



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

QUARTERLY REPORT

1 January - 31 March 2020



Republic of Serbia



UNOPS

Implementing partner

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

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

Budget: 25 million Euros

Donor: The European Union

Start date: 1 January 2018

End date: 31 December 2020

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

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

Report date: 20 April 2020

Period covered: 1 January 2020 – 31 March 2020

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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 Programme entered into its third year of implementation with a balanced ratio of completed and ongoing activities and stable progress towards achieving objectives. With a total of 103 of the 246 projects completed, out of which 73 completed during the quarter, the Programme outputs are visible, a great portion of outcomes achieved and expected impact feasible. This period is, however, marked by promulgation of the state of emergency in the country due to the unprecedented global health crisis caused by COVID-19 pandemic, which will significantly affect progress and performance.

During the quarter, 58 projects implemented by micro and small enterprises (MSEs) and 15 projects implemented by local governments have been finalised. With this, 42% of all awarded projects are completed. Moreover, activities implemented by Business Support Organisations (BSOs) and Civil Society Organisations (CSOs) progressed, contributing significantly to the Programme results.

The most tangible contribution of the Programme to **improve business competitiveness** results from job creation. As a direct outcome of the procured equipment, 311 new jobs have been created in 93 beneficiary MSEs. During the quarter, 84 jobs were created, with 29 (or 34%) occupied by women. Enhancing its social impact, besides considerations of the beneficiary MSEs which prioritised employment of representatives of vulnerable groups, 17 MSEs supported their local communities through corporate-social responsibility activities during the quarter. Their activities are relevant, as some of the supported MSEs also got involved in response to the COVID-19 crisis, with the donation of disinfectants and protective masks.

The Programme extended its reach in support to business competitiveness through interventions implemented by twenty beneficiary BSOs. During the quarter, as many as 104 enterprises have already benefited from activities that contribute to enhanced competitiveness implemented by BSOs, and many more are expected to benefit in the coming months. In addition, the evaluation process of the 555 applications received in response to the second Call for MSEs is concluded with measures ensuring integrity and efficiency of the process. The results will be presented for Programme Steering Committee consideration in April 2020.

In efforts to **improve the business environment**, Programme contribution to industry investments remained relevant. Six new investors in Svilajnac and Paraćin industrial zones plan to employ an additional 280 people, and increased prospects for creation of additional employment in the near future. The value of investments is also significant, with eight million Euros signed by Swiss company “Regent“ in Svilajnac only.

Programme contribution to implementation of national policies at the local level continued. During the quarter, Sokobanja enhanced application of the geographic information system (GIS) in valorisation of tourist potentials, while in Zaječar the additional surveys will gather data related to response to emergency situations bringing greater value to this local intervention while also contributing to related national policy.

Over 2,600 inhabitants of Surdulica, Leskovac, Bujanovac and Boljevac have directly benefited from the completed **local infrastructure projects** during the quarter. Community centre in Surdulica village Dugojnica will provide the space for the villagers to organise social activities; Pupils and teachers of a Leskovac primary school will benefit from improved working conditions and energy efficiency; Modernised street lighting in Bujanovac already generates savings while providing greater coverage to the citizens, and, an additional 40 inhabitants of Boljevac are now connected to the sewage system.

The projects contributing to **enhanced social cohesion in multi-ethnic municipalities** continued to deliver results. In Vranje and Leskovac, an innovative service for provision of physical and relaxation therapy for the people with disabilities is established; Twenty owners of agricultural holdings from Babušnica and Dimitrovgrad advanced in their plans to convert to organic production; local Day-care Centre in Belo Polje

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village in Surdulica is equipped with sports equipment which will be used by 157 children; furthermore in Bujanovac 43 Roma completed vocational training positioning themselves better for access to employment, and, the Bosniak national minority gained improved media coverage in national television broadcast as a result of the advocacy intervention of a beneficiary Novi Pazar-based civil society organisation.

The Programme ensured **coordination of activities** with the relevant stakeholders, during the quarter the most relevant being with the Swiss PRO Programme whose support resulted with adoption of three new regulations ensuring good governance principles are incorporated in management of local infrastructure projects. In addition, the Ministry of Economy had an observatory role to the Grant Evaluation Committee evaluation applications in response to the second Call for MSEs.

The **communication activities** accompanied implementation of the Programme. Four press releases together with intensive promotion of the activities implemented by BSOs generated 395 positive media reports, out of which 138 (or 35%) in the national media. Furthermore, to contribute to technical quality of media reports issued by correspondence offices in Leskovac, Kraljevo and Novi Pazar, the Programme supported the National Public Service Media, Radio Television of Serbia (RTS) with equipment for remote broadcasting for these three locations.

The Programme is exposed to a new set of **challenges** caused by Coronavirus disease of 2019 (COVID-19) pandemic. Firstly, the pandemic puts Programme activities at risk of not being delivered in time. Thus far, infrastructure interventions are being implemented seemingly without interruption, however, all Programme activities which include public gatherings are affected more significantly as all without an alternative in the form of virtual meetings had to be postponed. Secondly, socio-economic effects of the pandemic go way beyond implementation timeframe for the Programme activities and already have significant impact on the expected outcomes and impact. Results of the EU PRO assessment of beneficiary MSEs conducted in March showed that 20% of beneficiary MSEs have put production on hold, followed by 50% who have reduced their production capacities. This indicates that MSE beneficiaries will likely not be in position to achieve targets and inevitably there may be job losses. In addition, the planned and expected investments resulting from the Programme business enabling activities may not materialise as the investors may need to focus on recovery of their existing operations. Finally, new socio-economic measures may be introduced at a regional or global level affecting materialisation of the planned results.

Considering the COVID-19 effects on implementation as well as the number of MSE beneficiaries which will significantly exceed the planned target of 150, the Programme will request amendment to extend **implementation period**. Limited time extension will enable recovery of time losses due to COVID-19 pandemic, ensure sufficient timeframe for implementation of projects resulting from the Second Call for MSEs and capturing data on achieved outcomes and impact.

Thus far, the Programme has addressed all challenges within its scope. A portion of uncommitted funds was redirected for procurement of medical equipment responding to priority needs of the Government to fight the virus outbreak. Alternative working arrangements and procedures have been set in place to enable uninterrupted implementation of activities, ensuring that all Programme personnel have the needed software and hardware to conduct their tasks in line with the measures set by the Government, while not jeopardising their safety. Finally, remote monitoring of activities is introduced.

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

On 15 March the Government of Serbia enacted the State of Emergency¹ that is intended to support the Government's efforts to fight the Corona-Virus pandemic (COVID-19) and its negative effects for the society and the citizens. The introduced measures included limiting public gatherings, closure of pre-schools, schools and universities, as well as the closure of state borders and were extended to curfews and mandatory self-isolation. The State of Emergency has an inevitable impact on the Programme implementation, which is mitigated by adjusting Programme work plans and modus operandi that includes distant monitoring of projects and adjustment of internal procedures to allow for remote working. Several related measures have been introduced by the Government, affecting Programme implementation.

