



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

MINUTES OF THE FOURTH PROGRAMME STEERING COMMITTEE

Belgrade, 30 January 2019



Republic of Serbia



Implementing partner

I. Agenda

- Welcome and introductory speeches
- Adoption of the minutes of the previous Steering Committee meeting
- Presentation of the Annual Report and discussion
- Presentation of requests for approval:
 - The results of CFP for support to Entrepreneurs, Micro, and Small Sized Enterprises (MSEs)
 - Study for Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents
- Voting
- Other business

II. Welcome and introductory speeches

Branko Budimir, the Assistant to the Minister of European Integration of Republic of Serbia and the Chairperson of the EU PRO Programme Steering Committee (PSC) welcomed the participants and especially new Head of UNOPS, Michaela Telatin and proceeded to give a short overview of the past year of implementation and the topics of the meeting ahead.

Ana Stanković, Project Manager in the Delegation of European Union to Serbia thanked and commended UNOPS on their work in all areas of the Programme so far and expressed hope for continuation of this fruitful cooperation.

Michela Telatin, Head of Office UNOPS Serbia noted that EU PRO is recognised for its tangible results in economic and social sphere nationally and thanked the PSC members for their committed work and especially Government of Serbia and the EU for their guidance and trust in UNOPS and its capacities. Solid trust and open dialogue between institutions were underlined as crucial for the future cooperation. UNOPS has been strengthening its capacities in the past six months and the newly reinforced team is now in place to continue cooperation and secure future success with all of its partners and especially the national institutions and its largest donor the EU.

Branko Budimir confirmed the successful interagency cooperation and expressed hope that this trend will continue.

III. Adoption of the minutes of the previous Steering Committee meeting

Branko Budimir confirmed that the third PSC meeting minutes have been unanimously adopted.

IV. Presentation of the Annual Report and discussion

Marko Vujačić, EU PRO Deputy Programme Manager presented the Annual Report. He noted that implementation of the Programme is in line with the set plans – seven Calls for Proposals successfully closed, 77 infrastructure projects are ongoing, doing business and social cohesion activities are advanced as are effective communication and visibility activities while the integration of sustainability, governance, and gender equality in the Programme activities persists.

The interest of beneficiaries for the CFPs was estimated as generally high for all Programme CFPs. Cooperation with national institutions throughout these processes was commended.

Discussing the sustainability and risk management the Programme continues to coordinate with institutions and relevant Programmes and focuses on implementation of risk responses envisaged by the Description of Action (DoA).

In the upcoming period the Programme will focus on issuing MSE grants, completion of three CFPs - Social Cohesion, GIS and business support organisations.

Branko Budimir concluded that the presentation was extensive as PSC members didn't have any questions.

I. Presentation of the request for approval of the results of CFP for support to MSEs

Olivera Kostić, EU PRO SME and BSO Sector Manager presented PSC with the full overview of MSE CFP developments, including the process and the timeframe of the CFP activities including the concept, and preparatory stages, evaluation of the first and second stage and the site visits. In brief the first phase of the CFP resulted in 468 received proposals requesting 8,221,482 Euros. Of this 215 proposals in total value of 6,436,724 Euros were recommended for the Second Phase of the CFP. Development agency of Serbia (DAS) and the Ministry of Economy (MoE) participated in the application evaluation process as observers. The second stage of the CFP resulted in 191 applications of which, after the site visits and five evaluation committee meetings, 106 were recommended for financing in total value of 3,276,851 Euros of which 1,120,472 Euros is co-funding. The expected impact was presented with examples of corporate social responsibility activities that will be implemented by recommended applicants and total of 255 jobs created as a contractual obligation of the signatories.

Considering lessons learned **Olivera Kostić** underlined that enterprises registered for IT services were in unfavourable position in this process, as the selection criteria was designed primarily for enterprises dealing with production presenting the majority of applicants. Field visits were seen as crucial innovation as they validate the data in the application while the two step process was relevant to

confirm the interest of the businesses that applied. However, due to the time limitation of the Programme and the prolonged timeframe required by the two step process EU PRO will consider reverting to one step process for the second round of the CFP for MSEs.

