the Programme requirement related to early public insight during development of Detailed Regulation Plans (DRPs), meetings with investors and relevant stakeholders organised with Programme assistance in seven LSGs⁷ during the quarter have yielded positive results. In Rača and Merošina better land use definition of industrial zones was achieved and in Velika Plana valorisation of the tourist recreational area near Velika Morava River was enhanced. Specific conflicts in plan area coverage were identified and resolved in Kučevo industrial zone and in Zaječar Nikolićevo Spa, due to its sensitive environmental and investment nature, where facilitated discussion with investors and stakeholders organised by the Programme helped in clarification and resolving of various issues, which will ultimately, ensure higher quality and feasibility of the planning solutions.

Activities

⁶ The results of Call are available at <https://www.eupro.org.rs/uploads/files/54-768-cfp-05-19-bsos-v1-eng1.pdf>

⁷ Rača, Kraljevo, Kučevo, Velika Plana, Merošina, Veliko Gradište and Zaječar

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

Implementation of the 19 projects awarded under the Call for the Development of Geographic Information Systems is initiated. During the quarter, induction meetings were held with the grantees to ensure a common understanding of the implementation procedures for the grant agreements. The Programme also provided technical assistance to beneficiary local self-governments (LSGs) to prepare tenders for procurements under the grant agreements. Thus far, procurement processes were initiated in ten LSGs⁸.

2.1.2 Development of urban plans related to economic development

Implementation of the 19 grants for development of Detailed Regulation Plans (DRPs) is progressing in accordance with the schedule. During the quarter, development of the remaining four plans is contracted⁹ in addition to the 15 plans already under development.

The first results are being registered with DRP for the Old Town (Stari Grad) area of Užice on 20 September and its immediate application for issuance of building conditions. In addition, two more plans in Čajetina and Pirot have entered the final stage of the planning process during the reporting period and are expected to be adopted earlier than scheduled. Nine DRPs are in draft phase¹⁰ while the remaining seven DRPs are in the pre-drafting phase¹¹.

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

Implementation of the twelve grants for development of project technical documentation for economic infrastructure projects is underway with some manageable delays. During the quarter, development of technical documentation is contracted in Bela Palanka, Vranje and Vladičin Han. With this, contracts are pending with three grant agreements - tenders have been re-advertised in Cities of Kraljevo and Čačak due to low number of bids with the first procurements, and the City of Niš is registering delays due to technical challenges in preparation for the advertisement of competition for conceptual design of the Multifunctional Expo Centre. The three grants are expected to catch-up with the scheduled tasks during the final quarter of the year. Development of technical designs is being carried out in eight LSGs¹² while the design for reconstruction of the bridge over Lepenica River, to the FIAT factory in the City of Kragujevac has been completed.

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

With the three works contracts awarded during the quarter by Smederevo, Bojnik and Priboj local administration, the construction works are underway for all nine economic infrastructure projects¹³.

The greatest progress is marked by the City of Šabac whose industrial zone is being finalised under the grant agreement. To fully utilise the awarded funds with savings made in the original contract, the City has requested expansion of works in the zone to allow for additional 420 meters of the sewage system along with 1400 meters of bicycle and pedestrian paths which would enhance daily commuting of the employees

⁸ Čajetina, Kragujevac, Leskovac, Loznica, Niš, Požarevac, Šabac, Topola, žagubica and Zaječar

⁹ Blace, Majdanpek, Raška and Dimitrovgrad

¹⁰ Kraljevo, Kučevo, Zaječar, Topola, Rača, Surdulica, Veliko Gradište, Merošina and Velika Plana

¹¹ Vlasotince, Aranđelovac, Dimitrovgrad, Leskovac, Raška, Majdanpek and Blace

¹² Bačka Palanka, Kučevo, Doljevac, Topola, Knjaževac, Smederevo, Vranje and Vladičin Han.

