



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

QUARTERLY REPORT

1 May – 31 July 2018



Republic of Serbia



Implementing partner



Overall objective:	To contribute to a more balanced socio-economic development in Serbia
Purpose:	To enhance competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and developing/improving business enabling and social infrastructure.
Budget:	25 million Euros
Start date:	1 January 2018
Programme area:	The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia
Donor:	The European Union
Implementing partner:	United Nations Office for Project Services (UNOPS)
Report date:	August 2018
Period covered:	1 May - 31 July 2018
Prepared by:	UNOPS

Acronyms

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

Executive Summary

The implementation of the European Union Support to Municipal Development – EU PRO gained momentum upon completion of the inception period. During this reporting phase, which encompasses period from 1 May to 31 July 2018, the Programme closed four infrastructure related Calls for Proposals and launched fifth that will benefit enterprises, and initiated several actions that contribute to Serbia's doing business reforms and social cohesion.

Significant progress was made in implementation of activities related to **infrastructure development and land management**. Four CFPs have been closed while attracting significant number of applications from local self-governments (LSGs): 18 proposals for development of execution designs were received, 15 applications for economic infrastructure projects, 28 for development of detailed regulation plans (DRPs), and 46 for social infrastructure. In order to present the CFPs to potential beneficiaries, EU PRO organised nine information sessions that were attended by 259 participants from 84 out of 99 LSGs.

The number of applications received in response to CFP for execution designs and economic infrastructure is encouraging as these projects should directly contribute to industry investments and opening of jobs. In contrast, slightly lower than expected number of proposals received for DRP CFP resulted most likely due to restrictive criteria to support development of plans only for areas that have potential to generate economic activity, such as industrial zones. Nevertheless, current number of applications means that the funding available for economic infrastructure and execution designs will be committed in early implementation phase. Evaluations have been initiated and will be completed in Q3 2018.

The Programme, in consultations with the Ministry of Construction, Transport and Infrastructure (MCTI), developed a proposal for procurement of hardware and software for the establishment of the currently lacking back-up system for electronic issuing of construction permits. After obtaining approval from the Programme Steering Committee (PSC), EU PRO advertised the tender for the procurement of equipment whose delivery, pending successful process, is expected in the fourth quarter of 2018 (Q4 2018). This project will contribute to continuous success of one of the key doing business reforms in the country.

Activities related to **competitiveness of enterprises** also advanced. The CFP for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small enterprises (MSEs), which is the most complex EU PRO intervention, has been launched on 22 May 2018. Within efforts to promote the CFP to potential beneficiaries, EU PRO conducted a broad range of activities, including 14 information sessions that attracted 651 participants, which eventually facilitated submission of 468 applications. The Programme's initial assessment indicates that this activity should directly contribute to opening of at least 300 jobs, in addition to other benefits related to enterprises' competitiveness.

Consultations related to development of the CFP for Business Support Organisations (BSOs) continued. The consultations confirm that small and medium sized enterprises need to enhance strategic planning, market research, human resources management, marketing, use of information

and communication technology, networking and their general business approach. These findings will be reflected in the CFP for BSOs with a final draft planned to be submitted to the PSC in Q4 2018.

Within efforts to enhance **social cohesion**, the Programme in consultations with the Coordination Body of the Government of Serbia for Preševo, Bujanovac, and Medveđa (CB), and with support from the Ministry of Education, Science, and Technological Development (MESTD) developed a project that will provide six teaching assistants for four primary schools in Preševo and Bujanovac to conduct classes of Serbian as non-mother tongue. This project will enable an estimated 1,000 Albanian pupils to improve knowledge of Serbian, which is important for their social integration and future business or higher educational prospects.

Furthermore, while considering consultations with the CB, the Office for Human and Minorities Rights and the MESTD, EU PRO drafted a CFP that envisages support to projects contributing to implementation of the rights of national minorities, improving inter-ethnic understanding and relations, support to integration of national minorities and addressing of specific needs of excluded groups in multi-ethnic communities. This CFP will be presented to the PSC in September 2018.

Communication activities were intensive. In cooperation with the Ministry of European Integration and the Delegation of the European Union, EU PRO developed the Programme Communications Strategy that provides a framework for activities to promote the support that the EU in partnership with the Government of Serbia provides to local and intra-Serbian regional development. EU PRO promotional event that was organised in Aranđelovac on 22 May 2018 attracted 400 attendees, including the Minister of the European Integration and the Head of the Delegation of the European Union to Serbia. The Programme also supported organisation of the visit of the Head of the DEU to Novi Pazar and Sjenica on 21-22 June 2018. Key communication products include development of website, provision of communication and media support to Programme activities that primarily focused on the CFP for MSEs, and use of social media. All these actions generated 660 positive media reports, out of which 236 or 37% were in the national media.

