



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

ANNUAL REPORT

1 Jan - 31 Dec 2019



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	
Start date:	1 January 2018	
Programme area:	The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia	
Donor:	The European Union	
Implementing partner:	United Nations Office for Project Services (UNOPS)	
Report date:	11 February 2020	
Period covered:	1 January - 31 December 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
GIS	Geographic Information System
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

For the European Union Support to Municipal Development – EU PRO Programme, the second year marked a period of intensive implementation of activities, and strong progress towards achieving objectives. With conclusion of results of the three public calls initiated in 2018 and conduct of the Call for Business Support Organisations in 2019, the Programme awarded 167 projects, bringing the total number of projects to 246. During the year, 30 projects are finalised, and over one-hundred more are expected to be finalised in the first quarter of 2020. Financial delivery followed the implementation intensity, with 16,110,422 Euros or 64% of the total Programme budget disbursed.

The Programme also increased variety of beneficiaries in 2019, with 96 out of the 246 projects implemented through a grant modality being managed by local governments, 106 by enterprises and entrepreneurs and 42 by civil society organisations, regional development agencies and science and technology parks. Geographical coverage of the Programme is fair, with EU PRO projects being implemented in 74 out of the 99 municipalities. Activities managed by local administrations are implemented in 64 local governments, with 56 being the lead and an additional eight as partners.

Implemented activities also made tangible results for the local communities. Over 52,000 people are benefiting from the improved conditions in schools, kindergartens, sports and cultural institutions and improved living conditions through development of communal infrastructure as a result of the local infrastructure projects implemented in 37 municipalities. With support of the Swiss PRO Programme, good governance principles are embedded in relevant policies governing supported facilities thus ensuring sustainability of results. Moreover, 7,676 people have benefited from the corporate-social responsibility interventions implemented by 72 supported enterprises while social cohesion activities are expected to reach at least 3,000 more inhabitants.

In 2019, support to enterprises resulted in the creation of 227 new jobs in 93 beneficiary enterprises, out of which 108 or 47.6% are women. The social impact created through the beneficiary enterprises goes well beyond job creation - almost half of the supported enterprises are owned by youth or women (26 and 29 respectively), 60 enterprises (or 56%) have production facilities in rural areas and 25 (or 24%) are registered in municipalities with the lowest development levels, thus creating the impact in the areas with the greatest needs. Progress of supported enterprises is confirmed by an increase in export by 25% in the year 2019 compared to 2018.

Moreover, the twenty projects approved as a result of the Public Call for Proposals for Business Support Organisations 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.

Activities related to enabling the business environment, primarily through the economic infrastructure projects, already contributed to investments. Complementing efforts of the national and local governments, the Programme contributed to industry investments of over 12 million Euros in Svilajnac, Paraćin and Šabac. Equally important, improved working conditions in existing industrial zones in Priboj and Kragujevac provided benefits for employees and employers but also contributed to the creation of at least 200 new jobs. Likewise, as the planning basis for issuing location terms are created with development of detailed regulation plans, the activity also contributed to facilitation of public investments in Užice and enhanced definition of industrial zones in Rača and Merošina, along with strengthened approach to the development of tourist recreational areas in Velika Plana.

Projects relating to Geographic Information Systems will strengthen conditions for economic and social development by improving availability of data. In addition, the prospects for realisation of the economic infrastructure projects in twelve beneficiary local governments are increasing with the Programme assistance to development of technical documentation.

In the effort to foster social cohesion in the multi-ethnic regions, by improving socio-economic position of the most excluded citizens and through better integration of the national minorities, the Programme initiated 21 projects and the first positive developments are recorded. In Vranje, a social enterprise for provision of textile printing services was established and successfully started the business, aiming to support socio-economic empowerment of people with disabilities in a self-sustainable manner. Additional social cohesion intervention for better integration of 750 Albanian youngsters from Bujanovac and Preševo by enhancing their knowledge of Serbian language showed initial advancement in the language understanding among 85% of the beneficiaries with the completion of the first phase of the project implementation.

Throughout the year, the Programme ensured coordination of activities with the relevant stakeholders. Extensive consultations with the national stakeholders in development and implementation of the calls were conducted, along with direct support of the relevant ministries and Development Agency of Serbia in the work of the grant evaluation committees.

The communication activities accompanied implementation of the Programme. Thirty one press releases and nine media announcements were issued generating 2,005 media reports of which 822 or 41% were in the national media, while 1,183 or 59% were issued in regional and local forums. Additionally, eight media interviews were organised, out of which four were broadcasted on national TV and radio stations. The EU PRO website, has been visited over 100,000 times by more than 60,000 unique visitors. Accordingly, by far the most visited page on the Programme website was the page dedicated to Public Calls that received 21,647 visitors. In 2019 the Programme Facebook and Twitter accounts followership has grown by 62% and 16.5% increase respectively. In total twelve events and high level visits took place of which four were attended by DEU and MEI representatives over the course of 2019. This includes six high level events hosting over 500 Programme stakeholders and beneficiaries and six high level field visits across the EU PRO Area of Responsibility.

The Programme was exposed to significant risks in 2019. Poor quality of technical documentation for local infrastructure projects jeopardised implementation dynamics, however with close monitoring the challenges have been surpassed. Reducing risks of failure or misuse of funds was particularly important for assistance to enterprises, and this has been managed with a strict evaluation and monitoring process, resulting in justifiable lower passing rate for projects proposed for funding and also discontinued implementation of 12 awarded projects. Exceptional response to the second Call for enterprises with 551 applications will likely enable the Programme to exceed the set target of 150 supported enterprises. However, it will also significantly increase the workload and burden of the team. Finally, local elections announced for April 2020 could slow down progress of some activities due to campaign and post-election vacuum. In response to these two risks, the Programme will consider limited no cost time extension.

This Report provides review of progress and performance, update on management and coordination issues, review of assumptions and risks, quality and sustainability considerations, insight into the key outputs for the next reporting period, and lessons learned. A number of annexes give the readers opportunity to get in depth knowledge of some specific actions taken by the Programme.

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Review of progress and performance

Policy and programme context

The World Bank's annual report providing assessment of business conditions in 190 countries around the world, ranks Serbia at 44 place for Doing Business 2020 which is an improvement by four positions since the last year. The Doing Business report¹ focuses on the regulatory environment in ten key areas. This year, Serbia has improved its position in four out of the ten areas, being one of the 42 countries which have such achievements. The greatest improvements are made in the field of protecting minority rights ranking at 37 position compared to 83rd in the last year, but the greatest success is in the area of construction permitting with Serbia being in the top ten countries in the world, ranked at 9th position. Two other areas with progress are Getting electricity and Resolving insolvency. On the opposite side, Serbia has dropped by 33 positions in the area of Starting a business (from 73 to 40) mainly due to new procedure for registration of the real owners aiming at the prevention of money laundering.

According to the Global Competitiveness Report for 2019 issued by the World Economic Forum (WEF), Serbia dropped by seven places in comparison to last year (now ranked at 72nd compared to 65th position). The WEF assesses competitiveness of 141 countries through 12 themes which cover institutions, infrastructure, ICT adoption, macroeconomic stability, health, skills, product market, labour market, the financial system, market size, business dynamism and innovation capability, thus provides a wider approach to measuring competitiveness. Improvements were recorded in the categories of Human capital, Markets and Innovation ecosystems, but Serbia received lower score in the Enabling environment category, mainly due to lower ICT adoption compared to the previous year².

The Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030³ was adopted by the Government in June 2019. The Strategy is a significant step forward in urban development approach in Serbia, since it introduces new EU and global policies and instruments for dealing with urban development, with a strong focus on spatial dimension and key areas of intervention. It directly refers to implementation of Sustainable development goals 11 and 17 of the 2030 Agenda for Sustainable Development. The Strategy will enable creation of supporting instruments at national level to prepare institutions to deal with urban development in accordance with EU directives, before EU cohesion funds and tools such as Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD) are available. The Strategy provides set of measures which directly correlate with the EU PRO support related to provision of incentives for employment and for entrepreneurship as well, the development of infrastructure, improvement of efficiency in utilisation and management of construction land, utility management tools, and institutional capacities at local level for land management.

In December 2019, the Government of Serbia adopted amendments to the Law on Personal Income Tax and Law on Contributions for Compulsory Social Security. The amendments shall enable the reform of the flat-rate taxation system with changes in relation to taxation of entrepreneurs' income, tax reliefs for the qualified new employees, tax exemption for digital nomads' income, tax reliefs for repatriates and newly-established companies. The objective of these legal changes is suppressing the

¹ <https://www.doingbusiness.org/content/dam/doingBusiness/country/s/serbia/SRB.pdf>

² <http://reports.weforum.org/global-competitiveness-report-2019/economy-profiles/#economy=SRB>

³ <https://www.srbija.gov.rs/dokument/45678/strategije.php>

grey economy, creation of conditions for more efficient suppression of illegal work as well as stimulation of employment and economic growth. These amendments bring many novelties to our legal system and the most important ones are related to the system of flat-rate taxation of self-employed income, increase of non-taxable amount of earnings and introduction of new employment benefits for certain categories of persons. Implementation of the amendments starts on 1 January 2020.