¹³ Smederevo, Bojnik, Paraćin, Šabac, Kragujevac, Svilajnac, Sokobanja, Užice, Priboj

working in the zone. The request is being considered. In addition, the works in industrial zones in Svilajnac and Paraćin are being finalised.

Result 3

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

Following completion of construction of the green market in Aleksinac, during this quarter construction works are finalised in six more municipalities. As a result of the reconstruction of the school buildings in Merošina and in Velika Plana with over 500 pupils will benefit from enhanced energy efficiency and conditions for sports activities. Likewise, 15,000 people attending 58th Youth Culture Festival in Knjaževac benefited from the renovated open-air stage of the Gurgusovac Tower. Reconstruction and equipping of the Community Centre in Dugojnica village enabled revival of social and cultural activities in this Surdulica village while in Žabari users of social services are now enjoying better conditions in the reconstructed facility for Social Services. Finally, the reconstruction of an outdoor sports field in Kragujevac will contribute to improved conditions for numerous sportspersons, and sports clubs and the local population.

The activities contributing to enhanced social cohesion in multi-ethnic municipalities are advancing. The evaluation of the first phase of the project for improving teaching of Serbian as non-mother tongue showed improvement of Serbian language skills among Albanian pupils. The second phase of the project is initiated and continued in four schools in Bujanovac and Preševo, covering 37 classes with 667 pupils.

Twenty-one project proposals worth 372,031 Euros were contracted as a result of the Call for fostering social cohesion in multi-ethnic municipalities. Over 3,000 inhabitants of multi-ethnic communities will benefit from activities directed towards reducing inequality and discrimination, promoting inter-ethnic understanding and providing equal opportunities for all individuals in these communities.

Activities

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

Implementation of the 37 local infrastructure grants is sturdily progressing. During the quarter, contracts were signed and works initiated in 16 municipalities¹⁴ who are benefiting from the extended construction season. Following completion of the construction works on Aleksinac green market, six more LSGs¹⁵ have completed construction during the quarter leaving the construction works underway in total of 21 LSGs¹⁶.

Tenders for construction works are in final stages in Prijepolje, Užice, Bujanovac, Rekovac and Čajetina while the tenders are being prepared for re-advertising in Bela Palanka, Sjenica, Batočina and Priboj.

¹⁴ Raška, Vladičin Han, Trgovište, Kuršumljija, Bosilegrad, Leskovac, Babušnica, Dimitrovgrad, Velika Plana, Šabac, Smederevo, Valjevo, Kragujevac, Čajetina, Ljubovija and Boljevac.

¹⁵ Aleksinac, Merošina, Knjaževac, Surdulica, Žabari, Velika Plana and Kragujevac

¹⁶ Svilajnac, Boljevac, Ljubovija, Požega, Valjevo, Smederevo, Šabac, Dimitrovgrad, Babušnica, Leskovac, Knjaževac, Doljevac, Kučevo, Bosilegrad, Kuršumljija, Trgovište, Žagubica, Vladičin Han, Raška and Golubac.

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

Results of the project related to assistance in learning Serbian as non-mother tongue in Preševo and Bujanovac municipalities are proved with the testing of pupil's knowledge of the Serbian language¹⁷ conducted at the end of the school year. The project continuation is formalised and the second phase of implementation commenced. Three out of six teaching assistants confirmed their interest to continue engagement, while three additional assistants had to be selected through the public call implemented in August. Their engagement started at the beginning of September, covering 667 (296 female and 371 male) pupils in 37 classes from fourth to eight grade. The same student classes as the previous year were included in order to ensure continuity of the action. The Fifth Progress Report¹⁸ submitted by the implementing partner for the activity, Group 484, in September confirmed that the key milestones for the reporting period were reached.

Following verification of the 22 projects endorsed within the CFP for Fostering Social Cohesion in Multi-ethnic Municipalities, the grant support agreements are issued for 21 projects¹⁹. The project submitted by Association of Health Workers of Roma Nationality had to be cancelled before contracting, as the applicant failed to address verification request. Namely, the Association changed legal representative and project manager, but failed to submit official documents (excerpt from Business Registers Agency, appointment of new project manager and its biography) to confirm this change.