The Programme paid attention to **sustainability**. Firstly, all CFPs have been developed with contributions from the national institutions. For example, the CFP for MSEs have been designed in consultations with the Ministry of Economy (ME) and the Development Agency of Serbia (DAS). Secondly, the representatives of the national institutions participate as observers in evaluations. Thirdly, the issues of institutional, financial, and environmental sustainability have been embedded into the criteria for selection of projects, while each CFP includes social and gender equality considerations. The Programme has continued cooperation with the Swiss PRO Programme as their experts contribute to assessments of good governance aspects of applications.

The Programme intends to present recommendations for funding of projects whose total value will be close to ten million Euros at the next PSC meeting planned for September 2018. If majority of these recommendations are approved by the PSC and the donor, EU PRO will be making efficient progress towards meeting set targets for 2018 and, more broadly, some of the key objectives.

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

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Review of progress and performance

Policy and programme context

On 16 June 2018, the Ministry of Economy (ME) published a Call for Proposals (CFP) supporting investments into production and international trade of local private sector. As defined by CFP, the maximum support available per individual beneficiary is 50% of the eligible costs for large companies, 60% for medium, and 70% for small enterprises. Companies that employ more than ten employees, and are based in LSGs categorised as devastated, can apply for grants for investment projects of over 100,000 Euros while those that employ more than 20 new workers and are based in LSGs categorised as fourth group of development can apply for projects over 200,000 Euros. For investments in LSGs in third, second and first category of development¹, the limit increases by 100,000 Euros and ten new employees for each category. Similarly to EU PRO CFP for Micro and Small Enterprises (MSEs) the Call is focused on creating jobs although at a larger scale (100 to 500 thousand Euros minimal investments and ten to 50 minimal number of new workers).

After completing an evaluation of the 1,300 received applications, the Development Agency of Serbia (DAS) selected 357 projects for provision of start-up support.² To exclude possible overlaps in beneficiaries, EU PRO will consider the published list during the evaluation of applications for the MSE CFP.

Progress towards achieving objectives

EU PRO established solid foundation for implementation of planned activities which should over time contribute to sustainable economic development of the regions of Šumadija and Western Serbia and the Southern and Eastern Serbia.

Through conduct of four infrastructure development and land management and one SME related CFPs the Programme will support projects that ultimately contribute to opening of significant number of jobs. Namely, the infrastructure related projects should create pre-conditions for realisation of industry investments and business development initiatives; enhance planning and technical conditions for realisation of investments; and enable expansion of existing businesses and valorisation of touristic and cultural heritage potentials.

In addition the Programme provides twofold, direct support to Ministry of Construction, Transport and Infrastructure (MCTI). It is facilitating acquisition of the back-up system for electronic issuing of construction permits, which secures system stability resulting in provision of quality services to investors. It also, in line with the Description of Action (DOA), develops project for provision of support to establishment of the electronic system for development of planning documentation in Serbia, which is another interventions that has potential to contribute to enhanced competitiveness and investments.

¹ [DAS List of municipalities by the level of development](#)

² [The DAS list of selected beneficiaries](#)

The Programme is also currently evaluating proposals received as a result of CFP for Procurement of Equipment and Provision of Services for MSEs³. The initiative will help the beneficiary businesses to enhance their competitiveness by enhancing their market potentials and increasing value chain contribution, while local communities will benefit through opening of jobs and increased (local) tax incomes.

Although Programme's focus is on economic development, it also addresses the social aspects of the process. Through development of social inclusion and social cohesion initiatives EU PRO aims to contribute to improvement of the position of the most vulnerable while systematically promoting gender equality.

Result 1

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

The Programme launched the Call for Procurement of Equipment and Provision of Services for MSEs⁴ that attracted 468 applications. This provides foundation to select targeted 150 MSE projects that should facilitate opening of at least 300 new jobs⁵ while enhancing their market potentials and increasing value chain contribution.

Activities

1.1 Grant scheme for SMEs

CFP for Procurement of Equipment and Provision of Services for MSEs⁶ was published on 22 May following the formal approval of the PSC on 19 May.⁷ As per the envisaged two-phase selection process the deadline for the submission of concept notes was 6 July 2018 resulting in 468 submissions. The Grant Evaluation Committee was formed and includes observers from the ME and DAS. The technical evaluation of received applications is underway and those who pass this phase will be invited to submit full applications.

Within efforts to promote the CFP, the Programme organised 14 info sessions⁸ that attracted 651 participants (198 women and 453 men). The sessions are positively evaluated - 96% of attendees indicated that they understand conditions of the Call sufficiently or fully.⁹ EU PRO also conducted information campaign that included development of promotional materials¹⁰ - printed materials¹¹

³ The CFP is available at <http://www.eupro.org.rs/ktext/javni-poziv-za-podnosenje-predloga-projekata-za-nabavku-opreme>

⁴ The CFP is available at <http://www.eupro.org.rs/ktext/javni-poziv-za-podnosenje-predloga-projekata-za-nabavku-opreme>

⁵ Mandatory requirement of the Call is opening of one new job for Entrepreneurs and Micro Enterprises and minimum two new jobs for Small Enterprises. Even though majority of applicants remained with the minimum requirement, some portion of applications will contribute to creation of greater number of jobs.

