



EU
PRO EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

FINAL REPORT

1 January 2018 - 31 August 2021



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.

Total budget: 25 million Euros

Start date: 1 January 2018

End date: 31 August 2021

Programme coverage: 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: 21 December 2021

Period covered: 1 January 2018 – 31 August 2021

Executive summary

The European Support to Municipal Development Programme - EU PRO, implemented by the United Nations Office for Project Services (UNOPS) in partnership with the Ministry of European Integration (MEI) and other line ministries and institutions of the Government of the Republic of Serbia has been successfully completed in August 2021.

The Programme contributed to the overall economic and social growth of 99 local self-governments in the regions of Šumadija and Western Serbia and Southern and Eastern Serbia, contributing to a business environment conducive to new investments and job creation, more competitive enterprises, improved work of local self-governments and enhanced social inclusion.

The European Union allocated a total amount of 25 million Euros for the realisation of this initiative over a 44-month period, while co-funding of 5.1 million Euros was provided, including 3.3 million Euros by the Government of Serbia through local self-governments (LSGs) and 1.8 million Euros by Small and medium-sized enterprises (SMEs) and Business Support Organisations (BSOs).

The Programme conducted nine public calls and awarded over 18 million Euros of funds through 341 grants. A total of 55 LSGs were awarded with 95 projects, 203 entrepreneurs received the support, as did 20 BSOs and 21 civil society organisations (CSOs). These achievements translate into more tangible results over time - warmer schools, inclusive environments, new skills, higher employment rates and ultimately better living standards for the citizens of the two regions.

The Programme has achieved tangible impact during implementation and is expected to have even more significant and long term effects. A total of 1,757 jobs were created through various activities, 826 enterprises improved their competitiveness either through receiving grants or via support provided by the BSOs. Through backing of economic infrastructure and creation of technical documentation and main designs 30 million of investments are already facilitated. Furthermore, detailed regulation plans and technical documentation projects created a pipeline of potential investments worth 67 million Euros in addition to economic infrastructure projects that generated 84 million of new investments in the pipeline. Finally, the results will have an encompassing positive impact on better living standards for the citizens of Serbia, EU PRO directly and immediately assisted close to 290,000 people.

To support SME competitiveness, EU PRO provided direct assistance to entrepreneurs and enterprises and supported projects implemented by business support organisations. Through two public calls conducted in 2018 and 2019 Programme supported 203 enterprises selected out of over a thousand applications. In total 6.16 million Euros was invested into activity of which the EU provided 4.37 million Euros while the entrepreneurs co-funded the projects with significant funds totaling close to two million Euros. The cumulative results generated 582 new jobs, of which 255 (44%) are women. Besides the job creation element, overall the support improved productivity as well as product quality and range, but has also contributed to the value chain of local suppliers.

Supported enterprises were selected based on the proposed business idea, expected results and effects, sustainability and social impact. Special attention on social impact brought significant effects: one-third of the supported businesses are female owned, more than a half have production facilities located in rural areas, while all 203 beneficiary enterprises implemented corporate social responsibility (CSR) in their local communities. The activities which have had over 34,000 beneficiaries amongst others included distribution of produced goods to the vulnerable population, refurbishing facilities of social, education and health institutions, equipment playgrounds, conducting environmental actions, provision of scholarships and vocational training.

In addition to direct support to companies, the EU PRO also supported 20 projects implemented by business support organisations reaching out to 623 SMEs. The assistance included training, mentoring and capacity building, introduction of standards, participation at fairs and study visits and procurement of joint production equipment, while 26 beneficiary BSOs have also built their own internal capacities

through training, certification and introduction of new services. As a result the SMEs have improved their production processes and the quality of products and services, opened doors to new markets, and as particularly important in the year of pandemic, started their digital transformation and moved towards digital marketing.

Within efforts to strengthen the business environment, the EU PRO facilitated 6.8 million Euros investment towards support to local self-governments, to create conditions for development of infrastructure and enhance quality of services they provide to enterprises and citizens. The support was provided through development of detailed regulation plans (DRPs) and technical documentation, introduction of Geographical Information Systems (GIS) and implementation of economic infrastructure projects.

Eighteen LSGs were supported in development of DRPs as a first step in realising obligatory preconditions for infrastructure investments. Nine DRPs address development of industrial, production and commercial zones while remaining plans provide a foundation for valorisation and preservation of natural and cultural heritage and tourism development. Developed plans create a 49,07 million Euros investment pipeline while over 1,6 million Euros were already invested.

Through the Programme 12 LSGs developed execution designs for business infrastructure as a prerequisite to expand the local economic infrastructure. The documentation enabled the establishment of industrial zones and technological parks, upgraded work of business incubators, start-ups, congress and training centres, as well as agricultural development. Developed technical documentation has to date facilitated 4.2 million Euros of investments and created a pipeline for additional 20.4 million Euros of new investments.

Nineteen GIS projects were supported assisting 34 LSGs to develop a total of 134 applications grouped in five thematic areas: spatial and urban planning; improvement of public infrastructure, public property inventory; attraction of investments, rehabilitation/development of brownfield sites, underused and deprived areas, agriculture and rural development; preservation and valorisation of natural, cultural, architectural and urban heritage, tourism development; and environmental protection, climate change adaptation, risk prevention and management and energy efficiency.

Through the EU PRO support to economic infrastructure, the conditions for new investments have been significantly improved in nine LSGs, enabling a better business environment and conditions for attracting investments and increasing the number of employees and living standards of citizens. A total of 630 hectares of land in industrial and business zones was equipped with infrastructure including the access roads and communal infrastructure through provision of water supply, sewerage and electricity supply. Twenty four million Euros of investments have been realized in these zones so far, but more importantly, 1,080 jobs were created. The economic infrastructure improvements contributed to establishment of conditions for industry investments worth 84 million Euros that should be realised in the next one to three years and result in creation of over 3,115 new jobs.

As a part of its social inclusion and cohesion efforts, the Programme supported the realisation of 21 projects implemented by CSOs which contributed to reduction of inequalities and discrimination, promoting inter-ethnic understanding and providing equal opportunities for each individual in local communities of 18 LSGs. Additionally, the position of national minorities was improved through establishment of institutional mechanisms for addressing their rights issues and through harmonisation of the pertinent local policies with the national regulatory framework and implementation of relevant strategic documents. These projects also contributed to economic empowerment of the vulnerable, primarily rural women, youth, and the persons with disabilities, while the focus was also on the improvement of the status of the Roma community by enhancing the access to education, health and social services, directly benefiting over 4,600 citizens of which close to 60 percent women.

Furthermore, the Programme supported realisation of 37 local infrastructure projects which improved the standard of and access to communal, health and social services and created better conditions for the

education of children and young people, finally contributing to better quality of life of over 162,000 people and especially vulnerable groups.

Through eight projects the conditions were improved in educational facilities benefiting 5,500 children and their teachers, while another 92,000 people benefited from 17 enhanced sports and cultural infrastructure. Similarly, close to 10,000 people benefited from improved health and social care facilities in Žabari and Žagubica while ten of the projects contributed to better communal infrastructure which improved sanitary conditions in the settlements that house over 54,500 people providing them with better access to health and sustainable water supply.

The sustainability of all local infrastructure projects have further been ensured by good governance activities, implemented in partnership with the Swiss PRO programme. These activities focused on building capacities of the municipalities for sustainable and transparent asset management, social inclusion, participation, as well as planning the allocation of the energy efficiency savings for further investments. Following good governance principles, 18 LSGs have adopted 21 regulations benefiting over 15,000 people especially those from vulnerable groups - 5,151 children and youth, 2,233 Roma, 802 PWDs and 50 elderly. Namely, the implementation of seven regulations ensures accountable and transparent use of premises of public institutions or sport terrains as well as equal access to those public properties with formalisation of non-discriminatory provisions related to vulnerable groups. Eight regulations determined management accountability for public goods, three regulations formalise subventions for particularly vulnerable groups while three documents regulate further use and allocation of energy efficiency savings.

The **communication activities accompanied implementation of the Programme** focusing on the promotion of its results through twenty media announcements and 66 press releases while 21 interviews and statements were organised with Programme officials. The importance of the Programme work was recognised by over 5,500 positive media reports, 40 percent of which in the national media. Continuously focusing on youth engagement, the Programme organised three annual art competitions attracting close to 1,000 artworks from high schools in the Programme area inspiring the pupils to depict themes relevant to European values. The Programme results were widely promoted via 184 written and video success stories each individually promoted through social and/or traditional media.

With the influx of COVID-19 pandemic, the **Programme exposure to risks has been significant**. The pandemic affected the implementation dynamics and imposed changes to the scope of some activities. However, these challenges were addressed effectively, and resulted with limited extension of the implementation period of the Programme. Other external factors, such as the local elections of 2020, had less significant effects on the Programme.

The Programme also supported priority needs for combating the pandemic. The amount of 2 million Euros was redirected for procurement of 25 devices for monitoring, ventilation and anaesthesia needed for treatment of the increasing numbers of infected. In addition, the Programme procured 20 fully equipped triage containers which are installed in front of medical centres in Programme municipalities as means for reducing the spread of the virus and 263 thermometers which are used in public institutions. Additionally, the Programme procured 19 ambulance vehicles to enhance the capacity of the health protection system.

This Final Report covers the period from 1 January 2018 until 31 August 2021 and provides an overview of progress and performance, management issues, review of the key risks and issues, quality and sustainability considerations, and a section on the lessons learnt. A number of annexes provides deeper insight into particular actions taken by the Programme.

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Review of progress and performance

Policy and programme context

Adoption of the [Law on National Spatial Data Infrastructure](#) and the [Law on Planning System of Republic of Serbia](#) in April 2018, are the most significant policy changes. The former regulates the establishment and maintenance of the geo-spatial data, and incorporates the European Union (EU) Directive - Infrastructure for Spatial Information in the European Community – INSPIRE, into the national regulations. The Law aims to establish an efficient, transparent, and coordinated system for planning of development which covers spatial, regional, social, and economic aspects. In addition, the newly adopted [Law on Electronic Government](#) should facilitate simpler, more transparent, and more efficient communication of citizens, businesses, and civil society with the public administration. The changes in the [Planning and Construction Law](#) which came into force in November 2018, introduced the development of planning documents through the electronic procedures.

[The Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030](#) was adopted by the Government in June 2019. The Strategy is a significant step forward in the 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 a 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 utilization and management of construction land, utility management tools, and institutional capacities at local level for land management.

[The Action Plan for the Implementation of the Strategy of Sustainable Urban Development of the Republic of Serbia until 2030 from 2021 and 2022](#) was adopted in March 2021. The Action Plan foresees preparation of Urban Development Programmes for the key areas of interventions, in accordance with the Law on the Planning System of the Republic of Serbia. The Programmes should ensure funding of activities related to implementation of the Strategy and usage of territorial instruments under the EU cohesion policy.

The updated policy related to public procurement affected the work of local governments and influenced dynamics of the Programme activities. Namely, the Law on Public Procurement entered into force on 1 January 2020 and has started with mandatory implementation on 1 July 2020. The Law enables the implementation of the public procurement procedures, including communication and exchange of data in public procurement procedures electronically, as well as submission and opening of bids. The adjustments of procedures at the local level to this improved framework have somewhat stalled implementation of related activities, and affected grants duration.

[The Draft Spatial Plan of the Republic of Serbia from 2021 to 2035 and the Report on the Strategic Assessment of the Environmental Impact of the Spatial Plan of the Republic of Serbia from 2021 to 2035](#) passed public debate during April and May 2021. The Plan provides key inputs important for territorial development and use of EU territorial tools, and defines key development axes that provide a framework for capital investments.

Regular elections for 22 National Minorities Councils (NMC) were organised in November 2018. The results of elections for five NMCs relevant to the EU PRO Programme showed a power shift in some of the Councils. The most noticeable redistribution happened in Roma NMC, where lists of two previous presidents, Vitomir Mihalović and Tefik Ramadanović, won minimum mandates, while the party "Pan-European Roma Movement" won a majority of votes. Considering that the launching of the

Programme's CFP for Social Cohesion that was focused on national minority issues, coincided with the elections, the Programme postponed publishing of the CFP for a shorter period in order to avoid greater overlap with the election.

The new Draft Law on Social Entrepreneurship was prepared and presented to the National Assembly for adoption in October 2019 after a decade prolonged process and upon withdrawal of the previous Draft Law presented in 2018 due to the strong complaints received from the civil sector, when it was emphasized that the document excludes most of the existing social enterprises from the future legislation, such as associations and cooperatives. Although the new document was created in cooperation with the organisations that have extensive experience in the development of social economy and it was assessed as a balanced solution that best satisfies the interests of all sectors, the Law was not adopted. The Programme directly supported social entrepreneurship through the social cohesion activity and on several occasions underlined to the relevant institutions the shortcomings of the draft Law from 2018 and advocated for development of a quality document that will correspond to the current practice in Serbia and create a positive environment for development of social economy. After the Ministry of Labour, Employment, Veteran and Social Affairs (MLEVSA) announced over again development of the new Draft Law on Social Entrepreneurship in April 2021, it can be concluded that Serbia is still far away from provision of a legal framework for development of the solidarity economy, although this issue becomes even more important after the outbreak of the COVID-19 crisis.

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

Prior to the COVID-19 outbreak, the last conducted [Assessment of the Absolute Poverty](#)¹ from 2018 and published in 2019 showed that the poverty in Serbia remained significant despite registering a constant decrease compared to 2017 (from 7.2% to 7.1%) and to previous years. Around half a million citizens were 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 confirmed the relevance of area based programmes addressing regional disparities.

The crisis on a global scale caused by the COVID-19 pandemic has brought many health care and socio-economic challenges and has raised questions about the approaches to be taken toward addressing the consequences. One of the issues is the impact of the pandemic on poverty in the crisis and post-crisis periods. The [report](#) provided by the Social Inclusion and Poverty Reduction Unit (SIPRU) of the Government of Serbia, based on the data provided by civic and public sectors, estimates that 70% of people who were impoverished during the COVID-19 crisis in Serbia were left with no support. Therefore, the expansion of social security assistance, both horizontally (by increasing the amounts) and vertically (by increasing the coverage), was recognized as one of the key necessities. Furthermore, financial recovery programmes must target the informally employed and inactive population, as they are at the most risk of being pushed into poverty due the crisis. Suspension of certain social protection services during the state of the emergency excluded a great number of disadvantaged citizens from institutional support. The civic sector stepped in and provided basic support, indicating the need to redefine institutional services and equally include civil society service providers. Overall, the impact of the COVID-19 crisis showed vulnerability of both health and social care systems and the need for future investment in these sectors.

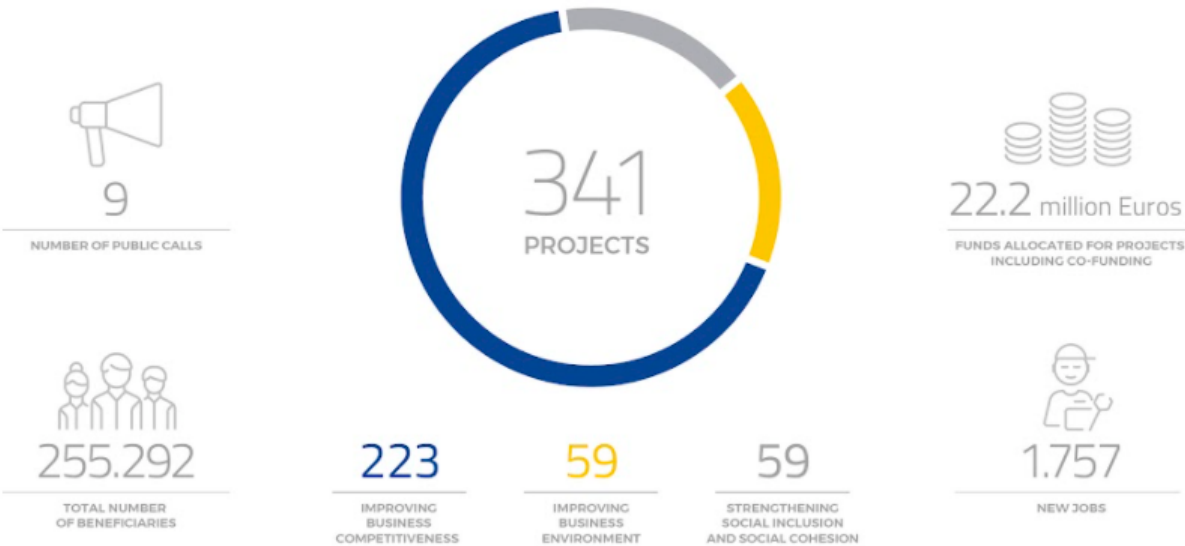
¹ The absolute poverty rate shows the percentage of individuals in society that cannot meet their basic needs, and whose income/spending is below the threshold (line) of poverty

The [Law on Social Cards](#) developed by the MLEVSA has been adopted in February 2021. The Law envisages a fairer distribution of funds allocated for social benefits and foresees a database which shall unite various rights previously in different databases, including the rights in the field of children and veterans, protection of persons with disabilities and databases from the Central Population Register, the Ministry of Interior, Pension and Disability Insurance Fund, National Employment Service, Tax Administration and the Geodetic Institute. This Social Map Register will serve as a central repository for information on the socio-economic status of individuals which will enable easier access to rights and services in the field of social protection. Initially, the Register will include citizens who already use some rights from social protection, those whose requests are in the procedure, as well as citizens who have ever submitted a request, but have been rejected. The Law will enter into force as of 1 March 2022.