According to the latest Assessment of the Absolute Poverty⁴ conducted in 2018 and published in October 2019 poverty in Serbia remains significant despite registering a constant decrease compared to 2017⁵ (from 7.2% to 7.1%) and to previous years. Around half a million citizens are unable to meet their minimal existential needs. Poverty remains significantly more frequent in non-urban than in urban areas and is particularly frequent in the region of Southern and Eastern Serbia (as much as 11.9% compared to 6% of Vojvodina and 3.9% of Belgrade region which has the lowest rate), followed by the region of Šumadija and Western Serbia with the rate of 6.8%. This data once more confirms the relevance of area based programmes addressing regional disparities.

Positive trends were observed in relation to the social economy development. The first Fund for Social Economy Development in Serbia, a long-term strategic support programme for social enterprises, was announced in May 2019 by Smart Kolektiv⁶. Around half a million Euros will be invested in the social enterprises in the next five years through mentorship, networking and provision of grants and soft credits. Furthermore, the new Draft Law on Social Entrepreneurship has been prepared⁷ and presented to the National Assembly for adoption in October after a decade prolonged process and upon withdrawal of the previous Draft Law due to the strong complaints received from the civil sector. The document was developed in cooperation with the organisations that have extensive experience in the development of social economy. The Draft Law is assessed as a balanced solution that best satisfies the interests of all sectors – civil, business and public, therefore, it is expected to be adopted⁸ after public hearing. Creation of a positive environment for development of social entrepreneurship at the national level is of great importance for amplification of the Programme's efforts in this area.

Progress towards achieving objectives

The EU PRO Programme is making strong progress towards its objective to contribute to a more balanced socio-economic development in Serbia by enhancing competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and improving business enabling and social infrastructure. Out of the 246 projects implemented through the Programme thus far, 167 have been initiated in 2019 as an outcome of four conducted public calls⁹ targeting local self-governments, SMEs, business support organisations and civil society organisations.

⁴ <http://socijalnoukljuicivanje.gov.rs/en/assessment-of-absolute-poverty-in-serbia-in-2018/>

⁵ The absolute poverty rate shows the percentage of individuals in society that cannot meet their basic needs, and whose income/spending is below the threshold (line) of poverty

⁶ <http://socijalnoukljuicivanje.gov.rs/rs/pokrenut-prvi-fond-za-razvoj-socijalne-ekonomije-u-srbiji/>

⁷ <https://www.blic.rs/biznis/vesti/pripremljen-nacrt-zakona-o-socijalnom-preduzetnistvu/8zddiev>

⁸ If adopted, the Law will introduce "social enterprise" status and mechanisms of state aid intended for associations, foundations, limited liability companies and all other legal entities which prescribe in their acts restrictions on the disposal of profit and capital in favour of achieving social benefits, particularly for the most marginalised groups of citizens.

⁹ The four public calls concluded in 2019 include: Public Call for Procurement of Equipment and Provision of Services to Entrepreneurs, Micro and Small Enterprises, Public Call for Introduction and Development of Geographic Information Systems, Public Call for Fostering Social Cohesion in Multiethnic Municipalities and Public Call for Business Support Organisations

Implementation of awarded projects is progressing as the grants are being efficiently managed by the grantees with the Programme support and guidance. Eleven projects implemented by the local governments have been closed in 2019. In addition, 19 projects implemented by the SMEs are finalised earlier than planned, as the SMEs have shown the greatest eagerness to benefit from the assistance.



Over 52,000 people are benefiting from improved conditions in schools, kindergartens, sports and cultural institutions and improved living conditions through development of communal infrastructure. Moreover, 7,676 people are benefiting from the corporate-social responsibility interventions implemented by 72 supported enterprises while social cohesion activities implemented through 21 grants provide benefits to over 3,000 direct beneficiaries.



Registering results accompanied intensive implementation. As a direct result of the Programme assistance to SMEs 227 jobs in 93 beneficiary enterprises have been created. Economic infrastructure projects have already contributed to realisation of several commercial investments worth over 12 million Euros which are expected to contribute to opening of 1,700 jobs.

Besides job creation, one of the indicators measuring success of the assisted businesses are figures related to export. The export of 4,167,490 Euros registered by 29 beneficiary SMEs in 2018 has been increased to 5,239,071 Euros registered by 30 beneficiary SMEs in 2019, making an increase of 25% in the first year of Programme assistance.



Programme contribution to a more balanced socio-economic development in Serbia is built upon activities aiming at enhanced competitiveness and social cohesion of the less developed areas with strong capacity building effects. By implementing the vast majority of activities through grant modality (244 grants and two direct contracts), the Programme is directly contributing to enhanced capacities of the project implementation teams to identify and develop projects addressing the most urgent issues as well as capacities to implement projects and collect and register results.

The Programme requirements embedded in public calls go beyond the legal requirements. In addition to including the citizens in the planning process when developing detailed regulation plans, local administrations needed to organise meetings with investors to strengthen the process and be better positioned to achieve results. Likewise, when applying for grant funds in comparison to a loan applications, the SMEs did not only need to prove that their businesses are sustainable, their business idea competitive and their capacities sufficient to implement projects, they also needed to consider the effects of their businesses on their local communities along with addressing specific needs of their local communities through corporate social responsibility interventions. The local infrastructure projects are combined with the introduction of good governance principles, supported by the Swiss PRO Programme. All these contributed to greater social impact and sustainability of interventions supported by the Programme.

Grant management teams in 56 beneficiary local governments are working along experienced Programme personnel to implement grant support agreements. In addition, capacities of the 41 civil society organisations and 94 SMEs are being strengthened in the same manner, ensuring quality and sustainability of results. Moreover, through infrastructure activities, projects completed in 2019 generated 9,152 temporary labour days out of which 1,105 for women and 3,438 for youth.

Result 1

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

Contributing to better market positioning and more competitive business sector in the less developed areas in 2019 the Programme facilitated creation of 227 new jobs in 93 beneficiary enterprises out of which 108 or 47,6% are women. Besides job creation, the export of 4,167,490 Euros registered by 29

beneficiary SMEs in 2018 has been increased to 5,239,071 Euros registered by 30 beneficiary SMEs in 2019, making an increase of 25% in the first year of Programme assistance. New equipment also contributed to modernisation of production, better quality of existing and introduction of new products along with overall increased efficiency.

The social impact created through the beneficiary enterprises goes well beyond job creation - almost half of the supported enterprises are owned by youth or women (26 and 29 respectively), 60 enterprises have production facilities in rural areas and 25 are registered in municipalities with the lowest development levels, thus creating the impact in the areas with the greatest needs.

However, the lower passing rate of 23% of the projects proposed by the SMEs¹⁰ indicate that the Programme requirements may also be challenging for this target group. Moreover, twelve of the awarded 106 grantees have withdrawn from implementation of grants primarily due to a variety of reasons supported by the lack of confidence that they can achieve projected results. However, considering the success of the 94 SMEs implementing the projects, these figures also confirm the strength and validity of the process with significantly lowered risks for implementation.

Thus far, the corporate-social responsibility activities (CSR) have been implemented by 72 supported enterprises¹¹, addressing the most urgent needs of their local communities. Approximately 7,700 people benefit from activities implemented by the private sector which include support to organisations and institutions that cater the children, rehabilitation and equipping of public schools, kindergartens and roads provision of support to vulnerable groups and local organisations dealing with socially vulnerable groups, support to sports club and associations, medical institutions and local manifestations as well as environmental protection activities such as cleaning lakes and river beds.

¹⁰ Out of the 468 received applications in response to the Public Call for SMEs, 106 have passed the prescribed threshold and proposed for funding

¹¹ For more details see Annex I Att. 1.3 EPR MSE CSR Report 2019

72 CSR ACTIVITIES
IMPLEMENTED

7,676 BENEFICIARIES
(46.5% WOMEN)

35 
ORGANISATIONS AND
INSTITUTIONS THAT CATER
THE CHILDREN SUPPORTED

23 
ACTIVITIES TARGETING
VULNERABLE GROUPS
IMPLEMENTED

4 
SPORTS CLUBS AND
ASSOCIATIONS
SUPPORTED

3 
LOCAL MANIFESTATIONS
SUPPORTED

3 
ENVIRONMENTAL
PROTECTION ACTIVITIES
IMPLEMENTED

3 
MEDICAL INSTITUTIONS
SUPPORTED

1 
LOCAL ROAD
CONSTRUCTED

The twenty projects approved as a result of the Public Call for Proposals for Business Support Organisations (BSOs) 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.

Results of the Second Call for entrepreneurs and enterprises are expected to further contribute to value chain, enhanced market potentials and job creation. With funds requested through the 551 received applications surpassing 12 million USD, it is expected that at least 100 more beneficiaries will be awarded and all allocated funds for this activity contracted.