⁶ The CFP is available at <http://www.eupro.org.rs/ktext/javni-poziv-za-podnosenje-predloga-projekata-za-nabavku-opreme>

⁷ The date relates to deadline for electronic consideration of the Guidelines that were updated following the PSC meeting

⁸ The ten info sessions were held in Šabac, Kragujevac, Kruševac, Kraljevo, Novi Pazar, Užice, Smederevo, Zaječar, Niš and Leskovac, with Šabac and Smederevo being dislocated from the RDA centre as recommended by the RDAs based in Loznica and Požarevac, respectfully. Four additional sessions were organised in Pirot, Bujanovac, Čačak and Valjevo in order to response to beneficiaries' requests or to cover areas where the turn out on initial sessions was lower.

⁹ For more details please see the Annex I, Attachment 1.1 - Report on Info Sessions.

¹⁰ Produced media materials are available at [Programme Google Drive](#)

including posters, leaflets, video and audio materials used for promotion of the CFP through communication channels of ME, RAS, LSGs, Regional Development Agencies (RDAs) and other business support organisations (BSOs); placement of media ads on most popular web portals, national radio, local and regional TV stations; extensive Facebook campaign and direct distribution to 99 LSGs and ten RDAs.¹²

Upon administrative screening of the received 468 applications, several trends are noted:

- The average amount of funds requested is 18,000 Euros
- 21 (4%) of all submitted applications are for small-sized enterprises
- The locations of the applicants follow general statistics – the largest number of applicants are registered in Niš, followed by Kragujevac, Novi Pazar, Vranje and Leskovac
- 46% of received applications are submitted by applicants registered in ten cities and municipalities¹³
- 70% of enterprises applying to the Call are owned by men. This “justifies” the inclusion of “bonus” points for proposals that address gender equality

1.2 Support to Business Support Organisations (BSOs)

The EU PRO continued consultations with the stakeholders, mainly RDAs, in order to collect information for preparing the CFP for Business Support Organisations (BSOs). The consultations confirmed importance of building managerial and operational capacities of businesses through strategic planning, marketing, market research, human resources management and use of information and communication technology in business, networking with other businesses in the country and the region. The Programme will present the CFP to the PSC in Q4 2018.

Result 2

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

The Programme launched CFPs for development of detailed regulation plans (DRPs), execution designs, and economic infrastructure. These schemes will enable funding of projects that are expected to enhance planning and technical conditions for realisation of investments, to create infrastructure pre-conditions for realisation of industry investments or business development initiatives, and enable expansion of existing businesses and valorisation of touristic and cultural heritage potentials.

For example, grant support will be provided for development of DRPs that contribute to creation of conditions to attract investments and develop new businesses, rehabilitate brownfield sites, and support urban renewal as well as regeneration, preservation and valorisation of natural and cultural

¹¹ 1,300 posters and 12,000 leaflets

¹² More specific details about the campaign provided in the Communications and Visibility Section

¹³ Top ten cities and municipalities per number of applicants: Niš (41), Kragujevac (26), Novi Pazar (25), Vranje (24), Leskovac (18), Čačak (17), Bujanovac (15), Kraljevo (15), Ivanjica (13) and Kruševac (12)

heritage. The Programme will support development of designs that will create technical conditions for the construction or reconstruction of public utility infrastructure in business areas, greenfield and brownfield sites and construction or reconstruction of business support facilities. The economic infrastructure projects will enable or enhance functioning of the industrial zones, technology parks and business incubators and the infrastructure that contributes to development of tourism destinations, including Spas.

In addition, support was provided to Ministry of Construction, Transport and Infrastructure (MCTI) to establish currently missing back-up server to electronic issuing of construction permits. Ultimately this will help prevent data loss and mitigate the risk of public authority holders missing legally set deadlines due to the main system failure. The stable system for issuing of the building permits enable the government to respond efficiently to investor's requests thus contributing to increased competitiveness and investments.

Activities

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

In May 2018 after consultations with the MCTI, the Programme developed the proposal for procurement of hardware and software components¹⁴ that will enable establishment of the currently non-existing back-up system for issuing of construction permits. After the PSC approved the proposal on 4 June¹⁵, the Programme advertised for the procurement of ICT equipment¹⁶ on 29 June 2018. Estimated value of the equipment including installation is 265,000 Euros. The tender closed on 16 July and the evaluation of received bids is ongoing. The installation of the equipment is planned for Q4 2018.

In consultations with MCTI and based on the provisions in the Description of Action (DOA) which envisage the Programme's support to introduction of electronic system for development of planning documentation in Serbia, EU PRO is developing the Terms of Reference (ToR) for the preparation of the Study that will define the necessary conditions for establishment of such system and subsequently enable digitalisation of spatial planning processes. The Law on National Spatial Data Infrastructure which systematised the geospatial data in three groups¹⁷ serves as the basis for the development of the Study. The Study concept will be presented to the PSC in September 2018.

