



Ministry of European Integration
REPUBLIC OF SERBIA

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ЗА ТЕБЕ



EU
PRO+

ANNUAL REPORT

1 January –
31 December 2024



Project title:	European Union for Local Development Programme - EU PRO Plus
Overall objective:	To contribute to socio-economic development, prosperity and social cohesion of Serbian society
Purpose:	To decrease socio-economic disparities in two regions within Serbia
Budget:	40 million Euros
Donor:	The European Union
Start date:	1 January 2021
End date:	31 December 2025
Programme area:	The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia
Implementing partner:	United Nations Office for Project Services (UNOPS)
Report date:	10 January 2025
Period covered:	1 January 2024 – 31 December 2024
Prepared by:	UNOPS



Acronyms

AoR	Area of Responsibility
BSO	Business Support Organisation
CAT-I	Capacity Assessment Tool for Infrastructure
CFP	Call for Proposals
CLLD	Community-led Local Development
CSO	Civil Society Organisation
DEU	Delegation of the European Union
DAS	Development Agency of Serbia
DOA	Description of Action
EU	European Union
EPSCA	EU PRO Communication Strategy Assessment
GAP	Gender Action Plan
GEM	Gender Equality Mechanism
HR	Human Rights
ITI	Integrated Territorial Investment
ISTD	Integrated Sustainable Territorial Development
LAGs	Local Action Groups
LSG	Local Self-Government
MPALSG	Ministry of Public Administration and Local Self Government
MLEVSP	Ministry of Labour, Employment, Veteran and Social Policy
ME	Ministry of Economy
MEI	Ministry of European Integration
MTY	Ministry of Tourism and Youth
NGO	Non-governmental Organisation
MPI	Ministry for Public Investment
PSC	Programme Steering Committee
RDA	Regional Development Agency
RFP	Request for Proposals
RSMCO	Republic of Serbia Multi Country Office
SCTM	Standing Conference of Towns and Municipalities
SME	Small and Medium Sized Enterprises
SUD	Sustainable Urban Development
ToR	Terms of Reference

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1. EXECUTIVE SUMMARY

Continuing a high implementation pace in 2024, the European Union for Local Development - **EU PRO Plus Programme has finalised implementation of 158 projects** contributing to a total of 275 (or 91%) completed out of the 303 supported.

The final Public Call of the Programme, for implementation of integrated projects deriving from the twelve territorial strategies closed in January 2024 resulted with support for implementation of 18 integrated projects in total value of 12.8 million Euros. Through these projects, whose implementation is led by local self-governments (LSGs) or the regional development agencies (RDAs), the eleven supported territories are **addressing territorial and sustainable urban development challenges** deriving from territorial strategies, mainly related to development of identity of urban areas by tackling important heritage, brownfields and locations with tourism potential, improvement of social infrastructure and services, improvement of waste management and supporting innovative economy

The EU PRO Plus **support to integrated and sustainable territorial development (ISTD)** approach is also boosted by the formal adoption of the twelve developed territorial strategies by all 31 participating LSGs, and initiated support in establishing the Project Coordination Units (PCU) envisaged by the territorial strategies which will be critical for development and implementation of investment programmes and identification and development of large scale integrated projects. The twelve supported territories, who now have better access to funding, are inhabited by approximately 1,6 million people. During the year, the Programme registered several outcomes from the supported strategies, including the City of Leskovac being awarded [URBACT good practice](#), while several supported cities and municipalities participated in implementation of [Interreg](#) projects as partners.

The Programme support towards **achieving the enhanced economic development** was boosted with creation of 63 new jobs in the 42 supported startups owned by women and youth, contributing to a total of 337 new jobs created through the overall support to entrepreneurs and micro and small enterprises (MSEs), out of which 178 or 52.82% are occupied by women. Supported MSEs reported exports totaling 3.6 million Euros in 2024 maintaining an improvement over the 3.4 million Euros exported in 2022, prior to receiving the grant support.

Additionally, the EU PRO Plus **support to development of economic infrastructure** has yielded significant results with thirteen out of the twenty supported projects completed. Equipping of the infrastructure zone in Šabac has contributed to enabling conditions for three new factories to be constructed and employ up to 1,000 people. Likewise, the Regional Innovation Smart City Centre in Novi Pazar, equipped with over 1,000 square metres of office space, has created 180 workspaces for the IT industry, expecting to host over 100 new employees. Furthermore, the supported development of tourism infrastructure in Mataruška Banja in Kraljevo, Knjaževac Spa Centre and “Lipovac” facility for rest and recreation of children in Aleksinac, should, in the longer term, significantly contribute to development of sustainable tourism.