On 18 March 2020, the Ministry of Finance distributed an instruction to all local administrations to undertake all measures within their jurisdiction to prevent new commitments and new public procurements being initiated, and to establish electronic payment systems within the belonging Treasury Administration. Though contracting for completed public procurements and payments for contracted project activities remained almost fully uninterrupted (apart from several registered short delays), this measure affects all projects implemented by local governments with planned public procurements for the following period. These have been closely monitored and alternative implementation plans have been put in place, where needed.

In addition, as businesses globally suffer from the effects of the pandemic, the enterprises supported by the Programme are now facing a new set of unforeseen challenges. The Government has announced a package of measures to support economic stability, including deferment of income, property and profit taxes for a three months period; direct financial support to micro and small enterprises and entrepreneurs in a flat rate taxation system in the value of three minimal wages; and, financial support through Development Fund loans and subsidised commercial bank loans for working capital.

The Social Inclusion and Poverty Reduction Unit (SIPRU) published² an amended edition of the Social Development Index of LSGs by adding data for 2017, thus the Index is now available for seven years (2011-2017). The Index provides the capability of comparing quality of life per LSGs, sortable under six areas: demographics, economic activity, education, social protection, healthcare, other indicators of the quality of life and social participation.

In March 2020, the Government of Serbia adopted³ the Strategy for the Advancement of the Position of Persons with Disabilities 2020-2024, which aims to improve the overall social and economic status of persons with disabilities. The way to achieve the main goal is through improvement of accessibility, participation, equity, employment, education and training, social protection, health and other aspects that contribute to equalising their opportunities and achieving inclusive equality.

Progress towards achieving objectives

During the quarter, activities on an additional 73 projects have been completed, out of which 58 implemented by MSEs and 15 by local governments. With this, activities on 103 out of the 246 projects have been completed.

With an additional 84 jobs created during the quarter (out of which 29 occupied by women), the Programme directly contributed to creation of 311 jobs in beneficiary enterprises, thus making an important socio-

¹ <http://www.pravno-informacioni-sistem.rs/fp/covid19>

² <http://socijalnoukljuucivanje.gov.rs/rs/objavljeno-dopunjeno-izdanje-indeksa-drustvenog-razvoja-gradova-i-opstina/>

³ <https://www.minrzs.gov.rs/srb-lat/aktuelnosti/vesti/vlada-srbije-usvojila-strategiju-unapredjenja-polozaja-osoba-sa-invaliditetom-u-republici-srbiji>

economic impact to local communities. However, the current global economic crisis caused by the COVID-19 pandemic may have a significant impact on continued registration of outcomes, and even jeopardize those already achieved.

Programme contributions to investments continued with six new investors contracted during the quarter in the industrial zones supported by the Programme. These too will significantly contribute to creation of jobs, with an additional 280 new jobs expected in Svilajnac and Paraćin only as a result of investments secured during the quarter.

Implementation of activities continued, however as of mid-March facing significant risks. Though implementation dynamics is seemingly unchanged with only three construction sites being temporarily suspended, and procurement activities on only a couple of projects delayed, should the state of emergency continue, dozens of projects will be at risk of not being delivered in time.

Advancement of the social cohesion activities is generating further results related to the improvement of socio-economic position of excluded groups and better positioning of the national minorities groups. The COVID-19 outbreak impedes implementation, but all delays are addressed with activities rescheduling and project extension, where required. An innovative service for the provision of physical and relaxation therapy to the people with disabilities (PWDs) is established in Leskovac and Vranje. It will provide service to 150 PWDs from Jablanica and Pčinja Districts gathered in two associations.

When it comes to the economic empowerment of the most vulnerable citizens, 43 Roma (34 women and 9 men) from hard-to-employ categories from Bujanovac and Vranje increased their employment prospects by passing vocational programmes, where three of them (two women and one man) found employment soon after. Also, the EU PRO envisaged awarding of the grants to the most successful beneficiaries for the business start-ups.

Furthermore, the EU PRO promoted and supported sustainable agricultural initiatives in rural communities that are contributing not only to creation of individual income generating positions, but to mobilisation and development of passive rural areas through utilization of local potentials. Around 100 rural citizens⁴ of Bor, Priboj, Lebane, Babušnica, Dimitrovgrad and Vladičin Han gained knowledge and skills related to agriculture and rural entrepreneurship.⁵ Hitherto, ten agricultural holdings from Babušnica and Dimitrovgrad are equipped for starting organic production, and that being the case, organic production was initiated for the first time in Dimitrovgrad and expanded in Babušnica, while placement of their products is secured through Women's Cooperative for food processing. In Priboj, eight agricultural holdings that are engaged in the traditional food production are equipped with machines that will enable increase of the production.

EU PRO contributes to increased enforcement of the rights of the national minorities in line with the Action Plan for the Realisation of the Rights of National Minorities through several advocacy initiatives toward local and national institutions and media, by capacitating local actors and through creation of two comprehensive analysis⁶ that provides recommendations for addressing the shortcomings in the implementation of the Action Plan and creation of local plans, particularly regarding the Bosniak and Roma minorities.

Result 1

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

Seventy-seven of the 94 grants awarded under the First Call for Proposals for Procurement of Equipment and Provision of Services for MSEs have been completed. A total of 311 new jobs (out of which 137 occupied by

⁴ Mostly women, while it was ensured that members of all national minorities inhabiting these municipalities (Roma, Bulgarians, Bosniaks and Vlachs) had fair representation among beneficiaries

⁵ Including knowledge and skills on organic production, registration of tourist households, harvesting and packaging of medical herbs, as well as basic IT skills and on-line marketing for product placement, etc.

⁶ Created by the CSO from Novi Pazar and Association from Babušnica

women) have been created as direct result of the investments, with 84 out of which 29 for women during the quarter. However, the current pandemic of COVID-19 has significantly influenced the revenues and practically stopped the export which can significantly influence the results and the SME sector in general. Based on a survey at the end of March 2020, 20% of the supported companies have temporarily closed the production, additional 50% reduced their production capacities, and 29% are still operating at the same level as before the pandemic, with only 1% registering increased production.

Over 1400 people benefited from the corporate-social responsibility activities implemented by 17 MSEs during the quarter. These activities included equipping and renovation of local elementary schools, hospitals, day care centres for children with disabilities and a youth office. MSEs also donated food to Red Cross and children day care centres, organized cleaning of Žiža river bank and local roads, provided scholarships for best students and students in social need as well as provided clothes for the poor and vulnerable groups. In addition to the planned activities some MSEs also got involved in response to COVID-19 pandemic like MSE "CT Media" Kragujevac that produced and donated protective masks and "Progen Solution" Leskovac that donated 20,000 litres of disinfectants to the city of Leskovac.