2.1.2 Development of urban plans related to economic development

The CFP for development of Detailed Regulation Plans (DRPs), with a total value of 750,000 Euros, closed on 11 June 2018.¹⁸ The Programme received 28 applications from Local Self Governments (LSGs). The Evaluation Committee includes representatives of the MCTI and it is expected to complete the evaluation in August 2018.

¹⁴ The Concept Note for E-permitting is available with the Programme

¹⁵ The proposals was in principle approved at the PSC held on 4 June, while the electronic review of additional documentation that was requested was completed on 27 June 2018. Since there were no further requests for clarifications, in line with the PSC decision, this proposal was considered finally approved.

¹⁶ The tender is available at [Notice for eSourcing - Tender ITB/2018/5052](#)

¹⁷ The land use is classified within the MCTI led third group

¹⁸ The CFP is available at [Open Call for Proposals for Formulation of Detailed Regulation Plans](#)

In order to promote the CFP, the Programme held information sessions for 99 Local Self-Governments (LSGs), from 8 to 18 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 info sessions were assessed as excellent or good by 93% of participants and the information received was perceived as relevant by all participants.¹⁹

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

The first cut-off date of the CFP for Development of Technical Documentation for Economic Infrastructure was 11 June 2018. The Programme received 18 applications from LSGs and the evaluation of proposals is ongoing, while recommendations will be presented to the PSC in September 2018.

In order to promote the CFP EU PRO organised nine information sessions for 99 Local Self-Governments (LSGs), from 8 to 18 May 2018.²⁰

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

The first cut-off date of the CFP for Construction of Economic Infrastructure²¹ was 11 June 2018, by which the Programme received 15 applications from LSGs. The evaluation is advanced, while the recommendations will be presented to the PSC in September.

EU PRO organised nine information sessions for 99 Local Self-Governments (LSGs), from 8 May to 18 May 2018, in order to promote the CFP.²²

Result 3

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

EU PRO activities related to improvement of living environment and enhanced social cohesion advanced. The Programme launched the CFP for Local Infrastructure that is designed to support projects contributing to improvement of municipal infrastructure related to education, health, social care, environmental protection, waste management, culture, and sports. This intervention should result in implementation of at least 35 projects that derive from the local development strategies and that will positively affect quality of life of citizens.

Furthermore, the Programme also developed the CFP aiming to contribute to implementation of the rights of national minorities, improvement of inter-ethnic understanding and relations, better

¹⁹ These information sessions were also used to promote other infrastructure related CFPs. The Report from infrastructure calls info sessions is available in the Annex II, Attachment 2.1

²⁰ The Report is available in the Annex II, Attachment 2.1

²¹ The CFP is available at [Call for proposals for economic infrastructure projects](#)

²² The Report is available in the Annex II, Attachment 2.1

integration of national minorities and addressing of specific needs of excluded groups in multi-ethnic communities. This intervention should enable funding of at least 25 projects that will contribute to social cohesion, while in line with the EU PRO objective, economic empowerment will be one of key thematic areas to be addressed.

The project for enhancing learning of Serbian as non-mother tongue in elementary schools in Bujanovac and Preševo, which was initiated during this period, will enable estimated 1,000 Albanian pupils to improve knowledge of Serbian. This will facilitate their social integration and future business or higher educational prospects.

The activities related to social cohesion have important strategic dimension: through implementation of priority project at the local level, the Programme should contribute to Government's efforts to implement the Action Plan for Exercise of the Rights of National Minorities²³ and, more broadly, to the Action Plan for the negotiation Chapter 23.

Activities

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

The CFP for Local Infrastructure Projects, with the indicative value of 5,250,000 Euros, closed on 29 June 2018.²⁴ The Programme supports public infrastructure that will contribute to better living conditions (schools, hospitals or health facilities, kindergartens, water supply systems, other public buildings), improved living conditions of vulnerable groups, and better waste management, through advancing and upgrade of existing social and communal infrastructure. The Programme received 46 applications and the evaluation of proposals started in July 2018. The representative of the Public Investment Management Office (PIMO) participate in the evaluation in the capacity of observer. The Evaluation Committee will recommend projects for funding to the PSC in September 2018, while the signing of grant agreements is expected in Q4 2018.

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

The project²⁵ for enhancing learning of Serbian as non-mother tongue in elementary schools in Bujanovac and Preševo has been developed in cooperation with the Coordination Body for Preševo, Bujanovac and Medveđa (CB) and approved by the PSC on 4 June²⁶. The intervention envisages hiring of six teaching assistants that will in the school year 2018/2019 provide support to eight teachers in conduct of classes of Serbian as non-mother tongue.

The tender for selection of service provider has been advertised from 12 June until 11 July, and resulted in submission of two offers, following a week long extension. The evaluation process is planned to be completed at the beginning of August and the project will commence immediately after.

