



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

ANNUAL REPORT

1 January - 31 December 2020



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
End date:	30 June 2021
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:	12 February 2021
Period covered:	1 January - 31 December 2020
Prepared by:	UNOPS

Acronyms

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

Executive Summary

The European Union Support to Municipal Development – EU PRO Programme completed the third year of implementation with a **strong progress towards achieving the objective of contributing to a more balanced socio-economic development in Serbia**. With 109 projects awarded as a result of the Second Call for Micro and Small Enterprises (MSEs) the total number of supported projects has increased to 342. The year also marked intensive finalisation and conclusion of activities, with an additional 189 projects completed contributing to a total of 220 completed projects (or 64.5 percent). Programme finances complemented implementation and the year is concluded with 91.41 percent of the total funds disbursed.

The year was marked by **the COVID-19 pandemic which tested resilience of the Programme** and affected its activities. The related restrictions and health considerations imposed the need to amend and adapt a significant portion of interventions resulting in 237 amendments to the grant support agreements, amending timeframe for implementation or the scope of activities adjusting to the new reality. However, generated delays were reduced to a minimum, and surpassed by a six-month extension period postponing the end of the Programme to June 2021.

Regardless of the global economic crisis, **the Programme contribution to job creation persisted, thus far attributing to creation of 1,233 new jobs**. During the year, 195 new jobs were created in beneficiary enterprises contributing to the total of 422 out of which 182 or 43 percent are occupied by women. In addition, with over 600 jobs attributed to economic infrastructure activities during the year, the Programme has contributed to creation of 811 jobs thus far. Though sustainability of the achieved results are heavily dependent on the global health crisis, it is likely that the Programme objective in relation to job creation will remain fulfilled.

Thus far, over 193,000 people have benefited from the Programme interventions. 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. Local infrastructure finalized during the year projects 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 eight finalised projects. Close to 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 16 completed projects. In addition, close to 20,000 citizens have benefited from the corporate-social responsibility activities implemented by the beneficiary enterprises.

Programme contribution to improved business competitiveness is confirmed by increased revenue and exports. Namely, **the beneficiary enterprises have increased their revenues by 20 percent** according to the official statistics for 2019 compared to 2018. Likewise, the value of export of the beneficiary enterprises has increased by 46 percent in 2020 compared to the baseline in 2018, with two million Euros worth of goods and services difference¹. The pandemic has inevitably affected the enterprises and reduced production in the second and third quarter of the year, however the final effects are yet to be seen.

Competitiveness of enterprises is boosted also through activities implemented by the Business Support Organisations (BSOs) which reached 623 SMEs. Almost half of the participating enterprises have been supported in digitalisation of their businesses, while 272 SMEs have been assisted to expand their markets. This intervention also contributes to longer-term sustainability of enterprises with the introduction of 26 new business-related services in beneficiary BSOs.

¹ The 2020 data confirms export valued at 6.2 million Euros compared to 4.2 million Euros registered in 2018

The Programme contribution to improvement of the business environment continued. The most significant results derived from the nine **economic infrastructure projects completed during the year which complemented efforts of the national and local governments and contributed to investments of 18 million Euros and a pipeline for investment of an additional 61 million Euros**. With infrastructure equipping of over 630 hectares of land, 26 new companies initiated their businesses in the eight supported industrial zones and besides generating immediate employment for 781 people, created potential for employment of 2,655 people in the longer term. Likewise, technical documentation developed for eight projects already facilitated 4.2 million Euros of investments and created a pipeline for investment of an additional 5.9 million Euros, while creating 30 new jobs. Finally, 15 completed detailed regulation plans created a pipeline for investment of 45 million Euros, in addition to over 300,000 Euros already invested in Užice and Dimitrovgrad.

Over 4,500 excluded citizens directly benefited from social cohesion intervention, which contributed to enhanced social cohesion in 17 multi-ethnic municipalities. With the Programme assistance, 750 Albanian-speaking children improved their functional knowledge of the Serbian language while the social cohesion grants recorded significant results in relation to the advancement of the position and life quality of around 200 children and people of disabilities (PWD), by improving social protection services and access to health and other public services. The Programme also contributed to the economic empowerment of the marginalised and vulnerable groups by creating new employment and income generating positions, and through the provision of new skills and knowledge that are improving their employability prospects. Finally, through reallocation of a portion of funding, **the Programme supported Government efforts in response to the COVID-19 pandemic** for procurement of medical equipment.

The quality of Programme interventions is confirmed externally by the Results Oriented Monitoring Mission conducted in November 2020 with extremely positive results. In addition, Programme approach to development of detailed regulation plans was awarded by the expert community at the International Urban Planners Exhibition in Kragujevac.

Coordination of activities with the national stakeholders throughout the year enabled efficient and effective assistance to Government efforts to fight the pandemic, steered by the Ministry of European Integration and the donor. Additionally, the Ministry of Economy had an instrumental role in ensuring sustainability of results achieved by the beneficiary MSEs with guidance and assistance in monitoring.

The **EU PRO communication activities during 2020 were in large part adjusted to accommodate global EU visibility priorities** with temporary refocus from previously predominant Programme development activities to the joint response of the DEU and the Government of Serbia to the COVID-19 pandemic. Even with the refocused approach, the programme activities continued to be promoted, generating 1,250 media reports of which 479 (38 percent) were issued in the national media and 771 (62 percent) in regional and local forums. The total number of all reports published since the start of the Programme thus reached the figure of over 5,087 reports surpassing a total number of reports gathered in the four and a half years of implementation of the predecessor programme.

In addition to the pandemic, the Programme was exposed to significant risks relating to parliamentary and local elections and legislative changes, along with the risk of having an uncommitted funding which is steadily increasing as the Programme reached its conclusion. The vast majority of risks related to the implementation of activities are surpassed.

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

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Review of progress and performance

Policy and programme context

The Corona-Virus (COVID-19) pandemic has been significantly affecting implementation of the Programme throughout the year. The state of emergency (SoE) enacted by the Government of Serbia (GoS) on 15 March was concluded on 6 May 2020. This period imposed the greatest implementation challenges, however by the end of 2020, Serbia was hit by several waves of pandemics with increasing numbers of infected persons, creating a deep and strong impact on LSGs that have proclaimed the SoE², causing budget cuts, inability to provide services to citizens, putting the administration system on the brink of endurance and **causing wide-ranging effects to the economy**.

Based on country-level survey data collected during the crisis by the World Bank Group³, at least 50 percent of the firms in the surveys had been forced to close at least partly, and the business activity was minimal for those that remained open and micro and small firms were more affected than medium and large firms⁴. The COVID-19 crisis is expected to impact Serbia's economy primarily through manufacturing, with exports and durable goods especially important. Sectors that were administratively blocked, like HORECA, entertainment, passenger transportation and personal services were especially hit. It is estimated that during the lockdown MSMEs suffered an 18-44% average shortfall in revenues relative to expectations, however, MSMEs have shown strong resilience having minimal cuts in formal employment during the lockdown.⁵ The Government of Serbia and the Central Bank have introduced assistance packages for MSMEs with the goal to improve liquidity and retain employment.⁶ Measures covered a broad range of MSME sectors, but more targeted measures to the most vulnerable industries have been introduced at the end of the year. By the end of 2020, Serbia's fiscal deficit is projected to increase from the expected 0.5% of GDP before the outbreak of the pandemic to a full 7% of GDP, in line with the trends in other countries, all the while public debt is estimated to rise from 49% of GDP to between 59% and 60% of GDP, which is still relatively low compared to other EU countries.⁷

The social implications of the pandemic are also far-reaching. Different UN reports⁸ show that the crisis disproportionately affects poor people and that⁹ certain groups such as elderly, women, young and unprotected workers, people living in informal settlements and homeless people are particularly vulnerable and affected during the crisis, while the mitigation measures must include targeted support to the most excluded categories. Moreover, findings of the World Bank included in the COVID-19 Socio-Economic Impact Assessment produced by the United Nations in Serbia¹⁰ indicate that the number of newly vulnerable people may grow¹¹.

² The escalating health situation resulted in the introduction of the State of Emergency and additional restrictions in the majority of local governments, while several Programme municipalities including Novi Pazar, Sjenica and Tutin were the most severely affected. Temporary hospitals were set up in the hotspot areas including Novi Pazar to strengthen the capacities of the health system to accommodate the needs of the increasing numbers of infected.

³ The Economic and Social Impact of COVID-19, WESTERN BALKANS REGULAR ECONOMIC REPORT No.17 | Spring 2020, World Bank Group <https://www.worldbank.org/en/region/eca/publication/western-balkans-regular-economic-report>

⁴ For example, 35 percent of Serbian micro-firms expect revenue drops above 80 percent compared to 10 percent of medium firms with the same expectation.

⁵ <https://ceves.org.rs/wp-content/uploads/2020/11/WB-Covid-19-Report-final.pdf>

⁶ <https://www.mfin.gov.rs/aktivnosti/ekonomske-mere-za-pomoc-privredi-i-gradjanima/>

⁷ https://www.rs.undp.org/content/serbia/en/home/library/crisis_prevention_and_recovery/covid-19-socio-economic-response-plan.html

⁸ <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25815&LangID=E>

⁹ http://hdr.undp.org/sites/default/files/covid-19_and_human_development_0.pdf

¹⁰ [COVID-19 Socio Economic Impact Assessment](#)

¹¹ The report states: The population currently considered vulnerable could increase from around 31% of the population pre-crisis to 33% or 35%, whereas the pre-crisis levels of 8% of poor workers in Serbia could go up to 12% or even 19% in the most affected sectors, such as wholesale and retail trade, accommodation, food services, real estate, administrative and support services, professional, and scientific and technical activities

The report provided by the Social Inclusion and Poverty Reduction Unit of the Government of Serbia¹², based on the data provided by civic and public sectors, estimates that **70% of people who were impoverished during the crisis 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 to 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 need for future investment in these sectors.

Parliamentary and local elections in Serbia¹³ were held on 21 June 2020 practicing changes to the electoral threshold which was lowered from five to three percent of all votes cast while the threshold was waived for ethnic minority parties. Citing the absence of conditions for free and fair elections numerous political parties boycotted the elections which resulted in the lowest turnout since the establishment of a multi-party system in 1990 and the landslide win for the Serbian Progressive Party (SNS) -led coalition. There are 250 seats in the National parliament¹⁴ of which 126 are necessary for a majority vote - SNS now holds 191 seats, 60 more than in the previous term. The local elections encompassed voting for 21 electoral lists in 145 municipalities and 29 cities. The Serbian Progressive Party (SNS) won in 139 municipalities and all 29 cities, while six municipalities of which five are in the EU PRO AoR - Čajetina, Ražanj, Surdulica, Svilajnac, Topola and Beočin will be administered by other entities.¹⁵ Election observer organisations declared that the elections were conducted according to minimum democratic standards, but some irregularities that affected turnout and results were noted.¹⁶ **The post-election period had a continued effect on the Programme** as the Government and Ministries were constituted in October 2020. Similarly the majority of LSGs held the constitutional assemblies and elected the new municipal leaders but with a significant delay. The change of local leadership occurred in 37¹⁷ out of 99 LSGs included in the Programme which had impact on the Programme activities implemented by the respective LSGs. Female leadership is now enhanced and present in eleven local self-governments included in the Programme area¹⁸. Out of the six LSGs in Rasinski District five¹⁹ now have women Mayors while the cities of Niš and Užice record female leadership for the first time in their history. Additionally, municipalities of Bajina Bašta, Trgovište, Babušnica and Surdulica are also led by women.