The annual assessment of political rights and civil liberties performed by the watchdog organisation, the Freedom House was published in March 2021. The [Freedom in the World 2021](#) Report provides information on the 195 assessed countries. Serbia Country Report records further decline of the country on the Global Freedom Score, where Serbia scored 64 index points in 2020, two down from the previous year, and the country was categorised as partly free. The following key developments in 2020 contributed to the Serbia’s rating decline: irregularities during the parliamentary election campaign and on election day; excessive force used by the police during the demonstrations against the announcement of a COVID-19 lockdown and other government policies in July; non-transparent respond to the COVID-19 pandemic by the officials and retaliation against medical professionals who criticized the government’s handling of the pandemic.

Progress towards achieving the objectives

With assistance directed towards the local governments, civil society organizations, private businesses and the business support organisations in the 99 municipalities, the EU PRO Programme has made a strong contribution to a more balanced socio-economic development in Serbia. The Programme has supported implementation of 341 projects which improved business competitiveness, enhanced the business environment and strengthened social inclusion and social cohesion.



With investments of 30 million Euros already facilitated, the Programme created major **potential for investments** into infrastructure, industry, and tourism, through development of urban plans and technical designs, and enhancement of infrastructure preparedness of investment locations. Through developed detailed regulation plans, conditions for investments estimated at 49.1 million Euros have been created, while the facilitated investments deriving from the plans have already reached 1.6 million Euros. Furthermore the 630 hectares of land in industrial zones equipped with the Programme support already

enabled investments of 24 million Euros while an additional 84 million Euros are expected in the three-year horizon. Supported technical documentation already resulted in investments of 4.2 million Euros and created a pipeline for 21 million Euros worth of investments.

New employment is one of the key outcomes of the Programme. The EU PRO contributed to the employment of 1,757 citizens as a result of direct assistance to SMEs and facilitated infrastructure investments. Taking into account that a significant portion of these jobs (i.e. out of the 585 jobs created in beneficiary enterprises, 255 or 43.6%) are occupied by women, these results are even more important.

With over 250,000 citizens directly benefiting from the supported projects, the Programme made significant contributions to **improved quality of life** in targeted regions. The widest impact was achieved through local infrastructure projects with over 162,000 citizens using the assisted infrastructure. Furthermore, the Programme contributed to the **improvement of the socio-economic position of excluded groups** and better positioning of the national minorities groups, providing direct benefits for over 4,600 citizens (around 2,700 female and 1,900 male). Supported projects created better employment prospects and income generating opportunities for the vulnerable groups, particularly for youth, rural women, Roma and people with disabilities. Furthermore, their access to the fundamental rights and social protection services was improved, thus advancing their position in the society, contributing to overall cohesion in 17² local communities. These interventions also contributed to advancement of the inter-ethnic understanding by enhancing cooperation between communities of different ethnic backgrounds through cultural, sports and other interventions, while the position of national minorities was improved through establishment of institutional mechanisms for addressing their rights issues and through implementation of relevant strategic documents.

Project development and management capacities of local self-governments and other Programme stakeholders have been strengthened. Over 1,200 applications have been received in response to the nine conducted public calls, out of which 140 from local self-governments (LSGs). Though 96 projects implemented by LSGs have been awarded, all applicants benefited from the process. Moreover, with support from the Ministry of Economy, the Regional Development Agencies (RDAs) had been empowered to play an instrumental role in assisting enterprises to participate in the Programme which resulted in over 1,000 applications received from SMEs in response to the Programme Calls.

The Programme **contributed to implementation of national strategies**. In line with the [Strategy for the support to development of Small and Medium Enterprises, Entrepreneurship and Competitiveness for the period from 2015 to 2020](#), the Programme provided significant contribution to equipping of industrial zones through economic infrastructure projects and further development of services for SMEs through activities provided by business support organisations (BSOs) while also contributing to innovation and digitalisation, also recognised with the Strategy.

EU PRO also contributed to implementation of the newly adopted [Industrial Policy Strategy of the Republic of Serbia from 2021 to 2030](#). This was achieved through promotion of industrial digital transformation, education and advisory support to SMEs to implement digital solutions implemented by 13 BSOs supporting a total of 299 SMEs in the digitisation process. Moreover, Programme's support to SMEs helped decrease dependency of traditional industry on obsolete technology, energy intensive equipment and high share of unproductive labour which have been identified as one of the key challenges in the Strategy. The examples of this include procurements of modern CNC machines for the furniture industry and production of joinery, automatic sewing machines for the textile and shoe industries, new production lines for the food processing industry etc. This enabled supported companies to increase productivity while improving quality and lowering costs of production.

Furthermore, the EU PRO contributed directly to the implementation of three strategic documents relevant for the improvement of the position of national minorities and excluded groups in Serbia - the

² Požarevac, Bor, Priboj, Prijepolje, Sjenica, Tutin, Novi Pazar, Bela Palanka, Babušnica, Dimitrovgrad, Leskovac, Lebane, Vladičin Han, Vranje, Surdulica, Bujanovac and Preševo

[Strategy for Social Inclusion of Roma from 2016 to 2025](#), [the Action Plan for the Realisation of the Rights of National Minorities](#) and [the Strategy for the Advancement of the Position of Persons with Disabilities from 2020 to 2024](#). Integration of the Albanian community in Preševo and Bujanovac Is supported with improved knowledge of the Serbian Language among 780 Albanian children and youth, thus increasing their perspective for further education and employment. Additionally, advancement of the position of Roma national minority is enabled through the implementation of active measures in the five priority areas stipulated by the Strategy. Development of new and improvement of existing services for disadvantaged citizens directly contributed to the better social inclusion of around 200 people with disabilities (PWDs). Various health, recreational, educational and other services contributing to better life quality of PWDs are established in Leskovac, Vranje, Novi Pazar and Sjenica.

Result 1

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

Through direct support to 203 SMEs, 94 through the First Call for proposals and 109 through the Second Call, the Programme facilitated creation of 585 new jobs in beneficiary enterprises. Total of 227 new jobs have been created in 2019, 195 in 2020 and 163 in 2021. Out of the total number of new jobs 43,6 % or 255 are occupied by women. With 203 direct beneficiaries and an additional 623 SMEs supported through the BSOs, the Programme provided assistance to 826 SMEs in total.

Impact on business development can be monitored through the official data in the financial reports of the directly supported enterprises. Companies supported in 2019 under the first Public Call recorded an increase in revenue by 20 percent in 2019 compared to 2018. In 2020, beneficiaries from the First and the Second Call, despite the problems caused by the pandemic that greatly affected the overall economy, increased the revenue for 28.8 percent or over 14 million Euros compared to 2019. This shows that these companies increased their production capacities and efficiency. As one of the selection criteria was value chain contribution this increase is expected to have a multiplier effect in improving competitiveness and business results of a wider number of companies.

Out of 203 supported enterprises, 74 have directly exported their products in 2020 in a total value of 10.7 million Euros, which is an increase of 17% compared to 2019 for 70 enterprises exporting at the time. Growing export trend has continued in 2021 so in the first six months of 2021 supported enterprises registered exports of 6.5 million Euros. Total increase in export of the supported enterprises in 2021 compared to 2019 is expected to be well beyond 25%.

IMPROVING THE BUSINESS COMPETITIVENESS



Supported SMEs recorded these results despite the COVID-19 pandemic that negatively affected most of the business³ which needed to lower the production due to problems with organising the production process, inability to get supplies and/or deliver products as well as decreased demand. At the beginning of

³ Impact of COVID-19 on EU PRO MSE beneficiaries is available in Annex I, Attachment 1.2

COVID-19 pandemic, during April 2020 lockdown, 17% of supported companies closed the production and 56% of them reduced the production. By June 2020, all beneficiaries continued the production with 44% still operating with decreased production. However, 25% of the supported enterprises have increased their production compared to the same period last year, as the demand bounced back after the lockdown measures were lifted. Improved production capacities with new equipment obtained through the programme's support and hired new workers helped these SMEs to be more resilient and cope with shifts in demand and production they have experienced so that above mentioned results could be achieved.

To increase the positive social impact of their projects, entrepreneurs were required to implement corporate social responsibility (CSR) in their local communities⁴. The activities that have had over 34.000 beneficiaries amongst others included distribution of produced goods to the vulnerable population, refurbishing facilities of social, education and health institutions, equipment playgrounds, conducting environmental actions, provision of scholarships and vocational training. Support to the beneficiary enterprises resulted also in other social benefits as 68 out of 203 supported enterprises are owned by women and 42 are owned by youth.

In total 623 SMEs have been supported through BSO grants and benefited from projects activities. Almost half of the supported SMEs (299) were supported in digitalization of their business and 272 SMEs in market expansion. In activities of introducing new and/or improving products, services and business processes 182 enterprises were involved. Twenty one SMEs received support in conducting standardisation and certification of processes, products and services. New equipment purchased with the grant support is available to be used by 138 companies. One of the main instruments for the capacity building of SMEs were different kinds of training. A total of 381 SMEs took part in these trainings and 160 SMEs received mentoring support. BSOs also worked on improving their own internal capacities. 71 BSO representatives have passed different capacity building programmes and 26 new business support services were introduced by the beneficiary BSOs⁵.

Result 1 Activities

1.1 Grant scheme for SMEs

Direct support to entrepreneurs, micro and small enterprises (MSEs) was provided through two Public Calls for Procurement of Equipment and Provision of Services, implemented in years 2018 and 2019. The Calls were developed primarily in consultation with the Ministry of Economy (ME) and the Development Agency of Serbia (DAS) and designed to enable support to entrepreneurs and enterprises during their second investment cycle registered within the five year period.

The First [Public Call for Proposals \(CFP\) for Procurement of Equipment and Provision of Services](#) was advertised on 21 May 2018 following the approval of the Programme Steering Committee granted on 19 May 2018. Within efforts to promote the CFP, the Programme organised 14 info sessions in June 2018. The EU PRO also conducted information campaign that included development of promotional materials - printed posters and leaflets, and video and audio materials used for promotion of the CFP through communication channels of the ME, DAS, local self-governments (LSGs), Regional Development Agencies (RDAs) and other business support organisations (BSOs); placement of media adds on most popular web portals, national radio, local and regional TV stations; extensive Facebook campaign and direct distribution to 99 LSGs and ten RDAs.

The Grant Evaluation Committee was formed in line with UNOPS procedures and its composition included ten voting members, including chairperson, three non-voting secretaries and four non-voting observers from the ME and DAS. The Committee conducted the evaluation process in line with Guidelines aligned with the evaluation criteria set by the CFP, in the period from July 2018 to January 2019. The evaluation was done through a two-step process, with the applicants submitting concept notes in the first step, and those positively evaluated invited to develop full project proposals.

⁴ The Overview of Corporate Social Responsibility (CSR) Activities implemented by beneficiary MSEs is available in Annex I, Attachment 1.3

⁵ An Analysis of Support to Business Support Organisations can be found in Annex I, Attachment 1.1

The evaluation of the 468 concept notes received from 79 LSGs in response to the CFP was finalised in August 2018. As a result of the evaluation 215 MSEs from 63 LSGs were recommended for the Phase II application process. In September 2018, the Programme organised five workshops offered to the 215 shortlisted applicants, where the application process, documents and criteria for the second phase of CFP were explained in detail. These workshops were attended by 282 participants (out of which 89 or 32% were women) from 186 companies.

As the Ministry of Economy included support for the MSEs in preparing documentation for EU PRO Programme in the set of standardized services provided by RDAs, the Programme organised a one-day Orientation Meeting for RDA representatives on 17 September 2018 to enhance their capacities to provide assistance to enterprises.

A total of 191 full applications were received as a result of the second phase of the process. The value of the submitted proposals was 5.5 million Euros, of which 3.6 million was requested from the Programme. After conducting technical evaluation, field visits were conducted in November and December 2018 for the 126 companies that passed the threshold. A total of 106 applications were proposed by the Grant Evaluation Committee and approved for financing by the Programme Steering Committee at the meeting held on 30 January 2019. The value of approved applications was 3,3 million Euros, of which 2,1 million Euros was EU funding. The selected 106 applicants were registered in 44 LSGs and operating 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 successfully implemented Grant Support Agreements in line with the defined procedures.

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 campaigns through local and national media. One on-line info session was held with the recording of the info session published at the EU PRO website. Total of 685 participants attended these info sessions, including 615 (out of which 196 or 32% women) attending info sessions in person and an additional 70 participants of the on-line info session. Moreover, the Programme procured a database of eligible enterprises and sent direct mail with information on the Call to over 8,000 addresses.

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 the requested EU PRO contribution is 12 million USD. The application process was done in one step with applicants submitting full projects applications. Representatives of the Ministry of Economy have been appointed as observers of the evaluation process. The evaluation was completed in April 2020. The evaluation team meetings were organised throughout the process, with a total of 33 meetings, out of which 4 were held in person and the remaining 29 conducted online. In line with the defined evaluation procedure, technical evaluation of the applications was conducted by three independent evaluators and each application was discussed at the grant evaluation meetings. As a result, 170 applicants have passed the threshold and qualified for the verification field visit which were organised in late February and early March 2020. List of projects recommended for support was concluded in April 2020 and after the Programme Steering Committee (PSC) approval in May 2020, 118 SMEs applications were proposed for financing. Nine SMEs have

discontinued their participation in the Programme, mainly due to challenges caused by the COVID-19 pandemic. The remaining 109 grantees have signed contracts in July 2020.

As the COVID-19 pandemic related restrictions, including the blockade of Suez canal, influenced the procurement processes and implementation of the planned CSR activities, 47 projects needed to be extended. By June 2020, 106 SME beneficiaries completed their projects. Last SME grant was closed in July 2020.

1.2 Support to Business Support Organisations (BSOs)

The [Public Call for Proposals for Business Support Organisations](#) (BSOs) 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 (ME), the Ministry of European Integrations (MEI) and development programmes targeting the SME sector. Pursuant to the Programme Steering Committee approval, 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 organizations. Recordings from two info sessions are made available at the Programme website.

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, one application was received from science and technological parks and four applications from other civile sector organizations.

Following the administrative check and technical evaluation conducted in July - August 2019. twenty projects were proposed and approved by the PSC for funding in September 2019. Fourteen awarded grants were awarded for implementation by a single BSOs and six partnership projects with a 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. The twenty beneficiary organisations have initiated the planned activities in early 2020 and by the end of the year, 17 projects have been finalised, with implementation of all 20 projects concluded in May 2021.

The projects implemented by BSOs have been significantly affected by the COVID-19 pandemic as the nature of activities in the vast majority included group gatherings and therefore needed to be adjusted and extended. A total of 25 amendments have been approved and issued for projects implemented by the BSOs.

Due to restrictions caused by the COVID-19 pandemic, most of the business fairs were canceled and study visits were not possible to be organized. However, beneficiary BSOs were able to organise study visits for 22 SMEs and four SMEs participated at the business fair (which was organised before the pandemic).

In line with the objectives of the Call, the beneficiary BSOs implemented a variety of activities to enhance competitiveness of SMEs. These activities included training, mentoring and capacity building, introduction of standards, participation at fairs and study visits, organisation of B2B meetings, procurement of joint production equipment, etc. In addition, the beneficiary BSOs have also built their own internal capacities through training, certification and development of new services.

The BSOs supported SMES to increase their sustainability and competitiveness through interventions contributing to improvement of processes and quality of products and/or services. For example, this included trainings in alternative sources of financing for 9 SMEs (RDA Zlatibor), trainings in digital transformation for 19 SMEs (STP Čačak), training in financial management for 58 SMEs (NOVITAS Pirot), individual mentoring programs for 10 SMEs in product design, packaging and promo material, access to market and finance, production and process management (Business Innovation Centre).

Seven BSOs procured new equipment that will be used by SMEs in order to improve their products, competitiveness and productivity. The equipment benefits more than 130 involved SMEs. The Faculty of Electronic Engineering Niš acquired equipment for Additive Manufacturing (AM) for making objects from 3D models and created a place for the development of prototypes. During the project implementation, five companies used the equipment and another five companies expressed interest in using it. Business Incubator Center Yumco Vranje purchased the new equipment for the use by existing and future incubator tenants to improve the furniture manufacturing process so that panel furniture can be assembled at the customer's address. ENECA has procured equipment for processing fruit and vegetables for a food hub in the village Vrtišće, near the city of Niš, and by providing mentoring contributed to competitiveness, improved production process, increased quality of products, digitalisation and market expansion of 19 food producing SMEs. Startup Center equipped "Gaming development center Niš" with adequate software and hardware solutions and supported 15 SMEs in project development related to the gaming industry. RDA Braničevo-Podunavlje obtained new production equipment for six SMEs in the dairy industry.