During the quarter, 114 representatives of 104 SMEs have benefited from capacity building activities organised by the supported Business Support Organisations in the areas of marketing, digital transformation etc.

Activities

1.1 Grant scheme for SMEs

During the reporting period, activities on 58 projects awarded under the First Call for Micro and Small Enterprises (MSEs) have been finalised, bringing the total number of completed projects to 77. Activities on the remaining 17 projects are in the final stages of implementation, with eight enterprises awaiting delivery of equipment and the remaining nine are finalising other planned activities.

Evaluation of the 551 applications received in response to the Second Call for Proposals for Procurement of Equipment and Provision of Services for MSEs which closed on 10 November 2019 has been finalized. In line with the set process and criteria of the Call, a total of 400 applications have passed eligibility criteria and have undergone technical evaluation. Each application was assessed by at least three individual technical members of the Grant Evaluation Committee which, upon conclusion of the findings, recommended 168 applications for the field visits. The field visits were organised in late February and early March 2020 with at least two evaluation committee members making the visit. Grant evaluation team meetings were organised throughout the process, with a total of 33 meetings out of which 25 were held during the quarter. The final results are being prepared for consideration of the Programme Steering Committee.

1.2 Support to Business Support Organisations (BSOs)

Twenty projects awarded to Business Support Organisations (BSOs) in November 2019 are under implementation, however as of March with decreased intensity due to social distancing measures related to COVID-19 pandemic.

During the quarter, 13 out of the 20 BSO beneficiaries have conducted procurements for services related to implementation of project activities and six conducted procurements of equipment in line with set dynamics of the projects. Implementation of planned activities progressed with 16 in-person and five on-line training sessions conducted during the quarter. Also, as planned, Start-up Centre Niš organised a study visit to Croatia and RDA Braničevo - Podunavlje conducted a study visit to Slovenia. With nine BSOs publishing and five finalising their Calls for participation in their projects for SMEs, the list of end beneficiaries is being rounded. Thus far, 104 SMEs benefited from the activities implemented by the supported BSO grantees.

Due to the COVID-19 outbreak most BSOs needed to postpone, prolong or adapt some of the activities. Three BSOs adopted a new approach to capacity building activities, and in consultation with the beneficiary SMEs and the Programme organized on-line training instead of in-person meetings. RDA Zlatibor has prepared procurements for the participation at a Fair in Hanover planned for October 2020, however at this point the trip could not be confirmed as it is dependent on the situation with the COVID-19 pandemic. Due to lock down measures, a study visit to Hungary planned for West Serbia SMEs by the RDA Podrinje, Podgorina and Rađevina has been postponed. Science and Technology Park in Čačak has requested to suspend project activities during April 2020.

Result 2

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

Industry investments resulting from the implementation of economic infrastructure projects continued in 2020. Paraćin progressed with construction of the production facility which will be rented to Swedish company "Rimaster" with a planned completion date of 15 April 2020. Immediately after relocation to the new premises, the company plans to employ an additional 50 employees. Three more investors initiated the design and construction of their commercial buildings in the industrial zone "Zmič" in Paraćin contributing further to creation of jobs.

Likewise, an investment of 8 million Euros in Svilajnac industrial zone by a Swiss company "Regent" combined with construction of a new production facility by a German company "A2000" will jointly create conditions for employment of 230 people.

Programme activities on geographic information systems (GIS) beside its local or inter-municipal character, were streamlined toward identification of additional applications which may have greater contribution to implementation of national urban development policies, thus, will bring an added value to awarded grants. Such possibilities were identified in Sokobanja and Zaječar during this quarter, where planned thematic application in Sokobanja will be substantially enhanced by adding more important elements relevant for valorisation of tourist potentials, while in Zaječar, the additional surveys and applications content will be implemented through planned interventions and procured equipment.

Activities

2.1.1 Enhancing land management through development of GIS and improved access to geospatial data
Development of Geographic Information Systems is progressing in beneficiary local governments. During the quarter, meetings were held with six⁷ leading local governments and the grantees are provided with technical assistance to resolve specific issues related to their local contexts, such as enhancing content of planned thematic applications, tailoring technical requirements for specific planned services or negotiation process for software upgrades. The assistance was also provided to local governments to conduct procurement processes and these are completed in Šabac and Leskovac for GIS software, in Loznica for GIS hardware, Novi Pazar for survey of underground installation and hardware, in Sokobanja for orthophoto surveying and Topola for mapping of social services, hardware and GIS trainings. Due to restrictions introduced in response to the COVID-19 outbreak some of the planned procurements are postponed risking prolonged implementation of related projects.

2.1.2 Development of urban plans related to economic development

⁷ Sokobanja, Zaječar, Paraćin, Loznica, Požarevac and Kraljevo

With two⁸ out of the 19 grants awarded for development of detailed regulation plans closed, the activities on the remaining 17 are in different stages of implementation. The greatest progress is made by Čajetina and Veliko Gradište, both adopting the plans during the quarter, followed by Velika Plana and Topola where plans are in the adoption procedure. Detailed regulation plans developed by Kraljevo, Leskovac, Rača and Kučevo have passed public insight and are pending Planning Commission approval, while the public insight is to be organised by Merošina, Arandjelovac and Zaječar. The plans for Surdulica, Dimitrovgrad, Majdanpek and Vlasotince are being drafted while pre-drafts are prepared for Raška and Blace plans. Raška is pending early public insight while Blace terminated the contract with the selected developer due to their failure to deliver contracted outputs. Activities on this project have been suspended.

Since measures related to control of COVID-19 pandemic include prohibition of public gatherings, it directly reflects an inability to organise meetings of the local planning committees and organisation of the public insights. Therefore, predominantly for this, but also for other reasons⁹ timeframe for implementation for 13 grant agreements¹⁰ was extended during the quarter.

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

With one project finalised in 2019, implementation of the remaining eleven projects related to development of technical documentation has progressed. Joining the city of Kragujevac whose project was completed in 2019, two more local governments have finalised activities during the quarter - Kjaževac completed execution design for the training/start-up centre in Rgošte Village and Topola completed execution design for distributive irrigation network.

During the quarter, Bela Palanka finalised development of technical documentation for reconstruction of factory "Famid" for a known investor planning to create 100 jobs for production of the spare parts for the car industry. Though development of technical design for the multifunctional expo centre in Niš progressed the city had to suspend the follow-on activities. Namely, the conceptual design developed through an open competition was selected and a public exhibition of received proposals organised on 5 March 2020. However, the city was unable to conduct procurement for development of execution design due to restrictions introduced by the Government in response to COVID-19 pandemic. Therefore, even though the grant agreement was extended until December 2020, the city still faces the risk of not completing the activities in time.