Activities

1.1 Grant scheme for SMEs

The two-phased evaluation process of the applications received in response to the first Call for Proposals for Procurement of Equipment and Provision of Services for Micro and Small-sized Enterprises (MSEs) has been concluded in early 2019 with evaluation of the 191 received applications. A total of 106 applications¹² were proposed by Grant Evaluation Committee consisting of Programme personnel and observers from the Ministry of Economy and Development Agency of Serbia and

¹² The results of the Call are available at <https://www.eupro.org.rs/uploads/files/54-818-results-of-the-call-procurement-of-equipment-and-provision-of-services-for-entrepreneurs-micro-and-small-enterprises.pdf>

approved for financing by the Programme Steering Committee at the meeting held on 30 January 2019.

The value of approved applications is 3,276,851 Euros, of which 2,156,379 Euros is EU finding. The selected 106 applicants are dispersed across 44 municipalities/cities and mainly operate in four dominant industries in Serbia – food, wood and furniture, textile and metal. The Grant Support Agreements have been awarded to beneficiary MSEs at two ceremonies held on 22 February in Bujanovac and 5 March in Kraljevo, with over 230 participants in total.

Twelve grantees have withdrawn from Grant Support Agreements due to the change in investment policy, lack of funds for co-financing the investment or lack of capacities to manage grant agreement and hesitancy to commit to achieving projected results, including job creation. The remaining 94 beneficiaries have conducted administrative procedures for implementation of Grant Support Agreements in line with the defined procedure.

During the reporting period, 19 beneficiaries have conducted all activities related to Grant Support Agreements and two grants have been administratively closed. The remaining 75 grants are in the final stages of implementation.

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. As with the First Call for Proposal, the objective of the Second Call was to enhance market potentials, value chain contribution and job creation in beneficiary MSEs. The Call also targeted enterprises in the 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. The total indicative allocated funds for the Call were up to 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 was done during October 2019 with 14 info-sessions and accompanying media campaign through local and national media. Moreover, the Programme procured a database of eligible enterprises and sent direct mail with information on the Call to over 8,000 addresses. Info sessions were held in the following 13 locations/Programme municipalities: Niš, Pirot, Leskovac, Vranje, Bujanovac, Kragujevac, Zlatibor, Šabac, Kraljevo, Srebrno jezero, Novi Pazar, Zaječar and Kruševac. In addition to these, one on-line info session with the recording of the info session published at the EU PRO website¹³. Total of 685 participants attended these info sessions, including 615 (out of which 196 or 32% women) attending info sessions in person and additional 70 participants of the on-line info session¹⁴.

The Call closed on 10 November 2019. Five hundred and fifty one applications have been received with a total value of 16.6 million USD out of which requested EU PRO contribution is 12 million USD. The evaluation process started immediately after the Call closed with the appointment of the evaluation committee with observers from the Ministry of Economy. By the end of 2019, approximately one half of the received applications have undergone technical evaluation.

¹³ Recording of the info session is available at <https://www.eupro.org.rs/en/ktext/second-public-call-for-proposals-for-procurement-of-equipment-and-provision-of-services-for-entrepreneurs-micro-and-small-enterprises>

¹⁴ Detailed report on the info sessions for the Second Call for MSEs is available in Annex I Attn. 1.1 EPR CFP 10-2019 Info sessions report

1.2 Support to Business Support Organisations (BSOs)

The Call for Proposals for Business Support Organisations (BSOs)¹⁵ was developed in line with the Programme document and with considerations for inputs received from the key stakeholders and partners, including the Ministry of Economy, the Ministry of European Integrations and development programmes targeting SME sector. The Call was published on 22 May 2019 with the objective to enhance sustainability and competitiveness of enterprises and their ability to expand to new markets as well as implement relevant standards through support provisioned by the beneficiary BSOs. The eligible applicants to the Call included Business Incubators, Clusters, Science or Technology Parks, Regional Development Agencies, Business Associations, Chambers of Commerce and Research Institute and Academic Organisations who could apply for support of up to 30.000 Euros for single BSO projects and up to 50.000 Euros for projects to be implemented in partnerships of two or more BSOs.

To promote the Call, eight info sessions have been organized, including seven conducted in Programme municipalities (Vranje, Zaječar, Vrnjačka Banja, Zlatibor, Šabac, Srebrno Jezero and Niš) and one on-line info session. Total of 134 participants (out of which 67 or 50% were women) attended the eight info sessions representing 67 different organizations¹⁶.

Recordings from two info sessions are made available at EU PRO website¹⁷. Contributing further to transparency of the process and enabling equal access to information, questions and answers received at the sessions and through assigned e-mail address have been made publicly available through the Programme website immediately after the deadline for submission of questions passed. The Call 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 applications 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.

Following the administrative check and technical evaluation conducted in July - August 2019, twenty projects were proposed and approved by the PSC for funding¹⁸ in September 2019. Fourteen grants were proposed by single BSOs and six partnership projects in total value of 661,008 Euros.

Orientation meeting with all twenty grantees was held in Niš on 6 November 2019 marking the start of the implementation process. By the end of 2019, most of the grantees conducted preparatory and project promotional activities.

Result 2

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

As a result of activities contributing to enabling business environment, primarily through the economic infrastructure projects, several industry investments have been supported. Complementing efforts of the national and local governments, immediately upon initiation of construction works in

¹⁵ The Call is available <https://www.eupro.org.rs/en/ktxt/javni-poziv-za-predloge-projekata-za-organizacije-za-podrsku-poslovanju>

¹⁶ The Report on BSO Info Sessions with more details can be found in [Annex I, Attachment 1.2](#)

¹⁷ The recordings are available at <https://www.eupro.org.rs/en/ktxt/public-call-for-proposals-for-business-support-organisations>

¹⁸ The results of Call are available at <https://www.eupro.org.rs/uploads/files/54-768-cfp-05-19-bsos-v1-eng1.pdf>

Svilajac industrial zone, the municipality signed a contract with Slovenian Food Company “Hočevar” who is investing 10 million Euros for setting-up a factory for cosmetics and automobile industry. The investment will immediately generate 50 new jobs and 100 more in the longer term. Likewise, Paraćin signed a contract with the Swedish Company “Rimaster” who has initiated construction of their production facilities in the industrial zone “Zmič”, along with a number of other smaller companies. In addition, company “Agromarket” announced construction of the 20,000 square meters logistics centre in “Rakalj”, part of the Kragujevac industrial zone equipped through the Programme.

Equally important, Programme activities contributed to improvement of working conditions in existing industrial zones. In Priboj, along with employment of over 100 new employees, now over 500 employees of the 14 companies located in its industrial zone benefit from improved water supply and fire protection system. In addition, the Programme enabled creation of a 5 hectares of Greenfield part of the zone, creating conditions for new investments.

In Kragujevac, revitalization and expansion of two brownfield sites in the old industrial zone contributed to new business opportunities for existing businesses, and creation of jobs. “Gomma Line” Company expanded cooperation with FIAT Serbia for delivery of 10.000 pieces of their own products. Thanks to this, the Company now employs 154 workers, in comparison to the 15 engaged in 2018. Likewise, Company “SCGM” in the same industrial zone, reconstructed their existing facilities and modernised their production line for plastic parts of small tools, and with new contracts now employs 173 workers compared to 23 in 2018. In addition, Company “Čelik” announced a joint venture with German company for exhaust pipe production, where direct benefits of the activity to creating temporary and permanent employment opportunities can be measured in the following years.

As the planning basis for issuing location terms are created with development of detailed regulation plans, the activity also contributes to facilitation of public investments. The detailed regulation plan for Old Town (Stari Grad) in Užice will enable facilitation of the investments of over 250,000 Euros which have been confirmed by 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) investing 75,000 USD for completion of the reconstruction of the Old Town. The local government is also working on securing funds for the construction of a pedestrian bridge included in the plan. 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 areas.

The applications developed through the 19 projects related to development of Geographic Information Systems (GIS) will additionally contribute to implementation of national urban development policies, including the Strategy of Sustainable and Integrated Urban Development in Serbia until 2030¹⁹. Moreover, a minimum of 76²⁰ thematic applications that will be developed through 19 grants in 34 LSGs. These will improve the data on public infrastructure, spatial and urban planning, public property inventory as well as data relevant for attraction of investments and development of new businesses, rehabilitation/development of brownfield sites, underused and

¹⁹ The Strategy is available at: <https://www.srbija.gov.rs/dokument/45678/strategije.php>

²⁰ The number of applications will increase after additional consultations with LSGs during implementation

deprived areas, agriculture and rural development along with preservation and valorisation of natural, cultural, architectural and urban heritage and tourism development and environmental protection, climate change adaptation, risk prevention and management and energy efficiency.

While results of activities related to development of technical documentation are expected to be registered in the longer-term period, the prospects for realisation of the economic facilities are increasing with emphasis on communication with potential investors during the process of development of designs. The technical documentation for the reconstruction facilities of the former factory "Femid" in Bela Palanka is now developed taking into consideration the needs of the known investor, which confirms the importance of this project to the local community. The premises of the old factory will be reconstructed based on the technical documentation developed through EU PRO. In Knjaževac, other villages are interested to replicate the idea of turning their abandoned community centres into agricultural start-up centres based on the Training/Start-up centre in Rgošte village, for which the detailed design will be developed through EU PRO grant.