Twelve BSOs provided guidance and support to 272 SMEs to expand into new markets including networking activities, preparation and joint participation at business fairs, establishing/enhancing online marketing and sales, and support in joint performance on the market. RDA Zlatibor developed the toolkit for SME internationalization to be initially used by nine West Metal Cluster Group members. RDA Podrinja Podgorine i Rađevine developed the Guide to export and internationalization of products along with training and expertise lectures for 31 SME aimed at internationalisation. NiCAT Cluster developed Policies and procedures for marketing, sales and internationalization and added new service in the cluster – systematic support to NiCAT members for using policies and procedures. Twenty nine companies have approached these services. Five BSOs organized marketing related training programs (marketing innovation and digital marketing) for a total of 142 SMEs.

Several BSOs developed digital marketing packages for beneficiary SMEs. For example RDA SEDA has developed digital marketing packages (website, Facebook page, Instagram page) for 22 selected companies and RDA Braničevo Podunavlje supported 10 entrepreneurs in development of professional websites and products e-catalogs.

The Women Association "Etno forum" Svrlijig created and printed various business promotional materials for 40 entrepreneurs and small businesses. The Center for Development Support and Initiative "NOVITAS " created the web presentation Vredne ruke with e-commerce option with the purpose of supporting promotion of ten women entrepreneurs. The promotional set "Regional products of Southeast Serbia" has been developed for joint participation in fairs and similar events. ENECA created a website with an online shop for the supported food hub ENECA Fabrika dobre hrane.

Two study trips have been conducted by RDA Braničevo Podunavlje for 10 entrepreneurs to the Slovenian dairy industry and by The Centre for the development of Jablanica and Pcinja districts to Start Up companies in Rasina district, as examples of good practice.

Due to COVID19 Pandemic only two BSOs were able to organize exhibitions at business fairs. Business Incubator Center Yumco Vranje organized four SMEs, tenants of Business Incubator, to exhibit at the Belgrade Furniture Fair in November 2019. NICAT Cluster organized participation at the Web Summit in Lisbon where four cluster representatives took an active part.

Mentoring support in marketing was provided by The Centre for the development of Jablanica and Pcinja Districts for two SMEs with the best marketing concept. Timočki Omladinski Centar (TOC) provided a mentoring program for 10 selected SMEs in order to create or improve their graphic design, marketing, website, photos and videos of their brand, products or services. Business Development Centre Kragujevac 6 agro-food SMEs beneficiaries from the territory of Kragujevac, Topola, Knić and Petrovac na Mlavi were provided with direct business support, consisting of business training and “one to one” consultancy support in digital marketing and sales.

B2B events were organized by The Centre for the development of Jablanica and Pcinja districts International B2B event with 41 SMEs representatives from Serbia, North Macedonia and Bulgaria participating.

Two BSOs supported 10 SMEs in implementation of relevant standards and obtaining certificates. Regional Development Agency Podrinja Podgorine i Rađevine successfully implemented certification of standards necessary for the export to the EU market for five SMEs from the region. Business Innovation Center Kragujevac selected 15 SMEs to participate in QMS training, out of which five SMEs were further selected for consulting services for introduction and implementation of ISO standard.

Most of the supported BSOs included activities for strengthening their internal capacity in order to improve existing and introduce new services in line with the identified needs of target SMEs. RDA Zlatibor organized training for seven staff members in alternative sources of financing. Four RDA SEDA staff members participated in five-day training for the provision of services in digital marketing for SMEs. The Centre for the development of Jablanica and Pcinja districts organized training sessions in digital transformation and digital marketing for seven of their employees. Science and Technology Park Čačak organized four online training sessions in Innovation Ecosystems, Access to an alternative source of funding for business development and Consulting Management for 7 of their employees. They also introduced a new service “Digital office” providing cloud based IT infrastructure for their tenants and other interested SMEs. NICAT organized business coaching sessions for three of their employees. NiCAT cluster management increased knowledge in the field of marketing and sales, established new services and gained knowledge for future international market expansion. Three employees of the Startup Center have been educated on the development of gaming companies. The Women Association “Etno forum” Svrlijig established posters, billboards and labels printing services in Svrlijig where this service was not available for local business. The Faculty of Electronic Engineering Niš through the project enabled their two employees to support business in prototyping and additive manufacturing in line with the identified needs of the target SMEs.

Result 2

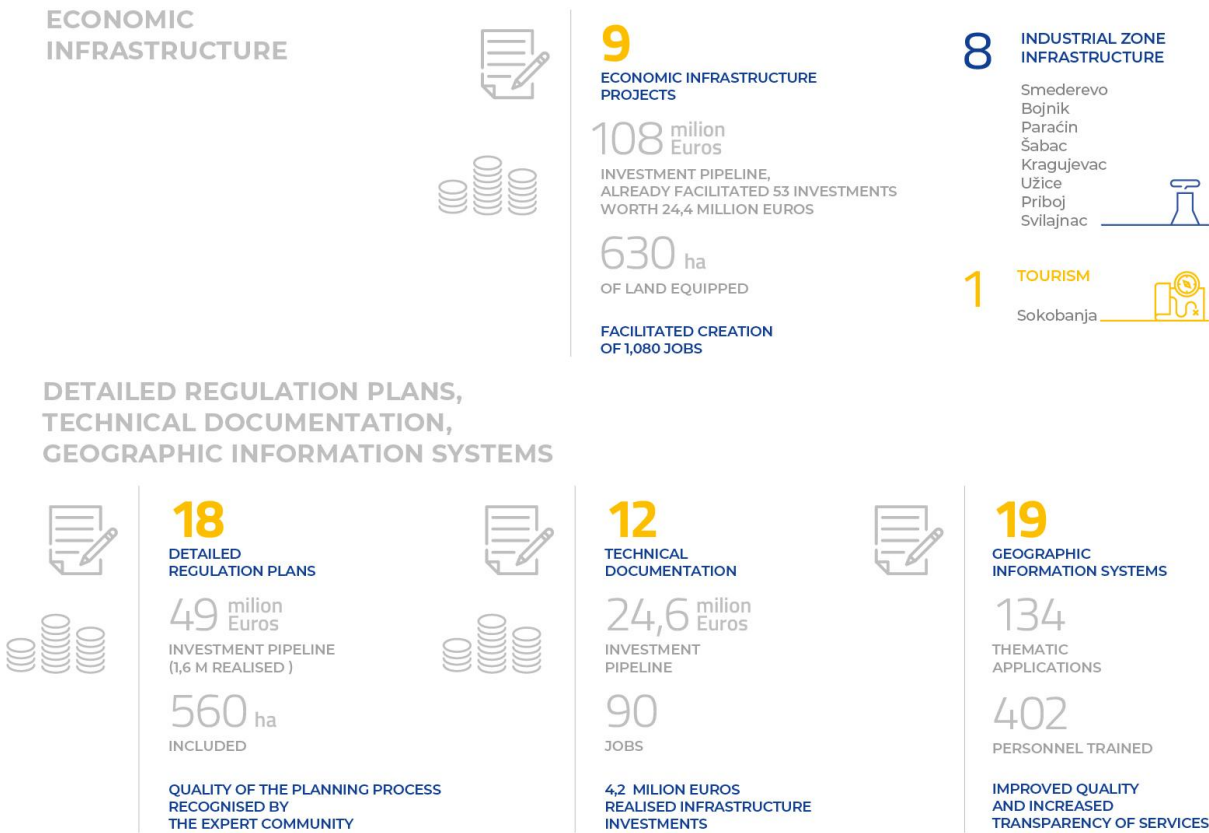
Improved conditions for business operations through more efficient administrative service provision, better land management and specific small scale infrastructure investments

Successfully addressing challenges caused by the COVID-19 pandemic, the Programme completed 59 out of the 60 projects awarded to improve the business enabling environment in the 99 local self-governments (LSGs). While all benefits contributing to preparedness for the new investments will be visible in the years to come, immediate economic outcomes are already visible.

The most relevant socio economic impact aroused from economic infrastructure projects where conditions for investments were significantly improved in nine local self governments⁶, where EU PRO supported provision of utility infrastructure for equipping 630 ha of land in the industrial zones. The infrastructure equipping of the industrial zones in Kragujevac, Paraćin, Priboj, Svilajnac, Smederevo, Šabac, Užice, Bojnik and tourist zone Sokobanja increased the investment potential of local self-governments, achieving the economic growth. New access roads and improved communal infrastructure attracted 53 new companies to initiate their business in the zones. Thus far invested 24 million Euros, created jobs for 1080 people, indirectly contributing to the leading Programme indicator. Another 84 million Euros of investments and 3,115 new jobs are announced to be realised in the forthcoming years. What is more, out of 108 million investments that are finalised or still in the pipeline, 37,3 million Euros are foreign direct investments which are creating stable and long-lasting links between the economies of the Republic of Serbia and investing countries.

Twelve technical documentation projects worth 423,000 Euros already facilitated 4.2 million Euros of investments and created a pipeline for 21 million Euros of new investments⁷. Developed Technical Documentation in the first quarter of 2020 enabled Bela Palanka to finalise the reconstruction of the former factory "Femid" with an investment of 725,000 Euros. The factory was handed over to an Austrian company producing wheels "TGM Services" who already employed 90 Bela Palanka inhabitants who underwent vocational training to prepare for the job. Likewise, Topola procured works for the first phase of the irrigation system financed with 1.6 Million Euros by the Government. The Government secured an additional 3 million Euros for the second phase of the project deriving from the technical documentation developed through EU PRO.

IMPROVING THE BUSINESS ENVIRONMENT



⁶ The outcome and impacts of Economic infrastructure projects are available in Annex II, Attachment 2.2

⁷ The Pipeline of Projects deriving from technical documentation and detail regulation plans is available in Annex II, Attachment 2.4

The support provided to the Ministry of Construction, Transport and Infrastructure (MCTI) to establish the currently missing back-up server to electronic issuing of construction permits helps them to prevent data loss and mitigate the risk of public authority holders missing legally set deadlines caused by the main system failure. The provision of a back-up server ensures the system remains operational if the main system is for any reason not functioning. This eliminates the risk of the system shut downs for longer than four hours, which was the case in 2017 and 2018 on several occasions. The stable system for issuing of the building permits enables the government to respond efficiently to investor's requests thus contributing to increased competitiveness and investments.

The effects of the plans and the meetings organised with investors in local self governments confirmed the effectiveness of the early public insight which was a prerequisite for the Programme support to the plans development. For its effort to improve and maintain the highest quality of the plans, the Programme received an award at the 29th International Urban Planners Exhibition.

In practice, thanks to the Programme approach and introduced meetings with the investors and relevant stakeholders, the quality and feasibility of plans were enhanced. Namely, the conflicts that existed in Velika Plana related to illegal buildings in the waterbed of Velika Morava river and environmental issues and illegal construction in Kučevo industrial zone were resolved. Thus, the issue with the numerous landslides that were identified in Nikoličevo Spa in Zaječar which represents significant limitations for development, is mitigated through planning solutions.

The realisation of the plans immediately followed their adoption in several LSGs. Užice raised over 250,000 Euros for reconstruction works on the citadel in the Old Town from the Ministry of Trade, Tourism and Telecommunications (investing 22 million dinars for reconstruction works on the citadel) and from 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 also secured funds for the construction of a pedestrian bridge included in the plan.

The Modification of the Detailed Regulation Plan of the Business Zone Beleš in Dimitrovgrad created planning conditions for the infrastructural equipping of the extended zone covering an area of 12 ha. As communicated by the Mayor of Dimitrovgrad, all parcels in the zone are sold out and the factory for rubber recycling "Eco Rubber", started its business with an intention to employ 20 new workers upon finalisation of the COVID-19 crisis. Veliko Gradište secured 70,650 Euros from MCTI for preparation of the technical documentation for the infrastructure corridor. Velika Plana initiated 64,000 Euros construction of the watermill-restaurant. In Čajetina, Elsa System acquired 638,300 Euros worth of land in the planning area, where the new Hotel will be built. In Merošina, Ambalažerka d.o.o will build an 85,000 Euros production complex for packaging, while the same company will invest 1,5 million Euros in Kučevo and will employ at least 40 new workers. The City of Kraljevo will invest 510,000 Euros in construction of the 800m part of the ring road.

Geographic Information Systems (GIS) have been established or upgraded in all 34 LSGs. Outputs include specialized GIS applications developed through the 19 projects that included 34 LSGs, related to development of Geographic Information Systems (GIS), that additionally contributed to implementation of national urban development policies, including the Strategy of Sustainable and Integrated Urban Development in Serbia until 2030. Moreover, instead of 76 thematic applications planned in the beginning of project implementation, a total of 134 applications were developed, out of which 84 are developed by 19 applicants and 50 are developed for 15 partners⁸.

The grants for development of Geographic Information System (GIS) were aimed at supporting LSGs in digitisation and improvement of quality of the geospatial information and creation of mechanisms for advancement of institutional, technical and human resource capacities for development and management of geospatial data, which will in turn enable the LSGs to provide accurate information to businesses and

⁸Developed GIS thematic applications are available in Annex II, Attachment 2.3

investors about the possibilities for new business developments. As a result, the beneficiary LSGs will be more efficient and effective and improve its evidence-based decision making.

The Programme support was mainly focused on quality improvement of procurement documentation and resolving different challenges in GIS development. Furthermore, to bring added value to existing projects and enhance the sustainability of GIS development, the Programme provided advice to LSGs in utilising budget savings toward more sustainable purposes. As a result, several LSGs decided to purchase drones for data acquisition additionally, thus to develop some new advanced GIS application in lines with current EU policies and priorities, such as mapping of degraded areas of Podrinje, mapping of underused locations in Kraljevo and Novi Pazar, architectural and construction heritage in Šabac, and urban mobility application related to mapping of bus stops in Kruševac and Aleksinac.

The most significant outputs during 2021 were achieved through GIS projects. All 34 LSGs supported through these 19 projects now have operational GIS, with improved existing or established new institutional framework for GIS, procured open-source GIS software and GIS-related hardware. The aim of nineteen supported projects was to improve public infrastructure, to provide a more attractive business environment, to protect natural and cultural heritage and develop conditions for tourism and to protect the environment through an estimated 57 GIS thematic applications. The realised number of applications went well beyond the set milestone and a total of 134 thematic applications were developed and several more outside of the four themes proposed in the conditions of the call for proposals. The developed thematic applications covered following thematic areas: spatial and urban planning; improvement of public infrastructure, public property inventory; attraction of investments, rehabilitation/development of brownfield sites, underused and deprived areas, agriculture and rural development; preservation and valorisation of natural, cultural, architectural and urban heritage, tourism development; and environmental protection, climate change adaptation, risk prevention and management and energy efficiency.

The GIS tool has demonstrated its potential in terms of its applicability for various purposes and for innovative approaches. As an outcome of the activities on geographic information systems (GIS), the Programme registered new initiatives in line with the new urban development policies, and supported their implementation during the grants extension period. The GIS project in Loznica, which is implementing in partnership with other three Podrinje region LSGs - Krupanj, Ljubovija and Mali Zvornik, has brought GIS development to a higher level, by establishing a regional GIS centre for Podrinje. The centre will be in charge of regional GIS development and for capacity development for LSGs staff as a training centre. The new thematic applications related to mapping degraded areas of Podrinje was developed as a foundation for a more comprehensive regional environmental protection approach. Similar approach was followed by Kraljevo, where the various maps on forest and hydro resources were elaborated. The City of Šabac developed application with mapped city architectural heritage, Kraljevo and Novi Pazar developed applications with registered underused buildings and locations, to support investments through re-use and reactivation of derelict areas, and Kruševac with Aleksinac developed map of public bus stations, as part of implementation of the urban mobility plan. The use of modern GIS tools shows its strength and perspective, especially in Kragujevac, where using LIDAR technology enables the city to obtain enormous quantities of data for traffic infrastructure, but also for other elements of public infrastructure and buildings, which can be used for development of new applications. The several LSGs enhanced their capabilities for acquiring and producing geospatial data by purchasing drones like Niš Čačak, Čajetina, Loznica, Paraćin, Kragujevac, etc., with sophisticated equipment included like thermal cameras or software for data processing etc., or geo-radars, like Novi Pazar, for surveying underground infrastructure.

Additionally, through various basic and specialized GIS training, 402 people increased their capacities (out of which 170 or 42 percent were women) to operate the GIS applications and tools .

Result 2 Activities

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

Based on the consultations with the Ministry of Construction, Transport and Infrastructure (MCTI) held during the Inception Period and Analysis of E-system for Issuing of Construction Permits, the Programme developed the proposal for procurement of hardware and software components to enable establishment of the back-up system for issuing of construction permits which was supported by the Programme Steering Committee (PSC) in May 2018. The procurement of equipment in total value of 217,000 Euros which included procurement of the ICT equipment, hardware and software components was conducted in August 2018, and installed and handed over to the system operators in the MCTI in October 2018.