Time extensions were granted to three more beneficiaries during the quarter - Kraljevo, Čačak and Vranje, whose activities were slightly delayed in the previous period.

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

Following completion of works on three¹¹ out of the nine economic infrastructure projects in 2019, during the quarter Paraćin finalised activities on the improvement of the infrastructure in the industrial zone "Zmič".

The works on the remaining five projects are underway. Šabac, Užice, Smederevo and Sokobanja are close to finalising project activities, and their completion is expected in the second quarter of the year. Though works in Bojnik agro-business zone Kosančić were initiated with delay in October 2019, they are progressing in accordance with the plan, and are only slightly affected by the COVID-19 measures due to shorter working hours.

⁸ Užice and Pirot have completed activities within the grant agreements in 2019 and the projects are administratively closed during the quarter

⁹ Delay in issuing public authority holders terms of conduct, Bidders complaints, dependance of adoption of plans at national level, etc.

¹⁰ Arandjelovac, Dimitrovgrad, Kraljevo, Kučevo, Leskovac, Majdanpek, Merošina, Rača, Raška, Surdulica, Velika Plana, Vlasotince and Zaječar

¹¹ Besides Paraćin, Kragujevac, Svilajnac and Priboj completed all activities in 2019

Limited time extension is granted to all five ongoing projects during the quarter, primarily due to uncertainties related to COVID-19 measures, however all delays are within the set tolerances for manageable risk.

Result 3

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

Local communities continued to benefit from the local infrastructure projects. A space for social activities for over 1,500 rural residents of Dugojnica village in Surdulica is provided with reconstruction of the community centre. In addition, over 650 pupils and 70 teachers benefit from improved working conditions and energy efficiency in Leskovac primary school while modernised street lighting in Bujanovac is not only providing wider coverage and improved public service but is also generating savings for the local government with enhanced energy efficiency. Finally, environmental pollution is decreased and quality of life improved for almost 400 inhabitants of Boljevac who are attached to the public sewage system.

Incorporation of good governance principles in local infrastructure projects provided benefits to approximately 5,000 citizens, out of which 3,900 school children and youth, who use the sport terrains free of charge and 30 Roma families with 120 family members, who are connected to the city's sewage network free of charge.

The projects contributing to enhanced social cohesion in multi-ethnic municipalities continued to deliver results. An innovative service for provision of physical and relaxation therapy for the people with disabilities from Jablanica and Pčinja Districts is established in the premises of their associations in Leskovac and Vranje, by equipping them with the massage machines. The Ministry of Labour, Employment, Veterans and Social Affairs praised this service as innovative and expressed their interest to support such activities in future.

In Babušnica and Dimitrovgrad, 20 owners of agricultural holdings, mostly women, gained knowledge on organic production, while 10 of them were equipped for starting organic production and initiated the process for organic certification. Placement of their products will be secured by the Women's Cooperative from Babušnica that is manufacturing traditional food products. In addition, the Cooperative is empowered for placement of their products through designing and promotion of a corporate gift.

Furthermore, access to sports activities for 157 children (71 girls and 86 boys) in the village of Belo Polje near Surdulica is improved, by equipping the local Day Centre with sports equipment. Additionally, it is increased inclusion of Roma children by enrolling 10 of them in the Table Tennis Association located in the Centre.

In Bujanovac and Vranje, 43 Roma (34 women and 9 men) from hard-to-employ categories successfully completed vocational training and gained new skills and knowledge that are improving their employability prospects. Furthermore, three of them (two women and one man) found temporary employment, while the most successful of the beneficiaries are expected to start their own businesses in the following phase of the projects through provision of the equipment for a business set up.

Through advocacy activities of the CSO from Novi Pazar, regions inhabited predominantly by the Bosniak national minority got better coverage in national television broadcasts. Also, the CSO produced a report on the rights of Bosniaks with appropriate recommendations covering all the chapters of the Action Plan for the Realisation of the Rights of National Minorities. The recommendation report was sent to the relevant national and international institutions and it will serve to further advocacy activities.

Activities

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

Implementation of local infrastructure projects is progressing predominantly in line with the planned implementation dynamics. With construction works completed in Leskovac primary school, Boljevac sewage

system, Surdulica community centre and Bujanovac street lighting during the quarter, a total of 14¹² out of the 37 projects are completed.

Out of the remaining 23 projects, the key activities are completed on eleven projects pending secondary activities such as promotional events or minor additional works, and the construction works are underway on the remaining twelve projects.

Due to the COVID-19 pandemic, short suspension of works was registered on a couple of projects due to inability of the local governments to process payment requests. In addition, works on Žagubica Health Centre have been suspended as access to the construction is not possible during the state of emergency, and, with travel restrictions and curfews in place, two construction sites are temporarily suspended - in Čajetina and Batočina. Finally, the Government measure that significantly affects the local governments is suspension of new investments and procurements¹³ bringing uncertainties for the planned activities for which procurement processes have not been initiated. For this and other reasons, a limited time extension for 21 local infrastructure projects is granted during the quarter.

Swiss PRO Programme continued support to local governments in ensuring good governance of the local infrastructure projects, with adoption of three more regulations during the quarter.

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

Implementation of the social cohesion activities was progressing in accordance with the plan at the beginning of the year prior to the COVID-19 outbreak. The constraints imposed by the pandemic have partially impacted implementation of the projects, where those involving group gatherings and school-based activities are the most affected.

With closure of primary schools on 16 March as one of the measures taken by the Government in response to the pandemic, learning of Serbian as a non-mother tongue activity was immediately affected. The activity progressed in accordance with the plan at the beginning of the year, as confirmed with the Seventh Progress Report¹⁴ of the implementing partner, Group 484. However, soon after closure of schools the teaching assistants started helping the delegated teachers in preparing material for classes that are being conducted on-line. The Ministry of Education, Science and Technological Development announced a start of a distance learning programme for the pupils educated in minorities' languages. The Programme coordinated the change of modality¹⁵ for continuation of the project through the distance learning programme.

In addition, prior to the challenges caused by the pandemic, the Programme held two meetings with the Group 484 and the Coordination Body for Preševo, Bujanovac and Medveđa to discuss possibilities for project continuation in the following school year and plans for final testing of the pupils' knowledge. The Coordination Body was seeking opportunities for extension of the project through a different model, such as establishment of a joint youth hub in Bujanovac for youngsters of Albanian and Serbian nationalities. The final testing was also discussed, and the possibility of including examination of speaking skills will be further explored.