In support of the **improved social infrastructure and social cohesion in targeted municipalities**, in 2024, with the completion of the remaining nine projects, the Programme completed all 37 awarded local infrastructure projects, creating tangible benefits for over 131,000 direct beneficiaries. The completion of projects in Niš, Golubac, Čuprija and Mionica directly improved the conditions for engagement in the cultural and sports activities for over 46,000 direct beneficiaries in these communities. In Niš, the energy-efficient puppet theatre in Niš improved the quality of service while the newly established Museum in Golubac provided a new service for the inhabitants and the tourists, while the reconstructed facility in Supska village in Čuprija is also now a new spot for cultural events and business forums, workshops. Finally, citizens in Mionica now have a proper place to facilitate sports training and competitions.

With the completion of projects in Bosilegrad and Užice, over 15,000 users will have better access to www.euproplus.org.rs

health care and social services. In Bosilegrad, once the use permit is issued and licence for introduction of a new social service obtained, conditions will be provided for care of victims of domestic violence and people in need of shelter due to the poor living conditions, thus creating a safe, social and inclusive environment for inhabitants of Bosilegrad. Likewise, a rehabilitated antituberculosis clinic in Užice now provides a better working environment for its staff members employed in the clinic and better conditions for health care services for over 69,000 inhabitants of the broader area of the Zlatiborski district.

Two completed projects in Sjenica and Bujanovac, improved communal services and the environment for over 57,000 inhabitants. In Sjenica the facility for the collection of animal byproducts should also benefit the neighbouring municipalities once it is fully operational, while in Bujanovac the the completion of the second phase of transfer station is an important step towards solving the problem of waste management in the municipality and environmental protection. The transfer station is to be part of the regional landfill "Meteris" in Vranje which once completed will be equipped to facilitate the waste from the six municipalities in the Pčinjski district.

With finalisation of ten projects in the first half of 2024, the **activity for strengthening social services is completed**, exceeding set targets with 28 social services established and/or improved over 15 planned, while reaching over 8,400 direct beneficiaries as a result of 20 supported projects in total. In September, the Programme conducted a comprehensive evaluation of the results attained under the intervention.

With the implementation of projects through grant modality at its peak during the year, **most identified risks and issues are the capacity of beneficiaries to implement supported projects**. With implementation of 42 projects with infrastructure components, the Programme provided technical support to the beneficiaries to develop technical documentation for conducting public procurement processes, intensified field visits providing support at the construction sites, and provided guidance for addressing specific technical issues. There were also **external factors influencing the pace of implementation** such as increased prices of construction materials which placed an additional burden on the grantees to secure additional co-funding. In these cases the EU PRO Plus infrastructure team reviewed technical documentation together with the grantees to identify options for usage of alternative materials, or limited re-scoping to ensure successful completion of projects. As a result, the Programme is initiating an amendment process to secure a three-month extension of the implementation period.

At the end of the year, a **successor project, designed to contribute to development and enforcement of the EU models for territorial development on national and local levels in Serbia, "EU Integra"**, programmed under the 2024 Instrument for Pre-accession Assistance (IPA III) National Action Programme was contracted, with the Standing Conference of Town and Municipalities (SCTM) responsible for implementation of grant schemes, and UNOPS for provision of technical assistance. The EU PRO Plus will, through continued activities and increased focus on development of strategies, support initiation of the new project, which will be regulated through the above mentioned amendment.

Throughout the year, the **Programme maintained high visibility** through extensive traditional and digital media campaigns. This included 26 press releases and 10 media announcements, leading to 1,456 media reports, with 41 percent (or 610) in national media. Coverage predominantly focused on economic and local infrastructure, generating 591 reports due to their tangible results. Piloting territorial development and supporting integrated project implementation were also prominently featured, accounting for 353 reports. Together with support to MSEs, as well as women and youth start-ups, these sectors formed the core of the Programme's media narrative.

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.

2. REVIEW OF PROGRESS AND PERFORMANCE

2.1 Policy and Programme Context

The year 2024 was marked with a number of important developments related to the policy and the Programme context both at the national and European Union level, along with the forming of the new central and local governments following the parliamentary and local elections held in December 2023 and June 2024.

