



Ministry of European Integration
REPUBLIC OF SERBIA

**#EY
ЗА ТЕБЕ**



**EU
PRO+**

MINUTES OF THE PROGRAMME STEERING COMMITTEE

Belgrade, 28 Decembre 2022



UNOPS

Implementing partner
in 99 cities and municipalities in Serbia

I. Agenda

- 9:45 Gathering of participants
- 10:00 Welcome and introductory remarks
Ministry of European Integration PSC Chair
Delegation of the EU to Serbia representative
Other PSC members
- 10.20 Presentation of the progress of the EU PRO Plus Programme with the Report for Q3 2022
Olivera Kostić, EU PRO Plus Programme Manager
- 10.50 Presentation of Results of the Public Call for Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises
Enis Ujkanović, EU PRO Plus Sector Manager for SMEs
- 11.15 Discussion and voting
- 12:00 Other business
- 12:30 End of meeting

II Welcome note and introductory remarks

Luka Pivljanin, Senior Advisor at the Ministry of European Integration, underlined the importance of the Programme Steering Committee meetings as a forum for discussion, stating that the programme was initiated in a special situation during the pandemic where the focus was on the support to the health sector. The grant schemes that the programme has implemented so far will be now further strengthened by the integrated approach to development that EU PRO Plus is introducing.

Ana Stanković, Project Manager at the Delegation of the European Union (EU) to Serbia praised the participation of all institutions within the EU PRO Plus Programme Steering Committee (PSC), and emphasised the importance of regular exchange of information about the implementation and results the Programme achieved.

Marko Vujačić, the UNOPS Head of Programme, assessed that 2022 was a successful year in which the Programme restored the planned implementation dynamic. He added that in the next six months, the remaining public calls should be implemented, as well as a large grant scheme of ten million Euros for integrated projects, for which the support, guidance and consultation of the Programme Steering Committee will be important. Speaking about the agenda of the meeting itself, Vujačić mentioned the importance of the evaluation of the first phase of the Call for Economic Infrastructure Projects, as well as the serious work of the team for small and medium enterprises, which evaluated the Public Call for Micro and Small Enterprises.

Sandra Nedeljković, a representative of the Ministry of Public Investments (MPI), added that the MPI uses its participation in various working groups, which include LSGs covered by the programme, to promote EU PRO Plus activities and encourage them to participate. Especially important is the newly formed group for the Integrated Development of the South of Serbia, which through joint work accelerates processes related to infrastructure, tourism, education, health, all with the goal of an integrated approach. Two groups with this approach, i.e. Ovčarsko-Kablarska groups and the South Serbia group, have already produced results.

III Presentation of the progress of the EU PRO Plus Programme with the Report for Q3 2022

Olivera Kostić, EU PRO Plus Programme Manager, briefly presented the history of the intervention aimed at local development and the growth of the territory from 25 to 99 local self-governments (LSGs), while she assessed the presence of a large number of institutions in the Programme Steering Committee as significant support for the implementation of the programme activities. She referred to the fact that the Programme is in the phase of intensive implementation, considering that the implementation of almost 80 projects is underway, and 23 projects concerning support to health institutions through the engagement of medical and non-medical workers were already completed. Further, in the response to the public calls implemented so far, over 900 applications have been received thus indicating the relevance of the EU PRO Plus and the great need for this type of support.

Regarding the Result 1 - Improved development planning and introduction of the Integrated Territorial Investment (ITI) concept - Olivera Kostić said that at the national level, a comparative analysis of six European Union countries was made, providing useful information for the possible future path of Serbia in the area of integrated development, that is to be decided upon by national institutions, while the Programme will rely on this document in its further work. **Luka Pivljanin** added that such an analysis was done at the national level as part of the action plan for Chapter 22, which provided examples as well as new solutions based on which the best one for Serbia will be proposed.

Olivera Kostić added that within Result 1 at the local and regional level, great progress has been achieved - 12 territories covering 31 local self-governments have been selected, a contextual analysis has been carried out, and the analysis of data collected from 31 LSUs on various topics is being finalised. Local self-governments (LSGs) and regional development agencies (RDA) showed a great interest in the topic, as evidenced by the presence of almost 300 participants at the training sessions held. In the following period, round tables will be organised to present analyses for all 12 territories.