Activities

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

In response to the Call for Proposals for Introduction and Development of Geographic Information Systems which was closed on 30 December 2018, Programme received 33 applications, targeting 50 local self-governments. Upon completion of the administrative and technical evaluation process, the Programme Steering Committee (PSC) endorsed Programme's recommendation in April 2019, for funding of 19 projects to be implemented in 34 LSGs.

The total value of the approved applications is 2,049,150 Euros out of which 1,697,200 Euros is EU funding. As per Programme recommendation, the PSC supported allocation of the funds higher than the allocated funds, in response to the high quality of the received applications.

Implementation of the 19 awarded projects is initiated with signing of the on 31 May. The Programme provided support through induction meetings with the grantees to ensure a common understanding of the implementation procedures for the grant agreements and Programme approach and more importantly technical assistance to beneficiary local self-governments (LSGs), to prepare tenders for procurement under the grant agreements. So far, procurements for software, hardware and services was completed in Rača, Žagubica and Požarevac, in 14 LSGs are ongoing, while in remaining three²¹ are in the preparatory phase.

2.1.2 Development of urban plans related to economic development

Implementation of the 19 grants for development of Detailed Regulation Plans (DRPs) awarded in October 2018 is progressing in accordance with the plan. Two DRPs are completed earlier than planned, and one is in adoption procedure²². Six DRPs are in the final planning stage, while the remaining ten are in the draft phase.

In addition to the formal planning procedure, the Programme provided additional support through early public insight and planning process in general. The formal planning process requires conducting the early public insight, where the public are getting acquainted with the plan goals and conceptual planning framework. The Programme provided additional support for this stage, by introducing specific format of public private dialogue at the local level, primarily with an aim to involve investors,

²¹ Čačak, Kruševac and Paraćin

²² Užice, Čajetina, Pirot and Topola (in adoption procedure),

but also other relevant stakeholders. This contributed to identification of possible conflicts, investors' needs and to provide better understanding of the planning process.

In February 2019, the Programme organised training related to the organisation of meetings and facilitation of stakeholders for the 19 beneficiary LSGs and the Ministry of Construction, Transport and Infrastructure and the Ministry's Planning Commission for Compliance Control of the Planning Document. The training was focused on enhancing capacities for conduct of early public insight which was afterwards organised in sixteen LSGs²³, contributing to improvement of planning solutions within the most relevant stages of the planning process.

Besides these elements, the process for the development of DRPs is additionally enhanced with improved materials for early public insight, enhanced visibility of the planning process through the established dedicated web page and designated e-mail addresses for submission of the remarks, suggestions and provision of feedback. In addition, property ownership status of the regulated area is included in the plan, as well as the programme for communal equipping of the construction land. Sixteen meetings²⁴ with investors and relevant stakeholders were held under early public insight with a total of 412 participants, out of which 141 or 34% were women.

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

Implementation of the twelve grant agreements related to development of technical documentation for projects contributing to economic development is underway, predominantly in accordance with the agreed dynamics. Upon award of the grant agreements in October 2018, the beneficiary local governments progressed with preparation of tender documentation and engagement of contractors.

The first design for execution of economic infrastructure projects is finalised by Kragujevac local administration with completion of design for reconstruction of bridge over Lepenica River. While Čačak falls behind schedule with selection of contractor for development of technical documentation for Science and Technology Park in December 2019, the remaining ten designs are in the development process.

City of Niš had a more complex approach in the development of technical design, with open competition for development of conceptual design for the Multifunctional Expo Centre conducted in late 2019. The results will be confirmed in early 2020 along with continued implementation of the project and development of execution design based on the selected concept.

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

Pursuant to signing of the grant support agreements for the nine economic infrastructure projects in November 2018, the beneficiary local self-governments progressed with implementation of awarded projects. The public procurement procedures were initiated in the first quarter of 2019 and the first contract for works was signed for the utility infrastructure in the working zone in Šabac in April, 2019 followed by Sokobanja, Paraćin, Kragujevac, Smederevo and Užice respectively.

²³ Aranđelovac, Čajetina, Kraljevo, Kučevo, Leskovac, Majdanpek, Merošina, Pirot, Rača, Surdulica, Topola, Užice, Velika Plana, Veliko Gradište, Vlasotince and Zaječar

²⁴ The meetings were held in Čajetina, Kraljevo, Kučevo, Leskovac, Majdanpek, Merošina, Pirot, Rača, Surdulica, Topola, Užice, Velika Plana, Veliko Gradište, Vlasotince, Zaječar and Aranđelovac

Starting in the second quarter of 2019 and continuing throughout the year, Intensive implementation of construction works took place in all beneficiary local governments but Bojnik who registered delays in conduct of tender process and the works have been initiated in October 2019.

Kragujevac, Svilajnac and Priboj successfully completed all grant activities and grantees initiated closure as per provisions of the grant support agreements. In Šabac, the Programme agreed with conduct or additional works from the budget savings from the project which will be implemented within the originally agreed budget and timeframe. Construction works are also finalised by Sokobanja and Smederevo and expected to be completed in the first quarter of 2020, while the remaining three are expected to be finalised soon thereafter.

Result 3

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

In the effort to foster social cohesion in the multi-ethnic regions, by improving socio-economic position of the most excluded citizens and through better integration of the national minorities, the Programme initiated 21 projects that are targeting over 3,000 direct beneficiaries. They will create conditions for economic empowerment and better access to education, social protection and health services for the target groups, advance inter-ethnic understanding and contribute to implementation of the rights of national minorities, contributing to the overall social cohesion of the most underdeveloped regions. First positive developments are recorded. In Vranje, a social enterprise for provision of textile printing services was established and successfully started the business, aiming to support socio-economic empowerment of people with disabilities in a self-sustainable manner.

Additional social cohesion intervention for better integration of 750 Albanian youngsters by enhancing their knowledge of Serbian language showed initial advancement in the language understanding among 85% of the beneficiaries with the completion of the first phase of the project implementation. More importantly, improved language skills will increase their perspective for further education and employment, and contribute to overall social cohesion in Bujanovac and Preševo municipalities. Second phase of the intervention is supported and initiated, covering an additional number of beneficiaries. Furthermore, the Ministry of Education, Science and Technological Development (MESTD) recognised this activity as an important measure that is contributing to their wider efforts for delivering reforms of the tuition of Serbian as Non-Mother Tongue, thus contributing to the implementation of the Action Plan for the Realisation of the Rights of National Minorities.

The activities on improving living conditions and quality of public infrastructure in 37 beneficiary municipalities are expected to improve quality of education, protection of cultural heritage, gender equality, and accessibility of public infrastructure for persons with limited mobility, to energy efficiency and embed good governance principles, including gender equality and the empowerment of women and girls.

Local communities are already benefiting from the completed local infrastructure projects. Over 130 marketers working in Aleksinac green market are provided with enhanced working conditions with the installation of new stalls and roofing. Replaced asbestos pipes of the water supply system in Kuršumljia improved the quality of the water and reduced water losses in the water supply system that supplies the community of 3,600 people, out of which 727 children. Local sports infrastructure enabled access to at least 486 persons with limited mobility out of which 13 women are enabled with completion of the sports park in Kragujevac. Reconstructed public buildings in Šabac and Svilajnac

village Kušiljevo, besides improved conditions for provision of services, contributed to preserving cultural -historical heritage and improved accessibility for 3,018 people out of which 1,740 women. Enhanced energy efficiency of the Primary school Kardjorđe in Velika Plana improved conditions for educational and sport activities for 236 children from first to eight grade out of which 25 are from vulnerable groups, and for 65 employees in the school.

In cooperation with the Swiss PRO Programme, the 37 beneficiary local governments are supported in application of good governance principles through creation and adoption of the rule books for managing and creating the use of modalities that will ensure sustainability of the action. In 2019, eleven regulations have been adopted and an additional ten prepared for adoption

Activities

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

Upon award of the grant agreements in October 2018, the 37 beneficiary local governments proceeded with implementation of agreed activities related to improvement of public infrastructure. Aleksinac was the most efficient in conducting tender procedures and the works on reconstruction of the green market commenced in January 2019, followed by 36 more construction sites opened during the year.

Implementation of the awarded projects was conducted with some delay in the initial stage in comparison to the action plan. This is primarily due to poorer quality of the technical documentation, which in several cases required additional adjustments. The quality also influenced conduct of the tender procedures by the beneficiary local governments. The tender procedures have been stalled in several local governments - in Priboj, Prijepolje and Sjenica due to processes with the Agency for protection of bidders rights, in Prokuplje and Batočina due to low quality of technical documentation and in Kraljevo due to lack of bidders for the public tender. However, all local governments managed to overcome the issues and with the end of the year all tenders have been concluded.

During the year, implementation of works has been completed for ten projects - Aleksinac green market, Golubac sports fields and summer stage, Knjaževac "Gurgušovac" tower, Kragujevac sports fields, Kuršumlija water supply system, Ljubovija sports facility, Šabac "Sokolski dom" building, Svilajnac cultural centre, Velika Plana primary school and Žabari social services facility.