Five info session for the grantees on their contractual obligations and administrative requirements and procedures of the Programme were conducted in late July and early August in Niš, Vranje, Bor, Novi Pazar and Požarevac. The events were attended by 45 participants (32 female and 13 male) and received highly positive feedback, particularly on the relevance of the covered topics and their utility for the successful project implementation.

All grantees finalised opening of the dedicated accounts and received first tranches²⁰ during July and August, and started implementation of activities under the projects. There are on-going selection of beneficiaries, preparation of the trainings, promotional activities, etc. In addition, the Programme conducted seven field visits to the grantees to provide further guidelines and technical support in the project realisation.

Management and coordination

Programme Steering Committee

The sixth Programme Steering Committee (PSC) meeting was held on 16 September 2019 in Belgrade. In addition, in order to enhance transparency and visibility of the Programme, a public PSC meeting was held on 19 September in Sokobanja. The latter gathered 120 representatives of 45 local self-governments and seven Regional Development Agencies.

The PSC approved the Quarterly Report²¹ for April - June 2019 period, 20 projects²¹ proposed by business support organisations (BSO) aiming to contribute to the competitiveness and sustainability of small and

¹⁷ Overview of the test results is available in Annex III_Att.1.3_SNMT_Report on final testing_SRB

¹⁸ Annex III_Att.1.1_Fifth Progress report_Group 484 2019

¹⁹ Annex III_Att.1.2_EPR_CFP 09-2018_Contracted Projects Table

²⁰ Over 50% of the total funds in the value of RSD 23,086,372.11 is disbursed to the grantees

²¹ https://www.eupro.org.rs/uploads/files/51-141-epr_gr-apriun19_060919.pdf

medium-sized enterprises and entrepreneurs and the Second Call for Entrepreneurs, Micro and Small enterprises. The next PSC is planned for early 2020.

Coordination

Thirty-five municipalities implementing local infrastructure grants are being supported by the Swiss PRO Programme with technical assistance for the inclusion of good governance principles differentiating three groups of projects according to the complexity of engagement. Seven of these are earmarked at a high level of complexity where the principle of accountability is in focus. The second group is for ten projects dealing with the participation process and non-discrimination issues, while the third group of 20 projects focusing on energy efficiency. So far, a total of eleven regulations are prepared for adoption while two regulations have been already adopted. The participatory approach to organisation of Knjaževac Youth Festival, the inclusion of Roma kindergarten in the regular pre-school system in Merošina and Kraljevo trim path with better accessibility for people with disabilities, were given as examples of best practice in terms of participation and non-discrimination principles.

In August and September, the Programme held two meetings with the representatives of the Group 484 and the Coordination Body for Preševo, Bujanovac and Medveđa (CB) in order to ensure smooth implementation of the second phase of the language learning project. The preparation activities were confirmed, deadlines were set and responsibilities among implementing partners were divided. Following conclusions of the meetings, start of the activity in the new school year is coordinated with the Ministry of Education, Science and Technological Development and four schools in Bujanovac and Preševo and engagement of six teaching assistants is ensured.

Synergy with other projects is identified in relation to development of Geographical Information Systems (GIS). The newly established project “Improvement of Business Climate in Serbia”, implemented by Republic Geodetic Authority and supported by Swedish International Development Cooperation Agency – SIDA²² aims to develop investment maps and create register of investment locations which will include collection of brownfield, Greenfield, greyfield and remaining location for local and regional authorities. Interest in cooperation is confirmed primarily in relation to the overlapping activities in four pilot LSGs²³ and these will be followed-up on in the next quarter.

Finances

The following are the main financial indicators²⁴:

- The total delivery as of 30 September 2019 was 13,825,888 Euros or 55.43% of the Programme budget;
- The forecast delivery for the next reporting period is 2,277,108 Euros.

