



EU

PRO

EUROPEAN UNION SUPPORT
TO MUNICIPAL DEVELOPMENT

MINUTES OF THE FIRST PROGRAMME STEERING COMMITTEE

Belgrade, 29 March 2018



Republic of Serbia



Implementing partner

I. Agenda

Welcome and introductory speeches

- Branko Budimir, the Assistant to Minister of European Integration
- Ana Stanković, Project Manager, Delegation of the European Union to the Republic of Serbia
- Graeme Tyndall, Programme Manager, EU PRO
- Zoran Lakićević, the State Secretary in the Ministry of Construction, Transport and Infrastructure (MCTI)
- Katarina Obradović - Jovanović, the Assistant to Minister of Economy (ME)

Presentation of the EU PRO Programme

Terms of Reference for the work of the Steering Committee

Findings from the Inception Period

Presentation of the draft Calls for Proposals

- Procurement of equipment and provision of services for small and medium-sized enterprises
- Support to local self-governments in development of detailed regulation plans
- Support to local self-governments in preparation of technical documentation
- Support to local self-governments in implementation of social infrastructure projects
- Support to local self-governments in implementation of economic infrastructure projects

Voting/Next steps

Other business

II. Welcome and introductory speeches

Branko Budimir, the Assistant to Minister of European Integration of the Government of Serbia welcomed the participants and gave a short introduction of the European Union Support to Municipal Development - EU PRO Programme. He called on the Steering Committee members to actively participate in the meetings and contribute to implementation of the Programme.

Ana Stanković, Project Manager, Delegation of the European Union to the Republic of Serbia greeted participants and thanked the stakeholders on their participation in the Programme development. She invited national institutions participating in the work of the PSC, to engage with the Programme.

Graeme Tyndall, EU PRO Programme Manager and the Head of UNOPS Serbia Operation Centre reiterated that the United Nations Office for Project Services (UNOPS), as a self-funded UN operational organisation with a mandate in project management, infrastructure and procurement, had objective to support the national governments in implementation of their policies. EU PRO PSC is a decision making forum made of government representatives who are best positioned to define the objectives and results that need to be achieved. Programme will rely on the guidance of the PSC members and this is why it is crucial for the decision makers to be present at the Committee meetings.

Zoran Lakićević, the State Secretary in the Ministry of Construction, Transport and Infrastructure (MCTI) commended the planned work as it was of relevance for Serbia, and confirmed readiness for cooperation, especially in the areas which are of interest of the MCTI, such as is planning documentation. Lakićević said that Electronic Building Permitting System (EBPS) was one of the most successful reforms in Serbia but indicated that the upgrade of the system was necessary in the nearest future and specified that this could be an area where EU PRO could contribute.

Katarina Obradović Jovanović, the Assistant to Minister of Economy (ME) thanked for the support planned through the Programme and confirmed that the ME together with Regional Agency of Serbia (RAS) continue to be active in order to steer the Programme to ensure the optimum impact.

III. Presentation of the EU PRO Programme

Marko Vujačić, EU PRO Deputy Programme Manager presented the Programme while underlining that EU PRO will predominantly use the grant methodology. The Programme will directly implement projects when there is clear justification for this approach, such as is economy of scale.

Tyndall noted that the Programme will initially retain offices in Niš, Vranje, and Novi Pazar but may reconsider geographic presence once the projects are selected. As 25 million Euros is a limited pool of resources for 99 LSGs, identifying strategic projects will be crucial for the Programme success. EU

PRO in complementarity with Swiss PRO Programme¹ which integrates good governance into relevant activities.

IV. Terms of Reference for the work of the Steering Committee

Budimir said that PSC meetings were organised during the previous Programmes throughout Area of Responsibility which contributed to transparency but occasionally proved challenging as it was hard to ensure quorum. With larger number of LSGs alternation of PSC venues between Belgrade and the field should be considered. Also PSC should strive to make decisions by consensus as well as that in some cases, use electronic voting.