In March 2020, the Government of Serbia adopted²⁰ **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,

¹² [SJPRU online conference on poverty during Covid - 19](#)

¹³ Using the d'Hondt method the 250 seats of the National Assembly are elected by closed-list proportional representation from a single nationwide constituency. While some parties choose to contest elections solely in their own name, multi-party coalitions are more common. This allows smaller parties to reach the electoral threshold together, while for larger parties it represents an opportunity to amass support from more diverse sections of the electorate.

¹⁴ Final division of the 250 parliamentary seats is as follows: SNS coalition For Our Children (SNS–SDP–PS–PUPS–PSS–SNP–SPO–NSS) - Aleksandar Vučić has 188; SPS–JS - Ivica Dačić has 32 seats (10.4%); SPAS (Aleksandar Šapić) has 11 seats (3.6%) while the remaining 4.5% is divided amongst minority parties i.e. Hungarian VMSZ István Pásztor (2.5%); Bosniak SSP–DPM Muamer Zukorlić (0.7%) and SDA Sulejman Ugljanin (0.5%); Albanian PDD coalition Shaip Kamberi (0.7%).

¹⁵ [Europeanwesternbalkans.com](#) [Fajon and Bilčik: The dramatic change a challenge for the future government](#) (22 June 2020)

¹⁶ OSCE.org <https://www.osce.org/odihr/elections/serbia/parliamentary-elections-2020> (22 June 2020)

¹⁷ Valjevo, Osečina, Ljubovija, Vladimirci, Bogatić, Ivanjica, Paraćin, Despotovac, Čuprija, Trstenik, Brus, Varvarin, Čičevac, Knić, Kragujevac, Topola, Tutin, Užice, Arilje, Bajina Bašta, Prijepolje, Sjenica, Požarevac, Kučevo, Vlasotince, Niš, Svrlijig, Gadžin Han, Aleksinac, Merošina, Trgovište, Bujanovac, Babušnica, Smederevo, Prokuplje, Blace and Soko Banja

¹⁸ Before the elections female mayors were in Kruševac, Surdulica, Babušnica, Merošina and Svrlijig. With the 2020 elections the eleven LSGs led by women are: Kruševac, Surdulica, Babušnica, Niš, Trgovište, Trstenik, Brus, Čičevac, Varvarin, Užice and Bajina Bašta

¹⁹ Women Mayors in Brus, Trstenik, Varvarin and Čičevac in the Rasinski District

²⁰ <https://www.minrzs.gov.rs/srb-lat/aktuelnosti/vesti/vlada-srbije-usvojila-strategiju-unapredjenja-polozaja-osoba-sa-invaliditetom-u-republi-ci-srbiji>

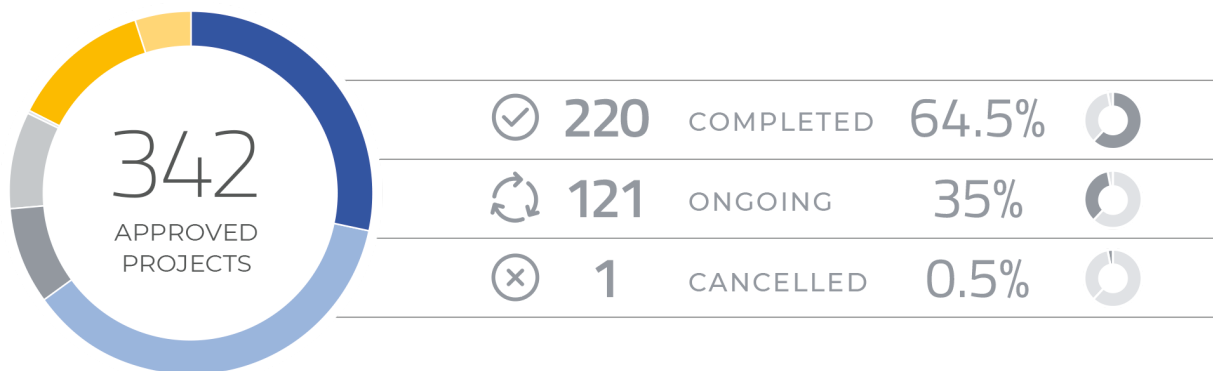
participation, equity, employment, education and training, social protection, health and other aspects that contribute to equalising their opportunities and achieving inclusive equality.

In March 2021, the Government of Serbia also adopted **the Industrial Policy Strategy²¹** for 2021 – 2030 period proposed by the Ministry of Economy. The Strategy is aligned with the EU Chapter 20 and it focuses on digitalisation, innovation, increased quality of investments, improvement of technological structure of the export and the circular economy. Many of the identified measures are related to education and promotion. Some of the gaps identified by the Strategy are already being addressed through the Programme, predominantly through activities implemented by the Business Support Organisations which include development of their own capacities and expanding the scope of services they provide, but also digitalisation and support to development of value added products.

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 during the quarter, however increased efficiency is expected in the following period.

Progress towards achieving 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 342 projects in total, out of which 109 were awarded during the year. Entering its final stage of the implementation, the vast majority of projects is either completed or finalised, and with 189 projects completed during the year the total number of completed projects is 220 or 64.5 percent.



Significant efforts have been invested in preparation for the successor Programme. A survey of Regional Development Agencies has been conducted and its results considered for development of the EU PRO Plus. Additionally, a survey for local self-governments (LSGs) has been initiated and its results will inform development of specific activities during the inception phase of the successor Programme. Finally, recruitment of an international expert for Integrated and Sustainable Territorial Development (SITD) has been initiated to expedite the Programme initiation phase. The expert will contribute to the Programme development and implementation and will provide expert inputs related to ISTD focusing on the Result 1 of the EU PRO Plus related to improved development planning in targeted municipalities and introduction of the ITI concept.

²¹ <https://privreda.gov.rs/wp-content/uploads/2020/05/Industrial-Policy-Strategy-2021-2030.pdf>

The EU PRO Programme **complements Government efforts to improve business competitiveness and environment and strengthen social cohesion and inclusion**. Programme activities directly contribute to implementation of several strategic documents.

The Programme contributed to implementation of **Strategy for the support to development of Small and Medium Enterprises, Entrepreneurship and Competitiveness for the period from 2015 to 2020**²². Several Programme interventions aligned with the Strategy and the Action Plan for its implementation generated results which enhance the competitiveness of businesses. Primarily, the Programme contributes to objectives defined under the **Pillar 4: Enhancing the sustainability and competitiveness of SMEs**. With over 630 hectares of land equipped with energy, utilities and transport infrastructure in eight supported industrial zones, the Programme contributes to development of infrastructure for regional and local economic development in relation to Optimisation and improvement of the degree of utilisation of existing infrastructure and development of the new business infrastructure for development of SMEs and entrepreneurship. Moreover, through activities implemented by the Business Support Organisations (BSOs), 299 SMEs were supported in digitalization of their businesses contributing to innovation, also recognised under the Pillar 4.

Also contributing to implementation of the **Act on small-sized enterprises** and the above referenced Strategy, the Programme contributes to further development of services for SMEs, through the activity implemented by BSOs who also built their internal capacities through training of 71 BSO representatives during the year, and introduction of 26 new business support services in the beneficiary BSOs. Likewise, the Programme contributes to objectives defined under the **Pillar 5: Improvement in the approach to new markets**. With assistance provided to 94 MSEs supported under the First Call to procure equipment and introduce complementary services, the value of annual export has increased by 46% compared to 2018 when it was 4.2 million Euros to 6.2 Million Euros in 2020. Moreover, through BSO intervention, 272 SMEs have been supported in market expansion.

The Programme activities are also contributing to implementation of the newly adopted **Industrial Policy Strategy**. Support to BSOs has contributed to its first objective: *Improved digitization of industrial manufacturing business models*. This was achieved through promotion of industrial digital transformation, education and advisory support to SMEs to implementation digital solutions implemented by 13 BSOs supporting a total of 299 SMEs in the digitalisation process. Moreover, in support to the second objective of the Strategy *Industrial development based on innovation and development of higher stages of technological manufacturing* more than 180 SMEs have been supported in improvement of processes, products or services by the BSOs. Finally, through direct support to 203 to procure new equipment and introduce new services (including standardisation, certification and digitalisation) the Programme contributed to the achievement of the third and the fourth objectives of the Strategy: *Increased total volume of industrial investments, accompanied by the improved quality of investments* and *Enhance technological structure of exports*. 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 food processing industry etc. This enabled supported companies to increase productivity while improving quality and lowering costs of production.

The Programme also contributes directly to the implementation of two strategic documents relevant for the improvement of the position of national minorities in Serbia - **the Strategy of Social Inclusion of Roma and the Action Plan for the Realisation of the Rights of National Minorities**. Integration of Albanian community is supported with improved knowledge of the Serbian Language in Preševo and Bujanovac. 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.

²² http://www.privreda.gov.rs/wp-content/uploads/2017/01/Strategija-I-Plan_eng_poslednje.pdf

Advancement of the **social cohesion activities** generated further results related to the improvement of the socio-economic position of excluded groups and better positioning of the national minorities groups. The COVID-19 outbreak impeded implementation, but all delays were addressed with activities rescheduling and project extension, and 95% of the projects have been completed providing direct benefits for over 4,500 citizens.

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 targeting mostly economically inactive populations from marginalised groups, resulting in their increased participation in the labour market and employment. Ten people were employed²³ and 90 income generating positions were created in Bela Palanka, Novi Pazar, Lebane, Babušnica, Dimitrovgrad, Bujanovac, Vranje, Vladičin Han, Bor and Priboj. Over 80 Roma from hard to employ and youngsters with intellectual disabilities enhanced their employability prospects by improving their skills and knowledge which is expected to generate further employment opportunities for at least another 20% of the beneficiaries in the next period and for the majority of them in the long run.

Furthermore, the EU PRO **promoted and supported sustainable agricultural 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. Around 100 rural citizens²⁴ gained knowledge and skills related to agriculture and rural entrepreneurship.²⁵ That being the case, organic production was initiated for the first time in Dimitrovgrad and expanded in Babušnica, while the placement of their products is secured through local women's cooperatives for food processing. Production of dried forest fruits and vegetables was initiated in Lebane, while in Priboj ten agricultural holdings expanded food production through equipment provision.