Ana Stanković confirmed the relevance of field visits and enquired on how the integrity of procedure was preserved as well if the visits were decisive part of the selection process. More details on the support to businesses that were already supported through previous Programmes were also required.

Dušan Čukić, EU PRO Programme Technical Advisor responded that field visits were foreseen as a part of the CFP and announced for its second phase and were primarily used as a tool for validation and clarification of the data reported in the application and were conducted only after the technical evaluation was conducted.

Olivera Kostić noted that no one was rejected because of the field visit but rather the visits confirmed the original selection made through desk review of the applications. EU PRO SME team followed this with several examples of application and field visit examples. Answering the question about the support of the businesses that previously received grants - it was underlined that five applicants were previously supported through European PROGRES and 19 through national programmes administered by the Ministry of Economy and Development Agency of Serbia. However, these applications were considered in detail, no overlaps in activity were found and all had relevant and valid applications and were eligible for this CFP.

Branko Budimir praised the team effort in the conduct of the CFP and asked how much did the field visits influenced the decline of the approved applications from 191 to 153 to 106.

Olivera Kostić underlined that only 156 projects out of 191 was visited because the rest did not pass technical evaluation. Field visits were always conducted by a team of at least two technical evaluators and in many cases accompanied by administrative staff and observers from RAS and the Ministry of Economy. The point of contacts were those who could answer all evaluation related questions not necessarily the business owners. Although the selections from 153 to 106 was in reality done during the desk reviews, the visits were conducted to identify potential discrepancies between application forms and reality in the field. As a result, the committee selection was confirmed as there were no significant changes in the number of points per application. When points were changed however it was done in consultation with all of the evaluation committee members.

Branko Budimir asked if the ownership of goods received through the Programme is regulated by the contracts with the businesses and what are the risks connected to the transfer of ownership.

Olivera Kostić explained that the ownership over the goods is transferred to business owners only after expiration of the grant agreement which will be closed after they meet their contractual obligations in terms of number of jobs created and implementation of the corporate-social responsibility activity. In addition, a two year ban on selling the equipment is the contractual responsibility. However, after the equipment is transferred to the beneficiary as their property, there are no protection mechanisms in case the company files for bankruptcy and the equipment would be confiscated regardless of the contract.

Branko Budimir questioned what the best practice in terms of procedures was as the two step procedure gives a better overview of the overall interest but is time consuming while one step procedure requires too much effort and possibly discourages applicants.

Olivera Kostić responded that the best practice might be a mix of the two, where during the initial phase applicants would be required to meet basic but eliminatory administrative criteria in order to attract eligible and interested applicants. For example, proofs related to criminal proceedings and criminal convictions could be required in the first phase and not in the second as was the case this time around. These documents are eliminatory requirement and in place both to vouch for the reputable business but also to prevent reputational damage of the Programme. This practice has proven to have positive and negative implications as it both identified unsuitable partners but has also eliminated potentially good partners that were in the litigation process that might have been wrongfully charged for the prolonged period of time and eventually end up without conviction.

Milica Korać, EU PRO SME and BSO Associate noted that while all of the stages of the Process were valid and necessary improvements could be introduced through rearrangement of the order of the process stages in the future CFPs.

Marko Vujačić that the Ministry of Economy provided institutional support to the Regional Development Agencies (RDAs) in order to support the Programme in promotion of the CFP, and further help businesses in developing applications. **Olivera Kostić** added that the beneficiaries confirmed the relevance of RDA support in the process and further lessons learned will be collected together with RDAs to see how to optimise this support and its benefits for both the RDAs and the future applicants.