²³ Government of the Republic of Serbia, [Action plan for the realisation of the rights of national minorities adopted](#) (3 March 2016)

²⁴ The CFP is available at [Open Call for Proposals for Local Infrastructure Projects](#)

²⁵ The Teaching Assistants Project Proposal is available in the Annex III, Attachment 3.1

²⁶ This project was in principle approved at the PSC meeting held on 4 June. The PSC requested letter of support to the project from the Ministry of Education, Science, and Technological Development that was electronically provided on 21 June 2018. Since there were no further requests or questions from the PSC, in line with the agreement, the project was finally approved on 27 June.

Within effort to develop the CFP for enhancing social cohesion in multi-ethnic municipalities, besides the CB, the Programme consulted the Office for Human and Minorities Rights and the Ministry of Education, Science and Technological Development. Guided by the Programme DoA, EU PRO developed the CFP aiming 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 CFP will be presented at the Second PSC meeting planned for September 2018.

Management and coordination

Programme Steering Committee

The second PSC meeting was held on 4 June 2018 in Belgrade where, among other things, the Inception Report²⁷, the project for procurement of a back-up server for e-permitting, and the project aimed at improving classes of Serbian as non-mother tongue were in principle approved.

EU PRO introduced minor modifications to the Inception Report and provided additional documentation related that was requested by the PSC – these inputs were considered by the PSC electronically from 21 to 27 June and since there were no additional requests or comments from the PSC, all approvals became final.

The next PSC is planned for early September 2018.

Coordination

EU PRO has continued to put efforts to coordinate its activities with the relevant stakeholders and other development interventions. Primarily, the Programme strived to engage national institutions in design of activities and selection of projects as this significantly reduces likelihood to support work that is not allied with the national policies and priorities. For example, EU PRO cooperated with the MCTI on implementation of project for back-up system for electronic issuing of construction permits and development of proposal for introduction of electronic preparation of planning documents, while consulting other institutions, such as is the Republic geodetic Authority.²⁸ Participation of the ME, MCTI, PIMO, and DAS in evaluation processes related to EU PRO CFPs is also indicator of efforts to ensure coordination.

Furthermore, the Programme maintains relations with other interventions. Swiss PRO has provided expert support for assessment of good governance elements in applications related to local infrastructure. EU PRO followed up on earlier meetings with the USAID Competitive Economy Project and met their representatives to acquire more information on interventions related to promotion of Serbian food products. As there may be overlap in beneficiaries, a regular exchange of information has been agreed upon, together with support in promotion of activities and events.

²⁷ The Inception Report is available at [EU PRO Inception Report 1 January - 30 April 2018](#)

²⁸ For more details check Result 2 and Activity 2.1

EU PRO participates in events relevant for its scope of work. For example, the Programme attended the Fifth Social Innovation Forum, organised by Smart Kolektiv, which offered insight into the latest developments related to social impact and entrepreneurship, social finance, cross sector partnerships and other mechanisms of support for social entrepreneurs.

The Programme will discuss the model for establishment of more formal model of coordination with the PSC.

Finances

The following are the main financial indicators²⁹:

- The total delivery as of 31 July 2018 is 463,460.24 Euros or 1.8 % of the Programme budget
- The forecast delivery for the next reporting period is 286,560.53 Euros

In accordance with the Programme's plans, the delivery should significantly increase in Q3 and Q4 2018 if the PSC verifies EU PRO recommendations for funding of projects.

Considering the number and size of applications, the funds planned for economic infrastructure and execution designs will be committed in early implementation phase, contrary to projections to utilise these funds over a longer period of time. This aspect will be discussed with the PSC and the donor and possibly include reallocation from other budget lines to economic infrastructure activities.

Initially identified need for more extensive use of experts in some areas was confirmed during this period. The Programme will therefore provide recommendation for utilisation of part of the contingency budget in the Q3 2018.

Human resources

Programme and Communications Assistant was recruited in July while general communication activities will be enhanced as five on-call Photographer positions in four locations³⁰ have been advertised and the selection process is on-going.

Personnel performance objectives for 2018 were set as a basis for monitoring and evaluation of work progress and achieved results. In addition, where relevant, personnel underwent mid-year performance evaluation.

Learning Plan for 2018 has been designed and approved. It envisages 61 trainings for EU PRO personnel in programme and project management, risk management, ethics and integrity, communications etc.³¹

²⁹ While these figures provide quality insight into the programme's spending the final figures are only provided in the Programme's financial reports.

³⁰ Belgrade, Niš, Novi Pazar and Vranje

Procurement

During the reporting period two tenders above USD 50,000 were advertised, one between USD 5,000 and 50,000 and two 'shopping' procedures. The progress on key procurement activities is as follows:

- The procurement of a server with network equipment for the MCTI has been published and contracting is expected for August 2018;
- The evaluation for the engagement and monitoring assistants to teachers of Serbian as a non-mother tongue in selected elementary schools in Bujanovac and Preševo has been finalised. Contracting is in process;
- Other procurement activities include the provision of TV, radio and online advertising services for the purpose of promoting the CFP for micro and small enterprises.

Reporting and monitoring

This Quarterly Report covers the period from 1 May 2018 to 31 July 2018. The Programme will recommend to align quarterly reporting periods with the calendar year.