The two projects for which construction works will start in 2020 are Rehabilitation and adaptation of the cultural institution "Remisiana" in Bela Palanka and construction of access routes to the stadium for persons with disabilities in Kraljevo. All projects are expected to be completed by mid-year 2020.

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

Implementation of the project for enhancing learning of Serbian as a non-mother tongue in four elementary schools in Bujanovac and Preševo continued by the Group 484²⁵ in accordance with the plan. Following positive results of the second testing of the pupils' knowledge conducted in January 2019 and with the support of the key institutions, the Coordination Body for Preševo, Bujanovac and Medveđa and the Ministry of Education, Science and Technological Development, one year extension of the intervention was proposed to the PSC and approved in June. Final testing in 2018/19 school year was conducted in July, showing further improvement of Serbian language skills among Albanian pupils.

²⁵ [Annex III Att.3.1 Group 484 I Phase Final Report 300619](#)

The second phase of the project implementation commenced in August, when three out of six teaching assistants confirmed their interest to continue engagement, while three additional assistants had to be selected through a public call. 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, as well as 44 new children, meaning that almost 800 children will benefit from both interventions. The baseline testing for 2019/20 school year was organised in October. As expected, there were no significant differences in pupils' results in comparison to the last testing conducted at the end of the previous school year. The project is underway.

At the beginning of the year, the Programme completed evaluation of 53 applications received under the Call for Proposal for Fostering Social Cohesion in 32 multi-ethnic municipalities. Total of 22 projects worth 399,793.24 Euros, out of which Programme's share is 383,913.63 Euros and applicants' cost-share 15,879.61 Euros, were approved for funding by the PSC in April 2019. Following verification of the endorsed projects, the grant support agreements were issued for 21 projects in July in the value of 372,031.44 Euros. One project²⁶ had to be cancelled before contracting, as the applicant failed to address verification request.

Total of 17 municipalities²⁷ are supported under this initiative. Six applications are supported within LOT 1²⁸ and 15 within LOT 2²⁹. Most of the projects foreseen inter-thematic solutions, where majority of them are responding to the needs of the most marginalised groups through their socio-economic strengthening, seven intervention are working to improve local policies for national minorities and their implementation, seven projects are fostering cooperation between multi-ethnic communities in order to improve position of the excluded groups and national minorities and five projects are expected to contribute to the improved inter-ethnic relations, particularly among youth.

Upon contract signing, the info session for the grantees on their contractual obligations and on UNOPS/EU PRO's administrative requirements and procedures were conducted. The projects are on-going with the first recorded results.

Management and coordination

Programme Steering Committee

In line with its mandate, the Programme Steering Committee (PSC) supported implementation of the Programme throughout the year. Three PSC meetings were held in Belgrade - on 30 January 2019, 17 April 2019 and 16 September 2019. In addition, as per the terms of reference for the PSC, one additional public PSC meeting was held in Sokobanja on 19 September 2019. The public meeting gathered over 120 representatives of 45 local self-governments and seven regional development agencies.

²⁶ Submitted by the Association of Health Workers of Roma Nationality

²⁷ Požarevac, Bor, Priboj, Prijepolje, Sjenica, Tutin, Novi Pazar, Bela Palanka, Babušnica, Dimitrovgrad, Leskovac, Lebane, Vladičin Han, Vranje, Surdulica, Bujanovac and Preševo

²⁸ Inter-municipal projects up to 30,000 Euros

²⁹ Individual municipality projects up to 15,000 Euros

Coordination

Throughout the year, the Programme ensured coordination of activities with the relevant stakeholders. Primarily, the Programme liaised with the national and regional stakeholders in development and implementation of the public calls in line with their responsibilities. The Ministry of Economy and Development Agency of Serbia served as observers in the grant evaluation committees for enterprises and business support organisations. Likewise, representatives of the Ministry of Construction, Transport and Infrastructure participated in the evaluation of the applications related to Geographic Information Systems. Moreover, the Ministry of Economy supported implementation of the Call for enterprises by providing subsidies to regional development agencies to support applicants in the application process. The joint efforts of the programme and the regional agencies were discussed at a meeting hosted by the Development Agency of Serbia on 18 February 2019. A positive feedback was provided by the agencies on the conduct of the First Call for MSEs and the role of RDAs in the process.

The Programme also maintained coordination with relevant stakeholders related to implementation of the social cohesion activities. In the course of 2019, regular joint meetings with the representatives of the Coordination Body for Preševo, Bujanovac and Medveđa were held in order to assess progress and address issues emerged during implementation of the language project. This intervention was coordinated regularly with four schools in Bujanovac and Preševo and most importantly with the Ministry of Education, Science and Technological Development, which provided support for the continuation of the project and for realisation of pupils' testing.

The coordination with the other relevant projects managed by UNOPS is ensured, particularly for the activities with potential overlapping of beneficiaries, such as social cohesion activities with Swiss-funded Swiss PRO Programme and activities targeting local governments, business support organisations and enterprises with the Norwegian-funded Norway for you Programme. Additionally, lessons learned and best practices in relation to the design and implementation of Calls were shared and addressed.

Thirty-seven 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. In 2019, eleven regulations have been adopted and an additional ten prepared for adoption. The newly adopted documents regulate access to public resources and assets (sports, cultural or health facilities) with focus on the needs of vulnerable groups. Additionally, these regulations contributed to increased accountability, transparency and strengthening of anti-discriminatory policies and practices at the local level, directly benefiting more than 5,300 citizens among which 327 persons with disabilities, 1,519 children and 16 CSOs, especially women associations.

EU PRO participated in the events relevant to its activities. Namely, the Programme participated in two conferences related to social innovation. The one organised by the EU-funded project CARE - Contribution to Access of Refugees and IDPs to Rights and Employment Opportunities gathered the stakeholders dealing with the economic empowerment of the vulnerable groups in order to facilitate finding of the best solution for the project's beneficiaries through presentation of the best practice models. EU PRO presented its practice and results from the preceding interventions, while being recognised as an important contributor to social entrepreneurship development. The second

conference was organised by Smart Kolektiv in partnership with the Responsible Business Forum and funded by USAID. It was dedicated to the social entrepreneurs and organisations that have developed sustainable and successful models of social innovation across the South East Europe region. They introduced good practice examples, where Social Enterprise “Radanska Ruža”, established through European PROGRES and further supported through EU PRO, was presented as successful model of social economy in agriculture.

In addition, EU PRO attended presentation of the Concluding observations and recommendations of UN Committee concerning the fourth periodic report on the implementation of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in Serbia. UN and civil sector representatives presented the key findings, welcoming the legal reforms undertaken, but underlining the need for further advancement of GE in the overall society with particular focus on economic empowerment of the most excluded groups of women.

The Programme presented the results of GIS public call and EU PRO activities on GIS development at the eight GIS network event³⁰ of the Standing Conference of Towns and Municipalities, held in June 2019³¹ and will continue to coordinate activities with the Standing Conference.

Finances

All EU PRO financial and administrative records are kept in accordance with the UNOPS financial rules and regulations. Pursuant to the aim to implement best practices in the area of accounting and financial reporting, UNOPS, including EU PRO, applies the International Public Sector Accounting Standards (IPSAS). The Programme finances, including budget, expenditures, commitments, planned funds for activities not yet approved by the PSC and those approved by the PSC for implementation are monitored by the Programme personnel on daily, monthly, quarterly and yearly basis.

These are the key financial indicators³² for the reporting period:

- The total delivery as of 31 December 2019 is 16,110,421.86 Euros or 64% of the total Programme budget
- The second instalment from the DEU was received in the amount of 9,994,335.55 Euros

Human resources

Based on the annual workforce planning and established recruitment plan, the initially set-up core project team is strengthened by Senior Assistant in Social Cohesion sector based in Belgrade and additional Associate in SMEs and BSOs sector based in DS Nis. Furthermore, the core team underwent changes as several personnel have resigned for different internal posts and therefore the recruitments have taken place to ensure timely replacement of Project Manager, Sector Manager for SMEs and BSOs, Officer for Infrastructure and Associate for SMEs and BSOs for DS Novi Pazar. Retainers are engaged to support the activities of the Communications sector with expertise in language and translation, video editing and technical assessment of media equipment. Gender equality and diversity are addressed in all of the recruitment processes.

³⁰ The GIS network is part of the project “SCTM Institutional Support”, funded by SDC. The purpose of this informal network is to gather LSGs to share experience in using modern technologies in the management of spatial development of local communities.

³¹ For more details on the event visit

<http://www.skgo.org/vesti/detaljno/2191/odrzan-osmi-sastanak-skgo-mreze-za-geografski-informacioni-sistem>

³² The final financial figures will be provided in certified financial reports but information provided in this Report provides insight into the spending trends

The performance of Programme personnel is continuously assessed throughout the yearly performance cycle. During the reporting period, personnel completed performance reviews for 2018 and established individual performance related objectives for 2019. The objectives are set as SMART, allowing evaluation of individual engagement, contribution and results achieved.