Katarina Obradović–Jovanović reverting to previous topics of discussion confirmed that the field visits are very important and crucial in identifying discrepancies between the application and the real situation. Addressing the issue of mandatory court and police certificates of clean record as a part of application process, ME's practice is for the beneficiary to sign a written statement of the clean record, while the ME performs random checks. Two phased process provides better results and should be a model for the next relevant CFP. Praising that the overall process of the MSE CFP is good it was noted that only 25 percent of the applicant passed, leaving a large number of potential beneficiaries unsatisfied and their concerns should be addressed in detail. The result might be prescribed to the lack of variety in expertise of the members of evaluation committee which would benefit from business sector expert and knowledge which would allow for a larger picture in project selection and possibly identify the unconventional potential of business projects.

Marko Vujačić explained that all of the regret letters will be personalised and explain the reasoning behind the failed application. Although the number of selected projects seems low the grant modality bares a great number of risks that in turn require a large number of mechanisms to avoid these risks. These filters, including the filed visits are in place to minimise the rate of unsuccessful project implementation.

Katarina Obradović–Jovanović noted that one of the key criteria for project selection - number of jobs established as a result of the investment, is complex because young enterprises lack the experiences to estimate potential success of the business while other applicants might overestimate own potential.

Branko Budimir emphasised that only 2.1m out of the announced 4.5m will be issued. When the letters of regret are issued the explanation should include that there will be another CFP and possibly suggest improvements that would make the business more eligible for financing in the future. The PSC members were invited to discuss ideas on utilisation of the remaining funds while considering the Programme duration and how it would affect the two yearlong contractual obligation of the additional MSE CFP beneficiaries. After **Olivera Kostić** said that another SME CFP, which will adapted to include all of the lessons learned, is planned for 2019. **Budimir** reminded all involved to, when planning, consider other similar Programmes and their CFPs to avoid overlap in timing, scope and distribution.

Katarina Obradović–Jovanović pointed out that the applications for the CFP shows clustering in certain geographical areas while portions of the Programmes AoR have small number or no projects approved. CFP should consider the current geographical distribution of the project as unlike with national Programmes, EU PRO is flexible to target specific areas. She also suggested to include information on active national programmes managed by the Ministry of Economy in the regret letters to applicants.

EU PRO team members shared experiences from different sectors and conducted information sessions across the AOR noting that areas that did not apply for MSE call were also unresponsive to other Programme CFPs even when they attended the info sessions or the sessions were held in the given localities.

Branko Budimir requested for the Programme to prepare a list of the unresponsive LSGs.

Nataša Glavendekić, Development Agency of Serbia representative suggested that these areas are also known to have large incomes from families in diaspora while another reason identified is that these are underpopulated areas with small number of businesses.

Enis Ujkanović, EU PRO SME and BSO Associate the Programme analysed the statistics comparing official population numbers, businesses registered in the past five years and the geographical distribution of applications and the numbers correspond.

Olivera Kostić, responding to a question about the engagement of LSGs in the promotion of the CFP, said that the LSG and RDA participation was significant but that local chambers of commerce and LEDs should also be included even though a large number of businesses work independently from any business support organisations.

Katarina Obradović–Jovanović suggested that the co-founding might be an issue for applicants and asked if there is more information on how applicants acquire co-founding funds.

Olivera Kostić reminded participants of the financial procedure that grant participants will be obliged to follow – upon contract signing, joint account is opened and the beneficiary is asked to submit the co-funding agreed, no less than 20% of the requested amount. Upon confirmation of submission Programmes pays into the account its contribution. In most cases recipients said they have the necessary funding while some suggested they will sell an available asset to have the opportunity to develop their business.

Branko Budimir enquired about the Procurement procedure.

Olivera Kostić the procurement will be conducted by the beneficiaries in line with the UNOPS rules which secures that best price for the quality goods is achieved. The Programme has a seven people team that will continue to provide the technical assistance and monitoring throughout this process. Programme representation will be ensured in processing tenders over 30,000 Euros.