Development of monthly reports has been initiated. These are internal but could be provided to the PSC or donor if requested.

The concept for establishment of comprehensive monitoring system, whose core will be based on Logical Framework Matrix (LFM) indicators, has been developed. Establishment and launch of monitoring system is planned for Q3 2018.

Risks and issues

The Programme has been implementing risk responses identified in the Description of Action. In order to reduce risk that less developed municipalities are unable to compete for funding with larger LSGs, the Programme included "bonus" points for municipalities with lower development levels. Within outreach efforts, the Programme used intensive and versatile communications channel and tools. Efforts were put to ensure high transparency of the CFPs and of evaluation criteria, which among other included invitation of line national institutions to participate in the evaluation of applications in the capacity of observer.

In response to the Call for MSEs, which was anticipated based on the high download rates of the application documents, over 450 applications were received, a volume which could cause delays in evaluation of the concept note applications and delay the award of the grants. In order to mitigate this risk EU PRO Programme has developed grant evaluation system which will include larger number of grant evaluation committee members for the evaluation of the project concept notes.

It is estimated that lack of organisations suited for specific requirements of the tender for language learning project could lead to an insufficient number of valid offers and potential rerun of the

³¹Learning Plan is available with the Programme

process. To avoid potential risk, the Programme put additional efforts to identify all eligible organisations and encourage them to apply. Alternatively, grant issuing to appropriate government institution was also taken into consideration.

Quality

The Programme underwent an Internal Quarterly Assurance for Q2 2018 on 11 July which concluded that EU PRO has made steady progress against set targets, with strong focus on stakeholder engagement and satisfaction, and established a solid base for financial delivery, while additional efforts need to be invested into further reinforcement of the governance.

Informative sessions dedicated to the CFP for micro and small enterprises and the four infrastructure 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.

Based on lessons learned from the predecessor European PROGRES Programme, the evaluation process for EU PRO CFPs will, where appropriate, include verification site visits to selected applicants as means of assessing feasibility of project proposals and confirm capacities of candidates.

Sustainability

The EU PRO Gender Action Plan (GAP)³², which provides framework for systematic address of gender equality issues by the Programme, was developed and adopted. Overall, the GAP is aiming 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. In EU PRO gender equality considerations are integrated into criteria of all five published CFPs and one RfPs for social cohesion project. The project proposal that are contributing more to gender equality are provided with additional points. Additionally, the Internal Communication Manual and Activity Plan embeds gender aspect and contributes to its promotion.

Under the Public Call for support to MSEs, sustainability is assessed through the applicant's ability to use and maintain the equipment and achieve the set targets in a post project period. More specifically, 10% of the total weight in evaluation of Full Project Proposals is awarded based on the assessment of the applicant's technical expertise to maintain equipment operational and in use, its financial capacities to maintain the equipment and cover other costs deriving from its use and impact on environment.

Similarly CFPs for infrastructure projects included financial, institutional and environmental sustainability of the projects as the key criteria. All activities within the grants will be performed respecting the national legislations, thus ensuring national ownership.

Lessons learned

³² The Gender Action Plan is available in the Annex V, Attachment 5.2

In response to the anticipated large volume of applications for the CFP for MSEs, several administrative procedures were assessed and modified to facilitate the collection process. On-line registration of info sessions participants was introduced and was very useful as it contributed not only to better accuracy in anticipated numbers of attendants, but also in creation of contact database which shall serve as future communication channel. However, the system can be improved by adding a time buffer between the application deadline for info-session attendance and the event itself, as large number of participants confirmed participation at the day of the event.

Likewise, available communications channels with potential applicants can be improved with simplification of the assigned email addresses (currently rsoc.clarifications@unops.org) to, for example, pitanja@unops.org.

Communications and Visibility

Two Ambassadorial events took place - EU PRO promotional event, which included EU Project Fair and Ambassadorial Lunch have been organised in Aranđelovac on 22 May. Close to 400 attendees included the Minister of the European Integration, the Head of the Delegation of the European Union to Serbia, representatives of 15 EU member countries of which ten ambassadors, representatives of local self-governments including 17 mayors, representatives of regional development agencies, Standing Conference of Town and Municipalities and other EU funded projects in Serbia. In addition to this, previously suspended DEU visit to Novi Pazar and Sjenica, initially planned for March, took place on 21-22 June 2018.

The Programme Communication Strategy³³ was prepared and approved by the Delegation of the European Union and the Ministry of European Integration. Templates for European PROGRES letterhead, reports and Power Point Presentations have been completed while the first batch of Promotion Material, including banners and the media wall, has been produced and (where applicable) distributed in full to different stakeholders.