Development of new and improvement of existing services for disadvantaged citizens 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

The Programme facilitated creation of 195 new jobs in beneficiary enterprises in 2020 (86 new jobs in enterprises supported under the First CfP and additional 110 new jobs in enterprises supported under Second CfP). This makes a total of 422 new jobs created by 148 beneficiary enterprises out of which 182 or 43% are 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 for the 94 enterprises supported in 2019 under the first Call for Proposals. These companies recorded an increase in revenue by 20% in 2019 compared to 2018. Out of 94 supported companies, 34 companies have registered direct export in 2020. The value of annual exports increased by 46% compared to 2018 when it was 4,2 million Euros to 6.2 Million Euros in 2020. All this has been recorded despite the COVID-19 pandemic that negatively affected most of the business needed to lower the production due to problems with organizing the production process, inability to get supplies and/or deliver products as well as decreased demand. At the beginning of COVID-19 pandemic, in April 2020, the initial results showed that 56% of grant beneficiaries reduced the production

²³ Five regular and five temporary employments

²⁴ Mostly women, while it was ensured that members of all national minorities inhabiting these municipalities (Roma, Bulgarians, Bosniaks and Vlachs) had fair representation among beneficiaries.

²⁵ Including knowledge and skills on organic production, registration of tourist households, harvesting and packaging of medical herbs, as well as basic IT skills and on-line marketing for product placement, etc.

in this period and 17% closed the production. By June 2020, all beneficiaries continued the production. More than 44% have still been 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 programmes 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. The long term impact of the COVID-19 is, however, yet to be seen.

The corporate-social responsibility activities (CSR) have been implemented by 72 supported enterprises from the first Call during 2019, out of which 18 also continued finalization of their activities also in 2020. In addition during 2020 CSR activities were implemented by remaining 22 enterprises supported under the First Call and 51 enterprises supported under the Second Call.

These activities in 2020 included support to organisations and institutions that cater the children (32) like rehabilitation and equipping of public schools and kindergartens, provision of support to members of vulnerable societal groups and local organisations dealing with socially vulnerable groups (18), support to sports club and associations (12), Support to medical institutions (8), environmental protection activities (1), Support to local manifestations (1), and rehabilitation of local roads (1).

Approximately 20 thousand people have direct benefits from the mentioned CSR activities. Additional 58 CSR activities are planned to be completed in 2021.²⁶ In addition to the planned CSR, due to extraordinary circumstances with the pandemic many beneficiary enterprises used the new equipment to help local communities respond to the crisis. For example beneficiary CT Media, as well as some other textile companies, used new equipment to produce protective masks and donated them to medical workers and the general public. Beneficiary Progen Solutions DOO Leskovac that produces specialized cleaning agents donated hand sanitisers that were available in public spaces in Leskovac for free. The beneficiary dealing with metal processing, Corten Art doo, used the new equipment to develop disinfection tunnels.

Support to the beneficiary enterprises resulted also in other social benefits as 59 out of 109 newly supported enterprises in 2020 are owned by women (39) or youth (20).

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 BSOs.

Activities

1.1 Grant scheme for SMEs

During the reporting period, activities on the remaining 75 out of the 94 grants awarded under the First Call for MSEs have been completed while new 109 projects deriving from the Second Call for MSEs have been initiated, out of which 20 are finalised.

²⁶ For more details see Annex I Att. 1.1 EPR MSE CSR Report 2020

The evaluation of the 555 applications received in response to the Second Call for Proposals for Procurement of Equipment and Provision of Services for MSEs which closed on 10 November 2019 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. The Ministry of Economy and the Development Agency of Serbia were invited to participate in the evaluation process as observers and the Ministry of Economy took part in the evaluation process by nominating two observers for the grant evaluation committee. Upon the administrative check of the 555 received applications, 408 applications were recommended for evaluation. 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 final step of the evaluation, the verification field visit. The field visits were organised in late February and early March 2020 and the list of projects recommended for support was concluded in April 2020.

Pursuant to the Programme Steering Committee (PSC) approval of award to 118 SMEs under the Second Public Call for SMEs²⁷ In May 2020, 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 and initiated the planned activities. By the end of the year, 20 MSEs have completed all planned activities, including the procurement of equipment and services, new jobs creation and implementation of Corporate Social Responsibility (CSR) activities. An additional 24 beneficiaries have procured and installed all planned equipment while 14 more received a part of the planned equipment. Finally, the remaining 51 enterprises have finalized procurement processes. The CSR activities are concluded by a total of 34 grantees.

As the COVID-19 pandemic related restrictions influenced the procurement processes and implementation of the planned CSR activities, 47 projects needed to be extended. Finalisation of activities on all awarded projects is expected to conclude in the first quarter of 2021.

1.2 Support to Business Support Organisations (BSOs)

Following the award of projects to Business Support Organisations (BSOs) in late 2019, the twenty beneficiary organisations have initiated the planned activities in early 2020 and by the end of the year, 17 projects have been finalised. Due to the nature of activities which in the vast majority included group gatherings all projects have been affected by the COVID-19 pandemic and therefore needed to be adjusted and many extended. Seventeen out of the 20 BSO grants needed to be amended either with deadline extension and/or budget revisions in order to accommodate these effects and ensure that project results can be achieved. Total of 24 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

²⁷ 112 projects recommended for financing and an additional six on the reserve list

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 joined participation at business fairs, establishing/enhancing online marketing and sales, 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 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 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 service 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

During 2020, the Programme finalised 27 projects and registered significant contributions from all 33 completed projects during 2019 and 2020, predominantly from economic infrastructure projects, to the improvement of the business environment.

All nine completed economic infrastructure projects²⁸ significantly improved conditions for investments in all nine local self-governments where EU PRO supported the development of economic infrastructure with 4.5 million Euros. The total of 630 ha of land in the infrastructure zones of Kragujevac, Paraćin, Priboj, Svilajnac, Smederevo, Šabac, Užice, Bojnik and tourist zone Sokobanja was infrastructurally equipped with the aim of increasing the investment potential of local self-governments and achieving economic growth. New access roads and improved communal infrastructure attracted 26 new companies to initiate their business in the zones, thus generating 61 million Euros of new investments and creating a job opportunity

²⁸ The outcome and impacts of Economic infrastructure projects are available in Annex II_Att2.4_EPR_Imact of the EU PRO economic infrastructure projects

for 2,655 people. So far invested 18 million Euros, created jobs for 781 people and indirectly contributed to the leading Programme indicator.

What is more, out of 61 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.

Despite global pandemic and national State of emergency delayed Programme activities and impacted on the expected outcomes and impact, during 2020 all nine economic infrastructure projects (EIP) continue to yield results and to contribute to economic growth:

- In Kragujevac industrial zone, covering 155ha, four investors have acquired land to initiate their investments: "Intergas", "Luk oil", "Sanel" and "Hellenic petroleum".
- In Priboj free zone, covering 26.7 ha, company "Inmold" from Požega leased 5200 square meters of office space with the intention to engage 100 new employees for the production of robotics and plastic spare parts. During 2020, 35 inhabitants of Priboj already found employment in "Inmold". To support this investment, a technical school in Priboj adjusted the educational system to fit the economy's needs. Priboj free zone registered a 100% increase in export in 2019 (12.1 million Euros) compared to 2018 (6.4 million Euros).
- Paraćin handed over the completed construction works to company "Rimaster" on 19 June 2020 and started to collect rent thus facilitating the loan reimbursement. "Rimaster" equipped the facility, initiated the production and employed the first 150 workers out of 1000 planned. In addition to "Rimaster", five companies are in the permitting process for construction of new facilities in the zone, while an additional six companies expressed interest in buying the land. Aranđelovac based company "Gerovit" entered into negotiation to acquire one of the four blocks of land in the zone.
- Svilajnac completed a short film on promoting the impact of infrastructure equipping of the new business zone in attracting investors. Slovenian company "Hočevar d.o.o."²⁹ and German company "A2000 industrija-elektronika d.o.o."³⁰ facilitated 13 million Euros of investments in new factories that will provide jobs for an estimated 250 employees. The construction of their facilities is in progress. To meet the economy's needs, Svilajnac is adjusting the high school education system to create adequate profiles. In addition, local Company "Visan" invested 1,5 million Euros in acquiring 7ha in the zone for further development.
- The retail chain NEST constructed a shopping mall in the newly equipped business zone Krčagovo in Užice, facilitating the business for an additional ten domestic and international companies and creating 60 new jobs for the inhabitants of Užice. In 12 companies already operating in the zone covering 65ha, 50% of Užice inhabitants are employed. It is expected that 2 million Euros invested in the new retail chain will create job opportunities for another 60 inhabitants of Užice.
- Besides 21 companies operating in the zone covering 208 ha, three new companies decided to relocate their businesses in the North-West industrial zone in Šabac, equipped through the EUPRO, planning to employ 30 people. It is expected that this zone will generate 1.000 jobs at its full potential in the forthcoming period.
- Contribution to the improvement of conditions for doing business in the industrial zone in Smederevo, by improving the lighting of the area and video surveillance, significantly improved the overall safety and security in the zone. This already contributed to the attractiveness of the zone to new investors and so far, three new investors³¹ started their business activities in the zone. By investing 5.8 million Euros in their facilities and the equipment, they already increased the number of generated jobs by 55 in the previous period, and the perspective is to create 620 more jobs.

²⁹ <https://www.rts.rs/page/stories/sr/story/57/srbija-danas/3522625/slovenacka-kompanija-hocevar-grad-pogon-u-svilajncu.html>

³⁰ <http://www.infocentrala.rs/dve-nemacke-fabrike-u-svilajncu/>

³¹ Mayekawa SRB d.o.o. Smederevo (Japanese company producing cooling compressors), Tomi Trade d.o.o. Smederevo for river transport and Koepfer d.o.o Smederevo (German company producing high-precision gear parts and transmission components)

Another world-known concrete equipment manufacturing company with a seat in Germany, Schwing Stetter, is constructing its facilities. The estimated value of an investment is 6.8 million Euros, and it tends to employ 350 workers.

- Thus far only three local investors expressed interest in initiating their business in Agro business zone Kosanić in Bojnik, which is the first expression of interest for Bojnik agricultural zone. On 52 ha of the zone, Bojnik planned to create 150 job opportunities.
- The newly reconstructed water network in Sokobanja will ensure sufficient capacity of water infrastructure necessary for the construction of hotel facilities, contributing to the expansion of the hotel industry. Besides Hotel Sunce that already invested in reconstruction three million Euros (out of eight planned) and employed 92 inhabitants of Sokobanja, two more construction permits for new hotel complexes were issued. This will significantly improve the tourist offer in Sokobanja and the living standard for the Sokobanja population. Likewise, regular access to a better quality water supply will bring health benefits to Sokobanja residents.