Katarina Obradović-Jovanović, Assistant to the Minister of Economy (MoE), nominated the topic of jurisdiction, i.e. the difference between the mandate on integrated development prescribed by the Law on Regional Development and actual practice. The Ministry of Economy is still responsible for regional development, and last year's audit made a recommendation that activities must either be harmonised with the existing law or that the law should be revised. Currently, in addition to this law, integrated development is partly covered by the Law on Public Policies, group activities related to Chapter 22, a new approach to integrated territorial development that is being implemented through EU PRO Plus, while RDAs are hoping for funds and are ready to cooperate. This situation creates confusion, but also questions the relevance, applicability and credibility of strategic documents. All this means that there are many actors in the same topic with different approaches and this forum should consider coordination mechanisms in order not to lose efficiency with different approaches.

Olivera Kostić added that this risk was recognised by the Programme and discussed with a large number of partners, including the Standing Conference of Cities and Municipalities (SCTM), LSGs and RDAs, as well as the Republic Secretariat for Public Policy (RSJP), and that coordination is necessary and therefore the Programme would continue to be in close communication with the Secretariat and regularly inform all interested parties about its activities.

Viktor Veljović, EU PRO Plus Capacity Building Sector Manager explained that territorial strategies according to the Law on Planning System belong to the sub-national public policy documents. However, regarding the legally prescribed content of the documents, there are deviations that must be discussed with the RSJP. The directives related to the content of territorial strategies were adopted by the EU in June 2021, while the Law on the Planning System was adopted in 2019. The Programme, in agreement with MEI, proposed a meeting with the Secretariat in January 2023, in order to discuss the alignment of strategies.

Sandra Nedeljković, using the example of a European project related to reconstruction after floods, risk reduction and civil protection, within which LSGs were obliged to prepare some lower hierarchical documents, stated that those LSGs that were involved in various projects, cooperate

with SCTM, did not have any issues to apply the legal framework, that is, to produce documents needed at the local level because they were capacitated to do it and understood the methodological approach. That is why capacity building at the local and subnational level is very important, especially in introducing multidisciplinary in planning instead of focusing on specific areas of work.

Slavica Kujundžić, Independent Adviser - inspector of social protection Department for Social Protection from the Ministry of Labour, Employment, Veterans and Social Affairs, agreed with this assessment, while underlining the great differences in knowledge present among the existing staff who are expected to implement projects, which all indicates that empowerment of personnel potential is crucial.

Ivan Milivojević, Deputy Secretary General of the Standing Conference of Cities and Municipalities (SCTM) pointed out that the SCTM within the Exchange 6 programme was currently working on projects that include the development of 12 development plans in 12 LSGs, ten medium-term plans, nine LSGs are working on the preparation of capital budgets, while a new call for these three areas would be announced at the beginning of 2023. He said that local capacities differ among LSGs, and added that a coordination approach in activities was already agreed with the EU PRO Plus programme, especially regarding the ITI and SUD initiatives, in order to avoid burdening the capacities of beneficiary LSGs.

Sanja Putnik, Assistant Minister of Public Administration and Local Self-Government, noted that the outflow of personnel working on European integration and IPA funds is a long-term problem in all sectors, including the ministry itself. **Pivljanin** added that there was a need to establish a system that would include the staff dealing with IPA funds in the topic of structural funds while underlining the limited capacity at the local level. By including more municipalities in the Programme, the idea was to encourage larger cities with capacities initially to take on more work, while LSGs lacking capacity would strengthen them during this process.

Sandra Nedeljković said that there was an instrument for this and that it is the Law on Local Self-Governments and Inter-Municipal Cooperation, which provides the basis for several municipalities to create a joint service through inter-municipal cooperation. **Katarina Obradović - Jovanović** added that there was no need to create new mechanisms and institutions in addition to the existing 17 regional development agencies, with around 200 employees, who are an important resource in complementing the capacities of LSGs, in particular due to the fact that the RDAs have mandatory funding from LSGs.

Olivera Kostić noted that the development and implementation of strategies, which include both LSGs and RDAs, as a pilot project, would be a good indicator of the effectiveness of the current system. Within Result 2, related to economic growth, which includes the largest number of activities, 16 grants were awarded to business support organisations (BSOs), i.e. regional development agencies, business associations, chambers of commerce and science and technology parks. Significant results have been achieved so far, as over 200 small and medium-sized enterprises have benefited from these activities carried out by BSOs, which among other things included almost 60 events and training sessions. This activity is quite diverse, with various topics covered by the BSO, all of which would be presented in the annual report.