Human resources

In line with the Programme recruitment plan and identified needs for reinforcement of its capacities, several recruitments have been conducted during the quarter. As planned, the Assistant for Social Cohesion

²² The 2 million euros pilot project is implementing in cooperation with ten LSGs: Arilje, Bor, Vranje, Knjaževac, Čuprija, Sombor, Čačak, Požarevac, Zrenjanin and Pirot.

²³ <http://www.rgz.gov.rs/projekti/projekat-unapre%C4%91enje-poslovne-klime-u-srbiji/op%C5%A1te-informacije>

²⁴ While these figures provide quality insight into the Programme’s spending, the final figures are only provided in the Programme’s financial reports.

is recruited and commenced engagement as of July 2019 serving as a resource for administration of the awarded social cohesion grant agreements.

The Programme communications have been strengthened with recruitment of two short-term positions - Technical specialist for assessment of media equipment and Videographer/ video editor along with strengthening of the Communications Officer position.

Following recruitment of the Sector manager for SMEs and BSOs, the vacant Associate position for Novi Pazar office was filled in along with the newly established Associate position in Niš field office. The Sector is thus better capacitated to manage implementation of the large number of existing grant agreements and facilitate the selection of additional beneficiaries planned for the following quarters.

Continued attention was given to performance evaluation. The Programme personnel underwent mid-year discussions against performance objectives set at the beginning of the year. Summary of discussion have been recorded in the online performance appraisal tool.

Professional development of the Programme personnel is supported with available on-line courses and more comprehensive learning programmes such as UNOPS Leading People programme enrolled by the Communications Manager in her capacity of a team leader.

Procurement

Procurement processes conducted in the period July – September 2019 were primarily in support to activities related to the Second Public Call for Proposals for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises, which was advertised in September. The Procurement Unit conducted procurement of database of SMEs with the aim to enable equal access to information about this opportunity to almost 9,000 eligible enterprises and entrepreneurs. Also contributing to the promotion of the Call, procurement of services for placement of digital campaign and printing of promotional materials was conducted.

Several procurements related to logistics support of the Programme interventions are also conducted, including procurement of services in support to the organization of the Programme Steering Committee meeting in September and preparatory activities for organization of the orientation meeting for regional development agencies and Deputy Heads of Mission visit to South Serbia.

In regards to management of the Programme grant agreements the following activities were performed during the quarter:

- Issuance of 21 Grant Support Agreements (GSA) for social cohesion projects awarded under the Call CFP 09-2018
- Verifications of financial and procurement reports for 49 Programme beneficiaries
- Processing of payments for 40 ongoing grant agreements
- Grant projects registration with the Tax office for 72 grant agreements
- Management of e-mail applications and administrative check in support to Evaluation Committee for the Call for BSOs
- Issuance of Amendments for twelve GSAs

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

Two out of six teaching assistants within the language learning project decided not to continue engagement before the start of the school year, putting at risk commencement of the activity. Implementing partner responded immediately and addressed the issue by selecting new assistants through public call.

Public procurement for four Local Infrastructure Grants²⁵ was not organised as per the previously set action plan jeopardizing project implementation dynamics for the current construction season. The Programme provided assistance to these beneficiaries to develop new action plans with stricter deadlines to address delays and enable contracting by mid November 2019. These projects are closely monitored, and in case the revised plans are not respected, the Programme will propose alternative implementation modality to the Programme Steering Committee for consideration.

The Programme envisaged disbursement of only 15% of the project budget in the first instalment to the grantees contracted under the CFP for Social Cohesion that are not familiar through previous cooperation. This measure is applied in order to minimise potential risk of funds misuse, considering that double-authentication signatures are not applicable for this type of projects. The organisations with proven track record received 70% of the project funds with the first instalment.