The Programme activities were promoted through **five press releases** covering the CFPS for public infrastructure, support to micro and small enterprises, EU PRO promotional event, and the two-day visit of the Head of the Delegation the European Union (DEU) to Novi Pazar and Sjenica. The greatest interest, as always, was attracted by the visit of the Head of DEU to South West Serbia, resulting in 108 positive reports, followed by EU PRO promotional event, which generated 91 media reports. Out of overall 660 generated positive media reports, 236 or 36 percent were in the national media while around 450 featured the CFP for Procurement of Equipment and Provision of Services for MSEs.³⁴

The Programme's social media has served as a primary transitional media channel from EU PRO and its predecessor European PROGRES. Unfortunately, so far four requests to change the name of the existing Facebook page from European PROGRES to EU PRO have been rejected by Facebook team. Fifth consecutive request to change the page name is currently ongoing.

³³ The Communications Strategy is available in the Annex IV, Attachment 4.1

³⁴ The Overview of communications work is available in the Annex IV, Attachment 4.2

Nevertheless the **Programme social networks** have been swiftly attracting followership with 12 unpaid Facebook posts on EU PRO Promotional Event and the five announced Calls for Proposals reaching over 12,000 people and attracting 1,155 post likes. However three consecutive, paid, promotional campaigns for the CFP MSE generated unparalleled post engagement amongst others attracting 834 new page likes bringing the total number of followers to 9,853. Similarly, the Twitter page gathered over 17,300 impressions for 15 Programme related tweets growing in popularity to the current 858 followers.

EU PRO website was open to public on 22 May 2018, when both the Programme promotional event and the announcement of the CFP MSE took place. The website has since been visited 26,582 by 18,081 independent visitors, of which 12,220 were transferred from Facebook³⁵. Accordingly, by far the most visited page on the Programme website was CFP SME that received 20,292 visitors – resulting in 2,213 downloads of the CFP application form by end of June. Design of the website was approved by the EU and MEI while the programming and the continuous upload of relevant data is ongoing.

In support of Sector one's CFP MSE a thorough **outreach campaign** was conducted to compliment CFP MSE info sessions. The campaign included creation of visual identity ("Enko i Oli") and subsequent production and distribution of audio/video, web and print content through social and traditional media campaigns. Selection of all paid promotional interventions was based on communication placement data collected through the online survey, evaluation sheets from info sessions and in the later stage of CFP by the Sector identified need for more information in Valjevo, Pirot, Knjaževac, Požarevac and Čačak.

For promotional purposes 1,300 posters and 12,000 pamphlets were printed and distributed, while electronic versions of the materials was shared through different databases including European PROGRES newsletter and media database that contains close to 1,000 relevant emails.

Each of the 14 info session organised by the Sector was announced and covered with a media presence which resulted in 267 media reports. The Programme promo event and the visit to Novi Pazar and Sjenica of the Head of DEU were also used to promote the CFP leading to total of 400 positive media reports on the topic. In addition to the local and regional media, Deputy Programme Manager and SME and BSO Sector Manager promoted the CFP on national Radio Television of Serbia³⁶, Radio Belgrade³⁷, and Radio S2.

Major outreach was conducted through two pronged paid media campaigns. Paid social media campaign through Facebook and Instagram targeted relevant audiences in 99 Programme municipalities through three different ads timely promoting information sessions resulted in nearly 500,000 appearances in newsfeeds of the targeted audiences, 14,000 clicks on the post and generated close to 10,000 direct positive engagements – shares, comments and reactions. Correspondingly the Direct media placement started with prominent positioning of the web banner on Blic.rs³⁸, from 31 May to 14 June, and from 15 -27 June, on Ekapija.com, Bizlife.rs, Južnevesti.com

³⁵ Presumably prompted by the CFP SME promoted add

³⁶ RTS This is Serbia YouTube Channel [Presentation of the Call for entrepreneurs, micro and small enterprises](#) (29 May 2018)

³⁷ RTS.rs [European Support of 4.5 million Euros for micro and small enterprises](#) (28 May 2018)

³⁸ As the most visited news portal in Serbia, while desktop version was chosen since during the predecessor programme the desktop visitors outnumbered the mobile ones

and Kolubarske.rs. The media placement on four latter portals, for the data available³⁹, resulted in total impressions of 410,879 and 400 clicks.

The TV spot was broadcasted 196 times between 18-24 June on seven TV stations⁴⁰, while the radio spot was aired 484 times, four times a day on national Radio S2 and Naxi Nacional Radio and 15 regional radio stations⁴¹, including Novi Pazar Radio Sto Plus, Radio Požarevac Boom 93, and Užice Radio Luna.

The Clipping service provider company, the Programme and Communication assistant and the Programme Web designer have been enlisted. The Communication team has started preparation of the municipal profiles for the Programme local self-governments and been actively involved in the preparation of the comprehensive list of promotional material and adequate procurement procedure.