The first phase of the Call for Economic Infrastructure Projects was also implemented, during which 58 applications from local self-governments were submitted. The evaluation was carried out in accordance with the criteria of the Public Call, while representatives of the Ministry of Economy and the Development Agency of Serbia were involved in the process, as observers. The interest for this type of support is very high, and the fact that the value of the projects recommended for the second phase of the call is three times higher than the available funds of 4.8 million Euros presents a risk. Given that the smallest number of received applications refers to the preparation of technical documentation (nine), and it is known that many LSGs do not have prepared technical documentation for priority projects, it was concluded that it would be useful to further stimulate the support tp LSGs in preparing technical documentation, through the possibility to apply with a larger number of projects, which was not allowed within this Public Call.

Luka Pivljanin added that for projects in the domain of tourism infrastructure, the Ministry of Tourism and Youth (MTY) should be included in the project evaluation, as they certainly have more detailed information about the proposed initiatives. For this purpose, a separate meeting of MTY and the Programme was proposed. **The representative of the Ministry of Tourism and Youth, Aleksandar Radovanović**, confirmed the interest in economic infrastructure projects in the field of tourism and indicated that MTY would confirm the members of the EU PRO Plus Steering Committee after the reorganisation is completed.

Katarina Obradović - Jovanović, noting the different geographical representation of the LSG and other applicants in public calls, proposed to assess the correlation between the maturity and existence of strategy documents and participation or non-participation in the Call. **Olivera Kostić** agreed that the Programme would create and share a mini-analysis of these data with the PSC members.

Ana Stanković, Project Manager in the Delegation of the European Union (DEU) to Serbia underlined the importance of providing feedback to local self-governments that will not be invited to submit full applications in order to understand what they need to improve and to be ready for the next call. Also, the local self-governments that did not participate should be made aware that the absence of their application was noticed in order to encourage them to participate in other calls.

Olivera Kostić also summarised the progress within the Result 3 related to the social cohesion and inclusion. Of the 34 approved local infrastructure projects, the implementation of 33 projects is progressing, while the City of Vranje withdrew at the very beginning. As the construction season is favourable, the construction works are underway at 21 locations, while other local self-governments are completing the procurement process. A couple of projects are, for now, are controllably delayed, mainly due to the poor quality of technical documentation or difficulties in the public procurement process. While answering the question of **Slavica Kujundžić from the Ministry of Labour, Employment, Veterans and Social Affairs**, how the Programme addressed the issues related to differences in the planned and actual budget of infrastructure projects caused by disruptions in the market, **Kostić** explained that in the case of local infrastructure projects, which were initiated after the start of the global crisis, local self-governments were encouraged to anticipate possible budget increases before submitting applications, so for public procurements that were completed, deviations from the budgets are minimal. If there is an increase in the budget, according to the terms of the Public Call, the difference in price is to be covered by LSG.

Luka Pivljanin added that this is a real risk in all programmes dealing with infrastructure and that so far solutions have been sought on a case-by-case basis with no institutionalised mechanism currently in place, and added that it is important that the PSC is informed if such situations occur and maybe could assist.

Olivera Kostić then presented the results of the Public Call for Strengthening Social Services, within which 20 of 90 applicants received, were approved for funding. After personnel issues within the two selected projects (the municipality of Ražanj and the Association for Helping Persons with Disabilities from Kuršumljia), 18 projects were contracted. Currently, the contracting of two projects from the reserve list (municipality of Tutin and municipality of Bela Palanka) is underway, while an orientation meeting was held for the selected projects that would last up to 15 months. As part of this result, at the beginning of the Programme, support was also provided for the fight against Covid 19 encompassing procurement of medical and non-medical equipment and 23 grants that were implemented with health institutions that included the engagement of 194 health workers in a period of nine months, of which a number, mostly a doctors, got permanent jobs.

In the following period, the Programme will work on the second phase of the Public Call for Economic Infrastructure Projects, the selection, contracting and implementation of projects, as well as the advertising the calls for business related services provided by LSGs and the introduction of Geographical Information Systems, youth and women's entrepreneurship, and the implementation of vocation training call. The first drafts of the strategies should be completed by May 2023. The key risks in the Programme implementation are a short programme cycle of 3.5 years, which was additionally burdened by the delayed formation of the Government, changes and limited capacities of the LSG, the lack of consensus regarding the holding of training and meetings, as well as the global crisis. In 2022, 12 million Euros were spent, while more than 10 million Euros were earmarked for next year, during which over 200 projects would be implemented.