Quality

The Programme is providing continued technical support to the grantees from the civic sector. Following contract signing, five info sessions were held to provide them with guidelines on project management and implementation in relation to the UNOPS and EU PRO procedures. Technical support is maintained during projects implementation, particularly focusing on the organisations with limited capacities, such as Associations of People with Disabilities and Roma Associations. Seven of such organisations were visited in September after the start of the project realisation. They were provided with more specific guidelines related to the procurement procedure, reports preparation, financial management, TAX exemption procedure, beneficiaries' selection and other issues related to the project implementation and management. Additional effort was put in their capacities building to ensure quality delivery of the project activities and the results.

Implementation of all grant agreements awarded by the Programme is closely monitored, with more intensity in the periods when project milestones are to be met. In this regard, the construction season was followed by frequent visits of the construction sites. Each visit is followed by formal feedback to the administration of the beneficiary local government and the grant implementation team which resulted in expedited resolution of potential issues and ensured quality of the projects.

Sustainability

The implementation of the EU PRO Gender Action Plan (GAP) is moving forward, particularly related to the enhancement of gender parity in the Programme's projects. The Programme ensured that gender mainstreaming is an integral part of every CFP, including recently launched CFP for supporting competitiveness of MSEs that envisages provision of additional points for the applications contributing to the promotion of gender equality (GE). Furthermore, grantees that are implementing infrastructure projects with potential to introduce GE elements are encouraged in this direction with the support of the Swiss PRO Programme and first developments are noted. The Cultural Centre in Bela Palanka that is in the process of renovation will encourage greater participation of women in cultural public life by providing their premises free of charge for activities of women associations.

²⁵ Priboj, Prijepolje, Sjenica and Batočina

Lessons Learned

The quality of technical documentation significantly influences dynamics of the construction works for related projects and needs to be verified during the project selection process. Namely, a significant portion of the grants awarded for local infrastructure projects based on project proposals which confirmed the existence of the construction permits based on valid documentation, suffered delays due to inadequate or incomplete project technical documentation. This resulted in delays with procurement processes. For future Calls related to implementation of construction works, the quality of technical documentation should be verified prior to decision on award.

Communications and Visibility

The Programme organised four events/visits during the quarter. The public PSC meeting gathered 120 representatives of the local self-governments, including 20 mayors and deputy mayors, and the event included the visit of the PSC members, representatives of the EU Delegation, Ministry of European Integration, Ministry of Economy, Ministry of Construction, Transport and Infrastructure to the economic infrastructure project in Sokobanja. The Head of the Delegation (HoD) of the European Union (EU) visited Novi Pazar was on 3 July while DEU monitoring visit to Novi Pazar and Sjenica was organised on 12 and 13 September 2019. The briefing notes are produced to accompany visits and events, along with updates requested for EU funded projects related to the youth and sports needed for the visit of the European Commissioner for Neighbourhood Policy and Enlargement Negotiations and review of the EU PRO projects visibility opportunities.

The Programme activities were promoted through seven press releases and two media advisories, covering the PSC meeting, publishing of the Second Public Call for Proposals for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises, and local infrastructure projects in Šabac, Knjaževac, Golubac, Velika Plana and Raška. This generated substantial media coverage of total of 425 positive media reports, out of which 168 or 39.5 percent published in the national media. The greatest interest was attracted by the infrastructure projects with over 250 media stories followed by the announcement of the new CFP for MSEs with 96 media reports. One interview of the Programme Manager for the Radio Belgrade was organised to promote the above mentioned call.

The outreach campaign for the new call for MSEs, based on testimonials of previous grant recipients, was created. As a part of print material different formats were developed while 1,500 posters and 15,000 pamphlets were printed to be distributed via post as a part of direct marketing approach to all eligible SMEs, LSGs and relevant BSOs. The team undertook filming of ten MSEs selected for the campaign.²⁶ The video material, consisting of two promotional teasers (90') and six testimonials will be realised in the second week of the CFP following initial promotion via press release and high official's statement.