On 2 May 2024 the Members of the Serbian parliament elected a new government of the Republic of Serbia, led by Prime Minister Miloš Vučević, former defence minister, that has 31 members, five of whom are ministers without portfolio.¹ The continuity in cooperation has been maintained with all national and local governments, in particular with the key national beneficiary, the Ministry of European Integration.

Regarding Serbia's accession to the EU, the Government of Serbia (GoS) in September 2024, passed [the Draft Law on the Establishment and Functioning of the Cohesion Policy Management System](#), currently in the adoption procedure.² The Law establishes a system for managing and controlling the implementation of the EU Cohesion Policy and defines procedures for preparing relevant documents in line with the policy objectives and Serbia's EU accession obligations. It regulates the goals and principles of the Cohesion Policy, funding for implementation actions, strategic frameworks, and programme preparation procedures. Additionally, it outlines responsibilities for managing and controlling relevant programmes, covering implementation, monitoring, reporting, evaluation, visibility, and public information about results.

In October the Government adopted [the Reform Agenda of the Republic of Serbia](#), prepared in collaboration with Serbian institutions and the European Commission, to respond to the EU's offer for accelerated membership preparations through the [EU Growth Plan for the Western Balkans](#).³ This Facility, worth 6 billion Euros, of which two billion in grants and four billion in highly concessional loans, will provide increased financial assistance in exchange for socio-economic and fundamental reforms defined in Reform Agendas prepared by the Western Balkan partners. Therefore, document repeated by the Government of Serbia aims to accelerate all ongoing reforms outlined in the EU membership negotiations, and to enable Serbia to access funds from the European Growth Fund, includes four reform areas with 98 measures, i.e. steps, which, once implemented, will be a condition for payment: Business environment and private sector development (26 steps for disbursement); Green and digital transition (39 steps for disbursement); Human capital (12 steps for disbursement); and Fundamentals, i.e. measures in the rule of law area (21 steps for disbursement).

The European Commission approved the Reform Agendas of Serbia and other WB countries, following the EU Member States' positive opinion, which was followed by signing loan and facility agreements with the beneficiaries, which includes obligations for beneficiaries to undertake appropriate measures to prevent, detect and correct fraud, corruption, conflicts of interests and irregularities affecting the financial interests of the Union, to avoid double funding and to take legal action to recover funds that have been misappropriated, the collection of adequate data on the recipients of funds under the Facility and the rights to be granted to the Commission, the European Anti-Fraud Office (OLAF), and the European Public Prosecutor's Office (EPPO) where applicable.⁴ According to the European Commission's methodology, Serbia is expected to receive the first tranche of around EUR 112 million, from a total of EUR 1.58 billion available until the end of 2027, if everything outlined in the Reform Agenda is achieved.

¹ Serbia.gov.rs [New Government of Serbia elected](#) (2 May 2024)

² MEI.gov.rs [Government of Serbia finalised the Draft Law on the Establishment and Functioning of the Cohesion Policy Management System](#) (16 September 2024)

³ MEI.gov.rs [Growth Plan and Reform Agenda of Serbia](#) (3 October 2024)

⁴ EC.europa.eu [Commission approves Reform Agendas of Albania, Kosovo, Montenegro, North Macedonia and Serbia, paving way for payments under the Reform and Growth Facility](#) (23 October 2024)

Upon signing the Agreement with Serbia on 28 and 29 November in Belgrade and Brussels, the Government of Serbia adopted a draft law ratifying a loan agreement with the European Union for up to 1,13 billion Euros, with a 40-year repayment period and a 10-year grace period, meaning principal repayments will start in 2034.⁵

In the area of the environment protection, in November, the GoS adopted [four relevant environmental laws](#) contribute to further harmonisation with European standards, including the Law on Environmental Impact Assessment, the Law on Strategic Environmental Impact Assessment⁶, whose adoption had been pending since 2019. Environmental impact assessment is the most important institutional mechanism for preventing negative impacts on the environment and human health, with public participation in this procedure. Although the line Ministry stated that key innovations should improve the conditions for citizen participation, the [civil sector while welcoming certain improvements, expressed concerns](#) regarding remaining issues that were not addressed, such as legalisation of informal procedures carrying high risk of abuse, insufficiently precise regulation of public participation procedure leading to uneven practice, with no appropriate legal remedy in the strategic impact assessment procedure provided, etc.