Vujačić presented responsibilities related to steering the Programme, progress monitoring, and decision making. The meetings are organised quarterly as well as on per need basis, while the working language is English.

Stanković said that relevant Ministries should be involved in development of specific Calls for Proposals (CFPs) and contribute to conduct of the process, including evaluations.

Budimir added that the DEU selected UNOPS as the implementing partner at this stage but agreed to include technical assistance elements for the Development Agency of Serbia (RAS), which would enable the Agency to conduct similar schemes in the future. This is another reason why it's important to ensure participation of RAS and Ministries in these processes.

Violeta Sretenović, the Programme Coordinator in Public Investment Management Office (PIMO) noted that a database of social infrastructure projects exists, is a coordination useful tool and will help identify LSG needs for technical documentation.

V. Findings from the Inception Period

Budimir underlined that several organisations are working with LSGs on similar development initiatives which renders a coordination model to ensure synergy amongst these programmes. Having operational coordination meetings twice a year that will include USAID competitiveness project, Swiss PRO and other relevant interventions should be considered.

Obradović Jovanović added that for this reason the ME directed EU PRO activities towards rural areas and small municipalities, as these were not covered by other interventions. In order to facilitate coordination, EU PRO should prepare overview of what has been done during the predecessor Programmes as well as of what is planned to be done.

¹ Government of Switzerland financed four year Programme focused on Social Inclusion and Good Governance with total value of seven million euros.

Vujačić indicated that consultations held so far, including information sessions with LSGs and Regional Development Agencies (RDAs), confirmed high relevance of the Programme. The sessions showed that LSGs have limited number of prepared infrastructure projects as well as that municipalities with less experience with development programmes are more exposed to implementation risks. The consultations confirmed that the EBPS upgrade and the project for introducing electronic exchange of data during development of planning documentation (E-space) were reform priorities. Capacities of the entrepreneurs, micro and small sized enterprises (MSEs) were generally weak and this should be considered when finalising the CFPs.

The need for stronger support to social inclusion at the local level was reconfirmed, while high interest of the Regional Development Agencies for the Programme may indicate their high capacity.

Vujačić underlined that EU PRO will need to set clear tolerances and, with support from the PSC, be prepared to cancel projects that exceed them.

VI. Presentation of the draft Calls for Proposals

Procurement of equipment for micro and small -sized enterprises

Olivera Kostić, EU PRO Small and Medium-sized Enterprises (SMEs) Sector Manager presented the CFP and noted that comments received from the ME are being addressed. In particular, medium-sized enterprises will not be included in the CFP, inclusion of selected touristic services will be considered, while rural area and projects benefitting youth and women will be encouraged.

Obradović Jovanović confirmed relevance of enhanced focus on rural areas and inclusion of tourism development. The Programme should not assess the projects only on the basis of benefits for the particular enterprise but also for the other value chain participants i.e. spill-over effect.

Tyndall noted that the funds are limited but that the Programme will try to accommodate these requests underlining that the agricultural and rural tourism projects are sometimes complementary and models to enhance this synergy should be examined, possibly with RDAs.

Budimir asked if enterprises under one year of age will be eligible, as envisaged by the DoA and considering these firms are not likely to obtain bank loans. He suggested modifications of text related to eligibility of activities and extension of time framework for conduct of the CFP and duration of the projects. Using Serbian language for applications would be beneficial, while evaluation should focus more on the business idea rather than other parameters.

Stanković agreed that support to companies up to a year old are eligible according to the DoA and added that the criteria should be more focused while reminding that the Programme should reserve the right not to award all the funds if the number of quality projects is limited.

Obradović Jovanović agreed that extension of deadlines could be useful but also misleading for the beneficiaries as many will need less than one year to procure equipment. She has suggested for ME to review the CFP application forms and assess the time needed for development of proposals.