The support was provided to 14 Programme beneficiaries in various visibility related tasks. Deverra Farm from Lebane was assisted in presenting CSR activity and the N&S PRO Nikola Tesla enterprise in producing visibility stickers for the recycling containers that were donated to a local school as part of CSR activities. Additionally 12 were supported in rectifying their visibility product to be in line with those prescribed by the EU PRO Communication Guidelines.

The Terms of Reference of 2020 Calendar Competition "My European Community" and respective visuals were developed, and the procurement process for awards and promotional material started.

²⁶ Natura Gusto from Paraćin, Badin Soft and Ingsoftware from Niš, Helen Confection from Gadžina Han, Pirot based enterprise Boemska Potkovicica, GMS Super from Kragujevac, Madera Line from Guča, Slatka Jesen from Požega and two enterprises from Kraljevo, Nameštaj Bosnić and Triumf Stanić.

During the reporting period, the Programme website remained the key source of information for all interested parties, generating a total of 10,509 visits from 6,795 unique visitors most of whom were interested in the pages dedicated to Calls for Proposals and their results. Programme social media has been gaining more traffic in this quarter, as a result of two Calls for Proposals active during this period - the CfP for BSOs and the second CfP for MSEs. A total of 36 posts were liked 434 times and attracted 9,944 page likes and 9,999 followers. Similarly, 21 Tweets were liked 228 and retweeted 117 times, attracting 971 followers by the end of the quarter.

The EU PRO YouTube Channel provides 117 selected videos²⁷ published by various media outlets, majority broadcasted by Radio Television of Serbia, while six new success stories and ten new videos have been added to the Programme website bringing the numbers to 24 and 36 respectively.

²⁷ [EU PRO YouTube](#)

Work Plan

Result 1

- Activity 1.1** Monitor and support implementation of 94 active projects awarded under the first Call for Proposals for Procurement of Equipment and Provision of Services for MSEs.
- Conduct promotion and info sessions for the Second Call for Proposals for Procurement of Equipment and Provision of Services for MSEs.
- Conduct administrative check and technical evaluation of the applications received under the Second Call for Proposals for Procurement of Equipment and Provision of Services for MSEs.
- Activity 1.2** Contracting and start implementation of 20 projects approved for financing under Public Call for Proposals for Business Support Organisations.

Result 2

- Activity 2.1.1** Monitoring implementation of 19 grant agreements related to the development of GIS
- Activity 2.1.2** Monitoring implementation of 19 grant agreements related to the development of detailed regulation plans
- Activity 2.1.3** Monitor and support implementation of 12 Grants for development of technical documentation for projects contributing to economic development.
- Activity 2.2** Monitor and support implementation of nine infrastructure Grants with economic impact on a local level.

Result 3

- Activity 3.1** Monitor and support implementation of 37 Grants for improvement of the living conditions and quality of public infrastructure.
- Activity 3.2** Regular monitoring of 21 projects under the CFP for Fostering of Social Cohesion and the language learning project, ensured continued implementation in line with the contractual obligations

LFM – progress against indicators

Legend²⁸

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





Objectively verifiable indicators	Progress during the reporting period	Overall status
<p>Overall objective: To contribute to a more balanced socio-economic development in Serbia.</p>	<p>Additional 20 projects contributing to overall objective were approved for funding bringing the total number of projects under implementation to 246. Implementation of activities is underway and first results in terms of creation of jobs and facilitation of investments are registered.</p>	<p>The Programme grant schemes for economic infrastructure and execution designs, and for the 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 the generation of jobs. New investments are already being facilitated and have been confirmed in several local governments. The Programme grant scheme for MSEs should also help local businesses to enhance competitiveness, win new markets, and increase export. This has already resulted in creation of 143 new jobs while 100 more are expected in the coming months. The projects related to enhancement of GIS should contribute to more efficient administrative service provision, better land management and valorisation of socio-economic potential of LSGs. Finally, the social cohesion projects should contribute to the 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</p>
<p>Project purpose: To enhance competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and developing/improving business enabling and social infrastructure.</p>		