In May 2024, the GoS adopted [the Conclusion on the adoption of the framework document for the issuance of green and socially sustainable bonds](#) to support a new form of green and socially sustainable financing concept. The framework builds on the implementation of the Sofia Declaration on the Green Agenda for the Western Balkans, as well as the Green Bond Framework adopted in 2021. The concept consists of four basic components: use of funds, evaluation and selection of eligible expenditures, management of funds and reporting.⁷

Upon the consultation process for the [Draft Environmental Protection Strategy - Green Agenda of the Republic of Serbia for 2024-2033](#), including the Action Plan and the Report on the Strategic Environmental Impact Assessment conducted in September 2024, the Ministry of Environmental Protection opened the public hearing for all interested citizens and experts to provide comments, suggestions and proposals by 24 December 2024. The strategy aligns with the Sofia Declaration, signed by Serbia in November 2020, serving as an umbrella public policy document in the environmental field. It focuses on five areas: i) Climate change and decarbonisation; ii) Circular economy; iii) Reduction of environmental pollution; iv) Protection of biodiversity and ecosystems; and v) Sustainable food systems and rural development.

The [Integrated National Energy and Climate Plan to 2030](#), with a vision up to 2050, was adopted in July by the GoS, defining strategic goals and the timelines of the energy transition process. Policies and measures are organised into five key dimensions: decarbonisation, including greenhouse gas emissions and renewable energy sources, energy efficiency, energy security, internal energy market and research, innovation and competitiveness.⁸

At the end of year, [the Work Plan for 2025 of the Council for Creating an Enabling Environment for the Development of Civil Society](#) was adopted.⁹ The plan should contribute to monitoring the implementation of the Strategy for Creating an Enabling Environment for the Development of Civil Society 2022 to 2030. It includes measures to observe and analyse relevant public policies, increase transparency in financing of CSOs, consider issues related to the activities of civil society and protection of human rights, take positions and make proposals on relevant legal acts, etc.

In July 2024, the GoS adopted the [National Anti-Corruption Strategy for the period from 2024 to 2028](#), to systematically prevent and combat corruption. The document targets high-risk areas, including police,

⁵ MEI.gov.rs [40-Year EU Loan to Serbia](#) (9 December 2024)

⁶ Alongside with the Law on Ratification of the Minamata Convention on Mercury, and the Law on Control of Major Accident Hazards Involving Hazardous Substances

⁷ Srbija.gov.rs [Strategic plan to combat fraud, manage irregularities in handling EU funds adopted](#) (30 May 2024)

⁸ RTS.rs [Adoption of Integrated National Energy and Climate Plan to 2030](#) (25 July 2024)

⁹ Minljmpdd.gov.rs [The 2025 Work Plan of the Council for Creating an Enabling Environment for the Development of Civil Society has been adopted](#)

health, education, local government, construction, political financing, taxes and customs, public procurement, privatisation, and public enterprises, with whistleblower protection and lobbying also addressed.¹⁰

Within the efforts to empower entrepreneurs, foster economic growth, and address the specific needs of targeted groups and industries, during the third quarter of 2024, the Ministry of Economy (MoE) launched [several public calls](#) to support entrepreneurship across various sectors. The funds have been allocated to support women's entrepreneurship in rural areas (30 million Dinars), 10 million dinars for traditional and artistic crafts (10 million Dinars), young entrepreneurs and startups (100 million Dinars) as well as for the processing capacities in hunting, fishing, and beverage production (160 million Dinars). Additionally, the call worth 100 million Dinars was open for women entrepreneurs and single mothers, the support of 50 million Dinars targeted employers in dual education by covering student wages, while the call, focused on the processing industry, had a budget of 600 million dinars and provided grants covering up to 50% of investment costs. While it was officially open until 31 May 2025 or until funds were exhausted, it was temporarily suspended due to high interest.

Under its 2024 Business Infrastructure Development Support Program, the Ministry of Economy allocated support for 31 new projects worth 2.5 billion dinars, of which the Ministry provides 2.3 billion dinars from the budget. As per the Programme two measures, the 15 industrial and business zones will be equipped with utilities, and tourism potential will be improved in 16 municipalities and cities, in order to increase economic activity.

In May [Incentive Fund for People with Disabilities](#) was established by the Divac Foundation, with support from the USAID to provide financial support to individuals with disabilities for business starting, and employers who hire people with disabilities. Along with local governments, the USAID provides support worth over 4.3 million dinars.

In June 2024, the GoS adopted the [Law ratifying the Agreement between Serbia and the EU on participation in the EU Programme "Citizens, Equality, Rights and Values."](#) This is the largest programme for promoting and protecting Union values, with an estimated budget of 1.5 billion Euros for distribution from 2021 to 2027. The funding will support the non-profit sector in four key areas: civic activism, equality, combating violence, and upholding EU rights and values.