Pursuant to the approval of the PSC, the Programme launched a [Public Call for Proposals \(CFP\) for Introduction and Development of Geographic Information Systems](#) in October 2018. In order to promote the CFP, and to ensure better understanding of GIS, the Programme held eight regional info sessions and basic training on GIS for 99 Local Self-Governments (LSGs), from 20 November to 14 December 2018. The sessions combined with the training attracted 157 participants (out of which 57 female and 100 male) from 69 out of the 99 LSGs and six out of ten invited RDAs.

In response to the CFP which was closed on 30 December 2018, Programme received 33 applications, targeting 50 local self-governments, out of which 19 project proposals covering 34 LSGs were supported, in line with the PSC approval. The total value of the approved applications was 2,049,150 Euros out of which 1,697,200 Euros were funded by the Programme. The awarded projects were implemented from June 2019 to May 2021.

Regardless of whether the projects were starting from the beginning, or were related to upgrade and development of the existing system, the activities encapsulates five main areas of GIS development and improvement: 1) hardware; 2) software, 3) human resources 4) data acquisition and 5) development of specialized applications. The purchase of hardware was focused on provision of servers, computers, supporting equipment and devices for data collection and processing (e.g. drones, GPS devices, georadars, etc). In terms of GIS software, LSGs were supported in procurement of open source solutions, to ensure sustainability of the systems and autonomy in upgrading GIS functionality. The LSGs acquired needed data through specialized services that enabled them to collect a large quantity of data, such as recording of underground installations, using advanced LIDAR technology for mapping traffic infrastructure, etc. The specialised trainings were tailored to the specific requirements of each project and put emphasis on GIS software and specific applications, GIS administration, and the training for usage of various devices for data acquisition - drones, GPS devices, georadars, etc.

In addition, due to significant savings occurred during implementation of projects, and on the other hand, delays caused by the COVID 19 pandemic, the Programme granted the time extensions and budget revisions to all grants and enabled use of unutilized funds, which additionally strengthened local capacities, and enabled completion of all 19 projects until end May 2021.

2.1.2 Development of urban plans related to economic development

The [Call for Proposals for Formulation of Detailed Regulation Plans](#) was advertised in April 2018 and was open until June 2018, with a total value of 750,000 Euros. In order to promote the CFP, the Programme held information sessions for 99 Local Self-Governments (LSGs), during May 2018, which attracted 259 participants (160 female and 99 male) from 84 out of 99 LSGs and nine out of ten invited RDAs.

The total value of the awarded projects was 345,590 Euros, out of which Programme share is 255,274 Euros (73%) and LSG cost-share 92,516 Euros (27%). The total value of grant support dropped from 345,590 Euros to 236,318 Euros based on actual costs of procurements and implementation. Nine DRPs will regulate industrial and production Greenfield or brownfield locations, four DRPs will regulate protected natural and cultural locations while five DRPs will regulate areas with tourist potential. The grant in Blace was terminated in March 2020. The activities within the grants were implemented from October 2018 to February 2021.

Based on the results and lessons learned gained through European PROGRES Programme, where, in addition to the formal planning procedure, the public private dialogue during early public insight was introduced, the Programme additionally improved the approach by building LSGs capacity to independently conduct public private dialogue.

In February 2019, the Programme organised training related to the organisation of public-private dialogue/the 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 of LSGs for conduct of early public insight, which was afterwards organised in seventeen LSGs, contributing to improvement of planning solutions within the most relevant stages of the planning process.

In addition, the Programme approach was focused on promoting additional elements as a part of the planning process. Namely, the formulation of the Strategic Environmental Impact Assessment (SEIA) and property-legal ownership status of the land in the regulated area are set as mandatory, as well as the programme for communal equipping of the construction land. Seventeen meetings with investors and relevant stakeholders were held under early public insight, with a total of 515 participants, out of which 191 or 37% were women. Furthermore, the Programme provided suggestions for improvement of draft plans, in terms of its quality and feasibility.

The Implementation of grants was highly affected during the COVID-19 measures, when all public gatherings were suspended, causing the inability to organise meetings of the local planning committees and organisation of the public insights, which finally caused significant extension of grants.

In recognition of the Programme efforts to promote the improvement of the quality of the process of DRP formulation, the application titled "Improvement of the Process of Development of Detailed Regulation Plans" received an award at the 29th International Urban Planners Exhibition⁹, held online in November 2020 in Kragujevac, under the category Research Studies and Projects in the Fields of Urban and Spatial Planning. The application captured the added value of the process, which enhanced transparency and participation, resulting in enhanced sustainability and applicability of plans supported by EU PRO. In addition, two plans developed by our beneficiary municipalities within EU PRO funds also received awards: Detailed Regulation Plan for Skobaljić Grad in Leskovac and Detailed Regulation Plan Žabarski most in Velika Plana.

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

The [CFP for Technical Documentation for Projects Contributing to Economic Development](#) was advertised on 25 April 2018, upon the approval from the PSC. The Call envisaged awarding 300,000 Euros to the applicants, that could be selected upon expiration of determined cut off dates, while the overall duration of the Call was set for 12 months or until disbursement of all funds.

The Call was promoted together with the Calls for other infrastructure projects, during the joint info-sessions from 8 to 18 May 2018. Already at the first cut-off date on 11 June 2018, the Programme received 18 applications. After the Evaluation Committee completed the evaluation in August 2018, PSC approved on 13 September 2018, twelve project proposals recommended for funding. The total value of the recommended projects was 405,586 Euros, out of which Programme share was 274,695 Euros (68%) and the LSG contribution 130,891 Euros (32%). The approved projects have exhausted all available funds under the Call. The Programme signed the grant agreements with the awarded LSGs in October 2018 and the implementation started.

First Local self-government that finalised the design was the City of Kragujevac. Other LSG followed, and managed to finalise the projects within the 18 months period set for their completion, except for the Niš, Kraljevo, Vranje and Čačak. Due to the complexity of the project (in case of Niš), complexity of the

⁹ The Award received at the 29th International Urban Planners Exhibition in Niš is available in Annex II, Attachment 2.1

decisioning mechanism (in case of Čačak) and due to COVID19 (in case of all four), the Programme granted the Time Extension which enabled completion of all four project until end April 2021.

All twelve technical documentation projects underwent the administrative check by the EU PRO team, leading to its successful closure. The EU PRO team documented all relevant proofs of completion, such as review reports, construction permits, financial and narrative reports, indicating compliance with appropriate quality standards and relevant national legislation. The final value of technical documentation projects was 422,669 Euros out of which the Programme contribution was 243.370 Euros, while LSG contributed 179.299 Euros.

Despite a pandemic that severely impacted administrative capacities and slowed down the implementation, all projects were completed within the programme timeframe. Delays were properly registered by the EU PRO team and all changes documented through UNOPS change management processes.

All technical documentation was provided by authorised companies, only liable in Serbia for the provision of the design. In addition, as part of the quality control process, all documentation passed the mandatory third party review, confirming the design is in compliance with local codes and standards. All local self-governments submitted documentation through an integrated procedure and obtained construction permits, except for Kraljevo, as they decided to postpone the submission of documentation until they secure funds for construction.

Technical documentation was also developed in Smederevo, Vladičin Han and Doljevac for infrastructure equipping of their business zones. While Niš, Čačak, Vranje and Kučevo supported the development of business centres to promote their investment potentials, Bela Palanka provided technical documentation and invested funds to meet the needs of the known investor, which immediately created benefits for 90 inhabitants of Bela Palanka.

In support of agricultural development, Topola developed a design for an irrigation system, covering 300 ha of land, to support small family owned farms in their efforts to produce quality agricultural products. In addition, Knjaževac developed a design for the reconstruction of the old school into a training center that would support start-ups and small entrepreneurs to initiate the food processing business.

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

The Programme successfully finalised all awarded economic infrastructure projects and registered significant contributions to the improvement of the business environment. Besides Kragujevac, Svilajnac and Priboj finalised in 2019, during 2020 industrial zones in Paraćin, Šabac, Smederevo, Bojnik and Svilajnac were infrastructurally equipped, as well as Sokobanja tourist zone, ensuring improved investment potential and economic growth to all nine local self-government.

Even though the success indicator for this particular activity was set to “up to six infrastructure projects implemented until the end of the Programme”, PSC approved all nine proposals presented by the Programme on 13 September 2018. The approved projects’ total value was 5,48 million Euros, out of which Programme share was 4,57 million Euros (83%). Implementation started in November 2018, and the last economic infrastructure project was completed in Sokobanja in December 2020, six months before the end of the Programme. The overall value of all nine economic infrastructure projects amounts to 5.39 million Euros or 98% of initially approved proposals. Out of total value, EU PRO contribution amounts to 4,46 million Euros, while LSGs contributed 0.93 million Euros.

All eight industrial zones covering an area of 630 ha, were registered in the Register of industrial zones of the Republic of Serbia, containing 374 zones with 29,006 ha. All nine, including the last completed economic infrastructure project in Sokobanja, obtained a positive technical commissioning Report, recommending the completed infrastructure systems for the use permit.

Likewise, in other industrial zones, where new roads and utility installations were constructed or reconstructed in support of business development, in Sokobanja project's scope was rehabilitation and extension of the water supply system to increase tourism development capacities. A newly reconstructed water supply system increased water capacity by 300 m³/day, decreased the water network losses by 10% and decreased the electricity consumption by 30%. Besides 200 houses being connected and now have regular access to a better quality of water supply, the reconstructed network will enable connection to new hotel complexes planned with the Detailed Regulation Plan.

Even though successfully completed, due to the COVID-19 pandemic, five economic infrastructure projects were extended. The budget modification was granted to Šabac and Užice where the registered savings were successfully utilised.

Result 3

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

All 22 social cohesion projects were completed successfully, despite the interruptions and implementation issues caused by the COVID-19 crisis, contributing to the objectives of the Programme and improving to social cohesion in 17 multi-ethnic municipalities and cities¹⁰ where they were implemented.

The evaluation of the project for improving understanding of the Serbian language among Albanian pupils showed that around 780 children improved their functional knowledge of the Serbian language after two-year long implementation. Testing of the children's knowledge showed initial advancement in the language understanding among 85% of the beneficiaries. Furthermore, the teachers of Serbian as the non-mother tongue (SNMT) in four schools in Bujanovac and Preševo are encouraged to make a qualitative change in their teaching approach, by moving away from an ex-cathedra towards an interactive mode, thus improving their teaching methods and contributing to the sustainability of the action. 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.

The social cohesion intervention significantly contributed to the economic empowerment of marginalised and vulnerable groups, particularly of people with disabilities, women from rural areas and Roma. The Programme implemented various measures in Bela Palanka, Novi Pazar, Lebane, Babušnica, Dimitrovgrad, Bujanovac, Vranje, Vladičin Han, Bor and Priboj targeting mostly economically inactive populations from marginalised groups, resulting in their increased participation in the labour market and employment. Over 230 people from marginalised groups acquired different skills and knowledge increasing their prospects for employment and income generation. Ten people are employed and 90 income generating positions are created. One social enterprise for printing services was established which enables engagement of women with disabilities. Two existing social enterprises for food processing were empowered through introduction of new production lines and through improved product placement contributing further to engagement of marginalised women.

The EU PRO promoted and supported sustainable agricultural economic initiatives in rural communities that are contributing not only to the creation of individual income generating positions but to mobilisation and development of passive rural areas through utilisation of local potentials. One women's association for rural development was established and a web platform for online sales of the products manufactured by the rural women was launched .

Over 60 Roma from hard to employ categories and 20 youngsters with intellectual disabilities enhanced their employability prospects through delivery of various active employment measures, resulting in immediate employment of five of them, while further employment opportunities are expected to be

¹⁰ Požarevac, Bor, Priboj, Prijepolje, Sjenica, Tutin, Novi Pazar, Bela Palanka, Babušnica, Dimitrovgrad, Leskovac, Lebane, Vladičin Han, Vranje, Surdulica, Bujanovac and Preševo

generated for at least another 20% of the beneficiaries in the next period and for the majority of them in the long run.

Two projects in Bor and Požarevac improved opportunities for 110 marginalised young people both in higher education and labour market through learning support programmes and by improving competences of 42 professionals from relevant institutions and the civil sector in working with children and youth from disadvantaged groups. Two intersectoral networks of support have been established and it has contributed to development of the Local Action Plan for Youth in Požarevac.

The social cohesion grants contributed to improved quality of and access to public services for vulnerable groups. The position and life quality of around 200 children and people of disabilities (PWD) have advanced, by improving social protection services and access to health and other services. Innovative service for the provision of physical and relaxation therapy for the PWDs from Jablanica and Pčinja Districts has been established, while the service for the repairment of the orthopedic aids has been opened in Novi Pazar. The services of the Daycare Centre for children with disabilities in Sjenica are improved through the construction of an inclusive playground and two summer classrooms.

Access to educational and sports activities is improved for almost 200 underprivileged children in Lebane, Prijepolje and the village of Belo Polje near Surdulica, through provision of equipment and support in education.

The social cohesion projects achieved significant results related to the advancement of the position of national minorities. Over 200 Roma in Babušnica and Vladičin Han received assistance contributing to their improved position regarding housing, social protection, health, employment and/or education. Several documents that contribute to the improvement of the position of the Roma and Bosniak national minorities and inter-ethnic cooperation have been created and disbursed to relevant institutions, including the publication “Guidelines for the protection of the intangible cultural heritage in multiethnic regions”, the report on the rights of Bosniaks with appropriate recommendations covering all the chapters of the Action Plan for the Realisation of the Rights of National Minorities and the research on the socio-economic status of Roma residents in Babušnica.

The Programme promoted interethnic understanding, particularly among the youth population, where over 1200 elementary and secondary school students in Vranje, Tutin and Prijepolje raised awareness and increased their knowledge on interculturalism, while 60 employees in educational institutions strengthen their capacities for working in a multicultural environment through the introduction and adoption of innovative methods of intercultural teaching.

The inter-municipal project realised in Prijepolje, Priboj, Sjenica, Novi Pazar and Tutin contributed to the inter-ethnic cooperation and understanding of the Bosniak and Serbian communities through a participatory process which gathered almost 100 participants from public and civil sectors. As a result of the joint work of two communities, five elements of the intangible cultural heritage (ICH) specific for the region are identified, recorded and officially nominated for their inscription in the National Register of ICH of the Republic of Serbia according to the UNESCO methodology. Under the same project and six cultural institutions¹¹ are equipped with 121 units of professional literature related to the cultural heritage.

Preparing for the closure, the Programme conducted in January 2021 a research¹² of the civil sector capacities by assessing 20 beneficiary Civil Society Organisations (CSOs) in three areas - project management, contribution to development strategies and improvement of social welfare services. The key findings include reliance of the civil society sector on public funding and a persistent need to enhance their fundraising capacities. Furthermore the findings show a need for support in recognizing the role of the CSOs in development planning processes led by the public institutions. The survey also confirmed the relevance of interventions implemented by the Programme and clear indication that the CSOs should be further supported to implement projects in response to the urgent needs of the most vulnerable citizens

¹¹ The Libraries in Prijepolje, Novi Pazar, Priboj and Tutin, the Cultural Center in Sjenica and the Museum in Novi Pazar

¹² The Overview of Results of the Civil Sector Survey is available in Annex III, Attachment 3.1

as the expertise and experience exists and their capacities can be quickly deployed in the crisis situation such as the COVID-19.

All 37 infrastructure projects, contributing to the better living conditions of the wider community, are successfully closed, despite the delays caused by the pandemic. The programme improved working and living conditions with equal access to socially vulnerable groups, but also, by using sustainable energy sources, reduced the carbon footprint and decreased the operational costs. Thirty seven completed local infrastructure projects will provide benefits for more than 162,000 users of reconstructed facilities, among them, over 54,500 people now have better access to improved communal infrastructure through 10 finalised projects. Nearly 10,000 people will benefit from improved health and social institutions' conditions through projects in Žabari and Žagubica. More than 5,500 from improved conditions in educational facilities through eight completed local infrastructure and over 92,000 beneficiaries now have access to enhanced sports and cultural infrastructure through 17 completed projects. The Programmes continuously register the impact of the completed projects on the vulnerable groups, direct beneficiaries and the wider community:

Over 3,8km of newly constructed sewage system contributed to the improved quality of life for inhabitants of 529 households in Boljevac, Raška, Trgovište and Valjevo by reducing environmental pollution, improving the wastewater management system and the hygienic conditions in this part of the municipality. Three completed projects improved the quality of life for Roma settlement Bair citizens in Valjevo, 27 families in Trgovište and 100 families from settlement Trnavska Reka in Raška, out of which 30 are from the Roma population. The newly constructed sewage in all four settlements will directly transport all wastewaters to the wastewater treatment factories.