²⁸ Colour the boxes in the table as appropriate

		vulnerable groups in multi-ethnic communities.
RESULT 1		
Improved technological structure of SMEs and their ability to increase their market share		
Activity 1.1 Grant scheme for SMEs	<p>Implementation of 94 grants for MSEs in underway. Additional 75 new jobs have been created, bringing the total number of jobs to 143. Sixty-two MSEs have installed the newly procured equipment while additional 24 MSEs have signed the contract with the selected supplier for delivery of the equipment.</p> <p>35 MSEs has completed some, or all of the planned Corporate Social Responsibility (CSR) activities.</p>	<p>The First Call for MSEs was implemented in May - July 2018 period. The 468 applications received in response to the Call were evaluated and 106 projects were awarded following the PSC approval. Ninety-five out of the 106 grant agreements are under implementation as 11 of the awarded beneficiaries have retrieved from implementation of the awarded projects.</p> <p>The Second Call for MSEs is developed, and in September 2019 approved for publishing by the PSC.</p>
Activity 1.2 Support to Business Support Organisations (BSOs)	Evaluation process for the received applications is conducted and 20 projects have been approved for funding by the Programme Steering Committee.	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.
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	Nineteen grant agreements have been signed and their implementation is initiated.	<p>Back-up system for electronic permitting has been procured following PSC approval and installed in October 2018.</p> <p>The Call for the development of GIS was conducted in late 2018. Thirty-three applications received in response to the Call were evaluated and 19 approved for funding in April 2019 by the PSC. The grant agreements are signed in June and the projects are under implementation. Procurement processes are underway in ten out of the 19 awarded grant agreements.</p>
Activity 2.1.2 Development of urban plans related to economic development	Implementation of the 19 grant agreements is underway. During the quarter, the remaining four contracts were signed, and one DRP is adopted.	The Call for DRPs is conducted in April - June 2018 period. As a result 28 applications were received and 19 were approved by the PSC for funding in September 2018. Implementation

		of all 19 grant agreements is underway.
<p>Activity 2.1.3 Development of project technical documentation for projects contributing to economic development</p>	<p>Implementation of 12 grant agreements is underway. During the quarter, five contracts are signed in Kučevo, Smederevo, Doljevac, Kragujevac and Vranje.</p>	<p>The Call for technical documentation is implemented in April - June 2018 period. Upon evaluation of the 18 received applications, the PSC approved the 12 recommended for funding. Implementation of all grant agreements is underway.</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. Works are ongoing in Šabac, Sokobanja, Paraćin, Svilajnac, Užice and Kragujevac, and tenders were advertised in Priboj, Bojnik and Smederevo</p>	<p>The Call for economic infrastructure projects is implemented in April - June 2018 period. In September 2018, the PSC approved nine projects for funding. Implementation of construction work is underway grants is underway in six local governments while the remaining three are being contracted.</p>
<p>RESULT 3 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 underway. Construction works are completed in seven LSGs, works are underway in 21 LSGs while contracting of the remaining nine is in final stages.</p>	<p>The Call for local infrastructure projects is implemented in April - June 2018 period. Upon evaluation of the 6 received applications, the PSC approved 37 projects for financing in September 2018. The implementation of grants is underway, with construction works completed in seven out of the 37 LSGs.</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 project for improving knowledge of Serbian language among Albanian school children is continued with the start of the new school year through engagement of six teaching assistants. Implementation of 21 projects under CFP for Fostering Social Cohesion started implementation, after finalisation of verification process and contracts issuing.</p>	<p>The final testing conducted within language learning project showed improvement of Serbian language among Albanian pupils in 85% of the classes. The project continued realisation in the new school year in four schools in Bujanovac and Preševo. Following verification for 22 projects endorsed under the CFP for Social Cohesion, the contracts were issued for 21 projects and their implementation is initiated. One organisation failed to respond to verification request, and their project was cancelled without contracting.</p>

Legend²⁹

	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

²⁹ Colour the boxes in the table as appropriate