As an outcome of the activities on geographic information systems (GIS), the Programme registered some new initiatives and supported their implementation during the grant 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 introducing a regional GIS centre for Podrinje. The centre will be in charge of regional GIS development and provide capacity development for LSGs staff as a training centre. The new thematic applications related to mapping degraded areas of Podrinje will be developed as a foundation for a more comprehensive environmental protection approach.

The development of Geographic Information Systems is providing a foundation for evidence based decision making and the establishment of supporting mechanisms for boosting local development and public services improvement. Through the first completed GIS project, Topola has succeeded in efforts to provide comprehensive data for increasing tourism destinations visibility and attracting investments, by mapping tourism infrastructure and investment locations, thus to improve public services and efficiency, through recording of the entire urban area, and mapping of road infrastructure, public lighting and social services.

Fifteen completed detailed regulation plans created a pipeline³² for the new investments worth 45 million Euros and facilitated Užice and Dimitrovgrad investments. 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 workers³³ upon finalisation of the COVID-19 crisis.

The effects of the plans and the meetings organised with investors in sixteen local governments during 2020 confirm the effectiveness of the early public insight which was a prerequisite of the Programme in support of the development of plans for which the Programme received an award at the 29th International Urban Planners Exhibition.

Eight completed Technical documentation projects, facilitated 4.2 million Euros of investments, provided jobs for 30 people and created a pipeline for additional 5.9 million Euros of new investments. Developed

³² Pipeline of investments available in AnnexII_Att.2.3_PipelineOfProjects

³³ <https://www.danas.rs/ekonomija/prodate-sve-parcele-u-zoni-beles/>

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 30 Bela Palanka inhabitants who underwent vocational training to prepare for the job. Employment for the initially planned 100 people is expected until April 2021. 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.

Activities

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

Implementation of the 19 awarded projects is progressing with some delays, mainly due to challenges related to procurement processes caused by reduced operational capacities of LSGs during the COVID-19 pandemic and the newly introduced Law on Public Procurement. In 2020 Topola completed all GIS activities, while the GIS system is operational and functioning in other 17 municipalities. Čačak is finalising the procurement to reach full functionality in the 1st quarter of 2021. The Programme approved extensions for 18 grants to ensure successful completion of remaining activities and enable minor secondary procurements of equipment and services that will further enhance the sustainability and internal GIS capacities.

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 LSGs³⁴ 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 underused locations in Kraljevo, architectural and construction heritage in Šabac, and urban mobility application related to mapping of bus stops in Kruševac and Aleksinac.

2.1.2 Development of urban plans related to economic development

Implementation of the 19 grants for the development of Detailed Regulation Plans (DRPs) awarded in October 2018 is progressing in line with the plan. Out of 19 grants, 14 DRPs are adopted³⁵, one DRP is in adoption procedure³⁶, one DRP is in public insight procedure³⁷, two are in the draft phase³⁸, and one DRP grant is terminated³⁹. The time extension was granted to five local self-governments, mainly due to procedural matters out of grantee control. Additional delays were registered 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.

Besides the formal planning procedure, the Programme provided additional advisory support during the year through early public insight in Raška and through the provision of suggestions for draft plans for other DRPs, in order to improve their quality and feasibility for implementation. The Programme intervention aimed to avoid the need for further elaboration of the plans through urban designs. Improved quality of the plans will at the same time ensure their self-sustainability. On the other hand, advisory support was provided for specific aspects of planning solutions, such as the size of parcels, infrastructure routes, better land use definition, etc., to ensure a more detailed elaboration of the planning solutions.

³⁴ Čajetina, Niš, Zaječar, Kragujevac and Žagubica

³⁵ Aranđelovac, Čajetina Dimitrovgrad, Kraljevo, Kučevo, Merošina, Rača Topola, Užice, Veliko Gradište, Velika Plana, Leskovac, Pirot and Zaječar

³⁶ Majdanpek

³⁷ Vlasotince

³⁸ Raška and Surdulica

³⁹ Blace

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 Exhibition, held online from 10 – 13 November 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 EUPRO 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

Implementation of the twelve grant agreements related to technical documentation development for projects contributing to economic development is underway, predominantly following the agreed dynamics. Besides Kragujevac, completed in 2019, seven⁴⁰ more local self-governments finalised execution designs for the economic infrastructure projects.

During February 2020, the City of Niš selected a winning concept solution from the open competition for the development of the conceptual design for the Multifunctional Expo Centre City of Niš and continued with implementation activities. However, the complex approach increased initially budgeted value for execution design development and led to the tender's failure. After two failed tenders, Niš re-tendered the revised scope for developing the Execution Design for Expo Centre, and received three formally and technically compliant offers. Niš awarded the contract to the Company IDEST doo from Kragujevac. The Programme granted a time extension until 30 April 2020 to allow for the completion of the planned activities.

Technical design for Construction for Multimedia Business Centre in Vranje has been finalised and the construction permit obtained in October. Vranje is finalising the detailed design for construction purposes, and the Programme allowed the extension until mid-February to enable completion of execution design.

The City of Čačak completed the design for the construction permit for the Technology Park in Čačak and will submit the request for the construction permit after the designer addresses all remarks from the Science and Technology Park (STP) assembly and the technical review team. Due to the COVID-19 and complex STP assembly decision-making process, where each design stage's content must be unanimously granted by each of the five-member of the assembly and approved by the technical design review team, the Programme approved a time extension to Čačak until end-March 2021. Technical documentation for the drainage system of the industrial zone Šeovac in Kraljevo is in the final stage of development of the design for the construction permit. However, the PE Roads of Serbia (PERS) denied issuing the location conditions for the third time. As a consequence of the high impact on COVID-19 to the members of the design team, the Programme granted Kraljevo the time extension until the end of March 2021 and established a direct connection between designers and PERS.

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

In 2020, the Programme finalised the remaining six economic infrastructure projects and registered significant contributions to the improvement of the business environment. Besides Kragujevac, Svilajnac and Priboj finalised in 2019, industrial zones in Paraćin, Šabac, Smederevo, Bojnik and Svilajnac were

⁴⁰ Topola, Smederevo, Knjaževac, Bela Palanka, Vladičin Han, Doljevac and Kučevo

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, before the end of the Programme. The overall value of all nine economic infrastructure projects is 5.41 million EUR or 98% of initially approved proposals.

All eight industrial zones covering an area of 630ha, 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 for 300m³/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 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

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. 34 out of 37 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 8 finalised projects. Near 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 16 completed projects. The Programmes continuously register the impact of the completed projects on the vulnerable groups, direct beneficiaries and wider community⁴¹:

- 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 three settlements will directly transport all wastewaters to the wastewater treatment factories.
- 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

⁴¹ Full impact and the status of local infrastructure project is available in AnnexII_Att.2.5_LIP Status_ENG

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.

Good governance activities, implemented in partnership with the Swiss PRO programme, are striving to build 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 principles⁴² 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.

Despite the implementation issues and delays caused by the COVID-19 crisis, **the social cohesion activity is progressing towards its end, where 21 out of 22 projects have been completed.** Until now, over 4,500 excluded citizens directly benefited from this intervention, which contributed to enhanced social cohesion in 17 multi-ethnic municipalities.

The evaluation of the project for improving understanding of the Serbian language among Albanian pupils showed that over **750 children improved their functional knowledge of the Serbian language after two-year long implementation.** 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 social cohesion grants recorded significant results in relation to the **advancement of the position and life quality of around 200 children and people of disabilities (PWD)**, by improving social protection

⁴² Annex II_Att 2.6_Overview of GG in LIP Projects

services and access to health and other public services. An 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.

The Programme **contributed to the economic empowerment of the marginalised and vulnerable groups** by creating new employment and income generating positions, and through the provision of new skills and knowledge that are improving their employability prospects. In Bujanovac and Vranje, 43 Roma completed vocational training and gained new skills and knowledge and two women got employment as seamstresses, while the most successful of the beneficiaries (20 of them) are provided with the equipment for a business set up or income generating activities. The intermunicipal project of Novi Pazar and Bela Palanka realised a set of active employment measures and on the job training for 20 young people with disabilities and 19 youth Roma, resulting in three employment and opening of two Career Guidance Centres.

In Babušnica and Dimitrovgrad, 20 owners of agricultural holdings, mostly women, gained knowledge of organic production, while ten of them were equipped for starting organic production and initiated the process for organic certification. The placement of their products is secured by the Women's Cooperative from Babušnica that is manufacturing traditional food products. In Lebane, the women's association is equipped with a solar dryer, enabling the start of sustainable production of dried forest fruits and vegetables in remote mountain villages and economic empowerment of at least ten women from rural areas, where two of them got temporary employment. In Bor, 37 unemployed women from passive rural gained knowledge on making handmade souvenirs, medical herbs collection, registration of tourist households, as well as the online promotion of the products. This resulted in the registration of the association for the promotion of local tourism and traditional food by two women, while seven women started production and selling of souvenirs and herbs online, as well as through the local Tourist Organisation after contract signing. In Priboj, eight agricultural holdings that are engaged in traditional food production are equipped with machines which resulted in increased production.

The social cohesion projects achieved significant results related to the **advancement of the position of national minorities**. They contributed directly to the social inclusion of over 200 Roma in Babušnica and Vladičin Han through the implementation of active measures in the five priority areas - housing, social protection, health, employment and education. For example, twenty Roma families are equipped with greenhouses, contributing to their economic empowerment, while over 130 Roma people received legal and other types of assistance in resolving issues related to house legalisation, obtaining social welfare benefits, etc.

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.

Access to sports activities for 157 children in the village of Belo Polje near Surdulica is improved, by equipping the local Day Centre with sports equipment. Additionally, it increased the inclusion of Roma children by enrolling ten of them in the Table Tennis Association located in the Centre.

Activities

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

Implementation of local infrastructure projects is progressing predominantly in line with the planned implementation dynamics. Despite assumptions in the DoA, that could not foresee a pandemic, and all

risks materialised to issues during 2020, the Programme managed to finalise 92% of all local infrastructure projects.

In addition to five local infrastructure projects completed during 2019, 29 local-self governments⁴³ managed to complete projects during 2020⁴⁴, bringing the total number of completed projects to 34.

Minor delays were registered with the three remaining projects⁴⁵ where the Programme granted an extension to the local self-governments to utilise the savings on additional works.

Among them, a two-month extension was granted to Kučevo to allow the successful commissioning of the completed works. Namely, Kučevo completed all works on providing a safe and reliable water supply for citizens of Kučevo and expects to finalise technical commissioning during the first quarter of 2021.

Babušnica introduced the new contractor for the remaining portion of interior works from savings, with some delay on 23 November 2020, pursuant to resolving discrepancies between the design and the site conditions, for which the Programme granted to Babušnica additional four months of extension until 16 February 2021.

Bosilegrad progresses with the works on the extension of the water supply system “Roda” in the suburban settlement Dobri Do derive from the project budget’s savings. They completed 85 % of additional works and plan to finalise the remaining portion of works provided favourable weather conditions, as welding works are allowed only above 5°C. If unsuccessful, Bosilegrad will seek another extension to manage the completion of all planned works.