II. Presentation of requests for approval: Study for Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents

Viktor Veljović, EU PRO Programme Associate for Geographic Information Systems and Urban Plans presented the revised proposal related to the Study for Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents as agreed during the previous PSC meeting. The concept responds to the national directives to improve e-procedures conditioned within the Chapter 27 and stipulated by the Law and also correlates to the EU PRO infrastructure sector objectives in terms of land use, introducing GIS and creating conducive business environment.

The E-space¹ consists of two main components: Unified procedures and Unified spatial data, of which the former includes legalisation, building permits, register of housing communities, and electronic procedure for formulation of planning documents.

The Study should help develop two segments: a) electronic procedure for formulation of planning documents and b) Spatial Planning Information System of (SPIS), followed by spatial Planning Information System Local Information System of Planning Documents (LISP).

Electronic procedure at local level regulates urban and planning documentation required for issuing location requirements and consequently improving business environment. Three programme local self-governments of various size have been selected as a subject of the Study in order to evaluate and establish models of improvement of the local information systems and procedures.

The Study will ultimately generate an encompassing solution for all respective institutions that would include new procedures and standards of data migration and standardisation, while simultaneously providing inputs for preparation of bylaws to the Law provisions related to E-Space, which implementation is postponed for January 2020.

Siniša Trkulja, Spatial planner in the National Agency for Spatial Planning, noted that all of the conditions are in place to start development of the Study. The Amendments to the Law on Planning and Construction were adopted and as the deadline set for initiation of the E-space is 1 January 2020

¹ MCTI with the Amendments to the Law on Planning and Construction, which came into force on 6 November 2018, finalised the necessary framework for regulation of the unified procedures and digitalisation of spatial data, the concept known as E-space.

and the eight months envisaged for the development of the study are crucial. The system should be fully completed by 2025. Additionally, LSGs are approaching the MCTI in order to receive a model to constitute their Local Information Systems. This requires the national system in place to provide them with information and framework enabling their communication and ensuring they are aligned. As per SCMT data 40 LSG are better placed because they already have their information systems based on GIS in line with INSPIRE directive of Chapter 27. Additionally the existing spatial plans at local and regional level were developed with various technical methods, and the Study should provide a common model to align them.

Further, the MCTI established the Central Registry of Planning Documentation however the local LSGs lack capacity and knowledge to comply, and the Study should remedy this effectively contributing to more efficient filling in of the Central Registry, and the harmonisation of the whole system.

Additionally, the Amendments to the Law also strengthen the component related to the procedure. There is a requirement to have e-procedures for developing planning documentations as prerequisite for issuing e-permits.

Finally, one of the results will be also two guidebooks, the Guidebook on Central Register and Local Information Systems and the Guidebook on Classification and Land Use Code which will make the Study and its results and recommendations obligatory for all parties, while the other similar documents prepared for instance with GIZ support was not mandatory.

Ana Stanković raised the question why should it be financed through this project and not through another source that already provided support.

Siniša Trkulja responded that there would be no overlap, and that the MCTI did not approach other sources with these requirement.

Marko Vujačić reminded that under the Activity 2.1.2 Development of urban plans related to economic development of the DOA the Programme pledged to provide assistance to the Ministry of Construction, Transport, and Infrastructure for introduction of electronic system for approval of planning documentation.

Ana Stanković responded that the provision of back-up system for issuing of e-permits was part of this support, and therefore the Contract provision has been fulfilled.

Klara Danilović, Advisor for Urbanism and Housing with the Standing Conference of Town and Municipalities (SCTM) said that they support the initiative mainly due to its importance to LSGs as final beneficiaries of by-laws, adding that the Study is in a way late as it should have been developed parallel with the law adjustment process. She expressed the interest of SCMT to be a part of the working groups and provide inputs and said that the role of the Republic Geodetic Authority may be more emphasised in the future due to their competence and responsibilities in the process.

Branko Budimir noted that the EU PRO Programme was designed for support to local self-governments which do not have opportunities for funding as the central level. The Programme thus aims to allocate

funds to support quality project proposals from local level, for instance 1, 2 million currently allocated for GIS projects.