While establishing performance objectives for 2019, personnel worked on their development plan using the opportunity to undertake training available from the UNOPS corporative funds. Following individual development plans, Programme established its learning plan for 2019. In summary, following trainings have been addressed in 2019:

- Five personnel have completed one UNOPS Projects Training in order to learn how to use the new enterprise portfolio and project management system in UNOPS
- Three personnel have completed Health, Safety, Security and Environmental (HSSE) Management Implementation Training
- Communications Manager is admitted to Leading People at UNOPS Programme which will continue into 2020
- Six personnel have completed a training on Gender Equality in Sustainable Project Management
- Programme Assistant for Infrastructure and Programme and Communications Assistant have completed Mainstreaming Gender Equality in Infrastructure course
- Programme and Communications Assistant has completed a course on Emergency Procurement Procedures and UNOPS Legal Framework as well
- Programme Assistants for SMEs and BSOs have completed Ethics and fraud prevention in procurement training, Online UN Training on Sustainable Procurement and First Aid Training
- Two personnel have completed Results-Based Management (RBM) e-Course
- A great number of personnel have underwent corporately available online courses dealing with personal and professional development topics, such as leadership, management, effective delegation and emotional intelligence, as well as UNOPS Mandatory training

Logistics

Logistics arrangements for the Programme are in place. The UNOPS Serbia Offices which facilitate Programme personnel with duty stations in Niš, Novi Pazar, Vranje and Belgrade provide complete working environment throughout the year. Travel plan that is in place on the level of UNOPS Serbia Office compiles all UNOPS' Programmes in Serbia and as such enables planning, coordination and tracking of all travels including the trips made by Programme personnel. Programme activities are supported with the fleet of 12 vehicles, meeting the operational needs. During the year, several vehicles were reallocated between duty stations in order to maximize the operational needs. Programme vehicles made the total mileage of 250.000 Km, which is equivalent to the continuous trip around the globe for six times.

Logistics continues to provide full support in organization of workshops, trainings, info sessions, Ambassador's visits, personnel meetings and other numerous events being carried out by Programme.

Security

No security issues or threats for Programme personnel or the implementation have been recorded during the reporting period. Security and Logistics briefings were provided by Security Focal Point

(SFP) and Logistics Unit to all newly employed personnel during the induction briefing programme, with special emphasize on travel, road and premises safety;

- The UN Department for Safety and Security (UNDSS) Officers visited all Programme Field Offices as part of the annual plan. No security issues were identified and compliance with security and safety standards were confirmed;
- Two mandatory security SMS Communication Test were performed with notable success ratio by Programme personnel. Two satellite phone communication tests were also successfully conducted by Programme personnel from the Field Office in Nis;
- All personnel completed mandatory security training (BSAFE) and passed the internal driving test.

Information Communications Technology

During the reporting period - internet, email traffic, project website (eupro.org.rs), Intranet and ERP infrastructure were functional and operational:

- New project management tool oneUNOPS project has been introduced and utilized.
- Complete email infrastructure has been transferred to Gmail platform
- Project files have been migrated to Google drive. This transition improved accessibility to project files from offices in Nis, Novi Pazar and Vranje.
- On-call ICT support assistant for the office in Belgrade has been transferred to full time in June 2019, in line with increased activities related to the transition to a new working platform.
- Mobile telephone operator has been changed from Telekom Srbija to VIP Mobile after expiration of the original contract with Telekom Srbija AD and conduction of procurement process in January 2019.
- 23 active email accounts of programme staff within the project were active in 2019 , with one distribution list and two generic email accounts

Assets and inventory

EU PRO Project assets and inventories consist of items transferred to EU PRO from European PROGRES and predecessors projects with items purchased from project funds during the implementation in order to support project implementation. ICT equipment has been purchased during the reporting period:

- 24 laptop computers, 14 monitors and 5 mobile phones have been delivered for the majority of EU PRO staff and core administration
- Three web conference sets purchased in order to increase communication with distributed offices via newly established Google Meet conference tool
- Total of four laptop PCs have been ordered for in order to replace outdated computers inherited from European PROGRES project

Project fleet counts 12 vehicles. There were no donations of project equipment during the reporting period.

Procurement

The main goal of the procurement processes conducted in the period January-December 2019 was efficient and effective support to all activities related to achievement of the Programme results.

Through good communication between the Programme and Procurement Unit, professionally conducted, fair and transparent processes the best value for money was ensured.

In order to enable better visibility and outreach of two Public Call for Proposals (CfP for Business Support Organizations and CfP for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises) purchases such as provision of posters, promo material, database for SMEs, provision of services for Digital Media Outreach for CFP and access for SMEs data portal were conducted. As a result almost 9000 letters with detailed information on the Second Public Call were distributed to active companies, potential beneficiaries. Also, provision of media campaign services and organization of several info sessions with aim to enable better outreach to potential applicants were provided with the support of the Procurement Unit.

Two DRP training sessions, RRA orientation meeting and BSO orientation meeting were also organized during the year, as well as already traditional calendar competition award ceremony and related purchases of IT equipment and mobile phones for the winners.

Purchase of promo material and desk calendars were successfully conducted as well procurement of TV broadcasting equipment as purchases of higher value.

Procurement Unit conducted 33 various procurement processes in total and in accordance with the value of the goods, works or services and nature and complexity of the requirement, the statistic of all conducted solicitation processes is as follows:

- 15 Shopping processes, i.e. small value purchases up to USD 5,000.00
- 17 Requests for Quotations processes, i.e. purchases of USD 5,000.0 to USD 50,000.00
- One Invitation to Bid process, i.e. purchases of value more than USD 50,000

Grants

EU PRO is predominantly using grant methodology which gives ownership over the projects to the grantees while the Programme maintains monitoring and advisory roles. The grant methodology therefore is an important capacity building tool and contributes to sustainability. Pursuant to transparent selection process of the grantees, the Programme issued the following Grant Support Agreements (GSA) in the second year of its implementation:

- 103 GSAs for Micro and Small Enterprises and Entrepreneurs;
- 19 GSAs for the Development of Geographic Information Systems;
- 21 GSAs for Social Cohesion Projects in Multi-Ethnic Municipalities;
- 20 GSAs for Business Support Organisations;

During 2019, the Grant Administration Unit also provided support to the administrative management of nine Calls for Proposal (CFPs) and Grant Support Agreements (GSAs)³³, verification of financial/procurement reports³⁴, as well as payment processing³⁵, registrations with the VAT Office³⁶,

³³ Formulation of Detailed Regulation Plans (CFP 01-2018), Development of Execution Designs for Economic Infrastructure Projects (CFP 02-2018), Economic Infrastructure Projects (CFP 03-2018), Local Infrastructure Projects (CFP 04-2018), Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises - Phase I & Phase II (CFP 05-2018), Introduction and Development of Geographic Information Systems (CFP 08-2018), Fostering Social Cohesion in Multi-Ethnic Municipalities (CFP 09-2018), Business Support Organisations (CFP 05-2019), Second Public Call for Proposals for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises (CFP 10-2019)

³⁴ Verification of 110 financial/procurement reports

³⁵ 275 Requests for Payments of first and second instalments

³⁶ 216 registrations with the VAT office

offered administrative assistance in CfP application evaluation processes and budget verifications and conducted budget revisions³⁷.

Reporting and monitoring

EU PRO has the contractual obligation to produce the inception, the quarterly, the annual and the final reports.

Three quarterly reports were produced during 2019 and all were unanimously adopted by the PSC. The Reports were presented to the key beneficiaries at the PSC meetings, and are available to the general public at EU PRO website. The First Quarterly Report covered the period from 1 January to 31 March 2019, the second covered the period from 1 April to 30 June 2019, while third covered period from 1 July to 30 September 2019. All three quarterly reports provided overview of progress and performance, update on the management issues, review of the risks and issues, quality and sustainability considerations, insight into the key milestones for the next reporting period, and information about the lessons learned.

This is the second Annual Report and it covers the period from 1 January until 31 December 2019. It follows the structure of quarterly reports but includes a range of annexes that provide deeper insight into the Programme performance and the revised overall Work Plan.

EU PRO' personnel produces monthly reports and weekly updates. 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

Implementation dynamics of the local infrastructure projects may be slowed down due to poorer quality of technical documentations. The quality of technical documentation has proven to be of lesser quality in several local infrastructure projects. This caused delays in preparation of technical documentation for tenders and resulted in discrepancies in estimated value of works. In response, the Programme engineers worked closely with the local governments to improve the designs, which caused delays in preparing the technical specifications. The variations to the estimated costs were mitigated by increased municipal cost share contribution.

Lower approval rates for projects submitted by enterprises and entrepreneurs, though justifiable, may influence lower response rates for the future calls. Reducing risks of failure or misuse of funds was particularly important for assistance to enterprises, and this has been managed with a strict evaluation and monitoring process, resulting in a lower passing rate of 23% for projects proposed for funding as a result of the first Call for MSEs. To mitigate the risk of lower response rate for the second Call, the Programme implemented carefully designed communication campaign which included testimonials of beneficiary entrepreneurs and direct communication with eligible enterprises by sharing information on the available opportunity. The approach was proven successful with receipt of 551 applications in response to the call.