The Programme closely monitors these activities with weekly site visits by the EU PRO infrastructure team members who support the beneficiary local government to mitigate the risk of untimely completion.

During the first wave of the COVID-19 pandemic from the beginning of March 2020, the Programme registered several suspension of works on a couple of projects due to the local governments’ inability to process payment requests. Besides, Žagubica Health Centre suspended the works, as access to the construction was not possible during the state of emergency. With travel restrictions and curfews in place, two construction sites in Čajetina and Batočina were temporarily suspended. Finally, the Government measure that significantly affects the local governments was the suspension of new investments and procurements⁴⁶ bringing uncertainties for the planned activities for which procurement processes have not been initiated. The second wave of the pandemic further decreased the operational capacities of local self-governments. In between, the local elections put on hold the processes in local self-governments during the third quarter. For this and other reasons, a limited time extension for 26 local infrastructure projects was granted during the year, all directly or indirectly related to COVID-19.

Complementary activities of **introducing GG principles with the EU PRO infrastructural projects**⁴⁷ continued with the adoption of additional ten regulations that mainly enhance non-discrimination as well as cooperation among different local institutions in terms of accountability and efficiency. So far, **18 LGs adopted 21 new regulations.**

COVID-19 and the parliamentary and local elections held on 21 June along with the post-election period also slowed down the process of adoption of already prepared local regulations, thus reflected in a reduced number of adopted documents than initially planned.

⁴³ Aleksinac, Golubac, Knjaževac, Ljubovija, Žabari, Leskovac, Boljevac, Surdulica, Bujanovac, Merošina, Vladičin Han, Bela Palanka, Prijepolje, Doljevac, Kraljevo, Požega, Priboj, Boljevac, Valjevo, Trgovište, Batočina, Raška, Smederevo,, Žagubica, Dimitrovgrad, Prokuplje, Rekovac and Sjenica

⁴⁴ Status of all local and economical infrastructure projects is available in AnnexII_Att.2.2_EIPandLIPstatus

⁴⁵ Kučevo, Bosilegrad, Babušnica and Čajetina

⁴⁶ Quoting the article 62 of Law on the Budget system

⁴⁷ Annex_Overview of GG intervention within EU PRO infrastructure projects

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

Implementation of the social cohesion activities was progressing in accordance with the plan prior to the COVID-19 outbreak. The constraints imposed by the pandemic prolonged implementation of the projects, where those involving group gatherings and school-based activities were the most affected. Nevertheless, the activity is the final phase of realisation.

The language learning project was modified in March due to the COVID-19 outbreak and finalised through the distance learning modality in June 2020. The online environment didn't affect the project significantly, as the pupils remain motivated to learn under the new circumstances, but the final testing of their knowledge was not feasible and the evaluation of the last phase of the project was based on the grades of the children at the end of the school year. It was concluded⁴⁸ that the two-year intervention for improving teaching and learning Serbian as a non-mother tongue (SNMT) significantly contributed to the improvement of the knowledge of the Serbian language among Albanian pupils.

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-manual⁴⁹. 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.

The COVID-19 crisis created significant disruption in the implementation of the 21 social cohesion grants. Only three projects were completed in accordance with the original timeline. Following the COVID-19 outbreak in March, 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. Monitoring of the projects was reinforced in order to address all the issues induced by the pandemic crisis.

Despite the interruptions, all social cohesion grants, except the one⁵⁰ in Sjenica, were completed by the end of 2020 contributing to the objectives of the Programme and improving social cohesion in 17 municipalities where they were implemented. Five projects are administratively closed and nine are in the closing procedure. The remaining ongoing project is set to be completed in February 2021.

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.

In order to support the Government's **efforts to respond to COVID-19**, the Programme managed to conduct 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, 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

⁴⁸ [Annex III Att.3.1 Group 484 Final Report 2018-20 Aug20](#)

⁴⁹ https://www.grupa484.org.rs/h-content/uploads/2020/11/e_book_final-version_compressed-grupa-484.pdf

⁵⁰ Implemented by the Association for helping children and people with disabilities in Sjenica

thermometers which are used in public institutions. Additionally, the Programme procured 19 ambulance vehicles in late December to enhance the overburdened capacity of the health protection system⁵¹.

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.

The support to procurement of COVID-19 related medical equipment and items was formalised with an Addendum concluded in July 2020.

Management and coordination

Programme Steering Committee

The Programme Steering Committee (PSC) supported the implementation of the Programme throughout the year. Due to COVID-19 related restrictions, only one PSC meeting has been held on 23 December 2020, and the PSC executed its mandate mainly through electronic communication and bilateral meetings. In addition to considerations of the regular Programme reports, including the Annual Report for 2019 and three quarterly reports for 2020, the information on the COVID-19 - related emergency procurements were communicated with the PSC. Finally, during the reporting period, the PSC reviewed and approved the results of the Second Call for MSEs through electronic voting in May 2020.

Coordination

The Programme maintained coordination with the national institutions, primarily through the Programme Steering Committee. The Ministry of European Integration continuously steered Programme interventions and enabled the prompt response to the global health crisis in coordination with the donor. The Ministry of Economy also had an important role during the period, providing direct support in the evaluation process for the Second Call for SMEs and guidance on addressing risks to sustainability of SMEs derived from the pandemic.

Complementary activities of **introducing GG principles with the EU PRO infrastructural projects**⁵² implemented in cooperation with the Swiss PRO Programme continued with the adoption of an additional ten regulations that mainly enhance non-discrimination as well as cooperation among different local institutions in terms of accountability and efficiency. So far, 18 LGs adopted 21 new regulations, providing direct benefits to more than 15,000 people among which 8,236 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 particular vulnerable groups while two documents regulate further use and allocation of energy efficiency savings.

The Programme intervention for the integration of GG principles into regulations within the infrastructure projects was recognised as beneficial in terms of wider impact. As an example, after LG Merošina adopted the Decision that incorporates kindergarten for Roma children based on the project activities into the regular network of public preschool institutions, it has made an almost immediate impact on the increase

⁵¹ An overview of COVID-19 related medical equipment is provided in Annex III_Att.3.2

⁵² Annex [Overview of GG intervention within EU PRO infrastructure projects](#)

of Roma children in the first grade as well as in the preschool preparatory group. Namely, systemic incorporation of GG principles into local regulations additionally enhances the sustainability of the entire intervention. As the examples of good practice in terms of non-discrimination principle, a total of 2,000 Roma improved living conditions with the free of charge new connections to the sewage system while LGs Batočina and Golubac enabled better access to public properties and free use of sport terrains for 3,900 school children and youth. As the example of good results in terms of accountability, LG Žagubica conducted 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.

The Programme ensured coordination with the key stakeholders in the course of language learning projects. Regular meetings were held with the representatives of Group 484 and the Coordination Body, while the communication was intensified upon the COVID-19 outbreak in order to address all the issues induced by the crisis. After the schools shifted to a distance learning programme, jointly was agreed to continue the project in the same manner and the schools covered by the project were informed formally.

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. These inputs are taken into account in steering implementation of the Programme activities and especially in cases when activities needed to be amended in line with the pandemic-related restrictions and concerns.

Finances

All EU PRO financial and administrative records are kept in accordance with the UNOPS financial rules and regulations. Pursuant to the aim to implement best practices in the area of accounting and financial reporting, UNOPS, including EU PRO, applies the International Public Sector Accounting Standards (IPSAS).

These are the key financial indicators for the reporting period:

- The total delivery as of 31 December 2020 is 22,852,783.61 Euros or 91.41% of the total Programme budget
- The third instalment from the DEU was received in the amount of 1,755,664.45 Euros

Human resources

The annual workforce planning has been exercised in Q1 2020 and the identified needs for reinforcement of the Programme's workforce have been addressed during the year. In order to respond to the high peak of activities of the Sector for SMEs and BSOs, an Assistant position based in the Niš office has been filled in and the established Pool of Consultants for SMEs and BSOs has been expanded accordingly. The Communications team has been strengthened with two additional Graphic Designers and five specialists for filming and editing of the video content, all in retainer positions. The regular position of Communications/Programme Assistant which became vacant as a colleague resigned for another internal post has been filled out of the UNOPS local pool of endorsed candidates. The position of Capacity Building Advisor for Integrated Sustainable Territorial Development has been advertised in December 2020 and the recruitment will take place in January 2021. The principles of gender equality, diversity and inclusion are addressed in all of the HR activities performed.

During the year, EU PRO personnel completed performance reviews for 2019 and established individual SMART objectives for 2020. Monitoring of individual engagement, contribution and results achieved has been carried out throughout the year through regular informal performance conversations as well as through formal mid-year progress review.

The Programme established its learning plan for 2020 based on individual development plans already set by personnel during the performance objectives setting exercise. During the year, the Programme personnel has completed 111 courses made available with UNOPS corporate funds:

- Senior Officer for Infrastructure has successfully completed ICE Professional Review, becoming a *Chartered Civil Engineer* and a full member of the Institution of Civil Engineers.
- Communications Manager has completed Leading People at UNOPS Programme, aimed to strengthen UNOPS leadership culture and develop further leadership skills. Sector Manager for SMEs and BSOs is enrolled in the programme's cohort which is ongoing until April 2021.
- Communications Manager and Communications Officer are attending the external course for becoming a *Certified Digital Marketing Professional*.
- Senior Officer for Infrastructure has completed Change Management Capabilities Training (Quick Start - HSSE) as well as the e-learning course on Management of Value.
- Two team members got certified in Competency Based Interviewing, while two more have completed the online course and are on the waiting list for admittance for certification.
- Six personnel have completed the Results-Based Management (RBM) e-Course.
- Four personnel have completed available training in gender topics: Gender Equality in Sustainable Project Management, Mainstreaming Gender Equality in Infrastructure and Gender Equality, UN Coherence and You.
- Eleven EU PRO personnel have completed relevant training on using G Suite products.
- All personnel have completed newly introduced mandatory training on Health and Safety at UNOPS, intended to give an overview of occupational health and safety, as well as the mandatory Information Security Training so as to learn how to protect themselves and the organisation from cyber threats. The new personnel has completed the remaining UNOPS mandatory training as well.
- A great number of personnel have undergone corporately available online courses dealing with personal and professional development topics, such as effective delegation, conducting performance conversations and giving feedback, coaching modes and emotional intelligence.
- Additionally, an online workshop in the area of integrated and sustainable territorial development (ISTD) has been developed internally, as a means for enhancing internal capacities to plan and deliver ISTD-related activities. The programme personnel have attended the first module in December 2020, while two more will follow at the beginning of 2021.