The Cabinet of balanced regional development through the [Public call](#) for projects for the regional growth programme in the Republic of Serbia approved 21 projects for financing, including the co-funding for the economic infrastructure project in Bosilegrad, i.e. revitalisation of the textile factory Kobos which is supported through the EU PROP Plus.

At the EU level, the [EU Nature Restoration Law](#) was adopted by the EU Parliament in February 2024. The new law sets a target for the EU to restore at least 20% of the EU's land and sea areas by 2030 and all ecosystems in need of restoration by 2050. The EU nature restoration law, agreed with member states, should restore degraded ecosystems in all member states, help achieve the EU's climate and biodiversity objectives and enhance food security. To reach the overall EU targets, member states must restore at least 30% of habitats covered by the new law (from forests, grasslands and wetlands to rivers, lakes and coral beds) from a poor to a good condition by 2030, increasing to 60% by 2040, and 90% by 2050. In line with Parliament's position, EU countries should give priority to [Natura 2000 areas](#) until 2030. Once in a good condition, EU countries shall ensure an area does not significantly deteriorate. Member states will also have to adopt national restoration plans detailing how they intend to achieve these targets. The Law will enable direction of EU funding towards restoration of degraded areas, that are also recognised in territorial strategies developed by EU PRO Plus.

[URBACT Call for Innovative Transfer Networks](#), which was open from 10 January to 20 March 2024, was a second network that was opened under the URBACT IV programme, where IPA countries were eligible to

¹⁰ Serbia.gov.rs [Government adopts National Anti-Corruption Strategy to 2028](#) (25 July 2024)
www.euproplus.org.rs

apply for the first time. URBACT supports cities to develop integrated practices through which Cities can learn a great deal from each other's experiences, while enabling sharing ideas around bottom-up initiatives and co-design long-term strategies and urban policies - all at European and local levels. In the context of EU PRO Plus, URBACT is an opportunity for further operationalisation and implementation of territorial strategies developed by Programme, and additionally to build capacities of local and regional actors on territorial development and development of integrated projects.

[Interreg Europe](#) conducted a third call for project proposals in the second quarter, for the first time open for IPA countries, encapsulated [206 project proposals](#), out of which 44 were submitted from Serbia. The call objectives are in line with EU Cohesion Policy 2021 - 2027 objectives, and the call is complementary to territorial strategies developed with EU PRO Plus, and enable further implementation of the policy instruments envisaged by strategies.

The [URBACT call for Good Practices](#), closed on 30 June 2024, was designed for submission of existing local practices that are impactful, participatory, integrated, relevant for the European Union and transferable to other European cities. The eligible applicants, apart from the cities from European Union's 27 Member States, Partner States (Norway, Switzerland), were also cities from countries benefiting from the Instrument for Pre-Accession to the EU (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia), as well as from Ukraine and Moldova. The selected practices are to be widely promoted at the URBACT City Festival on 8-10 April 2025 in Wroclaw (PL). The call is also in line with practices obtained through the process of development of territorial strategies supported by EU PRO Plus.

In July 2024, two new funding opportunities were opened for territories supported by EU PRO Plus under the [EIT Community New European Bauhaus](#). The [Co-create NEB call](#) seeks citizen-generated solutions to challenges in urban and rural areas, supporting projects that help communities re-imagine communal spaces, enhance nature, and foster a sense of belonging. Eight projects will be selected, with applications due by 26 September 2024, offering a maximum funding of 45,000 EUR per project and a minimum co-funding rate of 25%. The [Connect NEB call](#), open until 10 October 2024, supports initiatives addressing local challenges and facilitates knowledge exchange, funding up to eight projects with a maximum of 15,000 EUR per project and a minimum co-funding rate of 20%.

The second [National Urban Forum \(NUF\)](#), with the theme "Localisation of Sustainable Development Goals and monitoring of urban development in the Republic of Serbia", was successfully held in Niš in April 2024 as a preparation for the Twelfth World Urban Forum (WUF12), held in Cairo from 4 to 8 November 2024. The theme of the National Urban Forum (NUF) was in line with the main theme of the World Urban Forum ("It all starts at home: Local actions for sustainable cities and communities"). The forum with around 200 participants, was organised by the Agency for Spatial Planning and Urbanism of the Republic of Serbia, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia, the City of Niš, the Standing Conference of Cities and Municipalities, in partnership with the Office of the Resident Coordinator of the United Nations in Serbia, The United Nations Programme for Settlements - UN Habitat and the World Bank, with the support of the Science and Technology Park in Niš and the Swiss Organisation for Economic Cooperation.