Likewise, nearly 19,000 inhabitants of Kuršumljija, Doljevac, Kučevo and Bosilegrad, will now have access to health and sustainable water supply from 14,5 km of reconstructed and newly constructed water supply network. Long-lasting outcomes will be visible during the forthcoming years, as 20% of the water losses in the old system will decrease the water consumption, along with decreased maintenance and operating costs for 20%. In addition, increased efficiency and accessibility of quality services to all citizens will increase the satisfaction of citizens with local communal services.

Likewise, increased energy efficiency of 9 reconstructed cultural centres in Babušnica, Svilajnac, Rekovac, Šabac, Požega, Užice, Surdulica, Bela Palanka and Vladičin Han will enable better conditions and equal access for 19,717 direct users while reduce maintenance costs for local self governments. The adoption of the rule book will improve the use of the premises, while a cultural offer to the citizens will improve by the creation of adequate working conditions and the purchase of new equipment. In addition, the renovated open stage and six cultural facilities in Knjaževac improved conditions for the summer festival in Knjazevac by instalment of new equipment and significantly contributed to the improvement of the touristic offer. In seven days of the summer 2019 festival, Gurgusovac Tower visited about 3,000 people from Knjazevac and surrounding municipalities.

Two reconstructed kindergartens in Prokuplje and Smederevo will provide environmentally friendly and energy-efficient facilities for 1500 kids and employees. What is more, the reconstructed central kitchen block in the kindergarten Radost in Prokuplje will supply four municipal kindergartens.

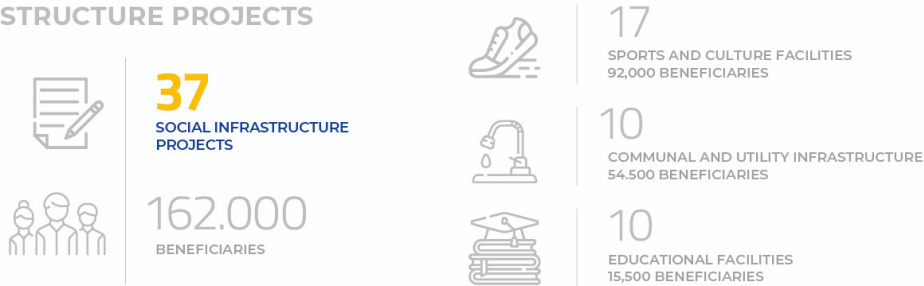
Reconstructed cultural centre in Kušiljevo, Svilajnac, improved conditions for 800 children and youth, 315 disabled persons, and over 750 residents over the age of 60 that will directly benefit from the project. The reconstructed cultural community centre in Rekovac improved cultural and business infrastructure and enhanced rural economic development and development of women entrepreneurship for 894 members of the entrepreneur association, of which 49% are women.

Rehabilitation of the sports complex in Dimitrovgrad enhanced the quality of sports content in Dimitrovgrad community, thus contributing to better social cohesion and a more favourable living environment for 1088 direct beneficiaries. The same impact now has the reconstructed mini football field and children's playground with new basketball and volleyball courts on 275 direct users in Batočina. The

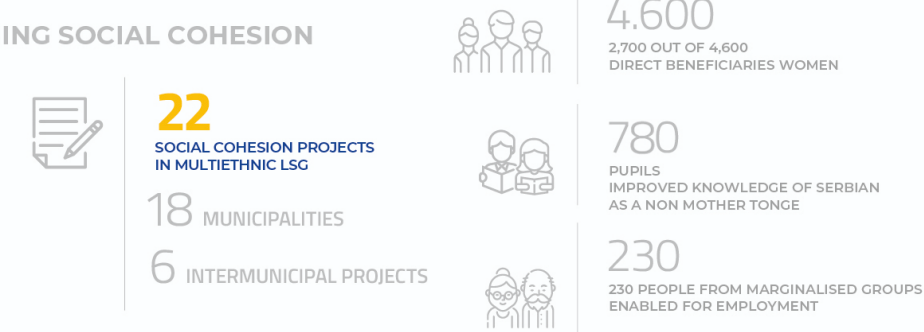
Programmes registered the impact of all local infrastructure projects on the vulnerable groups, direct beneficiaries and wider community¹³

SOCIAL INCLUSION AND COHESION

LOCAL INFRASTRUCTURE PROJECTS



STRENGTHENING SOCIAL COHESION



Good governance activities, implemented in partnership with the Swiss PRO programme have contributed to building capacities of the municipalities for sustainable and transparent asset management, social inclusion, and planning to enable LSGs to allocate energy efficiency savings for further investments. That already generated a wider impact for the school in Merošina, reconstructed through EU PRO, with an increase of Roma children in the first grade (two-thirds of children are from the Roma population) and in the preschool preparatory group. Following good governance principles, 18 LSGs have adopted 21 regulations from which directly benefited more than 15,000 people among which 8,236 people belong to vulnerable groups i.e. 5,151 children and youth, 2,233 Roma, 802 PWDs and 50 elderly. Namely, the implementation of seven regulations ensures accountable and transparent use of premises of public institutions or sport terrains as well as equal access to those public properties with formalisation of non-discriminatory provisions related to vulnerable groups. Eight regulations determined management accountability for public goods, three regulations formalise subventions for particularly vulnerable groups while three documents regulate further use and allocation of energy efficiency savings.

The Programme intervention for the integration of GG principles¹⁴ into regulations within the IPs was recognised as beneficial in terms of wider impact. Namely, systemic incorporation of GG principles into local regulations additionally enhances the sustainability of the entire intervention. As examples of good practice in terms of the non-discrimination principle, a total of 2,000 Roma improved living conditions with the free of charge new connections to the sewage system while LSGs Batočina and Golubac enabled better access to public properties and free use of sport terrains for 3,900 school children and youth. As an example of good results in terms of accountability, LG Žagubica conducted a Beneficiaries` Satisfaction Survey with 111 respondents who are beneficiaries of Health Centre that adopted the Rulebook on Treatment with Patients from Vulnerable groups and 92% of respondents is of opinion that medical workers conduct better prioritisation among vulnerable patients than before.

¹³ Realised Impact of the Local Infrastructure Projects is available in Annex III, Attachment 3.5
¹⁴ The Overview of Good Governance activities for Local Infrastructure Projects is available in Annex III, Attachment 3.6

Result 3 Activities

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

The [CFP for Local Infrastructure Projects](#) for improvement of education, health, social care, environmental protection, water and waste management, culture, and sports facilities was advertised on 25th April 2018, after being approved by the PSC. The indicative value of the call was 5,250,000 Euros, and it was promoted on info-sessions along with three other calls for infrastructure projects that were simultaneously organised from 8 to 18 May 2018. Call was closed on 29 June 2018, with 46 applications received.

Evaluation conducted from July 2018 to September 2018 conducted by EU PRO team and representative of the Public Investment Management Office (PIMO) in the capacity of observer, assessed as compliant 37 applications, which PSC approved on 13 September 2018. The total value of the approved projects was 6,151,532 Euros, out of which 4,494,303 (73%) Programme funded and 1,657,228 (27%) LSG contribution. The Programme signed the grant agreements with the awarded LSGs in October 2018 with 18 months foreseen for the implementation until 16 April 2020.

Aleksinac was the most efficient in conducting tender procedures and the works on reconstruction of the green market commenced in January 2019, followed by 12¹⁵ more local self governments that managed to complete their projects in planned time for completion.

Primarily due to the pandemic, but also due to the unforeseen site conditions, poor quality of project documentation, lack of the bidders, complaints during the procurement, changes in the procurement rules or savings that LSG wanted to utilise, the Implementation of the remaining 24 awarded projects was conducted with delays in comparison to the action plan. However, all local governments managed to overcome the issues and successfully completed all projects until end April 2021. Latest completed project was the extension of the water supply system "Roda" in the settlement Dobri Do that derived from the savings in the project Budget. Despite the winter period that caused the suspension of the works, Bosilegrad managed to complete 9 km and 104m of water network, one reservoir and six suspension chambers on time and ensure healthy drinking water to 4619 direct users connected to the system.

Final value of all projects amounts to 6,043,917.22Euros, out of which 4,408,023.28 Euros (73%) Programme funded and 1,635,893.96 Euros (27%) LSG contribution.

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

During the Inception Phase, the Programme consulted the national partners to identify priority social cohesion projects. The Coordination Body (CB) for Preševo, Bujanovac and Medveđa confirmed that one of priorities for multi-ethnic communities in South Serbia was continuation of the project for enhancing learning of Serbian as a non-mother tongue among Albanian pupils, which was supported through the predecessor programme. The proposal for continuation of intervention was developed by EU PRO and the CB and approved by the PSC in June 2018.

The intervention included the engagement of six teaching assistants during two school years. They were providing support to nine teachers in conduct of classes of Serbian as non-mother tongue in four elementary schools in Bujanovac and Preševo¹⁶. The project at the value of 148,713.64 Euros commenced implementation in August 2018 after selection of a service provider, the Group 484, through a public tender procedure. Initially, it was planned to last one school year, but given the positive results of the testing of the pupils' knowledge conducted in January 2019 and with the support of the key institutions, the CB and the MESTD, a one year extension of the intervention was approved by the PSC in June 2019.

¹⁵ Golubac, Žabari, Merošina, Vladičin Han, Surdulica, Kuršumljija, Doljevac, Knjaževac, Bujanovac, Kragujevac, Ljubovija and Boljevac

¹⁶ The Terms of Reference for Engagement and Monitoring of Assistants to Teachers of Serbian as Non-Mother Tongue in Selected Elementary Schools in Bujanovac and Preševo is available in the Annex III, Attachment 3.2

The project was modified in March 2020 due to the COVID-19 outbreak and finalised through the distance learning modality in June 2020, followed by the submission of the final report¹⁷. As an added value of the project, Group 484 in cooperation with the teaching assistants and the experts from the Centre for Serbian as Foreign Language of the Belgrade University Faculty of Philology created an [e-manual](#). It contains best practice examples of the teaching units delivered within the project. The material is available for online download and it is intended for the teachers of SNMT in order to improve their teaching methods, thus contributing to the sustainability of the project.

On the basis of the DOA and findings from consultations with the relevant institutions, including the CB, the Office for Human and Minorities Rights (OHMR) and the Ministry of Education, Science and Technological Development (MESTD), the EU PRO developed the [CFP for Fostering Social Cohesion in Multi-Ethnic Municipalities](#) after the completion of the Inception Phase. The CFP was created with the aim to contribute to implementation of the rights of national minorities, improvement of inter-ethnic understanding and relations, better integration of national minorities and addressing of specific needs of excluded groups in multi-ethnic communities.

The Programme conducted an open competitive process through the CFP in the period from October until December 2018. The eligible applicants were the CSOs and the LSGs from 32 municipalities¹⁸ which have multi-ethnic composition according to the Law on Local Self-Government and relevant census data. The available funds under the CFP was 400,000 Euros, envisaging provision of the grants in the value up to 30,000 Euros for LOT 1 (inter-municipal projects) and up to 15,000 Euros for LOT 2 (individual municipality projects). In order to promote the Call, six info sessions were organised reaching 170 potential applicants.

The Programme received 53 applications within the CFP, where twelve applications were submitted under LOT 1 and 41 under LOT 2, and majority of them were proposed by CSOs, and five by LSGs institutions. Upon the technical evaluation, 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 [endorsed 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 at the value of 372,031.44 Euros. One project¹⁹ had to be cancelled before contracting, as the applicant failed to address verification requests. 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.

A total of 21 projects were implemented in the period from July 2019 until February 2021, where the initial timeline of the activity had to be extended due to the COVID-19 crisis. The crisis created significant disruption in the implementation of the grants. Only three projects were completed in accordance with the original timeline. Following the COVID-19 outbreak, 85% of the projects had to be extended from two to nine months, with an average extension of five months. In order to address the implementation issues caused by the COVID-19 crises, the Programme introduced revised plans for each project and formalised them through contracts annexing. Modification of the activities was enabled, but without affecting the objectives and expected results of the project. All social cohesion grants were closed in April 2021 and the Report on Social Cohesion Activity results is presented in a separate document.²⁰

3.3 Procurement of COVID-19 related medical equipment and items

Following the COVID-19 outbreak in Serbia in mid-March 2020, per donor request, the Programme has redirected a portion of uncommitted funds for procurement of medical equipment responding to priority needs of the Government to fight the virus outbreak.

¹⁷ The Final Report from Group 484 on the Language Learning Activity is available in Annex III, Attachment 3.3

¹⁸ Babušnica, Bela Palanka, Bojnik, Boljevac, Bor, Bosilegrad, Bujanovac, Vladičin Han, Vranje, Golubac, Dimitrovgrad, Doljevac, Žagubica, Žitorađa, Koceljeva, Kučevo, Lajkovac, Lebane, Leskovac, Majdanpek, Medveđa, Merošina, Negotin, Novi Pazar, Petrovac na Mlavi, Požarevac, Preševo, Priboj, Prijepolje, Sjenica, Surdulica and Tutin

¹⁹ Submitted by the Association of Health Workers of Roma Nationality

²⁰ The Report on Social Cohesion Activity Results is available in Annex III, Attachment 3.4

In order to support the Government's efforts to respond to COVID-19, the Programme conducted emergency procurements of priority medical and non-medical equipment and items. Through reallocation of a portion of funding in the amount of 1,365,980 Euros, the EU PRO procured 25 devices for monitoring, ventilation and anaesthesia needed for treatment of the increasing numbers of infected. In addition, the Programme procured 20 fully equipped triage containers which are installed in front of medical centres in Programme municipalities as means for reducing the spread of the virus and 263 thermometers which are used in public institutions.

To ensure efficiency of the process, the Emergency Procurement Procedures (EPP) is used which provides an additional flexibility in the process while still adhering to essential public procurement principles, including carefully assessing market availability and logistics constraints, so that a contract can be awarded to an appropriate supplier without delay. As a result, all equipment and supplies were delivered by the end of April 2020.

Additionally, the Programme procured 19 ambulance vehicles to enhance the overburdened capacity of the health protection system which were delivered in March 2021 to public health institutions in Ćuprija, Gornji Milanovac, Kraljevo, Kruševac, Leskovac, Golubac, Bor, Knjaževac, Pirot, Novi Pazar, Krupanj, Žagubica, Belgrade, Smederevska Palanka, Belgrade, Loznica, Bujanovac, Medveđa and Jagodina²¹.

Management and Coordination

Contractual Arrangements

The Contribution Agreement with the Delegation of the European Union (DEU) for implementation of the EU PRO Programme entered into force on 1 January 2018. The following amendments were made during the Programme lifecycle:

- Budget modification was approved by the DEU in December 2018, which enabled support to three additional economic infrastructure projects under Activity 2.2, secured through reduced budget for local infrastructure projects under the Activity 3.1
- Addendum no.1 was signed in July 2020 enabling procurement of COVID-19 related medical equipment and items with an additional activity added to the Programme and a six-month extension of the Programme implementation period.
- Addendum no.2 was signed in June 2021 enabling extended duration of the implementation period by two months and budget modification to use the available funding for assistance to the Government of Serbia to combat the COVID-19 pandemic.

Programme Steering Committee

The Programme Steering Committee (PSC) has been established by appointment of representatives of the relevant institutions, in line with the Programme Description of Action. The Committee was chaired by the Ministry of European Integration (MEI), and included representatives of the Ministry of Construction Transport and Infrastructure (MCTI), the Development Agency of Serbia (DAS), the Public Investment Management Office (PIMO), the Standing Conference of Towns and Municipalities (SCTM), and the Delegation of the European Union (DEU).²² This mechanism promotes national ownership over the Programme and enables the involved institutions to steer the implementation, monitor progress and performance, and contribute to decision making.²³

There were seven PSC meetings, out of which one was public, and included representatives of local self-governments and regional development agencies (RDAs). Due to COVID-19 related restrictions, in the final year of Programme implementation one PSC meeting was held on-line. In line with the ToR for the PSC work, e-voting procedure was used five times to facilitate progress.

²¹ An overview of COVID-19 related medical equipment is provided in Annex III, Attachment 3.7

²² The Programme Steering Committee composition is available in the Annex V, Attachment 5.1

²³ The Programme Steering Committee Terms of Reference is available in the Annex V, Attachment 5.2

Coordination

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 activities in line with their responsibilities. The Programme Steering Committee (PSC) members had an instrumental role in ensuring sustainability of results with guidance and assistance in development of activities and monitoring implementation. Where relevant, PSC members joined the Programme as observers in the evaluation process for applications received in response to the public calls. 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.

While all Programme activities were developed in consultation with institutions represented in the PSC, consultations were extended to other national institutions for specific interventions on as needed basis, ensuring respect of national strategies and Government priorities. In this respect, the Coordination Body CB for Preševo, Bujanovac and Medveđa (CB) and the Ministry of Education, Science and Technology Development were consulted during conceptualisation of the social cohesion activities and their suggestions taken into consideration. Additionally, the PSC members and other national institutions supported promotion of Programme activities by publishing information on their websites, while the CB put an extra effort and translated the CFP into Albanian language and shared it publicly.