Two¹⁶ out of 21 social cohesion grants are completed contributing to improved wellbeing of the people with disabilities in Jablanica and Pčinja Districts, and to economic empowerment of 20 rural households from

¹² Aleksinac green market, Golubac sports fields and summer stage, Krnjaževac "Gurgušovac" tower, Kragujevac sports fields, Kuršumljija water supply system, Ljubovija sports facility, Šabac "Sokolski dom" building, Svilajnac cultural centre, Velika Plana primary school, Žabari social services facility, Leskovac primary school, Boljevac sewage system, Surdulica community centre and Bujanovac street lighting

¹³ Quoting the article 62 of Law on the Budget system

¹⁴ Annex III_Att.1.1_Group 484_Seventh Progress Report_Jan20

¹⁵ Annex III_Att.1.2_Group 484_Activity Modification Report_Mar20

¹⁶ Inter-municipal projects implemented by the Muscular Dystrophy Association of Jablanica District in Leskovac and Vranje and the Association "Lužnica Handcrafts" realised in Babušnica and Pirot

Babušnica and Dimitrovgrad. The Municipality of Surdulica, whose project is mostly completed, required postponing of the final activity which envisaged organisation of a sports tournament.

Implementation of the remaining social cohesion projects is on-going but with delay. The projects are monitored and supported regularly by the Programme, focusing on minimising potential disruptions resulting from the pandemic. Given the postponement of the activities that anticipate group gatherings, the projects are generally at risk regarding the planned time frame. One project has already been extended and additional eleven projects will most probably require prolonging. Status of the remaining projects will depend on the duration of the state of emergency.

During the quarter, twelve¹⁷ field visits were conducted in order to verify progress reports and to provide additional support to less capacitated organisations. The public events were organised in order to promote project results - a graduation ceremony for 20 young Roma women who have successfully undergone vocational training in Vranje and marking the completion of the project that supported economic empowerment of agricultural holdings through the start of organic production in Dimitrovgrad.

Management and coordination

Programme Steering Committee

The Programme Steering Committee meeting planned for March 2020 was postponed due to COVID-19 pandemic. A virtual meeting or an on-line voting is planned to be organised in April to ensure uninterrupted advancement of the Programme activities.

Coordination

Incorporation of good governance principles in local infrastructure projects ensured through support of the Swiss PRO Programme continue to provide benefits to the Programme beneficiaries and support sustainability of the local infrastructure projects. During the quarter, three local governments were supported to adopt new regulations, bringing the total number of local governments who have introduced good governance principles to 13. These provided direct benefits to more than 10,000 people, mainly from excluded groups. Namely, the implementation of seven regulations ensure accountable and transparent use of premises of public institutions or sport terrains as well as equal access to those public properties with formalisation of non-discriminatory provisions related to vulnerable groups. Two regulations determined management accountability for public goods, three regulations formalise subventions for particular vulnerable groups while one document regulates further use and allocation of energy efficiency savings.

The Programme is ensuring regular coordination with the key stakeholders under the language learning project. Prior to the virus outbreak, monthly meetings were held with the representatives of the Group 484 and the CB in relation to project sustainability and final testing of pupils' knowledge. After the initial suspension of the project due to the COVID-19 and school closing, and its partial resuming through distance learning, an on-line meeting with the stakeholders was organised to discuss further steps and possibility for the project continuation through a distance learning programme. It is concluded that the project resuming is feasible, modality is agreed, and emphasized the need to confirm with the school directors modified approach.

¹⁷ Visited projects in Surdulica, Vladičin Han, Bela Palanka, Bujanovac, Vranje, Lebane, Leskovac and Novi Pazar

Finances

The following are the main financial indicators¹⁸:

- The total delivery as of 31 March 2020 was 16,867,992 Euros or 67.47 % of the Programme budget;
- The forecast delivery for the next reporting period is 2,622,688 Euros.

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

Human resources

During the quarter, the EU PRO Sector for SMEs and BSOs was enhanced with one regular Programme Assistant position based in the Niš field office. In addition, the Pool of Consultants for SMEs and BSOs has been expanded in order to respond to the large number of applications in response to the Second Call for MSEs and high pick of activities in the coming period. The regular position of Communications and Programme Assistant became vacant and the recruitment process is underway.

Programme personnel completed performance reviews for 2019 and finalised individual performance related objectives for 2020. However, due to the COVID-19 outbreak, the deadline for setting personal individual objectives as well as learning and development needs has been postponed for 30 April 2020. Newly recruited personnel are on track with completing mandatory training.

Procurement

Procurement processes conducted in the period January – March 2020 were mostly related to small purchases under USD 5,000 for improvement of working conditions and administrative and logistic support of the programme. In order to enable smooth communication, transport and functioning of the programme the following small purchases were conducted: provision of taxi services in Belgrade, additional funds on pay toll TAG devices for electronic highway pass for official vehicles, painting of Novi Pazar office, purchase of additional conference chairs for the office, provision of CASCO insurance and vehicle registration, summer tires and fuel for the programme vehicles, purchase of colour and monochrome copiers, provision of the project signboards and translation services.

The process for provision of services in support of EU PRO Communication activities is initiated and draft ToR shared with the procurement for their comments and revision. Due to the COVID-19 crisis this process was put on hold.

Grants administrative support

During the quarter, the Grant Administration Unit was predominantly focused on providing support to an administrative management of the grant support agreements (GSAs) issued in 2018 and 2019. A total of 26 financial and procurement reports for EU PRO grant beneficiaries were verified, 21 requests for payments processed and 31 VAT office registrations conducted. In addition, the Grant Administration Unit facilitated issuance of 42 amendments and administrative closure of 16 grant agreements. Finally, the team supported the evaluation process for the Second Call for MSEs, in the capacity of secretary to the Grant Evaluation Committee and in charge of the administrative and eligibility check of the 555 received applications.

¹⁸ While these figures provide quality insight into the Programme's spending, the final figures are only provided in the Programme's financial reports.

Reporting and monitoring

EU PRO has the contractual obligation to produce the inception, the quarterly, the annual and the final reports. During the quarter, the annual report covering the period from 1 January to 31 December 2019 was developed and shared with the Programme Steering Committee. The Programme also prepares monthly reports for UNOPS Serbia and although not a contractual obligation these could be provided to the MEI and the donor upon request.