The [twelfth session of the World Urban Forum \(WUF12\)](#), convened by UN-Habitat and co-organised with the Government of Egypt, took place in Cairo from 4 to 8 November 2024 at the Egypt International Exhibitions Centre. WUF12, themed "It all starts at home: Local actions for sustainable cities and communities," emphasized the importance of localizing the Sustainable Development Goals (SDGs) by addressing pressing challenges such as inadequate housing, rising urban poverty, and access to basic services exacerbated by global crises. The Forum provided a platform for sharing innovative strategies and successful community initiatives that foster sustainable urban development, encouraging collaboration among local governments, civil society, and urban practitioners to highlight actionable solutions and empower communities in shaping their urban futures.

The [Cairo Call to Action](#), launched at WUF12, is a bold roadmap for sustainable urban transformation.

Recognizing urbanization's role in advancing social equity, climate resilience, and economic growth, the Call outlines key priorities to address global housing needs, promote inclusive public spaces, and foster resilient cities. It urges all stakeholders – from local governments to communities – to drive local actions that support the Sustainable Development Goals and the New Urban Agenda. With a focus on housing as a human right, climate action, and social inclusion, the Cairo Call to Action empowers cities and communities worldwide to shape a sustainable urban future.

2.2 Progress Towards Achieving Objectives

The latest preliminary data from the [Statistical Office of the Republic of Serbia](#) highlights economic growth, with the nominal national GDP increasing by 18.2% in 2023 compared to the previous year. Regional GDP also demonstrated strong performance, with the Šumadija and Western Serbia Region achieving a notable 10.5% nominal growth, while the South and East Serbia Region recorded an impressive 14.1% increase. These figures underline the economic expansion and the potential for continued progress across the country. However, in terms of GDP share, regional progress has remained uneven: while Belgrade strengthened its position, other regions, including Vojvodina, Šumadija and Western Serbia and The South and East Serbia Regions experienced slight declines in their share of the national GDP.

The data also highlights positive growth in GDP per capita across all regions of Serbia, though the biggest growth was registered in the Belgrade region with 70.6% compared to last year. The less developed regions demonstrated progress as well, with the Šumadija and Western Serbia region achieving an 11.5% nominal growth in GDP per capita, reaching RSD 826,000, while the South and East Serbia region recorded an 15.4% increase, bringing its GDP per capita to RSD 953,000. Although these figures reflect nominal improvements, the gap in regional GDP per capita of less developed regions compared to Belgrade's performance is still widening. This highlights the need for further targeted investments and support to foster more balanced economic development across all regions.

Unemployment trends in Serbia's Western and South-Eastern regions diverged in 2023. Western Serbia experienced a substantial decrease in unemployment, declining by 12.9% compared to 2022 and reaching 82,800 individuals. This represents a 21.9% reduction from the 2019 baseline. Conversely, South-Eastern Serbia saw a 7.5% increase in unemployment, totaling 79,200 individuals in 2023. While higher than 2022 figures, this level remains 9.2% below the 2019 baseline.

Thus far, through support in developing economic infrastructure, the Programme has contributed to facilitating significant investments in Šabac, with three new factories opened in the equipped industrial zone with investments of 180 million Euros and Kraljevo, with investments in the hotel in jobsMataruška Spa of 1.5 million Euros created potential for significant new employment. Thus far, the supported economic infrastructure projects have contributed to creation of 1,000 new jobs, with potential to contribute to creation of 4,000 more jobs in the future.