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 the Swiss-funded Swiss PRO Programme. Complementary activities of introducing good governance principles with the EU PRO local infrastructure projects in cooperation with the Swiss PRO Programme resulted in development of 31 regulations out of which 20 were adopted during EU PRO Programme implementation. These regulations contributed to incorporation of good governance principles of accountability, transparency, efficiency, participation and non-discrimination and ensured accountable and transparent use of public infrastructure, as well as equal access to those public properties with formalisation of non-discriminatory provisions related to vulnerable groups. Additionally, lessons learned and best practices in relation to the design and implementation of Calls were shared and addressed.

The Programme ensured coordination of activities with the relevant stakeholders and share of knowledge. Throughout the years, EU PRO participated in events relevant for its scope of work, particularly to the social cohesion issues, such as annual Social Innovation Forums, organised by Smart Kolektiv, which offered insight into the latest developments related to social impact and social entrepreneurship. The Programme shared its knowledge and results related to the economic empowerment of the vulnerable groups at the EU-funded project CARE, while being recognised as an important contributor to social entrepreneurship development.

It ensured participation in the consultation meeting of the Working Group for development of the AP for Roma Inclusion for 2019-2020, organised by SIPRU, the Ministry of Labour, Employment, Veterans and Social Affairs and the CB for the Implementation of the Strategy for Social Inclusion of Roma. Furthermore, EU PRO attended different conferences related to the implementation of the National Action Plan for GE and other relevant GE strategies.

The Programme team participated in relevant conferences and monitored reports related to the effects of the pandemic on the Programme beneficiaries and sustainability of the results, including the conference "Poverty during the COVID-19 pandemic and in the post-crisis period in the Republic of Serbia" organised by the SIPRU, and the webinar "Social Recovery of Europe" organised by the EU Info Centre. Both events emphasized key challenges imposed by the COVID-19 crisis in relation to the vulnerable and marginalised groups, concluding that they became even more excluded during pandemic, while institutional responses were insufficient and slow while the civil sector played an important role in providing basic and prompt assistance to the most deprived citizens. It was underlined that there is an urgent need for investment in the health prevention system, education and social welfare system, while institutional social protection services require redefining and equal involvement of the civil sector.

The Programme attended webinar "Diaspora & Donations" in 2021 within the "**Alternative Funding and Donations for Local Entities in Serbia**" project implemented by NALED and the German Development Cooperation together with the Loud Crowd Association. The project is aiming to identify potential for cooperation with diaspora and barriers to their greater investment, as well as to strengthen local governments and NGOs to design and offer quality projects that would be funded by diaspora. According to the World Bank's data, in the previous decade, the diaspora sent three to 3.7 billion Euros a year to Serbia, which is 50% more than the average inflow of foreign investments. Directing these funds to donations and investments would significantly accelerate Serbia's economic growth, while providing an online platform through which to donate or invest in selected projects could be an effective solution to support the communities from which they originated. The country is preparing the first draft of the Action Plan for Economic Migration, which envisages simplification of procedures for sending foreign remittances and establishing a platform for diaspora donations by 2023.

As a part related to **preparatory activities for the new upcoming EU PRO Plus Programme**, the Programme prepared and delivered a set of three workshops on Integrated and Sustainable Territorial Development (ISTD) between December 2020 and January 2021, as means for enhancing internal capacities to plan and deliver ISTD-related activities. The workshops included international and local examples of ISTD projects, and were focussed on the immediate challenges that will arise with initiation of EUPRO Plus and were attended by MEI and DEU representatives.

Finances

The total budget of the EU PRO Programme was 25 million Euros. The Programme total delivery is 24,575,838.44 Euros or 98.30% of the total budget.

The Programme regularly monitored financial performance, while financial and administrative records were kept in accordance with the UNOPS rules and procedures. The tax exemption procedure for the donors' funds was established at the beginning and applied throughout the implementation. There were over 10,000 financial transactions/actions during the Programme.

The Financial Report will be provided separately to this Report.

Assets and Inventory

The EU PRO Programme maintained three field offices in Niš, Vranje and Novi Pazar, in addition to the office in Belgrade. The Programme team was extensively present in the field which is demonstrated by over 1,000 official trips and over 650,000 kilometres travelled. In addition, the Programme organised over 100 events including workshops, training, info sessions, study tours, receptions and visits of high officials of the donors and the Government.

The Programme's fleet initially consisted of eight vehicles, which were reassigned from the predecessor programme. Four new vehicles were purchased to renew the vehicle fleet and maintain reliability and road safety standards of transportation.

At the end of the Programme, six vehicles were donated to beneficiaries while the remaining six have been transferred to the successor programme EU PRO Plus. Likewise, a portion of the ICT equipment was donated in line with the asset transfer plan approved by the EU Delegation, while the remaining equipment has been transferred to the EU PRO Plus. Worn-out and non-repairable assets have been disposed of following the national directive of the movement of hazardous waste.

Human Resources

The core Programme team consisting of 20 team members was recruited during the inception phase of the Programme in line with the recruitment plan set before the Programme commenced. The Programme was additionally supported by 30 retainers with specific expertise and/or support services.

Personnel were engaged in line with UNOPS related policies, and their performance was managed accordingly with continuous assessment based on individual performance objectives set as performance

indicator for yearly performance cycle. UNOPS continually supported development of the personnel through investment in learning activities focusing particularly on specific project management, procurement, human resources skills as well as gender equality and human rights principles, in line with individually-set development plans. Over the years, the Programme team has undertaken over 300 training and certification programmes in line with their roles and responsibilities.

In line with the Programme closure plan, downsizing of the human resources has commenced in early 2021 and concluded by 30 June 2021.

Procurement and Grants

The EU PRO predominantly used grant methodology which gives ownership over the projects to the grantees while the Programme maintains monitoring and advisory roles. During the Programme implementation, the Grant Administration Unit provided support to the administrative management of projects deriving from the [nine Calls for Proposals](#) (CFPs)²⁴ conducted by the Programme.

A total of 1,259 applications were received in response to the published calls. All applications underwent administrative evaluation, and those confirmed eligible have undergone technical evaluation as well. As a result, 342 grant support agreements have been implemented, out of which 341 successfully completed and one cancelled.

The Procurement Unit conducted 125 procurement processes for the EU PRO Programme throughout the Programme implementation.

Monitoring and Reporting

Monitoring of the implementation progress was done in accordance with the requirements deriving from the Project Agreement. The information about progress and performance was systematically and continuously collected and analysed to facilitate decision making and management of the Programme. Several approaches and tools were used in support of monitoring:

- Logical Framework Matrix (LFM), providing an overview of objectives and results, identifies objectively verifiable indicators, including the baselines and targets, and lists key assumptions and risks. The Programme regularly monitored progress against the planned targets within the LFM. While the LFM identifies what will be monitored and measured, the Programme also produced the Monitoring Plan, which provides information on where, how, by whom and how often the data will be collected. The Project Monitoring Tool was designed to enable tracking of progress of individual interventions as well as of their outcomes.
- Monitoring was also facilitated by application of three level planning: Implementation Plan, a high level document that describes how, when, and by whom a specific targets for outputs, time, cost, quality, and benefits will be achieved, will be developed during preparation of the full project proposal, while considering the initial Indicative Work Plan. The Implementation Plan provides a baseline against which progress is monitored; Quarterly Plans, similar to Implementation Plan in content, but providing breakdown of products to the level of detail required to enable efficient day to day control; Team Plans, which are optional, and produced to support delivery of a specific product.
- Approaches for risk, change, and quality management that were developed during the inception period will provide directions regarding monitoring of these project variables. The Programme also used oneUNOPS Projects, the organisation's IT project management system, which among other enable management, including tracking of risks, issues, and lessons.

²⁴ 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)

- The implementation was monitored during internal quarterly assurance meetings by the UNOPS Project Board which provided unified direction, and had monitoring and oversight functions. The quarterly assurance, which among other includes review of progress and delivery, stakeholder engagement, management of risks and issues, and policies' compliance.

The Programme progress and performance was also monitored and assessed externally through the Programme Steering Committee described in more detail in the above section. Additionally, the Programme underwent a Result Oriented Monitoring (ROM) system assessment organised by the EU Delegation in November 2020. The assessment provided an extremely positive feedback to the Programme with 28 out of the 30 areas receiving the highest scores and the two remaining evaluated as good. The areas for improvement include shortages of reporting against the LFM indicators and sustainability of results which is a reflection of the capacities of the beneficiaries.

Throughout the Programme implementation, the EU PRO produced monthly, quarterly and annual reports. Additionally, the [EU PRO Programme Inception Report](#) was produced in line with the Programme Document providing insight into findings related to the Programme's relevance and feasibility and describing progress achieved during the Inception Period, including information about key activities, developments that influenced the Programme, including the risks encountered, and other implementation aspects.

Twenty-four monthly reports were produced summarizing the progress of the Programme implementation. Monthly reports were not shared externally, however they have been available for sharing with the donor and the Ministry of European Integration, upon request.

At the end of each quarter, [quarterly reports](#) were produced, totalling to nine quarterly reports produced during the Programme implementation. Quarterly reports were shared with the Programme Steering Committee, detailing progress, accomplished results, difficulties encountered and resources utilised.

Three [annual reports](#) were produced, each at the end of the implementation year. These reports provided a comprehensive overview of the Programme's progress towards overall and specific objectives, activities, risks, utilised resources, and updates on the key issues affecting the Programme's implementation.

The quarterly and annual reports were supplemented with a number of annexes providing more detailed information on the Programme activities, including the progress against indicators in the Logical Framework Matrix (LFM).

In addition to the Overall Work Plan, the EU PRO Programme used quarterly and annual planning while aiming to maintain close control over implementation progress. The quarterly and annual work plans shared with the progress reports, identified activities and outputs that need to be delivered within the covered period, in addition to setting of financial targets and activities related to procurement and human resources.

The Programme also developed, and monitored implementation of the Gender Action Plan, Monitoring and Evaluation Plan, Quality Management Strategy, Risk Management Strategy, and populated risks, issues and quality registers.

Risks and Issues

Risks and issues were managed in accordance with the Risk Management Strategy developed during the Programme Inception Phase. It ensured successful implementation of EU PRO through efficient and effective management of uncertainty. More specifically, it contributed to the reduction of negative effects that certain events or situations could have on delivery of outputs against the set scope, quality, benefits, budget and time framework; to enhancement of the Programme's capability to modify interventions to ensure their continuous relevance and feasibility; to enablement of more efficient use of the Programme's resources and better safeguarding of credibility and interests of the Programme and its key partners.

The Programme's effort to systematically identify and assess risks, and plan and implement the responses reduced negative effects that certain events could have had on the results. The first two years of Programme implementation were mostly affected by the maturity of projects proposed for funding and the quality of technical documentation, whilst the latter was predominantly affected by the COVID-19 pandemic and the 2020 local elections. The key risks whose materialisation affected the performance are presented below.

Implementation dynamics of the local infrastructure projects was somewhat slowed down due to poorer quality of technical documentation. 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.

The local elections of 2020 and subsequent changes in governing structure in the post-election period caused delays with projects implemented by LSGs. Though no significant delays in implementation of projects were registered due to the pre-election campaign, the Programme was mindful of the risk of misrepresentation of the Programme contribution, which was avoided with diligent implementation of the Communications and Visibility Plan. As a result of the elections, local administrations are changed in 37 out of the 99 Programme LSGs, and for those with active projects additional administrative steps²⁵ were required for continued implementation of awarded projects. In addition, many projects require strong leadership and support of the local administration. With already reduced capacities associated with COVID-19 pandemic, these delays were more significant and resulted in delays in the finalisation of project implementation.

The COVID-19 pandemic has affected the implementation dynamics and imposed changes to the scope of certain activities. Starting with the introduction of the State of Emergency (SoE) on 15 March 2020 which was in force by 6 May 2020, and subsequent movement and travel restrictions which continued throughout the Programme implementation, the Programme activities were affected. The general safety precautions and the increasing numbers of infected also contributed to delays, as beneficiaries and stakeholders worked with reduced capacities²⁶. In addition, pursuant to instructions of the Ministry of Finance, majority of LSGs have suspended procurement processes and financial transactions, including those related to the implementation of EU PRO grant support agreements which resulted in delays in implementation.

Though construction sites for EU PRO infrastructure projects were predominantly active²⁷, the contractors worked with lower capacities and with shorter working hours, thus extending the implementation period. In addition, transportation of workers was made more difficult with social distancing measures and for general safety reasons. Transport and custom restrictions enacted during the state of emergency delayed import of some of the goods procured through EU PRO grant agreements²⁸. Finally, all procurement activities were delayed due to lowered capacities with the beneficiaries and suppliers, and also due to the fact that the global pandemic affected the global economy and limited the market.

Likewise, certain planned activities, and especially those implemented by BSOs and CSOs could not have materialized due to imposed restrictions for group gatherings. Limitations related to public gatherings also disabled possibility for the organisation of meetings of the Planning Committees and implementation of the public review process, contributing to delays in the development of detailed regulation plans. Wherever feasible, the BSOs have adapted their approach and introduced e-learning instead of in-person training. The social cohesion activities were among the most affected, as there are many which relate to

²⁵Assigned signatories for bank accounts designated for the projects needed to be changed in several LSGs

²⁶During the state of emergency, as employed parents of young children were entitled to stay at home and for other health considerations, the local administrations worked with reduced capacities.

²⁷Works on two construction sites have been suspended - Batočina and Čajetina, as the contractors are located at greater distances from the sites.

²⁸Affecting the most procurements conducted for projects implemented by SMEs and GIS-related projects

group gatherings of the most vulnerable population, children and people with disabilities, and therefore require special caution and an assessment of potential risk to their health. Most of these activities were realised with some adjustments: the participants were divided into smaller groups, separate events and similar, in order to ensure implementation of distancing measures and to comply with the gatherings requirement regulation.

In response, the Programme introduced alternative procedures, including electronic signatures, remote monitoring of projects widely using photo documentation, adapted the working modality with on-line instead of in-person meetings and worked closely with beneficiaries to identify and address risks for each individual project on a weekly or even daily basis. As a result, many activities had to be adapted in their scope and/ or duration, and the Programme processed 237 budget revisions and time extensions in response to COVID-19 pandemic. Also, an eight-month time extension was granted to the Programme to accommodate the delays caused predominantly by the pandemic.

Furthermore, the COVID-19 pandemic has jeopardized sustainability of the Programme results. Globally and locally the pandemic affects small businesses, but those related to export may be the most significant. Prolonged duration of the emergency severely affected business operations of the beneficiary MSEs²⁹. The decrease in demand caused by the pandemic influences decrease in production which may result in job reduction. These effects have not yet materialized predominantly due to Government subsidies which were provided to the private sector throughout the duration of the pandemic.

As noted, the pandemic has imposed changes to some of the planned activities, however, there was no alternative for some of the planned activities, such as study visits or participation in international fairs or B2B meetings. Consequently, some of the planned outcomes are at risk, such as an increase in sales and export in beneficiary SMEs, which may need to be rephrased to reduce a decrease in sales and export.

In addition, materialization of the planned investments may be stalled or decreased. Though the initially planned investments deriving from the economic infrastructure projects have materialized, the longer-term pipeline of projects is highly dependent on the capacities and priorities of the potential investors which may change as a result of the continued pandemic.

Quality

The Programme based its approach to the quality on the **Quality Management Strategy** which defined the quality management procedures, techniques and standards. Monitoring and evaluating quality is embedded in implementation of Programme activities with continuous collection and evaluation of feedback received from the Programme stakeholders and beneficiaries. The following examples provide evidence for quality assurance of Programme interventions.

The survey of LSGs' capacities and development needs³⁰, conducted in Inception Phase of the Programme, confirmed relevance of the EU PRO intervention, given the wide range of needs identified in the local communities, that are correspond with the EU PRO's activities, including need for investments into public infrastructure, investment facilitation, SMEs growth, assistance in the field of social protection, etc.

The vast majority of Programme interventions were implemented through the conduct of nine public calls for proposals (CFP) which generated 342 projects. All calls were designed through an elaborate consultative process with the relevant national stakeholders, and in response to identified needs. Moreover, the calls were assessed through peer reviews internally in collaboration with other UNOPS-implemented projects, and externally, through the Programme Steering Committee (PSC).

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 PSC. Pursuant to

²⁹ During the lockdown in March and April 2020, 17.4% of beneficiary SMEs needed to close the production completely. After the lockdown, 44% of beneficiary SMEs were still working with the decreased capacities in Q2 and Q3 2020.

³⁰ Summary of Results of the Survey of LSG Capacities and Development Needs is available in the Annex V, Attachment. 5.3

endorsement of the PSC, and prior to contracting, the Programme conducted 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. Informative sessions dedicated to the promotion of CFPs have been evaluated on the basis of feedback from participants. The evaluations confirmed substantial interest in the sessions and the Calls, their effectiveness and relevance of the provided information.

During implementation of the projects, the Programme provided continuous support to the grantees by close monitoring, coordination and field visits. The greatest challenge stood with the less capacitated beneficiaries in relation to the procedure compliance and delivery of the envisaged results.