Logistics

Logistics support for the Programme was characterised by the extraordinary working and travel modalities imposed by the COVID-19 pandemic. Despite the heavy restrictions on the movement and physical presence of the Programme and Logistics unit personnel in their duty stations, The UNOPS Serbia Offices, which facilitate Programme personnel with duty stations in Niš, Novi Pazar, Vranje and Belgrade were provided with a fully operational working environment throughout the most difficult year. Optimised and resourceful heating of premises, delivery of supplies and office maintenance services were in place. Even more, the opportunity to perform whitewashing of the Field Office in Niš was seized. Field Offices in Vranje and Niš have been partly refurbished, ensuring the constant improvement of working environment quality for Programme personnel. The travel plan that is in place on the level of the UNOPS Serbia Office, including the trips made by Programme personnel, was carefully planned and performed to the maximum possible level even in a restrictive environment that imposed health safety standards as utmost priority. It was very challenging to provide maintenance of the vehicle fleet during a pandemic. Services, registration and rotation of vehicles between duty stations were fully and timely executed thanks to the joint team effort. Logistics support field visits were performed throughout the year on an almost monthly level despite the pandemic circumstances, with additional effort to ensure maximum health and safety standards.

Logistics provided full support in the organisation of workshops, training, info sessions and other events being carried out by Programme this year by providing on-line meeting event services, which also a new challenge was being successfully carried out.

Security

Security threats and risks for Programme personnel have been a dominant occupation and priority during the COVID-19 pandemic outbreak. Thanks to the timely activation of the elaborate and previously tested UNOPS Serbia Business Continuity Plan, grave health and safety threat was reduced to the minimum risk level by a huge team effort, in which the Logistics unit and Security cell provided their best share of support.

- Special care was taken to coordinate physical protection and health safety in the Offices and safe travel, by implementing the weekly working and travel modality plan in which full coordination of Programme personnel within the UNOPS Serbia was fully achieved in accordance with the COVID-19 response guidelines. The optimised physical presence of the personnel in the Offices and optimization of trips were always under special attention in order to avoid exposure during the pandemic. Work from home modality was constantly prioritised;
- Special attention and effort were made to provide constant sanitation and protection of Programme premises in all Offices, using the provided cleaning supplies and uninterrupted cleaning service. Personal protective equipment like masks, gloves, hand sanitisers for premises and vehicles were always available and constantly resupplied to all Offices. Furthermore, protective barriers were installed on working desk stations to decrease exposure;
- Security warden three which largely consist of Programme personnel on UNOPS Serbia level performed well in the challenging circumstances and have provided a significant contribution to the overall COVID-19 response effort;
- Security and Logistics briefings were provided on-line by Security Focal Point (SFP) and Logistics Unit to all newly employed personnel during the induction briefing programme, with special emphasis on health, travel and premises safety;
- Three mandatory security SMS Communication Tests were performed with a notable success ratio by Programme personnel. Three satellite phone communication tests were also successfully conducted by Programme personnel from the Field Office in Niš;
- No other Security threats or incidents involved Programme personnel.

Information Communications Technology

The ICT support provided during the reporting period has been mainly focused on guidance related to the transition to the recently adopted Google cloud infrastructure. The transition has incorporated migration from MS Office business applications to recently introduced Google docs and Google sheet platform. As of 1st September 2020 - only a minor part of the programme personnel has been granted the possibility to use MS Office applications, for compatibility purposes in communication with the donors and external partners.

In November plug-in options for the Survey Monkey platform were procured which the programme personnel used for the administration and communication of the survey of local governments.

There were no major replacements of the ICT equipment, as the complete set of the ICT infrastructure is within three years lifespan.

Assets and inventory

EU PRO Project assets and inventories mainly consist of items transferred to EU PRO from European PROGRES and predecessor projects with items purchased from project funds during the implementation in

order to support project implementation. During the reporting period - no assets⁵³ have been procured. The project fleet has remained unchanged - it counts 12 vehicles.

Following inventory purchases have been made during the reporting period:

- Colour copier (in order to support increased reporting activities).
- 11 working chairs and 16 conference chairs (to replace damaged chairs inherited from the European PROGRES project)
- 3 office desks (to replace almost 10 years old office desks)
- 10 mobile phones (to replace mobile phones damaged during the use)

There were no donations nor transfers of project assets or inventories toward the beneficiaries.

Procurement

Procurement processes followed the needs of the Programme throughout the year, and its efficiency and effectiveness was ensured through good communication between the Programme and Procurement units. The key procurement processes undertaken in 2020 relate to procurement of medical equipment and items in response to the ongoing COVID-19 pandemic. Joined with procurements from other sources of funding managed by UNOPS, the emergency procurement processes funded by the EU PRO resulted in best value for money. These procurements included the procurement of 25 Compact mobile inhalation anaesthesia machines with integrated ventilator and monitoring, 20 Modular containers with supporting medical furniture and 263 infrared thermometers conducted in March 2020 and delivered by the end of April 2020. In addition, procurement process for procurement of 19 ambulance vehicles conducted and contracted in December 2020 is pending delivery during the first quarter of 2021.

Aside the emergency procurement processes, for the EU PRO Programme purposes, the Procurement Unit conducted 16 various procurement processes in total and in accordance with the value of the goods, works or services and nature and complexity of the requirement, the statistic of all conducted solicitation processes is as follows:

- 4 Shopping processes, i.e. small value purchases up to USD 5,000.00
- 11 Requests for Quotations processes, i.e. purchases of USD 5,000.0 to USD 50,000.00
- One Request for Proposal, i.e. purchases of value more than USD 50,000

Grants

The EU PRO predominantly uses grant methodology which gives ownership over the projects to the grantees while the Programme maintains monitoring and advisory roles. During 2020, the Grant Administration Unit provided support to the administrative management of projects deriving from the nine Calls for Proposal (CFPs)⁵⁴ conducted in the previous years.

Pursuant to the transparent selection process of the grantees, in 2020 the Grant Administration Unit conducted administrative assistance in application evaluation process and issued 111 Grant Support Agreements (GSAs)⁵⁵ to Micro and Small Enterprises and Entrepreneurs as a result of the Second Call for Procurement of Equipment for MSEs. In addition, administration of the GSAs during the year included:

- Verification of 192 financial/procurement reports and processing of 192 payments,

⁵³ Assets as per UNOPS regulation represents the enquiry, which is controlled and used by UNOPS, with more than one year estimated duration, and with the purchase value of more than 2500 USD.

⁵⁴ 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)

⁵⁵ Pursuant to issuing of the GSA, two MSEs have discontinued their participation in the Programme

- Registration of 269 GSAs and Annexes to the GSAs with the VAT Office,
- Administered 237 budget revisions and time extensions,
- Conducted administrative closure of 96 GSAs.

Reporting and monitoring

In line with the EU PRO contractual obligation, three quarterly reports were produced during 2020 and all were unanimously adopted by the PSC. The Reports were presented to the key beneficiaries at the PSC meetings, and are available to the general public through the EU PRO website. The First Quarterly Report covered the period from 1 January to 31 March 2020, the second covered the period from 1 April to 30 June 2020, while the third covered the period from 1 July to 30 September 2020. All three quarterly reports provided overview of progress and performance, update on the management issues, review of the risks and issues, quality and sustainability considerations, insight into the key milestones for the next reporting period, and information about the lessons learned.

This is the third Annual Report and it covers the period from 1 January until 31 December 2020. It follows the structure of quarterly reports but includes a range of annexes that provide deeper insight into the Programme performance and the revised overall Work Plan.

Monthly reports and periodic updates are also produced by the Programme, and, although not a contractual obligation, could be provided to the MEI and the donor upon request.

The Programme was a subject of both Results Oriented Monitoring (ROM) and Results reporting exercises concluded in 2020. Through the Results reporting exercise conducted in October 2019 - March 2020 period information on the results was collected from the Programme logical framework matrix.

In November 2020, the Programme underwent a remote Results Oriented Monitoring (ROM) mission. As a part of the assessment, the ROM expert met 45 individuals representing 26 Programme beneficiaries and stakeholders. The findings noted that the Programme is considered highly relevant to the needs of the target with the implementation modality both at project and at grant schemes level proven to be highly successful and applicable to the specific needs and project management skills of all stakeholders. The required coordination and communication are reported to be excellent while the ownership of the intervention is manifested and could be assessed as good at the level of the grantees. The report noted two areas for improvement related to the adequacy of the LFM indicators and lack of capacities of the Programme stakeholders, while the evaluation of the remaining 28 areas is positive.

Risks and issues

As expected, the great majority of risks and issues registered during the year are a consequence of the COVID-19 pandemic, however, the period was also marked by delays associated with parliamentary and local elections and legislative changes affecting the work of local administrations. The key risks and issues include the following:

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 year, implementation of the Programme activities was affected. The general safety precautions and the increasing numbers of infected also contributed to delays, as beneficiaries and stakeholders worked with reduced capacities⁵⁶. In addition, pursuant to instructions of the Ministry of Finance, majority of LSGs have

⁵⁶ During 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.

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 active⁵⁷, 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 agreements⁵⁸. 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 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 during the year.

Also, a six-month time extension was granted to the Programme to accommodate the delays caused predominantly by the pandemic. Though a vast majority of activities will be successfully concluded, significant delays in conduct of public processes resulted with cancellation of development of Detailed Regulation Plan and potential partial completion of DRPs for Raška, Vlasotince and Surdulica, though the Plans are drafted they might not be adopted before the Programme end.

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 MSEs⁵⁹. 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.

⁵⁷ Works on two construction sites have been suspended - Batočina and Čajetina, as the contractors are located at greater distances from the sites.

⁵⁸ Affecting the most procurements conducted for projects implemented by SMEs and GIS-related projects

⁵⁹ 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.

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. The Programme will continue to closely monitor and assess effects of the pandemic, and where feasible provide assistance to beneficiaries to enhance sustainability of results.

The election period 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 steps⁶⁰ 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 processing of second instalments for 13 projects in total, six budget revisions and nine contract extensions, however only one with critical delay⁶¹.

Restrictions related to procurement processes for the local self-governments resulting from the Law on public procurement in effect as of July affected the efficiency of the local finance departments. Though announced in 2019, some local administrations were not sufficiently prepared to adjust to the new legal requirements whose main change is the e-based tendering procedure. Moreover, the bidders too are not accustomed to the new legislation also attributing to the need for additional time in conducting public procurement processes. This has resulted in delays in the implementation of a couple of projects⁶².

Finalisation of the Programme activities and inability of the grantees to implement some of the activities due to the pandemic, released unutilised funds and imposed risk of having an uncommitted portion of the budget. Over 300 projects have been finalized during the year, out of which 189 have been completed. The expected discrepancies in planned and realized budgets generated a pool of uncommitted funding which needed to be contracted by the expiration of the contracting period concluding with the end of the year. The necessary change in scope of activities caused by the pandemic also contributed to lower realisation of the project budgets. To mitigate the risk of having the funds uncommitted, budget revisions followed the conclusion of the contracts which generated savings. During the year, two reallocations of funding were made, in March and December 2020, to assist the Government efforts to fight the pandemic.