Luka Pivljanin suggested that in terms of reporting, the Programme should focus more on results and presentation of benefits for final beneficiaries, while presenting in a simple way what the Programme does. In response to **Pivljanin's question** about the impact of exchange rate differences on the programme budget, **Olivera Kostić** replied that the impact is significant and that the Programme is at a loss as long as the current, second, tranche is being spent since, while expecting the situation to improve during the second quarter of 2023.

IV Presentation of Results of the Public Call for Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises

Enis Ujkanović, EU PRO Plus small and medium-sized enterprises sector manager presented the process of publishing and promoting as well as the mechanism of evaluation of applications received for the Public Call for Proposals for Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises. After the initial process (May-June), and evaluation of 610 received applications from 85 LSGs with a total value of more than 20 million Euros (value of EU funds requested over 15 million Euros), the field visits (October-November) of the 204 selected projects, which had passed the initial assessment, were conducted in 62 LSGs. At the end of the overall process of evaluating applications for funding, 124 enterprises from 46 LSGs were recommended for funding. The applications from two lots have a total value of 3.8 million Euros,

while there are 28 projects on the reserve list. In total, about 40 percent of the enterprises recommended for support are located in rural areas, while the success rate of applications is 27% (25% LOT 1 / 19% LOT 2). The average grant value is \$23,000, or \$25,000 for LOT 1 and \$19,000 for LOT 2.

In the next nine months, during the implementation of these projects, 271 new jobs are expected to be created with a long-term employment potential of 400 jobs in the three years time. The real impact of support and benefits for enterprises that were supported during the previous EU PRO programme could be measured only at the end of 2023, when it would be useful to do a return on investment analysis so as to assess the impact of such EU support. According to the business plans, there is expected an average annual increase in income of ten million Euros while exports should grow by 3.3 million.

Answering **Ana Stanković's** question about how the subjectivity of evaluators was avoided in the field visits, **Ujkanović** explained that the field visits were organised under strictly controlled conditions. First, all project proposals first underwent a technical evaluation during which evaluators noted potential risks and specific needs for data verification. Furthermore, at least two evaluators went to each field visit, and feedback from the field visits was discussed at the Evaluation Committee meetings. Also, during the entire process, the rule was applied that evaluators do not participate in the evaluation of enterprises from the places where they work, so, for instance, colleagues from Novi Pazar visited enterprises in Niš, and vice versa.

Further, **Katarina Obradović - Jovanović** asked if there were any issues in monitoring and opening new jobs during the previous programme, so **Enis Ujkanović** explained that there was a concern in the previous programme that during the Covid-19 crisis, grants would be cancelled or enterprises would be closed, which did not happen, partly owing to the equipment acquired through EU PRO. The state subsidy for the minimum wages of employees enabled the creation of new jobs, so that 586 people were employed in 203 enterprises.

It was also said that in the submitted project proposals, according to the Public Call, no invoices or bids were requested because the Programme closely monitors the procurement process in implementation, but the enterprises themselves, as recommended by the Programme, calculated the possible increase in equipment prices.

Upon the PSC approval, each applicant will be informed of the results through a personalised email, with the reasons for not passing and instructions for further steps for those enterprises that have passed and need to submit an application form in English as well as supporting documentation that proves the payment of taxes. **Katarina Obradović - Jovanović** suggested that the letters informing the applicants about the results of the Call should be two-phased. More precisely, the first version of the letter should inform about the results of the EU PRO Plus Public Call, and the remaining quality projects should be notified by another email with information about other sources of funding, i.e. existing national programmes.

Enis Ujkanović said that some enterprises that had not been selected within the previous EU PRO programme public calls, also applied for EU PRO Plus, which indicates confidence in the process itself while some enterprises learned lessons from applying for the previous programme. As he concluded that there were numerous lessons learned that the Programme would share with the Ministry of Economy and other interested parties for which a special meeting should be organised in mid-January.

Katarina Obradović - Jovanović suggested organisation of an official ceremony to mark awarding of grants to new grantees, which was accepted by the DEU and MEI representatives, while agreeing that the Programme should coordinate the dates for its organisation.

Luka Pivljanin added that, considering the significant available support available through IPARD programmes, it was important that all producers from the food sector refer to IPARD funds in similar calls. Also, in order to enable a greater number of applications and a better geographical coverage, criteria should be considered to contribute to activating those territories that are less active in applying for the support. It is also necessary to consider the duration of the scheme itself, while understanding that the process itself and the field visits take time and impose limitations and challenges. A mechanism should also be developed that could identify a good idea in a poorly written application. **Olivera Kostić** concluded that this is a question related to building the capacity to write the project, that is, retaining personnel who have the capacity to transfer this knowledge to the local level, while emphasising the role of regional development agencies in this process.