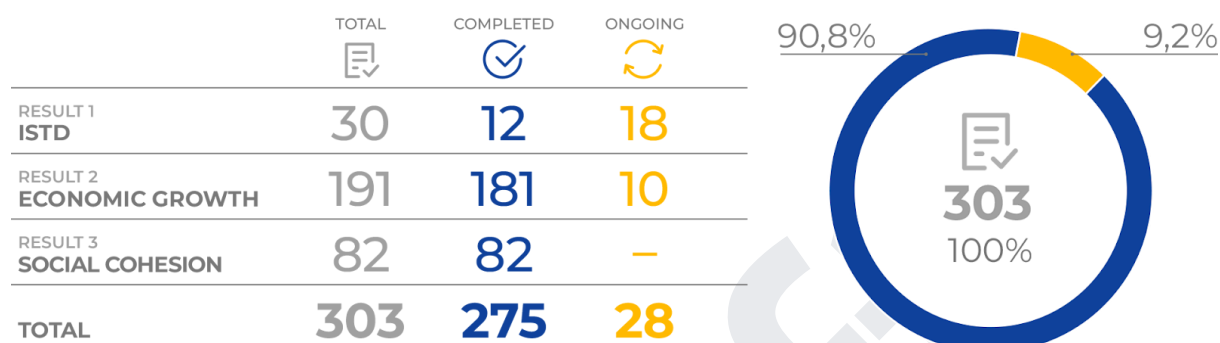
Furthermore, the social infrastructure improved with the Programme support have created direct benefits to over 280,000 inhabitants of the two less-developed regions of the country, while the improved social services created benefits to 8,400 direct beneficiaries, of which 7,700 people belong to the vulnerable groups.

Likewise, the strategies covering the twelve supported territories inhabited by 1.6 million people create conditions for urban and territorial transformation which can be facilitated using Integrated Territorial Investments (ITI), and combining different sources of funding for locations with particular features that have significant development potential for certain urban areas.

The Programme also contributed to gender equality and social inclusion with these elements embedded into all supported activities which ensure equal results for men and women, promote support to vulnerable groups and ensure inclusive participation in supported activities.

2.3 Results and Activities

The Programme has diligently continued completion of its activities marking the end of 275 projects in total, and leaving 28 projects in implementation, including 18 integrated projects awarded in the mid 2024.



Within the Result 1 - Improved development planning and introduction of the Integrated Territorial Investment (ITI) concept - the Programme target at the national level in this year was reached with 50 national representatives including 31 (or 62%) of female representatives, out of which 24 from MEI including 14 (or 58%) female, benefiting through capacity building activities. The completion of the activities related to development of territorial strategies resulted in the adoption of twelve developed strategies by all 31 participating LSGs (including 12 Serbian cities and 19 municipalities).

As part of the Result 2- Improved economic growth - the Programme finalised the implementation of 13 economic infrastructure projects of 20 awarded, ensuring the conditions were met for fostering new investment initiatives and employment opportunities. As a result, four new investments valued at over 180 million Euros materialised in the industrial zone Šabac and Mataruška spa, jointly registering 1000 new employees.

Four jobs were created in 2024 through continued MSE support making a total of 274 new jobs created by 113 MSEs directly supported by the programme.¹¹ Furthermore, 42 supported women and youth startups generated 63 new jobs in 2024, demonstrating the significant impact of targeted interventions to foster entrepreneurship in the extremely underdeveloped municipalities.

Within the Result 3 - Improved social infrastructure and social cohesion in the targeted local self-governments - as part of social infrastructure, the Programme finalised 37 local infrastructure projects, of which nine (9) in 2024, improving the access for over 280,000 direct beneficiaries to a better quality of communal, health, administration, education, culture, sport and social services. Through eight (8) projects, the conditions of communal infrastructure are improved, providing more than 56,000 inhabitants access to health and sustainable water supply or unpolluted air. Through nine (9) projects, the conditions in education facilities were improved, benefiting over 85,000 children and their teachers, while nearly 56,000 people benefited from six (6) enhanced cultural institutions. Also, nearly 44,000 people benefited from six (6) projects where conditions were improved for sports and over 33,000 people from improved health and social care facilities in seven (7) projects. Finally, one project improved administrative services for nearly 13,000 inhabitants.

Additionally, social services have been improved in 22 local self-governments through 20 projects that contributed to the establishment and/or improvement of 28 social services for the benefits of

¹¹ Analysis of the grant support to MSEs is provided in [Annex II Attn. 2.1](#)
www.euproplus.org.rs

8,400 direct beneficiaries (62% are female), of which over 7,700 people are coming from vulnerable groups. Furthermore, it is estimated that over 23,700 people (54% are women) benefited indirectly from the intervention.