Quality

During the reporting period, the **quality of Programme interventions is confirmed externally by the Results Oriented Monitoring Mission** conducted in November 2020 with extremely positive results. The EU PRO received a stellar evaluation, 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.

⁶⁰Assigned signatories for bank accounts designated for the projects needed to be changed in several LSGs

⁶¹Development of technical design for Expo Centre in Niš

⁶²Procurement procedures for GIS project in Paraćin and development of execution design for the Expo centre in Niš were among the most significantly affected

The Programme received an award⁶³ at the 29th International Urban Planners Exhibition⁶⁴, 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 plans⁶⁵. 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.

Being in an advisory role, **EU PRO performs the central quality assurance (QA) role in ensuring the quality of the delivered products are in line with the set tolerances.** The EU PRO team manages the quality processes and quality issues during the construction phase of the individual projects to ensure the projects were implemented in line with the Quality Management Plan in compliance with the key beneficiary's requirements defined through the design documentation, current legislation and most recent professional standards. Following strict regulatory framework for infrastructure works, with two mandatory levels of quality control - construction supervision and technical commissioning - the LSGs management team is supporting the quality control process to ensure works are delivered within time, quality and budget while EU PRO technical staff provides overall quality assurance of implementation mechanisms and supports the capacities of the LSG for creating their own quality management system, with technical support and regular site visits on weekly bases. With the intensified implementation of construction works, the EU PRO team paid field visits to over 100 construction sites during the year at a pace dictated by the complexity of works and associated risks. This best reflects in the fact that the appointed independent Technical Commissioning Team issued positive technical commissioning reports this year 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, as they underwent the procedure of issuing the construction permit via article 145, the Programme insisted on commissioning as an internal two-step quality control mechanism. As a result, all 33 completed projects obtained positive technical commissioning reports, confirming the quality of the work in line with the highest professional standard.

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 and technical documentation development. All fifteen detailed regulation plans developed during 2019 and 2020 were adopted by municipal assemblies in 2020, and nine technical documentation projects obtained construction permits.

UNOPS conducted four quarterly quality assurances of the Programme in 2020, confirming the Programme is managed in line with the corporate requirements.

Sustainability

The EU PRO Programme continuously addresses challenges related to sustainability and ensures implementation of the three pillars of sustainable development. All infrastructure activities are promoting competitiveness and local economic growth thus ensuring economic sustainability. Effectiveness through

⁶³ Award available tments available in AnnexII_Att.2.1_UP IUPE Award_SRB

⁶⁴ Catalogue available in AnnexII_Att.2.2_UP IUPE Catalogue_ENG_SRB

⁶⁵ 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.

the growth of living standards and quality of life will impact GDP per capita and ensure social sustainability, while new energy efficient solutions and improvement of the water and sewage quality through the local infrastructure projects already contributes to environmental sustainability.

The implemented activities in local infrastructure projects made tangible results for the local communities. Over 130,000 people are benefiting from the improved conditions in schools, kindergartens, sports and cultural institutions and improved living conditions through the development of communal utility infrastructure. With the support of the Swiss PRO Programme, also implemented by UNOPS, good governance principles are embedded in relevant policies governing supported facilities, thus ensuring the sustainability of results. 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, are benefitting from the implementation of regulations ensure accountable and transparent use of premises of public institutions or sport terrains as well as equal access to those public properties with the formalisation of non-discriminatory provisions related to vulnerable groups.

In addition, 80% of the local infrastructure projects ensure environmental sustainability, through the new energy-efficient solutions, provisions of the new sewage and water systems that will, in the long run, decrease our footprint through energy-saving and decreased pollution. Economic benefits are already tangible savings in the case of Sokobanja where the newly constructed water network prevented water losses and generated savings through 30% decreased electric consumption, while Long-lasting, economical outcomes will be achieved via reduced maintenance and operation costs of 29 local infrastructure projects, following the Project's intervention.

The Programme also directly contributed to environment protection through detailed regulation plans with the mandatory provision of strategic environmental impact assessment studies (EIAS) as part of the planning documentation. 18 completed EIAS set restrictive and binding environment protection measures and already serves as a basis for solving serious environmental issues. An example is a DRP Kučevo where a serious challenge with illegal landfills was solved through a plan in addition to the solution provided for a major pollution source identified in Kučevo industrial zone. Likewise, Užice DRP increased mandatory green surfaces to reduce the impact on the environment from the industry.

GIS applications developed through the Programme are also contributing to environmental protection. The GIS Kragujevac application, developed for mapping and operating of the landfills, can monitor and signal the fire ignition in the specific landfill and prevent environmental disaster. Likewise, Kraljevo GIS can model the risks and signal the fire in the forests that were mapped through the application, thus preventing major environmental disasters. The new thematic applications related to mapping degraded areas of Podrinje, through GIS Loznica, will serve as a foundation for a more comprehensive environmental protection approach.

The gender considerations embedded in design of the Programme interventions generate 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%. Furthermore, this activity resulted in the creation of new jobs, where 43% of new employees are women.

In terms of internal capacities, all new EU PRO employees completed mandatory GE courses, while 95% of personnel completed the recommended course, thus increasing their knowledge on gender equality in sustainable project management. In cooperation with the EU info centre, the Programme promoted⁶⁶ good practice examples of economic empowerment of women from rural areas, achieved through the social cohesion activities.

⁶⁶ <https://euinfo.rs/sirce-od-zukve-i-sita-od-kruske-specijaliteti-zena-zapadne-srbije/>

Lessons learned

The effects of the Programme can be amplified with a tailor made technical assistance for management of implemented projects. This was especially notable in relation to the economic infrastructure projects whose success was only in part reliant on the quality of the project proposal and the executed works, and whose sustainability to a large extent depended on the capacities of the beneficiaries to materialize benefits. For example, the Programme supported infrastructure equipping of eight industrial zones, and LSGs with more experienced and better organised management teams were more successful than the other in attracting investors. Likewise, the assistance provided to SMEs in procurement of equipment and introduction of services, may be augmented with appropriate technical assistance for sales and marketing of the new products or a similar intervention. In this respect, considering limited funding for the after-care of the projects with advisory and technical assistance will likely significantly amplify the impact of the projects and secure long term sustainability. Also, the Programme beneficiaries may benefit from a peer exchange through study visits or roundtable discussions with those implementing similar interventions.

Increased awareness of the importance of data collection and reporting can contribute to both increased effectiveness of the Programme and more accurate registration of materialised benefits. The Programme monitoring and reporting needs are not in focus of the Programme beneficiaries and often they comply with the minimal level of requirements resulting in lack of information, often with missing disaggregated data on gender, minorities and residual effects. Though logical framework matrices are a mandatory part of all project proposals submitted by the local governments, often they lack appropriate indicators for measurement of the project's success. Call for proposals should include detailed requirements for LFM to obtain outcomes, outputs and impacts and clear indicators for their measurements. In addition, the requirements related to collecting gender, labour days, vulnerable groups and all necessary data for measuring the project's success i.e. no of job created must be clearly defined. For future programmes, closer attention should be paid to the importance of data collection with regard to the Programme monitoring needs referencing benefits from their perspective, which may include a contribution to realisation of a specific local or national strategy.

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 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.

SMEs are willing to support the 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.

Greater visibility of the Programme may be achieved if the promotional activities within individual projects are defined during the contract development and in accordance with the type of project and the budget available. The communication and visibility guidelines would be more effective if they included

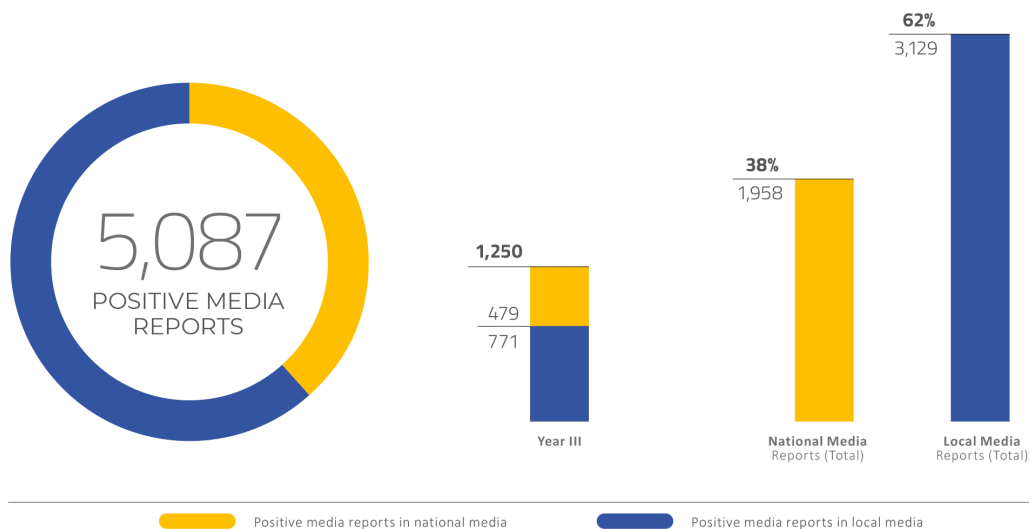
visual examples of Programme branding application (visual and disclaimer) on most commonly produced items such as posters, pamphlets, notebooks, folders, bags, pencils and roll-ups. To that effect, the Programme communication team in consultation with the Programme sectors should develop a list of recommended activities to be conducted by individual projects and in line with the respective activity, to optimise activity result, consistency in Programme promotion as well donor visibility. Where possible the focus would be placed on video content that could be promoted via traditional and digital media.

Communications and Visibility

The EU PRO communication activities during 2020 were in large part adjusted to accommodate global EU visibility priorities meaning temporary refocus 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 continued to be promoted, i.e. the Programme results and the EU support to local development were promoted through the traditional media with fourteen press releases and three media announcements issued generating 1,250 media reports of which 479 (38 percent) were issued in the national media and 771 (62 percent) in regional and local forums. The total number of all reports published since the start of the Programme thus reached the figure of over 5,087 reports surpassing a total number of reports gathered in the four and a half years of implementation of the predecessor programme European PROGRES. In total 1,959 (38 percent) of all of the reports were published in the national media.

In addition to this, 517 reports of which 361 (80 percent) covered in the national media resulted from the support provided to the communication of the EU funded national response to the pandemic implemented through UNOPS.



As in previous years and predecessor Programmes by far the largest number of reports, namely 495 media stories, focused on the support to infrastructure projects. Again over 65 percent of these covered projects have a direct and immediate impact on people's lives i.e. local infrastructure. In addition two visits and one event organised in person to promote results of the second call for support to micro and small enterprises and entrepreneurs generated 130 media reports. The BSO projects were particularly active in the promotion of their activities which resulted in 220 media stories. Traditionally, the Calendar Competition was widely promoted and present in 152 media stories.

Additionally, five media interviews/statements were organised - one broadcast on the national Radio Belgrade, and four for the local and regional media to promote local infrastructure projects in Dimitrovgrad and the Calendar competition.