For infrastructure works, following strict regulatory framework with two mandatory levels of quality control - construction supervision and technical commissioning, the beneficiary local governments supported the quality control process to ensure works are delivered within time, quality and budget while the EU PRO technical staff provided the overall quality assurance of implementation mechanisms and supported the capacities of the local governments for creating their own quality management system, with technical support and regular site visits. With the intensified implementation of construction works, the EU PRO team paid over 300 field visits to the construction sites during the Programme at a pace dictated by the complexity of works and associated risks. This best reflects the fact that the appointed independent Technical Commissioning Team issued positive technical commissioning reports for all nine completed economic infrastructure projects, recommending all for the issuance of the use permit, which eight of them obtained.

Despite technical commissioning not mandatory for many local infrastructure projects, the Programme insisted on commissioning as an internal two-step quality control mechanism. As a result, all 37 completed projects obtained positive technical commissioning reports, confirming the quality of the work in line with the highest professional standard.

Through verification of the procurement packages, EU PRO ensured that the provision of technical documentation was entrusted only to authorised companies, only liable in Serbia for the provision of the design. In addition, as part of the quality control process, all documentation passed the mandatory third party review, confirming the design is in compliance with local codes and standards. As a result, all 11 out of 12 technical documentation projects obtained construction permits, except for Kraljevo that decided to apply for the construction permit only upon securing the funds for construction.

Another level of support to LSGs to deliver the products in the required quality, the EU PRO team provides by monitoring the provision of planning documentation. All eighteen detailed regulation plans developed during the Programme lifecycle were adopted by municipal assemblies.

The Programme also received an award at the 29th International Urban Planners Exhibition, held online from 10 – 13 November in Kragujevac, under the category Research Studies and Projects in the Fields of Urban and Spatial Planning as evaluated by the experts. The submission, titled "Improvement of the Process of Development of Detailed Regulation Plans", captured the added value of the process which enhanced transparency and participative approach, resulting in enhanced sustainability and applicability of plans supported by EU PRO. In addition, two plans developed by our beneficiary municipalities within EUPRO funds also received awards: Detailed Regulation Plan for Skobaljić Grad in Leskovac and Detailed Regulation Plan Žabarski most in Velika Plana. All awards are valued recognition of the EU PRO contribution to the quality of the plans³¹. The award was another quality assurance outside of the UNOPS quality management system and actual recognition of the improved quality of the planning processes by the most relevant authorities in the area of urban planning.

³¹ For more details, please see a walk through the [virtual gallery](#), visit the [facebook page of the Exhibition](#) or check out the [announcement](#) of the jury.

Sustainability

The EU PRO Programme approach to sustainability was based on four dimensions: national ownership, social, economic, and environmental sustainability.

Ensuring national ownership, all Programme activities were aligned with the national policies and strategies, contributing to their sustainability. The key supported strategies include the [Strategy for Development of Small and Medium-sized enterprises, Entrepreneurships and Competitiveness for the period from 2015 to 2020](#) and the [Industrial Policy Strategy of the Republic of Serbia from 2021 to 2030](#). Furthermore, the EU PRO contributed directly to the implementation of three strategic documents relevant for the improvement of the position of national minorities and excluded groups in Serbia - the [Strategy for Social Inclusion of Roma from 2016 to 2025](#), [the Action Plan for the Realisation of the Rights of National Minorities](#) and [the Strategy for the Advancement of the Position of Persons with Disabilities from 2020 to 2024](#). Alignment with national policies was ensured through participation of the key national stakeholders in the work of the Programme Steering Committee (PSC) and regular consultations with relevant stakeholders.

The Programme has predominantly used the grant methodology, which gives the ownership over the project to grantees while the EU PRO maintained monitoring and advisory role. The EU PRO supported implementation of 324 grants selected through a transparent and competitive process. The existing national policies were consulted during development of the Programme interventions, while the application of relevant local, regional and national strategies was assessed through the selection process for projects.

Furthermore, the only interventions supported by the Programme through direct implementation were requested by the national stakeholders specifically due to its contribution to implementation of national action plans and strategies. Per request of the Ministry of Construction, Transport and Infrastructure, and with endorsement of the PSC, the Programme supported improvement of the electronic system for the issuance of building permits through the provision of a back-up server enhanced its stability and availability for over 6,500 users that benefit from it every day. This intervention contributed to implementation of the Law on Planning and Construction. Likewise, in partnership with the Coordination Body for Preševo, Bujanovac and Medveđa, the Programme supported learning of Serbian as a non-mother tongue in four schools in Bujanovac and Preševo.

Contributing to social sustainability, the EU PRO effectively addressed issues related to social inclusion by facilitating better social cohesion and supporting development of an attractive living environment through improvement of small scale public infrastructure. The intervention was planned as a response to the needs identified in consultation with its key partners and beneficiary groups.

As a part of its social inclusion and cohesion efforts, the Programme generated a needs based response in consultation with the relevant institutions, including the Office for Human and Minorities Rights (OHMR) and the Ministry of Education, Science and Technological Development (MESTD) and Republic of Serbia Coordination Body for Bujanovac, Preševo and Medveđa (CB). The activities focused on contributing to implementation of the national minorities rights, better inter-ethnic understanding and relations, improved integration of national minorities and addressing the specific needs of excluded groups in multi-ethnic communities.

Through the public call opened for 32 local self-governments³² with multi-ethnic composition according to the Law on Local Self-Government, as well as for the civil society organisations registered in one of these municipalities and cities the EU supported the realisation of 21 projects which contributed to reduction of inequalities and discrimination, promoting inter-ethnic understanding and providing equal opportunities

³² Babušnica, Bela Palanka, Bojnik, Boljevac, Bor, Bosilegrad, Bujanovac, Vladičin Han, Vranje, Golubac, Dimitrovgrad, Doljevac, Žagubica, Žitorađa, Koceljeva, Kučevo, Lajkovac, Lebane, Leskovac, Majdanpek, Medveđa, Merošina, Negotin, Novi Pazar, Petrovac na Mlavi, Požarevac, Preševo, Priboj, Prijepolje, Sjenica, Surdulica and Tutin

for each individual in local communities of 18 LSGs.³³ Additionally, the position of national minorities was improved through establishment of institutional mechanisms for addressing their rights issues and through harmonisation of the pertinent local policies with the national regulatory framework and implementation of relevant strategic documents.

Through the projects, the organisations of the civil societies worked on economic empowerment of the vulnerable, primarily rural women, youth, and the persons with disabilities, while the focus was also on the improvement of the status of the Roma community by enhancing the access to education, health and social services. Under the social cohesion activities, the Programme contributed to the improvement of the socio-economic position of excluded groups and better positioning of the national minorities, directly benefiting over 4,600 citizens of which close to 60 percent women.

Furthermore, to increase the positive social impact of their projects, entrepreneurs were required to implement corporate social responsibility (CSR) in their local communities. The activities which have since had over 34,000 beneficiaries amongst others included distribution of produced goods to the vulnerable population, refurbishing facilities of social, education and health institutions, equipment playgrounds, conducting environmental actions, provision of scholarships and vocational training.

Striving to enhance gender equality in projects and establish gender sensitive indicators for monitoring and reporting as well as implement gender awareness activities wherever feasible, in May 2018 the Programme adopted the EU PRO **Gender Action Plan (GAP)**³⁴, which provided a framework for systematic address of gender equality issues by the Programme. Overall, the GAP aimed to enhance gender equality in the projects, establish monitoring, evaluation and reporting of gender sensitive indicators, promote awareness on gender issues among all stakeholders and ensure gender balance in personnel. The GAP was implemented successfully, although with certain challenges, reaching the set targets. Support to GE within the EU PRO Programme was assessed under the separate document³⁵ and following are some of the key results.

The gender mainstreaming became an integral part of all published CFP, by envisaging provision of additional points for the applications contributing to the promotion of gender equality (GE). In this way, the applicants were motivated to incorporate GE initiatives into their project proposals, which generated concrete results. For example, 30% of businesses supported with the First Call for SMEs are female-owned, while in the second Call the percentage increased to 35%. This activity resulted in the creation of new jobs, where 43% of new employees are women. Furthermore, at least 26% of all implemented grants had a strong gender equality component, mainly within the social cohesion and business sectors, but also a few projects in the infrastructure sector. This result significantly exceeded the target set by the GAP of at least 15% of the grants with a strong GE component.

The total value of 91 projects that directly contributed to gender equality is over two and a half millions Euros. Over 4,800 women directly benefited from the projects realised under the EU PRO. It should be emphasized that this number is much bigger in practice, but due to the nature of certain projects, mainly from the infrastructure sector, beneficiary data couldn't be desegregated by gender.

Additionally, the EU PRO's communication policies embed gender aspect and contributed to its promotion, both internally and externally, through use of gender sensitive language, promotion of gender related projects and other similar activities. In terms of internal capacities, all new EU PRO employees completed UNOPS mandatory GE courses, while 95% of personnel completed the non-mandatory UNOPS GE course, recommended by the GAP, thus increasing their knowledge on gender equality in sustainable project management.

³³ Požarevac, Bor, Priboj, Prijepolje, Sjenica, Tutin, Novi Pazar, Bela Palanka, Babušnica, Dimitrovgrad, Leskovac, Lebane, Vladičin Han, Vranje, Surdulica, Bujanovac and Preševo

³⁴ The Gender Action Plan with the status of activities is available in the Annex V, Attachment 5.4

³⁵ Overview of support to GE within the EU PRO Programme is available in the Annex V, Attachment 5.5

Key challenges in the GAP implementation were related to collection of gender disaggregated data. Although the Programme introduced gender sensitive monitoring and evaluation tools, the provision of gender-disaggregated data on the number of direct beneficiaries for certain types of projects was not feasible, mainly from the infrastructure sector which impacted a larger number of beneficiaries. For such projects it was not possible to make a more precise estimation on the number of female beneficiaries. Additionally, the majority of the grantees lack knowledge and awareness on the importance of gender parity and how the GE elements can be embedded into the project realisation. The Programme had to put additional efforts and to work continuously on the promotion of gender mainstreaming among them.

There is an additional important social factor: the Programme remained in the field, which was beneficial for understanding the beneficiaries' needs and providing every day assistance.

The Programme contribution to economic sustainability is evidenced by the tangible impact during its implementation and is expected to have even more significant and long term effects. A total of 1,757 jobs were created through various activities, 826 enterprises improved their competitiveness either through receiving grants or via support provided by the business support organisations (BSOs). Through backing of economic infrastructure and creation of technical documentation and main designs a pipeline of potential investments was created worth 182 million Euros.

Through the EU PRO Programme the conditions for new investments have been significantly improved in nine local self-governments, Bojnik, Kragujevac, Paraćin, Priboj, Smederevo, Sokobanja, Svilajnac, Šabac and Užice enabling better business environment and conditions for attracting investments and increasing the number of employees and living standards of citizens. A total of 630 hectares of land was infrastructurally equipped in industrial and business zones, where access roads were built, communal infrastructure constructed or improved through provision of water supply, sewerage and electricity supply. The interventions increased investment potential of local self-governments and contributed to economic growth.

Returns on this long term investments are expected through job creation and growth opportunities, and ultimately decrease in local economic migration as citizens should have better access to jobs and services in their own municipalities. Twenty four million Euros of investments have been realized in these zones so far, but more importantly, 1,080 jobs were created, and there is an investment pipeline of an additional 84 million Euros which could result in over 3,115 new jobs. Both domestic and foreign investors expressed interest to start their production in these cities and municipalities.

Moreover, through two public calls EU PRO Programme supported 203 enterprises (33% female owned) selected out of over a thousand applicants. In total 6.16 million Euros was invested into activity of which the EU provided 4.37 million Euros while the entrepreneurs co-funded the projects with significant funds totaling close to two million Euros. The cumulative results generated 582 new jobs, of which 255 (44%) are women. Besides the job creation element, overall the support improved productivity as well as product quality and range, but has also contributed to the value chain of local suppliers.

Contribution to environmental sustainability was ensured through continuous consideration and assessment of effects the supported projects may have on the environment. All interventions that may have affected the environment were implemented in accordance with the national legislation and with the UNOPS Environmental Management Policy for Infrastructure, hence ensuring that possible environmental hazards are assessed and adequate measures taken to minimise negative effects.

Positive contribution is provided through embedment of environmental considerations in Detailed Regulation Plans (DRPs), where the Programme requested mandatory development of Strategic Environmental Impact Assessment (SEIA) for each DRP supported by the Programme, which is an optional category in the Law on Planning and Construction, while environmental protection considerations in developed Geographic Information Systems (GIS) were taken into account through development of 20 specialised GIS applications related directly to environmental protection, climate change adaptation, risk prevention and management and most concretely through the local infrastructure projects.

The supported enterprises also contributed to environmental sustainability. Corporate-social responsibility interventions included nine environmental protection projects benefiting 2.800 people. These included cleaning unofficial garbage dumps, planting new trees, cleaning river and lake banks etc. With new equipment introduced in the production process, supported companies increased energy efficiency and in some cases directly contributed to increased use of recyclable materials.

Thirty-one out of the 37 local infrastructure projects included the elements of environmental protection. Through 22 projects, the energy efficiency class of the public buildings was improved and fossil sources of heating replaced to decrease the CO2 emissions. Further, a new sewage system in four local self governments, besides bringing the health benefits to the community, directly contributed to the environment protection as all waste waters are now being collected and treated in the wastewater treatment plants. The conditions for work on the new market in Aleksinac will not only ensure a business environment for its users but also protect the surrounding environment due to the better sanitary conditions. Likewise, four new water systems will ensure quality water supply to its users, while water losses in the system will ensure sustainable usage of this natural resource.

The sustainability of all local infrastructure projects have further been ensured by good governance activities, implemented in partnership with the Swiss PRO programme. These activities focused on building capacities of the municipalities for sustainable and transparent asset management, social inclusion, participation, as well as planning the allocation of the energy efficiency savings for further investments.

Following good governance principles, 18 LSGs have adopted 21 regulations benefiting over 15,000 people especially those from vulnerable groups - 5,151 children and youth, 2,233 Roma, 802 PWDs and 50 elderly. Namely, the implementation of seven regulations ensures accountable and transparent use of premises of public institutions or sport terrains as well as equal access to those public properties with formalisation of non-discriminatory provisions related to vulnerable groups. Eight regulations determined management accountability for public goods, three regulations formalise subventions for particularly vulnerable groups while three documents regulate further use and allocation of energy efficiency savings.

Lessons Learned

The EU PRO Programme systematically identified and recorded lessons relating to various areas throughout its implementation. The overview of the key observations that should be considered by development stakeholders is presented below.

Monitoring, reporting, and evaluation of effectiveness and impacts of municipal projects and policies is often inadequate: LSGs, while understanding general benefits of the project(s), invest insufficient resources into monitoring and reporting of outcomes and impacts. Provision of gender segregated data, number and category of beneficiaries was also limited despite requirements set by the implementing partner. This weakness is also reflected at a higher level as LSGs generally do not have adequate mechanisms to monitor, evaluate, and report on the implementation of local policies. This, in turn, hinders the effort of the implementing partner and the national beneficiary to capture and assess effects and impacts of particular action.

Soft measures are important for development of economic infrastructure and should complement works: EU PRO encompassed significant support to development of economic infrastructure in selected LSGs, while essentially focusing on infrastructure equipping of industrial and business zones. These interventions proved to be effective as the Programme recorded numerous examples where this contributed to new (private sector) investments and opening of jobs. In most cases, beneficiary LSGs had professional entities responsible for management of the industrial or business zones and this was also an important factor for their successful development. In some cases, however, LSGs had limited capacity to manage their economic zones, which hampered their development and realisation of (new) investments. In these situations, providing technical assistance to the LSGs to address governance, business strategies, promotional, and other aspects related to economic zones functioning would be beneficial.

Diversify support to SMEs in order to respond to specific needs: EU PRO set high standards regarding design and conduct of schemes to support entrepreneurs, micro, and small enterprises. Numerous applied approaches (e.g. promotion and evaluation) can be considered as best practices and have been praised by line national partners, while the fact that there were no failed out of 94 projects supported through the first CFP is impressive. The Programme however confirmed the need to consider the design of different approaches for different SME sectors. The needs of manufacturing SMEs and those providing services are not the same, and criteria for assessing their proposals should also be different. This is also the case for other sectors, and especially now when COVID-19 negatively affected most sectors, but some are actually recording growth that existed prior to the crisis.

Support to SMEs through grant schemes generated strong results but strong monitoring was necessary to ensure the success: some SMEs had valid business ideas but limited capacity to implement the desired “changes”. This is why it is necessary to ensure that they receive technical assistance throughout the process of grant implementation. This support contributes to the capacity of SMEs to conduct procurements, enhance business communication with suppliers and overall business administration and record keeping.

SMEs are willing to support development of their local communities: Introduction of Corporate Social Responsibility (CSR) activities as an integral and mandatory part of schemes supporting SMEs, raised the awareness of businesses about the importance of contributing to the local community. The effects of this approach were impressive as many of the supported SMEs through EU PRO continued to implement CSR activities even after the end of grant support. In this way, the overall effectiveness of the support scheme has been strongly reinforced.