Demanding project development and implementation mechanisms may be overwhelming for entrepreneurs and enterprises. Twelve out of the 106 awarded enterprises have retracted from project implementation immediately upon award. The main reasons include change in business approach or relevance of the approved intervention, but also acknowledged lack of capacities in

³⁷23 budget revisions and time extensions

beneficiary businesses to implement grant agreements and commit to achieving projected results. Though the Programme may not lower its requirements for implementation of the grant agreements, the expectations are communicated more widely during the promotion of the Call. Similarly, the Programme simplified application process with the second Call for MSEs with reduced quantity of supporting documents.

Great interest of enterprises and entrepreneurs in the Programme combined with lower average value of requested funds may result with significantly higher number of supported projects. Successful implementation of the first Call for MSEs was followed by extensive interest in the second Call for MSEs resulting in 551 applications. This, combined with lower average value of requested funds of 24,000 Euros per project will likely result in significantly higher number of supported projects. The set objective for this activity of 150 projects will likely be surpassed by at least 33% which will bring additional workload and burden to the Programme team. Thus far the risk is mitigated with greater number of retainers assisting the evaluation process.

Local elections announced for spring of 2020 could slow down progress of activities conducted by local administrations. The Programme awarded 96 projects to be implemented by 56 local administrations out of which 11 are closed in 2019. With the upcoming local elections announced for April 2020, implementation pace may slow down during the pre-election campaigns. Moreover, as the Programme plans to advertise the final Call targeting local governments, prioritisation of projects proposed for funding may be under political influence more than usual. Finally, personnel changes in local administrations may result with new setbacks in implementation. To mitigate the risk, the Programme puts additional efforts to, wherever feasible, finalize projects during the first quarter of 2020. In addition, the need for limited no cost time extension is being assessed.

Quality

Participants of trainings and meetings organised by the Programme continuously confirm the quality of events and provided materials through positive evaluation records. For example, the trainings related to organisation of meetings and facilitation of stakeholders in the early public review of detailed regulation plans conducted in February 2019 have been positively evaluated with an average grade of 4.89 out of 5.00, indicating the quality of the training content and achieved training objectives, along with other elements such as training materials and methods. Likewise, evaluations of the info sessions conducted for the Calls for MSEs and BSOs attended by 685 and 134 participants respectfully confirm that over 95% of participants have evaluated the sessions as very useful or useful, again contributing to confirmation of the quality of provided materials and methods.

Evidence of the implementation of the quality control principle, Programme ensures through transparent processes of selection of the eligible proposals through the call for proposals, evaluation of their relevance to the Programme's results and finally through their acceptance by the Programme Steering Committee. Pursuant to endorsement of the PSC, and prior to contracting, the Programme conducts in-depth review of the endorsed project proposals in order to confirm contractual obligations with the grantees, and improve quality by addressing potential indefiniteness and inconsistencies. More detailed elaboration of the key activities, better defined criteria and process of the selection of the beneficiaries, strengthening of the sustainability aspects will lead to more efficient and effective implementation of the projects, ensure reaching of the planned results and enhance positive impact on the target groups.

During implementation of the grant agreements, the Programme provides continuous support to the grantees by close monitoring and coordination. During the construction season, infrastructure projects are visited by EU PRO engineers at least bi-weekly. Likewise, all other interventions supported by the Programme are followed in line with the set milestones. Additional efforts are invested to build capacities of grant implementation teams, also contributing to sustainability.

The quality of supported projects is in some cases confirmed by external technical bodies. In this respect, at one of the most prominent urban planning events in the region, the 28th International Urban Planning exhibition, held in Niš on 8 November, the Detailed Regulation Plan for Stari Grad (Old Town) in Užice whose development is conducted through the Programme received second prize in the category of detailed regulation plans evaluated against 26 plans submitted from throughout Serbia³⁸.

UNOPS conducted four quarterly quality assurances of the Programme in 2019, confirming the Programme is managed in line with corporate requirements.

Sustainability

By their nature project activities are indirectly contributing to all Sustainable Development Goals (SDGs), but specifically to the SDGs relating to Good Health and Well-Being (SD3), Quality education (SD4), Gender Equality (SD5), Clean Water and Sanitation (SD6), Affordable and Clean Energy (SD7), Industry, Innovation and Infrastructure (SD9) and Reduced Inequalities (SD10).

The implementation of the EU PRO Gender Action Plan (GAP) is advancing³⁹, contributing further to the enhancement of the gender aspects in the Programme's activities and raising awareness on gender issues among the personnel. The Programme ensured that gender mainstreaming is an integral part of all published CFP, by envisaging provision of additional points for the applications contributing to the promotion of gender equality (GE). For example, the last published CFP for support to entrepreneurship encouraged promotion of women entrepreneurship and GE, by giving extra points to the applicant enterprises owned by women and to the proposals envisaging employment or other benefits for women. In this way, the applicants were motivated to incorporate GE initiatives into their project proposals. In cooperation with the Swiss PRO Programme, continued support was provided to the beneficiary LSGs to include GE elements in infrastructure projects within good governance-related activities. In addition, all EU PRO personnel completed mandatory and 79% completed recommended gender related courses. Furthermore, the personnel participated in the presentation of the new UNOPS' Gender Mainstreaming in Projects Guidelines organised by the RSPO Gender Focal Point.

The Programme activities is ensuring implementation of all three pillars of sustainable development at the planning, design and later on at implementation stage.

Process of adoption of the planning documentation through early insights and participation of relevant participants ensured social sustainability in the early planning stage. Later on, creation of the job opportunities generated by completed activities foreseen by the planning and design documentation will ensure social sustainability. Implementation of the economic infrastructure project is already having impact on increasing competitiveness that will result in job creation in the

³⁸ Source: <https://www.uziceoglasnatabla.com/ii-nagrada-na-medjunarnom-sajmu-urbanizma-u-nisu/>
<https://www.tv5.rs/2019/11/15/jp-uzice-razvoj-dobilo-nagradu-za-izradu-plana-detaljne-regulacije-stari-grad/>

³⁹ [Annex V Att.5.1 EPR Gender Plan status v3 Dec 19](#)

first year upon Programme implementation when full benefits could be measured. In addition, Programme is targeting support to excluded groups living in multi-ethnic communities, so it is expected that local infrastructure projects will create socio-economic empowerment of vulnerable groups on a long-term prospect (completed renovation of school and the kindergarten in Balajnac is already creating better and equal conditions for education for Roma children in Merošina Municipality).

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, 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 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 impact to growth of GDP per capita.

Lessons learned

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

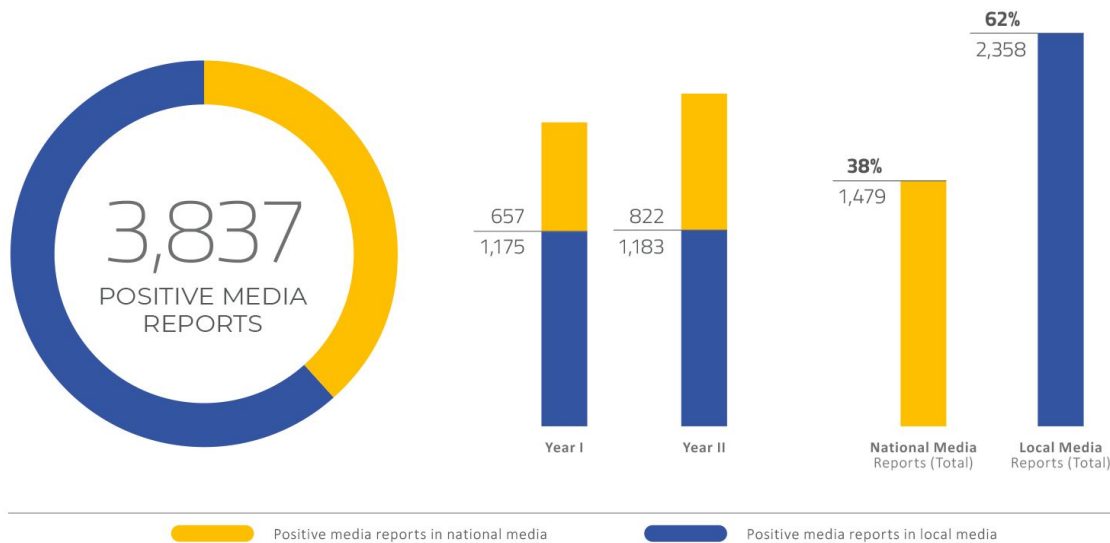
Vetting of technical documentation relevant for project proposals should be introduced during the evaluation of the project proposals. The experience shows that in many cases, the quality of technical documentation backing the projects selected for implementation is not at the satisfactory level, i.e. with fewer details and estimated values that are not up to date, creating further delays in implementation. During the Evaluation process additional time should be set aside for site visits to all applicants, in order to check the allegations of their proposal, as well as the quality of available technical documentation. The Public Calls should include also the extended description of the eligible costs related to infrastructure projects, which should be in line with the standard content of the design summary.