The EU PRO website has been regularly updated throughout the year and visited over 54,526 times by 33,626 unique visitors. This year, due to the newly introduced online voting for the winning artwork, by far the most visited Programme web page was the one dedicated to Calendar Competition with 15,761 visitors.

In 2020 the Programme Facebook and Twitter accounts followership has grown to reach over 18,596 and 1,081 by December 2020, which is an increase of 16 and eight percent respectively. The Facebook page remains the most efficient communication channel for the Programme, reaching 521,446 people and attracting 3,805 post likes. Finally, the YouTube page has been populated with 38 promotional videos and various media reports on the project activities while videos have been viewed a total of 26,270 times.

In addition, joint DEU and MEI COVID-19 response was promoted via Facebook, and a boost of the video on the donation of 100 containers to various health institutions across the country produced by EUIC resulted in a reach of 130,637 out of which 35,655 partially or in full view the video. The sponsored content suggests that the majority of people reacted positively to donations, while negative opinions predominantly questioned the motivation behind the help.

Over the course of 2020, despite severe restrictions in event organisation and travel due to the ongoing pandemic, three in person high level visits and events took place with participation of DEU and MEI representatives. This includes an event organised for the promotion of the new beneficiary enterprise selected through the second call for support of MSEs, and former and newly appointed DEU Head of Operations II visits to Kragujevac (8 June 2020), and Žagubica and Žabari (23 September 2020). Additionally, the promotion of the winners of the 2021 Calendar Competition was organised online with the participation of the representatives of the EU Delegation, Ministry of European Integration, UNOPS and awarded students. The event was further promoted online reaching online audiences that previously were not able to view the full event.



54,526

VISITS TO OUR WEBSITE
IN REPORTING PERIOD

33,626

VISITORS ON OUR WEBSITE
IN REPORTING PERIOD

18,596

FOLLOWERS



1,081

FOLLOWERS

A total of 25 EU PRO and AoR related briefing notes and project overviews were prepared upon the request of the Delegation of the European Union (DEU) and Ministry of European Integration (MEI). The overviews included the health sector projects supported since 2006, projects implemented in various districts within the AoR, projects related to local infrastructure, sports, education, political developments and EU PRO projects in three municipalities, Bujanovac, Preševo and Medveđa.

Also, two issues of the EU PRO electronic newsletter were published and distributed to over 2,000 Programme stakeholders directly as well as via social media - Season of celebrations, artwork, prizes and hard work and Nothing old, all new, the latter focused on the Programme successfully implemented activities and the EU support within the coronavirus crises.

Further, the EU PRO maintained and expanded the cooperation with other EU funded projects focused on communication and visibility, namely Visibility and Communications of IPA Programmes and EU Info Centre as the information hub of the DEU. This resulted in the regular promotion of the EU support through programme activities on the platform EUzaTebe and the promotion of ten EU PRO projects on the official DEU website. These projects were thus included in the promotion of the European Week of Sport, and in the DEU campaign Education is important with the local infrastructure project in Priboj, as well as in the promotion of the EU support to small businesses in the country and their COVID-19 related activities.

In October 2020 the Programme contracted an agency to support organisation of the Calendar Competition, Media Competition, development of 60 video and written success stories and their social media promotion of Programme relevant content to ensure widest possible coverage and distribution of Programme results, especially in the last phase of its implementation.

By the end of 2020 production of five print and one video success story was completed and promoted via social media and where applicable, taking into consideration respective international days to ensure the highest impact. In Social Media, a total of 228 Facebook posts were liked 3,836 times and attracted 18,030 page likes and 18,571 followers. Similarly, 208 Tweets were liked 2,040 and retweeted 802 times, while the

27 posts on the Programme's Instagram page received 648 likes and 2,537 views. The page itself has 2,438 followers.

Traditional 2021 Calendar Competition themed "Solidarity Unites Us" was successfully closed and the twelve best artworks were selected. The innovative, participative approach to voting consisted of five jury votes i.e. cumulative organisation vote by DEU, MEI, EU Info Centre network and UNOPS while for the first time wider audiences were invited to vote through the public online voting. The winners were selected among 211 artworks submitted by 53 high schools from 38 local self-governments, while the award for the best school would be presented to the School for Hearing Impairment Children from Kragujevac. The Calendar promotion was conducted with the support of the external partner agency V+O, and widely promoted through social media and direct communication with 261 high schools and 50 civil society organisations working with youth in the AoR. The online event which was recorded, edited and promoted via Social media, received 344 views on the programme YouTube channel alone.

As part of the activities aimed at broadening cooperation with the national media, the broadcasting equipment, i.e. three items of GSM HEVC mobile transmitter over the bonded cellular network was successfully procured and delivered to the Public Service Media, Radio Television of Serbia (RTS). The equipment was further distributed to correspondence offices in Leskovac, Kraljevo and Novi Pazar and serves for the improved technical quality of reporting from the AoR while also professionally reporting on the most important EU activities in the Republic of Serbia, particularly on its development assistance in the EU PRO for the duration of the programme. As part of the Donation Agreement the RTS provides the Programme with a raw material of recorded projects and visits, which will be further used to promote the EU support to balanced, sustainable development.

The Programme regularly produced and distributed various formats of promotional material reaching thousands of beneficiaries ensuring the consistency of brand application and in line with the set EU Communication Guidelines. In December 2020, the Programme produced digital seasons' greetings cards distributed via social media and email and VIP New Year's packages for distribution to key stakeholders. As part of the visibility and communication activities, 202 project signboards were also procured and placed on the implemented projects over the course of the year.

Work plan

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

Activity 1.1 Finalize implementation of remaining 89 grants for SMEs in 2021. Administratively close the 20 SME grants that ended in Q4 2020. Capture results and impact of the support to SMEs.

Activity 1.2 Finalize implementation of remaining three projects. Capturing results and impact of the support provided through BSOs. Administratively close BSO grants that ended in Q4 2020.

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

Activity 2.1.1 Monitor activities related to the implementation of 18 Grant Support Agreements (GSA) for the development of the GIS. Ensuring all potential delays are timely addressed. Ensure successful closure of all 19 GIS projects.

Activity 2.1.2 Monitor activities related to the implementation of three GSAs for the development of DRPs, ensure successful administrative closure of the completed grants. Monitor outcomes and impacts of completed grants. Ensuring completion of three DRP grants in Q1 2021.

Activity 2.1.3 Monitor activities related to four remaining technical documentation projects and ensure closure of all finalised. Ensuring completion of two technical documentation projects in Q1 2021. Monitoring outcomes and impacts of produced technical documentation projects to the local economy.

Activity 2.2. Following up on the closure of all finalised projects. Monitoring outcomes and impacts of completed economical infrastructure projects to the local economy.

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

Activity 3.1 Monitoring of implementation of three GSA for the development of local infrastructure projects. Follow up on the closure process of completed GSAs. Ensuring completion of two GSA in Q1 2021. Monitor outcomes and impacts with regard to the beneficiary data for the completed projects.

Activity 3.2 Monitoring and evaluating realisation of the ongoing grant and closing of completed projects. Response to all the issues imposed by the COVID-19 crisis.

Activity 3.3 Monitoring delivery of the remaining COVID-19 pandemic related equipment

LFM - progress against indicators

Legend

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

Overall Objective	
To contribute to more balanced socio - economic development in Serbia	
<p>Global Competitiveness Index Report rank 60 until the end of the Programme</p> <p>The overall contribution of SMEs to export increased by 3% by the end of the Programme</p>	<p>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, <i>How Countries are Performing on the Road to Recovery</i>, 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 2021.⁶⁷</p> <p>The Statistical Office of the Republic of Serbia registered external trade of goods in the value of 17,584.4 Million USD in the first eleven months of 2020. Compared to the same period in 2019, this is a decrease of 3% from 18,138.3 Million USD. The decrease can be attributed to the extraordinary circumstances caused by the pandemic in 2020. The export in 2020 was still 12.76% higher than the baseline period of 2017 (15,594.2 Million USD).</p> <p>However, the value of export of the SMEs supported by the Programme increased by 46 % to 6.2 million Euros in 2020 compared to 4.2 million Euros in 2018, and even 18,23% compared to 5.24 million Euros in 2019.</p>
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	
<p>At least 95% of SMEs supported through the Programme increase gross value added/ employed ratio as a result of the Programme assistance</p> <p>1000 newly employed as a direct/indirect result of the Programme assistance</p>	<p>Data on increased revenues, export and productivity can be monitored for the 94 enterprises supported in 2019 under the first Call for Proposals. These companies recorded an increase in revenue by 20% in 2019 compared to 2018.</p> <p>Out of 94 supported companies, 34 companies have registered direct export in 2020. The value of annual exports increased by 46% compared to 2018 when it was 4,2 million Euros to 6.2 Million Euros in 2020. Productivity measured as revenues per employee for the 54 beneficiaries that submit financial statements increased in 2019 by 5.8%.</p> <p>Thus far, the Programme contributed to creation of 1,233 new jobs. As a result of assistance to SMEs, 422 new jobs (out of which 182 or 43% are women) have been created in 148 beneficiary enterprises. In addition, the Programme indirectly contributed to the creation of at least</p>

⁶⁷ http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2020.pdf

	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 150 SMEs supported through Programme activities	<p>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. During the reporting period, the remaining 75 out of the 94 grants awarded in the previous period have been completed and the activities on the 109 initiated, out of which 20 are also completed during the year.</p> <p>Therefore the current status is that activities with 114 SMEs are concluded, and finalisation of the remaining 89 is underway.</p>
Activity 1.2 Up to 20 BSOs/NGOs supported through Programme activities	Seventeen out twenty contracted projects for business support organisations have been implemented. More than 620 SMEs have been supported through these projects.
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	Nineteen grant support agreements are being implemented in 34 beneficiary local governments with the aim of digitalising and updating geo-spatial data. During the reporting period one project is finalised.
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 are being implemented by 19 beneficiary local governments. During the reporting period, 13 projects were finalised making the total number of 15 completed projects.
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 being implemented. During the reporting period, seven projects were finalised contributing to the total number of eight 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. During the reporting period, the final six projects are finalised.
RESULT 3	
Better social cohesion and attractive living environment through improvement of small scale public infrastructure and social relations	
Activity 3.1 Up to 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. In 2020, 29 projects are finalised making the total number of 34 completed projects.
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 one out of 22 projects for fostering social cohesion in multi-ethnic communities completed implementation, contributing to social cohesion in 17 municipalities through economic empowerment of excluded groups, by improving their access to public services and through the advancement of the position of national minorities. One project is still ongoing due to the delay caused by the COVID-19 crisis and set for completion at the end of February 2021.

Activity 3.3 COVID-19 related medical service improved in at least 20 Programme LSGs	The medical equipment procured in response to COVID-9 pandemic has been delivered to over 20 Programme LSGs.
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