The quality of technical documentation for infrastructure projects affects the needed timeframe for implementation and should be assessed during the selection process for the projects. Potential shortcomings of the technical documentation for infrastructure projects, if not timely identified, may severely affect the implementation dynamics. On site visits are crucial to obtain a comprehensive overview of applicant potential and capacity and validate information presented in project proposals.

Flexibility enabled Programmes to quickly respond to emergencies: the EU PRO, as its predecessors European PROGRES, and EU PROGRES had a degree of flexibility that was embedded in the Description of Action (and Budget), and were therefore in position to swiftly mobilise its resources and capacities to support national and local governments’ response to crisis that at the time hit the country: earthquake in Kraljevo in 2010, devastating floods in 2014, unprecedented influx of migrants in 2015 and 2016, and most recently, COVID-19 pandemics. The support that was provided was often critical and, since it was provided efficiently, generated significant positive effects on the target beneficiaries.

Simplifying certain procedures in order to facilitate project implementation should be considered: This particularly refers to the implementation of the procurement and administrative procedures, considering that most of the grantees from the civil sector stated in the conducted survey that these procedures were the most demanding part during the project realisation, where the majority of them required Programme's assistance during the entire process.

Some target groups require stronger support than others. The associations managed by the members of the vulnerable and marginalised groups often need additional support in the project preparation and implementation due to the limited capacities, while being at the same time best positioned and knowledgeable in identifying the most urgent needs of excluded groups and adequate solutions to address them. Donor funded programmes, such as EU PRO, and other support programmes should provide further assistance in building capacities of the organisations that are gathering members of the most vulnerable groups, such as the PWDs associations, particularly in project development and management. Their contribution and role in social inclusion of the disadvantaged groups at the local level are of utmost importance and they need to be further strengthened in order to increase their reach.

Communications and Visibility

EU PRO Programme communication activities contributed to the overall visibility of the EU support to Serbia through promotion of the development opportunities for beneficiaries resulting activities and Programme achievements. Due to the global Covid-19 pandemic, Programme communication activities during 2020 and 2021 were temporarily refocused from previously predominant Programme development activities to the joint response of the DEU and the Government of Serbia to the COVID-19 pandemic.

However even with the refocused approach, the programme activities were widely promoted and remained a key vehicle for donors' visibility. Namely, EU PRO is the most popular project amongst its peers, generating over 5,555 positive media reports of which 2,190 reports (over 39%) in the national media³⁶ which is an increase of close to 10% and 42% in the total number of reports compared to European PROGRES and EU PROGRES respectively.³⁷ Separately but in addition to this, the Programme also contributed to 720 positive media reports (out of which 476 in the national media) as a part of promotion of the joint assistance of EU, MEI and UNOPS in combating the Covid-19 pandemic in Serbia.

While the media was interested in all Programme activities, the outstanding coverage of certain topics is telling of visibility standouts. Namely projects that contributed to creation of jobs and boosting of local economies i.e. BSO and SME activities resulted in 1,239 media reports, confirming the relevance of economic themes while youth-aimed activities i.e. three Calendar Competitions resulted in over 400 reports underlining an importance to increasingly engage younger audiences. The importance of high level official's presence at the Programme promotion events was reconfirmed as even with the 18 month gathering restrictions due to Covid-19 outbreak, 22 events held, including high level field visits, ceremonies and PSC meetings, amounted to the substantial 882 media reports. However, by far the most media coverage 2,280 reports, as in the predecessor Programmes, was generated by the EU support to the infrastructure projects as these represent a major, highly visible positive change and bring immediate benefits to broader communities.

In total the Programme issued 20 media announcements and 65 press releases which were in over 39 percent of cases published verbatim, which confirms the high quality of Programme's communication. The increased interest of the media resulted in 21 requested interviews and statements.

Special focus was given to the **multimedia promotion of all nine public calls** including development of visual identities, social and traditional media campaigns, and printed material. Two public calls for MSEs were wildly promoted through elaborate, strategic outreach campaigns - "Enko and Oli" and "Community Hero" reaching by far the largest target group of a single Programme activity - 10,000 potential beneficiaries. In line with the best practice of the predecessor Programme, transparency of all selection processes following CFPs was supported through the development and publishing of nine result info sheets.

The programme's digital presence was substantially strengthened as the Programme inherited and nurtured the existing European PROGRES Facebook page achieving 88 percent increase in fellowship and ultimately reaching 18,960 followers. Proven as the most effective outreach tool, the Facebook page reached 521,446 people and attracted 16,477 post likes for the total of 712 posts published. The number of followers of the newly founded Twitter and Instagram accounts reached 1,110 and 2,500 respectively while the YouTube page has been populated with a total of 252 promotional videos and various media reports on the project activities, which were shown to viewers over 194,600 times.

Additionally **six Programme Newsletters were published** covering the key Programme achievements and were distributed through the organically generated email database of 2,500 stakeholders in the Government, media and non-government sector. However, EU PRO' website remained the most popular information hub with approximately 5,800 visits per month and 238,245 during the programme

³⁶ Media Coverage information is available in Annex IV, Attachment 4.1

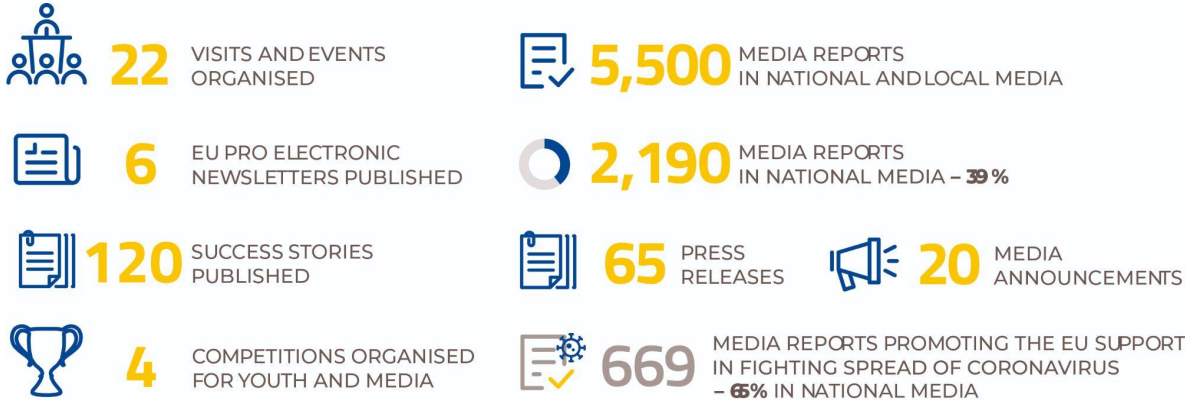
³⁷ European PROGRES had a total of 5,047 media reports of which 2,156 national. EU PROGRES had a total of 3,200 of which 921 in the national media.

implementation. Recognised by high level stakeholders as the key communication and programme tool, the webpage hosted regular Programme results updates, list of all projects, individual municipal profiles, CFP and relevant info-sessions and overall results, and has provided a voting platform for the final Calendar Competition.

Three annual art competitions attracted close to 1,000 artworks from high schools in the Programme area inspiring the pupils to depict themes relevant to European values. The success of the Calendar Competition over the years was honored in 2019 when the EU Delegation in Serbia started using the EU PRO Calendar as their official product maximising its outreach in raising awareness about the European values amongst Serbian youth.

The Programme also continued the good practice of its predecessor and organised **the EU PRO Local Media Competition in partnership with the DEU and MEI** in May 2021. The seven best media outlets³⁸ chosen from 29 submissions were selected based on the decision of the competitors themselves, expert jury³⁹ and the DEU and MEI representatives in June 2021. The competition covered the topics related to the EU support provided to local development through the EU PRO. The competition, partially supported through EU PRO Plus Programme ensured relevant promotion of the future Programme while acknowledging the results achieved through EU PRO. The winning outlets will receive the IT, audio and video equipment to improve technical quality of reporting within the new EU PRO Plus programme.

Within the activities aimed at broadening cooperation with the national media, the broadcasting equipment⁴⁰ was procured and delivered to three correspondence offices of the Public Service Media, Radio Television of Serbia (RTS) in Leskovac, Kraljevo and Novi Pazar and serves for the improved technical quality of reporting from the AoR. As part of the Donation Agreement the RTS provided the Programme with a raw material of recorded projects and visits, which were further used to promote the EU support to balanced, sustainable development including being edited into Programme video success story template.



In total the Programme results were widely promoted via more than 120 written and video success stories. A series of 35 written and 30 video success stories produced with the external implementing

³⁸ Radio Television Novi Pazar, TV Centar Svilajnac, Radio Sto Plus Novi Pazar, A1 Net Novi Pazar, TV Galaksija 32 Čačak, Media Research Centre Niš and Regional portal E-Braničevo
³⁹ Radojka Nikolić (Ekonometar and Biznis Magazine), Ljubica Gojgić (Radio Television Vojvodina) and Miša Stoilković (Radio Belgrade)
⁴⁰ Three items of GSM HEVC mobile transmitter over the bonded cellular network

partner were widely promoted through social media resulting in 710,300 people being reached through Facebook and 44,784 through Instagram. Additionally throughout the implementation, the Programme closely cooperated with the MEI and DEU communication and visibility representatives. The EU PRO projects were promoted as part of the three DEU campaigns, EU for Education, EU for Business, and 2021 Europe Day with 23 success stories promoted respectively in each of the campaigns. The EU for Business Campaign included 14 SME projects, widely promoted through the most visited national online portal Blic.rs (reached over 93,823 people) and Bizlife magazine, as well as through the network of 21 local and regional televisions⁴¹, thus raising awareness of the support to micro and small enterprises. As the result of the cooperation with the DEU information hub, EU Info Centre, a total 23 project stories were published and promoted on the official DEU website.

EU PRO Communication and Visibility was positively assessed by partners and beneficiaries throughout the duration of the Programme while the official, independent Programme Communication Strategy assessment,⁴² which included interviews and surveys with both key stakeholders and beneficiaries, presents a very positive 360 review of the Communication approach. Furthermore the Programme communication practices have continuously been presented within UNOPS as one of the best practices in EU financed projects globally.

To mark the successful completion the Programme organised a two-day hybrid event on 23 and 24 June 2021 that included the [EU PRO Virtual Project Fair](#), an online platform to present projects and host three panels covering Programme activities of the relevance for the new iteration as well - SME Competitiveness in 2021, Ensuring sustainability of social infrastructure projects, and Integrated sustainable territorial development - challenges and potentials. The live part of the event gathered 80 participants, including the Minister of European Integration and the Head of the EU Delegation, and generated significant media coverage of 60 reports, out of which 18, or 30% published in the national media. The platform registered a total of 633 users and 820 sessions, while the visitors positively assessed the Project Fair content and the platform navigation with the average mark of 4.6/5.

⁴¹ TV show "Investments" - 21 local and regional televisions: TV 5 Užice, RTV Pančevo, RTV PI Kanal, RTV Kraljevo, TV Infoplus, TV Forum, TV Zona Plus, TV Leskovac, TV Santos, TV Klik, RTV YU ECO, Regionalna TV Novi Pazar, TV ValjevoPlus, TV Most, RTV Puls, Silovo, RTVC Gračanica, RTV F kanal, RTV Raška, RTV Bor, RTV Sunce, TV Rubin.

⁴² Summary of Communication Strategy assessment is available in Annex IV, Attachment 4.2

LFM - progress against indicators

Legend

	Activity completed, outputs delivered in accordance with the set targets
	Activity modified
	Activity cancelled

Overall Objective	
To contribute to more balanced socio - economic development in Serbia	
Global Competitiveness Index Report rank 60 until the end of the Programme	The World Economic Forum paused comparative country rankings on the Global Competitiveness Index in 2020 due to turbulent time for the global economy. Instead, a special edition of the Global Competitiveness Report, How Countries are Performing on the Road to Recovery , has been published. In the 2019 Global Competitiveness Report Serbia kept the same number of points for Global Competitiveness Index, but dropped to 72nd place on the ranking list in comparison to the 65th position it had in 2018. The report will revert to a benchmarking exercise in 2021.
The overall contribution of SMEs to export increased by 3% by the end of the Programme	The Statistical Office of the Republic of Serbia registered external trade of goods in the value of 19,500 Million USD in 2020. Compared to the 2019, this is a decrease of 0.7% from 19,633 Million USD but it is still an increase of 1.3% compared to 2018 exports of 19,239 Million USD. In 2020 SMEs had a share of 36,9% in total export value. The value of exports of the SMEs supported by the Programme increased in 2020 by 17% to 10.7 million Euros compared to 9.1 million Euros in 2019.
Project Purpose	
To enhance competitiveness and social cohesion of the less developed areas by increasing the productivity of SMEs and developing/improving the 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	Data on increased revenue can be monitored based on Financial Reports for 2020 that have been published for the supported enterprises. These companies recorded an increase in revenue by 28.8% in 2020 compared to 2019. Based on available data in 2020 55% of supported companies have increased the gross value added/ employed ratio. Out of 203 supported companies, 74 companies have registered direct export in 2020. The value of annual exports in 2020 increased by 17% compared to 2019 when it was 9.1 million Euros to 10.7 Million Euros in 2020. The growth trend continued in 2021 where in the first six months supported enterprises recorded direct export of 6.5 million Euros.
1000 newly employed as a direct/indirect result of the Programme assistance	The Programme contributed to creation of 1,757 new jobs. As a result of assistance to SMEs, 585 new jobs (out of which 255 or 44% are women) have been created in 203 beneficiary enterprises. In addition, the Programme indirectly contributed to the creation of at least 811 more jobs thus far as a result of the economic infrastructure projects (781) and realised technical documentation projects (30).

RESULT 1	
Improved technological structure of SMEs and their ability to increase their market share	
Activity 1.1 Up to 200 SMEs supported through Programme activities	A total of 203 SMEs have been directly supported by the Programme, out of which 94 as a result of the First Call for MSEs and an additional 109 as a result of the Second Call for MSEs.
Activity 1.2 Up to 20 BSOs/NGOs supported through Programme activities	A total of 20 BSOs have been supported to implement projects contributing to enhanced competitiveness of SMEs. All projects have been successfully 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 34 LSGs supported in order to digitalise and update geo-spatial data during Programme implementation	Through 19 projects implemented for creation and update of Geographic Information Systems, 34 LSGs have been supported.
Activity 2.1.2 Up to 18 LSGs supported in the development of DRPs during Programme implementation	Nineteen grant support agreements for the development of detailed regulation plans have been supported out of which 18 successfully completed while one was cancelled.
Activity 2.1.3 Technical documentation developed for up to twelve infrastructure projects related to economic development	Twelve grant support agreements for the development of technical documentation are supported. During the reporting period, two projects were finalised contributing to the total number of ten completed projects.
Activity 2.2 Up to nine public infrastructure projects with economic impact implemented until the end of the Programme	Nine grant support agreements for the implementation of economic infrastructure projects are implemented and the activities concluded in December 2020.
RESULT 3	
Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations	
Activity 3.1 Up to 37 public infrastructure projects contributing to improved living conditions implemented until the end of the Programme	Thirty-seven grant support agreements have been awarded for the implementation of local infrastructure projects and all have been successfully implemented.
Activity 3.2 Up to 22 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 are awarded and the final remaining project is completed during the reporting period.
Activity 3.3 COVID-19 related medical service improved in at least 20 Programme LSGs	29 Programme LSGs have been supported with the procured equipment in response to the COVID-19 health crisis.

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Annex I_Att.1.2_Impact of COVID-19 pandemic on EU PRO MSE beneficiaries

Annex I_Att.1.3_Overview of Corporate Social Responsibility (CSR) Activities

Annex II – Business Environment

Annex II_Att.2.1_International Urban Planners Exhibition Award

Annex II_Att.2.2_Outcome and Impact of Economic Infrastructure Projects

Annex II_Att.2.3_Thematic applications developed through GIS

Annex II_Att.2.4_Pipeline of projects derived from DRPs and technical documentation

Annex III – Social Cohesion

Annex III_Att.3.1_Overview of Results of the Civil Sector Survey

Annex III_Att.3.2_Terms of References for the Language Learning Project

Annex III_Att.3.3_Group 484 Final Report

Annex III_Att.3.4_Social Cohesion Activity Report

Annex III_Att.3.5_Impact of Local Infrastructure Projects

Annex III_Att.3.6_Overview of Good Governance Activities in Local Infrastructure Projects

Annex III_Att.3.7_COVID-19 Emergency Procurement

Annex IV – Communications

Annex IV_Att.4.1_Overview of Communications Activities

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Annex V – Management

Annex V_Att.5.1_Programme Steering Committee composition

Annex V_Att.5.2_Programme Steering Committee Terms of Reference

Annex V_Att.5.3_Results of the Survey of LSG Capacities and Development Needs

Annex V_Att.5.4_Gender Action Plan Status

Annex V_Att.5.5_Overview of Support to Gender Equality