Slađana Grujić, Advisor for Economic Development and Rural Policy with the Standing Conference of Towns and Municipalities (SCTM) added that suggested criteria may be too demanding, while some are difficult to understand, especially for the MSEs.

In response to concerns raised by other PSC members regarding the MSE CFP, **Tyndall** confirmed that the Programme will put effort to modify the language and reconsider the time frame while all modifications will be made in track changes for easy reference.

Presentation of infrastructure related calls for proposals

Jasmina Ilić, Sector Manager for Infrastructure presented the CFPs for detailed regulation plans, technical documentation, economic and social infrastructure, including general evaluation criteria that will be used.

Support to LSGs in implementation of social infrastructure projects

Budimir commented criteria regarding the Local Economic Development (LED) Offices.²

Sretenović, enquired if co-funding must go through the account of particular project or it can be provided separately and suggested to indicate in the CFP that projects considered for funding by PIMO are also eligible for EU PRO funding as this could facilitate synergy. She also commented implementation of infrastructure in devastated municipalities is a risk due to their weak capacities.

Ilić noted that LSGs that have access to internal experts of relevant profile for infrastructure projects are more efficient but confirmed that this criteria will be modified to reflect comments from the SCTM. Implementation of infrastructure projects in devastated municipalities is risky but the Programme will be providing technical assistance in order to mitigate it.

Tyndall said that it is acceptable to allow co-funding to go through other accounts i.e. the Coordination Body/UNOPS used this methodology in the past; and this will be reconfirmed. Support to local self-governments in implementation of economic infrastructure projects

Support to LSGs in implementation of economic infrastructure projects

Budimir asked about eligibility of projects for Business Incubator Centres (BIC) and suggested clearer definition of projects falling under tourism infrastructure. Construction of access roads to touristic

² Standing Conference of Towns and Municipalities has also raised this question in written comments they provided

centres, which are critical for valorisation of touristic potentials, should be allowed on a case by case basis with involvement of the line Ministry. Exclusion of water and solid waste management as eligible actions from the CFP for economic infrastructure, inclusion of single project pipeline into the criteria as well as increase of the number of points in cases when there is legally binding contract for realisation of investment should be considered. The importance of funding of digital and broadband infrastructure was also underlined. Division of funds between economic and social infrastructure doesn't properly reflect the Programme's focus on economic development.

Obradović Jovanović expressed ME support to inclusion of BIC in CFP for the Economic Infrastructure. The status of the single project pipeline needs to be confirmed.

Tyndall agreed to include BICs for support under this CFP and confirmed that BIC should be eligible for support through the CFP for the Business Support Organisations (BSO). EU PRO will probably include at least one amendment and therefore the Programme should start with the initially planned budgets for economic and social infrastructure and subsequently consider reallocations.

Ilić said that tourism infrastructure will allow funding of works on public infrastructure that enhance potential for tourism development. Any intervention will be pre-conditioned with clear ownership. She also asked whether projects in Spas should be eligible.

Budimir and Obradović Jovanović indicated that there was economic justification to include Spas into economic infrastructure projects.

Social Cohesion Projects

Vujačić presented two social cohesion projects: one related to enhancing learning of Serbian language as a non-mother tongue that would benefit 800 Albanian pupils in four schools in Bujanovac and Preševo and the other related to inclusive music education programme on the basis of globally recognised El Sistema methodology. Both projects had support from the line national institutions and achieved success in the EU PRO predecessor, European PROGRES.

Budimir noted that the PSC should be provided with letters of support from the Coordination Body for Preševo, Bujanovac, and Medveđa, and the Ministry of Education, Science, and Technological Development.

Stanković confirmed these projects were effective and contributed to integration of minorities, which was of significant importance.