Vera Veljanovski commended the orientation meetings that EU PRO Plus organised for grantees selected through the BSO Call and Call for Strengthening Social Services and asked about the general impression of the capacity of the enterprises that applied for the Public Call, as well as how that capacity will be advanced through the Programme.

Enis Ujkanović said that the capacities among the enterprises differ, while with the inclusion of enterprises providing services in the grant scheme, the number of highly educated entrepreneurs has increased. On the other hand the enterprises engaged in production often have the help of their accountants. The mitigating circumstance is that the process is completely administered in the Serbian language, the procedures are simplified and, thanks to the Ministry of Economy, technical support is provided through regional development agencies, which, from the experience of previous public calls, is very significant. During the implementation of projects, the Programme supports beneficiaries, so that at least two team members monitor the implementation of each project and perform quality control of key processes and products. This support sometimes consists of contacting foreign suppliers on their behalf when there is a language barrier, all with the aim of transferring good practices in case of subsequent application to other similar programs.

V Voting

After the voting of the members of the PSC adopted the following:

- The quarterly report for the period July-September 2022
- The results of the Public Call for the procurement of equipment and the introduction of services for entrepreneurs, micro and small businesses

It has been agreed that the next meeting of the Programme Steering Committee is to be held in March 2023 to consider the results of the Public Call for Economic Infrastructure Projects.

VI Participants

EU PRO Plus Programme Steering Committee Participants				
	Name	Surname	Institution/Organisation	Title
1	Luka	Pivljanin	Ministry of European Integration	Senior Advisor
2	Radoslav	Zorić	Ministry of European Integration	External Advisor
3	Ana	Stanković	Delegation of the European Union to Serbia	Project Manager
4	Ivan	Milivojević	Standing Conference of Cities and Municipalities	Deputy Secretary General
5	Sandra	Nedeljković	Ministry for Public Investment	Acting Assistant to Minister
6	Katarina	Obradović Jovanović	Ministry of Economy	Assistant Minister
7	Miona	Popović Majkić	Ministry of Economy	Head of the Unit for IPA Project Planning and Preparation
8	Vera	Veljanovski	Ministry of Labour, Employment, Veteran and Social Affairs	Chief of Division for Implementation and Monitoring of Implementation of Projects Financed from EU Funds and Other Sources
9	Slavica	Kujundžić	Ministry of Labour, Employment, Veteran and Social Affairs	Independent Adviser - inspector of social protection Department for Social Protection
10	Sanja	Putnik	Ministry of Public Administration and Local Self-Government	Assistant Minister of Public Administration and Local Self-Government
11	Maja	Močić	Ministry of Public Administration and Local Self-Government	State Secretary Cabinet
12	Aleksandar	Radovnović	Ministry of Tourism and Youth	Independent Associate
13	Marko	Vujačić	UNOPS	Head of Programme
14	Olivera	Kostić	UNOPS - EU PRO Plus	Programme Manager
15	Enis	Ujkanović	UNOPS - EU PRO Plus	SME and BSO Sector Manager
16	Milica	Korać	UNOPS - EU PRO Plus	Programme Officer for SME and BSO
17	Ivana	Popović	UNOPS - EU PRO Plus	Communications Manager
18	Marija	Radulović	UNOPS - EU PRO Plus	Communications Officer
19	Viktor	Veljović	UNOPS - EU PRO Plus	Capacity Building Sector Manager

20	Biljana	Kerić	UNOPS - EU PRO Plus	Officer for Social Cohesion and Gender Equality
21	Dragana	Novaković	UNOPS - EU PRO Plus	Infrastructure Sector Manager

LIST OF COMMON ABBREVIATIONS	
DEU	Delegation of European Union
EU	European Union
EPP	EU PRO Plus
ITI	Integrated territorial investments
ISTD	Integrated sustainable territorial development
LSG	Local self-governments
ME	Ministry of Economy
MEI	Ministry of European Integration
MPALS	Ministry of Public Administration and Local Self-Government
MGSI	Ministry of Construction, Transport and Infrastructure
MPI	Ministry for Public Investment
MTY	Ministry of Tourism and Youth
SME	Small and Medium Enterprises
RAS	Development Agency of Serbia
RDA	Regional Development Agency
RSJP	Republic Secretariat for Public Policy
SUD	Sustainable Urban Development
PSC	Programme Steering Committee
SCTM	Standing Conference of Towns and Municipalities
TD	Technical Documentation
UNOPS	United Nations Office for Project Services