Work plan

EU PRO Work Plan for the period from 1 July 2018 – 30 September 2018 is available in the Annex V, Attachment 5.1. The following are the key milestones for the upcoming reporting period:

Result 1

- Activity 1.1 – Conclude evaluation of MSE concept notes; organise info sessions and RDA orientation meeting for the second phase of application process; Collect Full Applications and initiate evaluation with site visits
- Activity 1.2 – Finalise CFP for BSOs and submit to the PSC for consideration

Result 2

- Activity 2.1.1 – Complete the procurement of ICT equipment for upgrading of the electronic building permitting system; Develop draft CFP for GIS
- Activity 2.1.2 – Complete the evaluation of the CFP for DRPs; Develop the Concept Note for the Study for Introduction of Spatial Planning Information System and Electronic Procedure for Formulation of the Planning Documents
- Activity 2.1.3 – Complete the evaluation of CFP for Designs for Economic Infrastructure (first round)
- Activity 2.2 – Complete the evaluation of CFP for Economic Infrastructure (first round)

Result 3

- Activity 3.1 – Complete the evaluation of CFP for Local Infrastructure
- Activity 3.2 – Select service provider for language learning project and start implementation
- Activity 3.2 – Develop the CFP for enhancing social cohesion in multi-ethnic municipalities developed

³⁹ Available data for Kolubarske.rs during the media placement 18-27 June 2018, show 39,347 number of users and 78,977 number of sessions and do not show exact number of

⁴⁰ TV Va Plus Valjevo, RTV Novi Pazar, TV Pirot, Pi Kanal, Pirot, Telemark Čačak, SAT TV Požarevac, TV Knjaževac Info

⁴¹ Naxi Nacional Network: Zaječar Tempo Radio, Čačak Joker Radio, Kragujevac Radio 9, Kraljevo M Radio, Niš Banker Radio, Pirot Plus Radio, Vranje OK Radio, Leskovac Radio 016, Paraćin Kanal M, Jagodina Amore Radio, Smederevo Lux Naxi Radio

LFM – progress against indicators

Legend⁴²

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

Objectively verifiable indicators	Progress during the reporting period
<p>Overall Objective: To contribute to a more balanced socio-economic development in Serbia</p> <p>Project purpose: To enhance competitiveness and social cohesion of the less developed areas by better market positioning and more competitive SMEs and developing/improving business enabling and social infrastructure.</p>	<p>The Programme grant schemes for economic infrastructure and execution designs, and for development of detailed regulation plans for areas that have potential to generate economic activity create foundation to facilitate significant investments into infrastructure development and industries, which would in turn contribute to generation of jobs. EU PRO scheme for SMEs should also help local businesses to enhance competitiveness, win new markets, and increase export, while the local community would benefit from direct opening of at least 300 jobs.</p>
<p>RESULT 1 Improved technological structure of SMEs and their ability to increase their market share</p>	
<p>Activity 1.1 Grant scheme for SMEs</p>	<p>CFP for Procurement of Equipment and Provision of Services for MSEs published. Fourteen (14) info sessions organised. Promotion campaign conducted.</p>
<p>Activity 1.2 Support to Business Support Organisations (BSOs)</p>	<p>Further consultations with the stakeholders, mainly RRAs, conducted.</p>
<p>RESULT 2 Improved conditions for business operations through more efficient administrative service provision, better land management and specific small scale infrastructure investments</p>	
<p>Activity 2.1.1 Enhancing land management through development of GIS and improved access to geospatial data</p>	<p>The technical specifications for the back-up system for electronic permitting agreed with the Ministry of Construction, Transport and Infrastructure. PSC approved the project on 4 June and procurement advertised on 29 June.</p> <p>In consultations with MCTI, the Programme is developing the Concept Note and for the Study for the Establishment of Electronic Preparation of Planning Documents.</p>
<p>Activity 2.1.2 Development of urban plans related to economic development</p>	<p>The info sessions for 99 LSGs completed presenting four CFPs for Infrastructure Projects. Eighty four (84) LSGs attended. CFP closed on 11 June, 28 applications received, evaluation ongoing</p>

⁴² Colour the boxes in the table as appropriate

<p>Activity 2.1.3 Development of project technical documentation for projects contributing to economic development</p>	<p>The info sessions for 99 LSGs completed presenting four CFPs for Infrastructure Projects. Eighty four (84) LSGs attended. First cut-off date was on 11 June, 18 applications received, evaluation ongoing</p>
<p>Activity 2.2 Development/improvement of small-scale infrastructure with economic impact on local level</p>	<p>The info sessions for 99 LSGs completed presenting four Calls for Proposals for Infrastructure Projects. Eighty Four (84) LSGs attended. First cut-off date was on 11 June, 15 applications received, evaluation ongoing</p>
<p>RESULT 3 Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations</p>	
<p>Activity 3.1 Supporting projects for improvement of the living conditions and quality of public infrastructure in municipalities</p>	<p>The info sessions for 99 LSGs completed presenting four Calls for Proposals for Infrastructure Projects. Eighty Four (84) LSGs attended. Call closed on 11 June, 46 applications received, evaluation ongoing.</p>
<p>Activity 3.2 Supporting projects enhancing inter – ethnic dialogue and cooperation, improving social cohesion and social integration in multi – ethnic communities</p>	<p>Project proposal for enhancing social cohesion in Bujanovac and Preševo developed and selection of service provider in procedure. Initiated development of the criteria of the CFP for social cohesion projects.</p>