Risks and issues

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

- In response to the pandemic, the Programme staff is advised to work from home, thus monitoring of activities is made more difficult. Alternative procedures have been put in place, i.e. electronic signatures and remote monitoring measures such as photo and video material sent by contractors as means of certification of implemented works. Despite the pandemic, almost all construction sites remained open with additional attention to health and safety measures, thus far no registered cases of COVID-19 infections are noted at the Programme sites.
- Implementation of construction works may be delayed due to curfew which limits the number of working hours at the construction sites. In addition, transportation on workers to the construction sites is made more difficult with social distancing measures and for general safety reasons. Thus far, works on two construction sites have been suspended - Batočina and Čajetina, as the contractors are located at greater distances from the sites.
- Restrictions related to procurement processes for the local self-governments may delay implementation of projects with pending procurements to be conducted. For example, the city of Niš had to postpone the launching of the tender for execution design for the expo centre which may postpone the grant implementation activities beyond the Programme timeframe, depending on the duration of the state of emergency.
- Most of the social cohesion projects are affected by the introduced restrictions. Considering that their implementation includes activities which envisage group gatherings (public forums, training, services for citizens, delivery of classes for pupils, etc.), such activities needed to be rescheduled for the post-emergency period. The grantees are currently focused on activities that do not foresee any gatherings, such as procurement, promo material and reports preparing, etc. It is evident that most of the projects (total of eleven) planned to be completed during April and May will require extension in order to address delay, while one project, set for completion in March, is already extended. The Social Cohesion unit is in continuous communication with the implementing partners, evaluating and addressing all the emerging issues caused by the state of emergency.
- Expected outcomes of activities implemented by beneficiary micro and small enterprises are jeopardised. Virtually all restrictions affect small businesses, but those related to export may be the most significant. Prolonged duration of the emergency would severely affect business operations of the existing and future MSE beneficiaries, which would in turn reduce their ability to invest in new equipment which may result in cancellation of grant agreements. Finally, this will influence expected outcomes and impact, in terms of new jobs, income and export.
- Activities implemented by beneficiary Business Support Organisations may be significantly affected due to travel limitations and limitations related to group gatherings. Wherever feasible, the BSOs have adapted their approach and introduced e-learning instead of in-person training. However, there

was no alternative for some of the planned activities, such as study visits or participation in international fairs or B2B meetings, which are being postponed. Depending on the duration of the state of emergency, the activities may materialise later in the year, or cancelled. Consequently some of the planned outcomes are at risk, such as increase in sales and export in beneficiary SMEs, which may need to be rephrased to reduce decrease in sales and export. At least ten of the twenty supported projects will need to be extended.

Quality

During implementation of the projects, the Programme provides continuous support to the grantees by close monitoring, coordination and field visits. The challenge remains with the less capacitated civil society organisations in relation to the procedure compliance and delivery of the envisaged results. Communication and visits to such organisations were intensified in the previous period in order to address and prevent any aberrations from the planned results. Travel suspension caused by the COVID-19 outbreak puts limitations on the monitoring process, however the Programme modified its approach by intensifying on-line communication and providing additional support to the grantees regarding all disruptions induced by the state of emergency.

After provided support of the Programme requirements related to early public insight in early planning stage of formulation of Detailed Regulation Plans (DRPs), the Programme shifted focus of its support toward improvement of the quality of draft DRPs as a later stage of planning process, to the six DRPs prepared in this quarter¹⁹. The Programme suggestions emphasized better implementation provisions, definition of more precise land use, and avoidance of unnecessary additional elaboration, that should ensure direct plan implementation and provision of immediate issuance of location permits and support to investments.

Sustainability

The Programme activities are ensuring implementation of all three pillars of sustainable development at the planning, design and later on at implementation stage. All infrastructure activities are promoting competitiveness and local economic growth thus ensuring economic sustainability. Effectiveness through growth of living standard and quality of life will have an impact on growth of GDP per capita. Specifically, through economic infrastructure projects, opportunity for creation of 200 new jobs from supported investments in Bela Palanka and Svilajnac will contribute to economic sustainability throughout the Programme implementation phase.

The Programme is ensuring environmental sustainability through creating strategic environmental impact assessments in the planning stage. Through applying legal framework during the design and implementation stages, the Programme is ensuring no impact or reduced impact on nature, by creating energy efficiency solutions during the design stage and by ensuring LSGs are addressing environment protection principles throughout the implementation stage. Out of 97 infrastructure projects, 70 are considering the environment.

Social sustainability is ensured through local infrastructure projects which are targeting excluded groups living in multi-ethnic communities, so it is expected that local infrastructure projects will contribute to socio-economic empowerment of vulnerable groups on a long-term prospect (completed renovation of school in Leskovac, community centre in Surdulica, centre for social welfare in Žabari etc.). Besides social sustainability, 31 out of 37 local infrastructure projects are considering the environment thus creating savings for their users and ensuring other than social, environmental and economic sustainability. In addition, applying the good governance principles is additionally enhancing economic sustainability.

¹⁹ Kraljevo, Rača, Velika Plana, Leskovac, Aranđelovac and Merošina

Detail regulation plans are ensuring social sustainability through public participation in the planning process, while Programme insured no impact to nature through Terms of Reference for provision of planning documentation. Adopted planning documentation in case of four completed DRPs will be bases for economic sustainability at the later stages, upon completion of technical documentation and realisation of the investments foreseen by the plan.

The EU PRO Gender Action Plan (GAP)²⁰ is progressing in line with the set targets, where an additional number²¹ of the personnel completed the recommended courses, thus increasing their knowledge on gender equality in sustainable project management. With the introduction and population of the Monitoring and Reporting Data, the first assessment²² of the Programme contribution to gender equality is conducted, and another one is planned with the completion of EU PRO. The analysis showed that over 2,000 women directly benefited from the Programmes' activities until now, while 37 projects in the total value of nearly one million Euros are directly contributing to gender equality.

Lessons Learned

With intensified completion of project activities and closure of grant agreements, one of the identified lessons relates to the need of early definition of outcomes, outputs and impact. Though logical framework matrices are a mandatory part of all project proposals submitted by the local governments, often they lack appropriate indicators for measurement of the project's success. Call for proposals should include detailed requirements for LFM to obtain outcomes, outputs and impacts and clear indicators for their measurements. In addition, the requirements related to collecting gender, labour days, vulnerable groups and all necessary data for measuring the project's success i.e. no of job created must be clearly defined.

In the process of ongoing work it was included that the communication and visibility guidelines would be more effective if they included visual examples of Programme branding application (visual and disclaimer) on most commonly produced items such as posters, pamphlets, notebooks, folders, bags, pencils and roll-ups. The promotional activities within individual projects should be defined during the contract development and in accordance with the type of project and the budget available. To that effect, the Programme communication team in consultation with the Programme sectors should develop a list of recommended activities to be conducted by individual projects and in line with the respective activity, to optimise activity result, consistency in Programme promotion as well donor visibility. Where possible the focus would be placed on video content that could be promoted via traditional and digital media.