Communications and Visibility

Throughout the year all EU PRO activities and results were promoted through traditional media. Thirty one press releases and nine media announcements were issued generating 2,005 media reports of which 822 (41 percent) were in the national media, while 1,183 of all published stories (i.e. 59 percent) were issued in regional and local forums.⁴⁰ This is a two-fold increase in number of both total and national media reports in comparison to coverage recorded during the second year of the predecessor Programme, European PROGRES (1,070 media reports, out of which 426 was published in the national media). Forty-two percent (42 %) of all used the issued Programme press releases verbatim.

⁴⁰ The data covering the period 1 January-30 November 2019

Due to the number of projects and funds allocated for their realisation, by far the largest number of reports, namely 889 media stories, focused on the support to infrastructure and the projects approved within the five public calls. The great interest, as always, was attracted by the visit of the Head of DEU to Programme Areas and high level events, resulting in 340 media reports, while the 625 featured the support provided to the micro and small enterprises, out of which 240 related to the Second CFP for Procurement of Equipment and Provision of Services for MSEs.



Additionally, eight media interviews were organised, out of which four were broadcasted on national TV and radio stations, namely Radio Television of Serbia, and Radio Belgrade, while one interview was organised for the Head of the Delegation of the European Union with regional web portal Južne Vesti.

The EU PRO website, has been regularly updated throughout the year and visited over 100,000 times by more than 60,000 unique visitors. Accordingly, by far the most visited page on the Programme website was the page dedicated to Public Calls that received 21,647 visitors.

In 2019 the Programme Facebook and Twitter accounts followership has grown to reach over 16,000 and over 1,000 by December 2019, a 62 and 16.5 percent increase respectively. The Facebook page remains the most efficient communication channel for the Programme, reaching 887,995 people and attracting 3,908 post likes.

In total twelve events and high level visits took place of which four were attended by DEU and MEI representatives over the course of 2019. This includes six high level events hosting over 500 Programme stakeholders and beneficiaries and six high level field visits across the EU PRO Area of Responsibility (AoR).



100,589
VISITS TO OUR WEBSITE
IN REPORTING PERIOD



62,599
VISITORS ON OUR WEBSITE
IN REPORTING PERIOD



16,000
FOLLOWERS



1,000
FOLLOWERS

A total of thirty six (36) EU PRO and AoR related briefing notes and project overviews were prepared upon the Delegation of the European Union (DEU) and Ministry of European Integration (MEI) request for various purposes. Nineteen briefing notes and seventeen project overviews were prepared upon the Delegation of the European Union (DEU) and Ministry of European Integration (MEI) request for various purposes – high level events and/or visits, contribution to general national development overviews, reports and statistics or update of economic, social and political development.⁴¹ Transparency of all selection processes following CFPs was supported through the development and publishing of five result info sheets. <https://www.eupro.org.rs/en/svirezultati/rezultati>

A major effort was undertaken to promote two Sector based campaigns - the second public orientated Calls for Proposals for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises (SME CFP) and 2020 Calendar Competition. Both included development of visual identities, extensive traditional and social-media campaigns, production of various print and web communication products and direct outreach via 13 info sessions in the AoR, email and post. Each of the 13 info-session organised by the Sector was announced and covered with a media presence which in addition to the press release announcing the Call resulted in 225 media reports.

In Social Media, a total of 302 Facebook posts were liked 3,908 times and attracted 14,829 page likes and 14,974 followers. Similarly, 155 Tweets were liked 1373 and retweeted 600 times, attracting 984 likes while the fifteen posts on the Programme's Instagram page received 648 likes and 2,537 views. The page itself received 2,394 new followers. Finally, the YouTube page has been populated with the eight MSE CFP promotional videos and the recording of the online info session attracting close to 10,000 views.

The direct media placement included prominent positioning of the web banner on the six key business web portals and generated a total of 476,647 impressions and 937 clicks. In addition two promotional video spots were broadcast 352 times on ten regional and local TV stations, while in the same period the radio spot was aired 200 times on two national and 15 regional radio stations.

⁴¹ The Overview of communications work is available in the [Annex IV, Attachment 4.1](#)

The Programme regularly produced and distributed various formats of promotional material reaching thousands of beneficiaries ensuring the consistency of brand application and in line with the set EU Communication Guidelines. In December 2019, the Programme produced seasons' greetings cards and VIP New Year's package which will be distributed to 300 partners from the EU Delegation, the Government, LSGs, and other development stakeholders over the holiday season. The electronic version of the card will be sent to over 1,000 email addresses. On 31 December the second Programme survey on Citizens' attitude towards EU Integrations has been published and will be closed at the end of February 2020 or after a sample of 1,000 opinions has been collected.

Work plan

According to the EU PRO Work Plan⁴² for the period from 1 January to 30 March 2020, the key milestones are:

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; Finalise evaluation of the applications received under 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 grants for 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 16 GSA for development of DRPs and ensure successful administrative closure of three completed

Activity 2.1.3 Monitor activities related to implementation of 16 GSA for development of Technical Documentation for Economic Infrastructure and ensure successful administrative closure of all three 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 Monitor activities related to implementation of 22 GSA for Local Infrastructure and ensure successful administrative closure of 15 completed; Prepare and advertise call for proposal for unutilized funds by the Programme, upon PSC approval

Activity 3.2 Regular monitoring of 21 projects under the CFP for Fostering of Social Cohesion and the language learning project, ensured continued implementation and completion in line with the contractual obligations

⁴² The 2020 Q1 Work Plan is available in the Annex V, Attachment 5.2

LFM – progress against indicators

Legend

	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

Overall Objective To contribute to more balanced socio - economic development in Serbia	
Global Competitiveness Index Report rank 60 until the end of the Programme Overall contribution of SMEs to export increased by 3% by the end of the Programme	Serbia ranks at the 72 nd place in the Global Competitiveness Report 2019, registering drop by seven places in comparison to 65 th position in 2018. However, the country made progress by eight indicators and kept the same index, thus the drop is attributed to the larger number of assessed countries. Statistical Office of the Republic of Serbia registered external trade of goods in the value of 19,629.8 Million USD in 2019. Compared to 2017 baseline of 16,997 Million USD, total increase in export is 15.49%. In addition, value of export of the supported MSEs increased by 25.7% from 4.16 million Euros in 2018 to 5.24 million Euros in 2019.
Project Purpose To enhance competitiveness and social cohesion of the less developed areas by increasing productivity of SMEs and developing/improving business enabling and social infrastructure	
At least 95% of SMEs supported through the Programme increase gross value added/ employed ratio as a result of the Programme assistance 1000 newly employed as a direct/indirect result of the Programme assistance	Programme support to SMEs is initiated in the first quarter of 2019. Data will be available with 2019 financial reports of the SMEs due by the end of March 2020. As a result of assistance to SMEs, 227 new jobs (out of which 108 or 47.6% are women) have been created in 93 beneficiary enterprises. In addition, the Programme indirectly contributed to creation of at least 200 more jobs thus far as a result of the economic infrastructure projects. The Programme estimates that, once all nine economic infrastructure projects are finalised, at least 1,700 new jobs will be created.
RESULT 1 Improved technological structure of SMEs and their ability to increase their market share	
Activity 1.1 Up to 150 SMEs supported through Programme activities	One hundred six grants have been awarded as a result of the first Call for MSEs, out of which 12 discontinued implementation. The

	<p>remaining 94 projects are under implementation, out of which 19 have completed activities in 2019.</p> <p>Additionally, in response to the second Call for MSEs, 551 applications are received, and at least 100 are expected to be proposed for funding upon conclusion of evaluation expected in the second quarter of 2020.</p>
Activity 1.2 Up to 20 BSOs/NGOs supported through Programme activities	Twenty projects submitted by business support organisations are being implemented.
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 Up to 20 LSGs supported in order to digitalise and update geo-spatial data during Programme implementation	Nineteen grant support agreement are being implemented in 34 beneficiary local governments with the aim of digitalising and updating of geo-spatial data.
Activity 2.1.2 Up to 50 LSGs supported in development of DRPs during Programme implementation	Nineteen grant support agreements for development of detailed regulation plans are being implemented by 19 beneficiary local governments. During the reporting period, three projects are finalised.
Activity 2.1.3 Technical documentation developed for up to ten infrastructure projects related to economic development	Twelve grant support agreements for development of technical documentation are being implemented. During the reporting period, three projects are finalised.
Activity 2.2 Up to six public infrastructure projects with economic impact implemented until the end of the Programme	Nine grant support agreements for implementation of economic infrastructure projects are being implemented. During the reporting period five are finalised.
RESULT 3 Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations	
Activity 3.1 Up to 35 public infrastructure projects contributing to improved living conditions implemented until the end of the Programme	Thirty-seven grant support agreements have been awarded for implementation of local infrastructure projects. In 2019 ten out of the 37 projects have been finalised.
Activity 3.2 Up to 34 projects contributing to social inclusion, inter-ethnic cooperation, and social cohesion implemented in multi-ethnic LSGs implemented by the end of Programme	Twenty-two projects for fostering social cohesion in multi-ethnic communities have been approved for funding, out of which 21 grant support agreements have been awarded as one of the proposed beneficiaries failed to address clarification request. These projects are being implemented in 17 municipalities.