The request is relevant and important but the support to this project should be more comprehensive, not limited only to the Study. Therefore, the Study itself or as a part of a larger intervention should be proposed for financing to other sources, as the Ministry of European Integration and the non-allocated funds, while stressing the importance and urgency of the project.

The representatives of the Ministry of Construction, Transport and Infrastructure, Mirjana Jovanović and Vinka Milanović said that they would inform the Ministry that is to made decision on further steps regarding the project and applying for its funding.

Finally, regarding the Study concept note, it has been agreed to make decision on funding after one more round of consultations.

III. Voting

The following items were approved after PSC member vote:

- EU PRO Annual Report 1 January – 31 December 2018
- Results of CFP for support to Entrepreneurs, Micro, and Small Sized Enterprises (MSEs)
- It was decided to discuss the study and development of broader project that could be considered through for funding from other sources. If no funding source is identified, the PSC will wait results of the ongoing CFPs primarily GIS, to assess whether any surplus funding would be available for the development of the Study.

PSC LIST OF PARTICIPANTS		
Organisation	Name	Position
STEERING COMMITTEE MEMBERS		
Ministry of European Integration (MEI)	Branko Budimir	Assistant Minister
Minister of Economy (ME)	Katarina Obradović - Jovanović	Assistant Minister
Ministry of Economy (ME)	Miona Popović Majkić	Head of Planning of IPA Projects
Ministry of Construction, Transport and Infrastructure (MOCTI)	Mirjana Jovanović	State Minister
Ministry of Construction, Transport and Infrastructure (MOCTI)	Zoran Lakićević	State Secretary
Ministry of Construction, Transport and Infrastructure (MOCTI)	Vinka Milanović	Advisor
Standing Conference of Towns and Municipalities (SCTM)	Klara Danilović	Advisor for Urban Planning and Housing
Public Investment Management Office (PIMO)	Violeta Sretenović	Donor Coordination Officer
Delegation of European Union to Serbia (DEU)	Ana Stanković	Project Manager

National Agency for Spatial Planning	Siniša Trkulja	Spatial planner
Development Agency of Serbia	Nataša Glavendekić	Senior Advisor in the Regional Development Sector
PROGRAMME		
UNOPS	Michaela Telatin	UNOPS Head of Office
EU PRO	Olivera Kostić	SME Sector Manager and APM
EU PRO	Marko Vujačić	Deputy Programme Manager
EU PRO	Dušan Čukić	Programme Technical Advisor
EU PRO	Biljana Kerić	Programme Associate for Social Cohesion
EU PRO	Ivana Popović	Communication Manager
EU PRO	Viktor Veljović	Programme Associate for Geographic Information Systems and Urban Plans
EU PRO	Milica Korać	SME Associate
EU PRO	Enis Ujkanović	SME Associate
EU PRO	Marija Radulović	Communication Associate
LIST OF COMMON ABBREVIATIONS		
AOR	Area of Responsibility (AOR)	
BSO	Business Support Organisations (BSO)	
CFPs	Calls for Proposals (CFPs)	
DEU	Delegation of the European Union (DEU)	
DOA	Description of Action (DOA)	
DRPs	Detailed regulation plans (DRPs)	
DAS	Development Agency of Serbia (DAS)	
EBPS	Electronic Building Permitting System (EBPS)	
GIS	Geographic Information System (GIS)	
LED	Local Economic Development (LED)	
LSGs	Local self-government units (LSGs)	
MCTI	Ministry of Construction, Transport and Infrastructure (MCTI)	
ME	Ministry of Economy (ME)	
PSC	Programme Steering Committee (PSC)	
PIMO	Public Investment Management Office (PIMO)	
RDAs	Regional Development Agencies (RDAs)	
SMEs	Small and Medium-sized Enterprises (SMEs)	
SCTM	Standing Conference of Towns and Municipalities (SCTM)	
UNOPS	United Nations Office for Project Services (UNOPS)	