Communications and Visibility

Prior to the state of emergency announced on 16 March, the Programme activities were promoted through **four press releases** to mark the completion of local infrastructure projects in Leskovac and Surdulica and the start of those in Priboj and Bela Palanka. The published press material together with the intensive promotion of the projects implemented by business support organisations generated 395 media reports, out of which 35 percent (138 reports) was published in the national media, including those reports, inspired by the press release issued by the Ministry of European Integration that relates to the EU support to the country in the COVID-19 pandemic through the EU funded projects implemented by UNOPS.

Responding to the DEU request, the overview of all projects in the health sector supported since 2006, together with the photo selection and the links to the news stories has been prepared. In addition, upon the request of the Delegation of the European Union (DEU) the Programme prepared a brief overview of the political developments and EU PRO projects in three municipalities, Bujanovac, Preševo and Medveđa.

²⁰ Annex V_Att.5.1_EPR_Gender Plan_status_v4_Mar 20

²¹ 94% of all EU PRO personnel completed the recommended course

²² Annex V_Att.5.2_EU PRO Support to Gender Equality_310320

Additional three documents were prepared in response to Ministry of European Integration (MEI) requests - the project overview focused on social and economic empowerment of women; the list of potential events by April 2020 and the list of projects supported in Vranje since 2014.

The fourth issue of the Programme Newsletter was released on 23 January to a database of close to 3,000 stakeholders and promoted via social media.

During the reporting period, the Programme website remained the key source of information for all interested parties, generating a total of 16,048 visits from 9,699 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, a total of 46 posts were liked 649 times and attracted 17,950 page likes and 18,287 followers. Similarly, 29 Tweets were liked 235 and retweeted 114 times, attracting 1,010 followers by the end of the quarter.

The EU PRO YouTube Channel was updated with the four selected videos published by the media outlets, which were also uploaded to the website together with four success stories.

The communication team supported organisation and realisation of the visit of Peter Onsongo, ECR Regional Management and Oversight Advisor to Paraćin on 25 February, which included the meeting with municipal officials, economic infrastructure project and two enterprises supported through EU PRO.

Further, EU PRO after meeting with the project Visibility and Communications of IPA Programmes introduced required network adjustments to enable the news, public calls and jobs advertisements published on EU PRO website to be automatically updated on the EUforYou platform. It was agreed that the event announcements will be uploaded manually by EU PRO. Additionally coordination meeting with EUIC was held to discuss joint coverage of activities and projects under #EUZATEBE platform. Also a meeting UNICEF was held to discuss potential cooperation on Mobile Journalism activity for youth. As a result a joint concept paper is being developed.

An annual EU PRO opinion survey on EU Integration issues in the Programme AoR has been distributed via paid Facebook campaign for the widest possible reach. The paid post aimed to include target audiences who did not necessarily have a direct contact with the Programme or EU support and for the purpose of gathering the most diverse input. A total of 1,000 respondents were reached. For the duration of February and March the Survey was distributed amongst direct and indirect EU stakeholders through both contact databases and unpaid social media posts of EU PRO, EUIC and MEI to reach audiences that had direct contact with the Programme or EU support. A total of 478 respondents were reached. The results will be analysed separately and its average compared with the results of the same opinion Survey distributed the previous year. However, much as with the 2014 floods, public opinion is likely to be influenced by the perceived EU response during the COVID-19 crises. These changes will be reflected in the Survey distributed in December 2020.

The broadcasting equipment, namely three items of GSM HEVC mobile transmitter over bonded cellular network, worth total of 56.089,98 USD, was successfully procured and delivered to the Public Service Media, Radio Television of Serbia (RTS) to distribute them to correspondence offices in Leskovac, Kraljevo and Novi Pazar, while the Communication team will organise monitoring visits once the situation regarding COVID-19 is normalised. This should contribute to the Public Service Media to increase technical quality of reporting in the above-mentioned correspondent offices while professionally reporting on the most important EU activities in the Republic of Serbia, particularly on its development assistance in the EU PRO Area of Responsibility until the completion of the EU PRO programme. As part of the Donation Agreement the RTS will provide the Programme with raw material of recorded projects and visits, which will be further used to promote the EU support to balanced, sustainable development.

Forty-four (44) project signboards have been delivered in order to mark the projects implemented by the business support and civil society organisation in line with the visibility guidelines when the situation in the country allows.

Early in January 2020, the New Year promotional packages were packed and distributed to over 200 national and international stakeholders, including the representatives of the Delegation of the European Union (DEU), Ministry of European Integration (MEI), Programme Steering Committee (PSC) members, and the missions of the EU countries in Serbia. The quantity of 5,000 calendars has been distributed - DEU and EUIC received a total of 2,000 items, MEI 200 and local and national stakeholders including winning schools, LSGs, grantees and other key stakeholders received the remaining 2,800 calendars which were equally distributed to the four EU PRO offices.

Besides contributing to all Programme developed reports and updates, the Communication team also supported the Swiss PRO Programme in preparing the text on the Government of Switzerland support to green markets as those projects were implemented through the EU and Swiss partnership programmes aimed at local development. The team also drafted the minutes of the Workshop “Challenges of Local Development” held in December 2019 with the MEI representatives. Further, UNOPS RSPO stakeholders` profiles were populated with the biographies of 68 mayors of the programme local self-governments and three stakeholders from partner ministries. Additionally, a selection of programme photos divided by UN Sustainable Development Goals as well as EU integration negotiation chapters was established.

The support in application of the Programme Visibility Guidelines was provided to over 20 various project²³ including revision and drafting of the press and promotional material to be distributed by beneficiaries as well as guidance on the usage of the Programme logo.

In addition, the talking points were developed to support the SME and BSO sector in public promotion of the BSO projects in Zaječar and Novi Pazar that are implemented by Regional Development Agency Eastern Serbia - RARIS, Sandžak Economic Development Agency- SEDA. The same support was provided to the infrastructure sector in public promotion of the local infrastructure projects in Leskovac and Surdulica and presenting technical documentation project in Niš, while the social cohesion sector was assisted in promotion of the Bujanovac project for economic empowerment of Roma women.

The short listing for the positions for the Pool of On-call Editor and Animation Specialists and Pool of On-Call Videographers for UNOPS RSPO as well as the position of the Senior Assistant for Programme and Communication was done, while the Communication team took part in the evaluation of the written test for the position of the Communication and Media Offices for the EU Support for Social Housing and Active Inclusion Programme.

Due to the outbreak of COVID-19 pandemic and the state of emergency declared on 15 March 2020, the communications activities towards the general public, mainly through traditional and digital media, have been adequately adjusted. Information shared is in line with the prescribed messaging during the emergency state i.e. mainly focused on promoting the EU support to Serbia in response to COVID-19 pandemic and the general information on recommended behaviours to prevent the spread of disease shared by trusted sources - United Nations and EU responsible agencies. Communication activities during the crises will be affected and guided by changes in the Programme implementation.