VII. Next Step/Conclusions

Programme Steering Committee (PSC) – engagement with the Programme and active participation in the work of the PSC by national institutions is important to enhance the relevance and effectiveness of EU PRO. The Programme will develop Terms of Reference that will provide framework for the work of PSC, which will be submitted with the Inception Report.

Inception Period – will last until 30 April 2018. EU PRO will continue consultations with the national and local stakeholders in order to verify the relevance of the planned interventions and identify needed modifications. The Programme will produce the Inception Report by mid-May that will among other include recommendations for modifications of the Programme’s design.

Initial findings – the Programme in general is highly relevant although some modifications could be beneficial. Primarily, reconsidering the approach to GIS and inclusion of support for the EBPS and E-Space seem necessary, while need for stronger support to social inclusion at the local level was clearly reconfirmed. It could become relevant to reconsider redistribution of funding between budgets planned for social and economic infrastructure to better reflect the Programme’s purpose.

Implementation – LSGs, especially those devastated and smaller, and MSEs have limited capacities and this may affect the implementation. The Programme should within risk responses consider provision of technical assistance where adequate but also be ready to cancel projects. The Programme may encounter risk related to preparedness of projects, in particular related to social and economic infrastructure.

Calls for Proposals (CFPs) – draft CFPs will be revised to reflect the comments received by the PSC and resubmitted for reconsideration. The PSC will have seven days to review the resubmitted documentation.

Social Cohesion Projects – EU PRO will develop proposals for learning of Serbian language as non-mother tongue and inclusive musical education on the basis of El Sistema methodology that will be considered by the PSC. Line national institutions should confirm in writing they support these projects.

PSC LIST OF PARTICIPANTS		
Organisation	Name	Position
STEERING COMMITTEE MEMBERS		
Ministry of European Integration	Branko Budimir	Assistant to the Minister
Ministry of European Integration	Luka Pivljanin	Advisor
Ministry of Economy (ME)	Miona Popović Majkić	Head of Planning of IPA Projects
Minister of Economy (ME)	Katarina Obradović - Jovanović	Assistant to Minister
Ministry of Construction, Transport and	Zoran Lakićević	State Secretary
Ministry of Construction, Transport and Infrastructure (MOCTI)	Mirjana Jovanović	Advisor
Delegation of European Union to Serbia	Ana Stanković	Project Manager
Standing Conference of Towns and Municipalities	Slađana Grujić	Local Economic Development Associate
Public Investment Management Office (PIMO)	Violeta Sretenović	Programme Coordinator
Public Investment Management Office (PIMO)	Maja Rakočević	Programme Coordinator
SECRETARY		
EU PRO	Graeme Tyndall	Programme Manager
EU PRO	Marko Vujačić	Deputy Programme Manager
EU PRO	Jasmina Ilić	Infrastructure Sector Manage
EU PRO	Ivana Popović	Communication Manager
EU PRO	Olivera Kostić	SME Sector Manager
LIST OF COMMON ABBREVIATIONS		
AoR	Area of Responsibility (AoR)	
BSO	Business Support Organisations (BSO)	
CFPs	Calls for Proposals (CFPs)	
DEU	Delegation of the European Union (DEU)	
DoA	Description of Action (DoA)	
DRPs	Detailed regulation plans (DRPs)	
DAS	Development Agency of Serbia (DAS)	
EBPS	Electronic Building Permitting System (EBPS)	
GIS	Geographic Information System (GIS)	
LED	Local Economic Development (LED)	
LSGs	Local self-government units (LSGs)	
MCTI	Ministry of Construction, Transport and Infrastructure (MCTI)	
ME	Ministry of Economy (ME)	
PSC	Programme Steering Committee (PSC)	
PIMO	Public Investment Management Office (PIMO)	
RDAs	Regional Development Agencies (RDAs)	
SMEs	Small and Medium-sized Enterprises (SMEs)	
SCTM	Standing Conference of Towns and Municipalities (SCTM)	
UNOPS	United Nations Office for Project Services (UNOPS)	