²³ The support was provided to two enterprises in promotion of their corporate social responsibility activities (Corten Art Šabac and Ruki Drvokoop Sebečevac), local infrastructure projects in Žabari, Žagubica and Boljevac, economic infrastructure project in Svilajnac, BSO projects implemented by Novitas, RBC Kragujevac, Faculty of Electrical Engineering in Niš, and Centre for Development of Pčinja and Jablanica District, as well as to four social cohesion project - Priboj Women Initiative, Sjenica Municipal Association for Assisting Children and People with Disabilities “Breeze”, Leskovac based Muscular Dystrophy Association of Jablanica District and Prijepolje Women Forum.

As a part of the redistribution of Programme funds towards coordinated UNOPS led emergency procurement in response to COVID-19 crises the Communication team will strive to ensure clear division of visibility for different donors contributing funds through UNOPS. In the initial stages of response, the public opinion has been steered by the media towards a perceived lack of solidarity from the EU side. To remedy and ultimately reverse this opinion it will be crucial to report factually on the donations as well as equipment provided for the allocated funds for both donor orientated reports as well as for visibility purposes. Programme will thus strive to timely receive and disburse clear, factual updates on response, allocated funds and date and place of equipment delivery to be shared with the donor and government counterparts.

Work Plan²⁴

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

Activity 1.1 Monitor and support finalization and administrative closure of grants under the First Call for Proposals for Procurement of Equipment and Provision of Services for Micro and Small-sized Enterprises; Award grant support agreements to the selected beneficiaries of the Second Call for Proposals for Procurement of Equipment and Provision of Services for Micro and Small-sized Enterprises; Monitor and support implementation of the grants under the Second Call for Proposals for Procurement of Equipment and Provision of Services for Micro and Small-sized Enterprises

Activity 1.2 Monitor and support implementation of the 20 grants awarded to Business Support Organizations

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

Activity 2.1.1 Monitor activities related to implementation of 19 Grant Support Agreements (GSA) for development of the GIS.

Activity 2.1.2 Monitor activities related to implementation of 17 GSAs for development of DRPs and Follow up on termination of the contract agreement with Blace municipality

Activity 2.1.3 Monitor activities related to implementation of GSAs for development of Technical Documentation for Economic Infrastructure and ensure successful administrative closure of the two completed

Activity 2.2 Monitor activities related to implementation of four GSA for Economic Infrastructure and ensure successful administrative closure of five completed.

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

Activity 3.1 Monitoring of implementation of 23 grants for development of local infrastructure projects. Following up on the closure process for 13 GSA with activities completed. Preparing the recovery plan after termination of the COVID-19 crisis.

Activity 3.2 Assess resuming of the language learning project through a distance learning programme and monitoring implementation. Monitoring and evaluating realisation of 18 social cohesion grants, follow up on the closing process for two grants and finalisation of activities of one grant.

²⁴ Quarterly Plan for Q2 of 2020 provided in Annex V_Att.5.3_EU PRO Quarterly Plan

LFM – progress against indicators

Legend²⁵

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

Objectively verifiable indicators	Progress during the reporting period	Overall status
<p>Overall objective: To contribute to a more balanced socio-economic development in Serbia.</p> <p>Project purpose: To enhance competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and developing/improving business enabling and social infrastructure.</p>	<p>Activities on an additional 73 projects have been completed, out of which 58 implemented by MSEs and 15 by local governments.</p>	<p>Activities on 103 out of the 246 projects have been completed, out of which 77 implemented by MSEs and 26 implemented by local governments.</p>
RESULT 1 Improved technological structure of SMEs and their ability to increase their market share		
<p>Activity 1.1 Grant scheme for SMEs</p>	<p>77 MSE grants awarded under the First Call completed. 12 grants administratively closed.</p> <p>Additional 84 jobs have been created in beneficiary MSEs, out of which 29 are occupied by women.</p> <p>Evaluation of the Second Call for MSEs completed.</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>From the remaining 94, 77 MSE grants awarded under the First Call completed. 12 grants administratively closed.</p> <p>Total of 227 new workers (108 are women) have been employed as a result of the investments.</p> <p>The Second Call for MSEs is developed, and in September 2019 approved for publishing by the PSC.</p>

²⁵ Colour the boxes in the table as appropriate

		The call closed in November 2019. 555 applications have been received. Technical evaluation was completed.
Activity 1.2 Support to Business Support Organisations (BSOs)	The capacity building programs for 104 SME have been conducted. Implementation approach adapted to new social distancing conditions.	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. Implementation of projects started in November 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.	Back-up system for electronic permitting has been procured following PSC approval and installed in October 2018. 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 2019 and the projects are under implementation. Out of the 19 awarded grant agreements, procurement processes are completed in four, in 13 are partially completed and in two are in preparation.
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 was adopted. Two DRPs are closed. Due to COVID19 Programme extended 13 GSA.	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. Two grants are closed and two completed all activities. Implementation of remaining 15 grant agreements is underway.
Activity 2.1.3 Development of project technical documentation for projects contributing to economic development	Implementation of 12 GSA is underway. One GSA closed and one completed all activities on grant implementation. Due to COVID19 Programme extended 4 GSA.	Out of 12 GSA one is closed and two completed all activities.
Activity 2.2 Development/improvement of small-scale infrastructure with economic impact on local level	Implementation of nine GSA is underway. One GSA completed all activities on grant implementation. Due to COVID19 Programme extended 5 GSA.	Out of nine GSA, four completed all activities.

RESULT 3 Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations		
<p>Activity 3.1 Supporting projects for improvement of the living conditions and quality of public infrastructure in municipalities</p>	<p>Implementation of 37 GSA is underway. One GSA is closed while seven completed all activities on grant implementation. Due to COVID-19 Programme extended 22 GSAs.</p>	<p>Out of 37 GSA one is closed and 13 completed all activities.</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>Social cohesion activities are on-going, but with delay due to the COVID-19 outbreak. The project for improving knowledge of Serbian language among Albanian school children was put on-hold after school shutdown, but soon after resumed to some extent through distance learning. Two out of 21 social cohesion grants are completed. Remaining grantees are rescheduling the activities that envisage group gathering for post-emergency period.</p>	<p>Social cohesion activities were progressing in accordance with the plan prior to the COVID-19 outbreak, generating significant results. After the school shutdown, the language learning project was stopped with school closing, but soon after was partially resumed on-line. EU PRO confirmed with the stakeholders the best modality for continuation of the project through a distance learning programme. Two out of 21 social cohesion grants were completed contributing to the enhanced social cohesion in multi -ethnic municipalities. Most of the remaining projects are facing problems due to the COVID-19 issue. All activities that include group gatherings and direct communication had to be postponed for the post-emergency period. The delays that cannot be overcome within the existing timeframe are planned to be addressed through contracts extension.</p>