20
SUPPORTED
PROJECTS



22
CITIES AND MUNICIPALITIES
COVERED



48
CSOs AND PUBLIC
INSTITUTIONS INVOLVED



8,400
DIRECT
BENEFICIARIES



23,700
INDIRECT
BENEFICIARIES



28
SOCIAL SERVICES
ESTABLISHED/IMPROVED

Result 1 Improved development planning in targeted municipalities and introduction of the ITI concept

During the year, the Programme has been focused on several aspects of the capacity building, primarily on the implementation of territorial strategies, through implementation of integrated projects, followed by organising exchange of experience by using different methods and creating governance arrangements within territories. The Programme reached its target of the number of persons at the national level benefiting from capacity building activities in this year, with a total of 50 national representatives including 31 (or 62%) female representatives, out of which 24 from MEI (14 or 58% female). The Programme has finalised activities related to development of territorial strategies where all 31 participating LSGs adopted strategies (including 12 Serbian cities¹² and 19 municipalities¹³). The strategies provide territorial focus and define key areas of intervention required for urban and territorial transformation, which can be implemented using Integrated Territorial Investments (ITI), and combining different sources of funding for locations with particular features that have significant development potential for certain urban areas.

As a result of the Programme efforts in developing territorial strategies and improving development planning, the City of Leskovac was awarded as [URBACT good practice](#). The application was one of the 249 submitted from 27 EU member states and IPA candidate countries, out of which 116 were selected. Within the Call, local practices were selected that have a positive impact in the community, are participatory and integrated, relevant at the European level and can be transferred to other European cities. With the support of EU PRO Plus, the City of Leskovac applied with a work with a title: Sustainable and integrated territorial development strategy: Collaborative creation of sustainable urban development strategy for releasing urban potentials. The work will be presented at the [URBACT City festival](#) in Wrocław, Poland, which will be held from 8 to 10 April 2025. It is a first URBACT good practice from Serbia and in the context of UNOPS and EU PRO Plus, represents an international verification of territorial strategy/es whose development was methodologically and technically supported by EU PRO Plus.

The City of Leskovac also participates in the Interreg project [“Digital solutions for sustainable urban mobility – Green Zero-carbon urban mobility”](#). The City of Kragujevac participates within the URBACT IV

¹² Bor, Kragujevac, Kruševac, Leskovac, Loznica, Niš, Novi Pazar, Pirot, Smederevo, Šabac, Užice and Zaječar

¹³ Arandjelovac, Babušnica, Bajina Bašta, Batočina, Bela Palanka, Boljevac, Čajetina, Dimitrovgrad, Gadžin Han, Knić, Knjaževac, Lapovo, Merošina, Požega, Priboj, Rača, Sokobanja, Svrlijig and Topola.

Innovation Transfer Network [“Digital Environment for collaborative Alliances to Regenerate urban Ecosystems in middle-sized cities \(DARE\)”](#), and in Interreg project [“LOTTI - Local identity driving traditional industry transition”](#). The City of Šabac participates in the Interreg project [“New gOvernance for New spAces \(NONA\) in the Danube Region Programme”](#). Municipality of Sokobanja is included in Interreg project [“Tourism4SDG Improving the effectiveness of tourism policy instruments for SDG achievement”](#), Regional Development Agency of Šumadija and Pomoravlje (REDASP) is included in Interreg project [“COMMIT Low-Carbon SME Development and Transition”](#). Regional Development Agency of Sandžak (SEDA) participates in the Interreg project [“EMBRACER Interconnecting Mobility Across European Cities and Suburbs”](#). Regional Development Agency JUG (RDA JUG) is included in Interreg project [“FutureECOS Future-proof living space in growth corridor regions”](#).

Likewise, seven projects from supported territories were awarded through the [Interreg third call for project proposals](#): City of Zaječar within the project “SMOOTHY - Sustainable mobility strategies in low-density areas”; City of Kruševac within the project “ARTIST - Elevating sustainable mobility through the use of branding, design and art”; Municipality of Sokobanja within the project “SILVER UP - Improving Regional Development Policies to become enablers of the Silver Economy in depopulated areas”; Regional Development Agency Zlatibor within the project “INTEGRA - Integrated territorial strategies for sustainable transition”; City of Kragujevac within the project “PARSMO - Parking Policies for Shared Mobility and “INCLUDE - Reducing mobility poverty in urban areas” and Regional Development of Šumadija and Pomoravlje (REDASP) within the project “SINERGY - Building synergies in R&I funds for greater effectiveness and impact of Smart Specialisation Strategies”.

As a result of the conducted study visit tour to Germany, the Programme and the supported territories were invited to participate in activities of the [Dissonant Heritage Action Group \(DHAG\)](#), an informal platform and a “network of networks”, gathering international and interdisciplinary group of experts interested and active in the field of dissonant heritage. After the initial meeting in October, the Programme will continue to participate in the DHAG.

NARROWER SPATIAL FOCUS

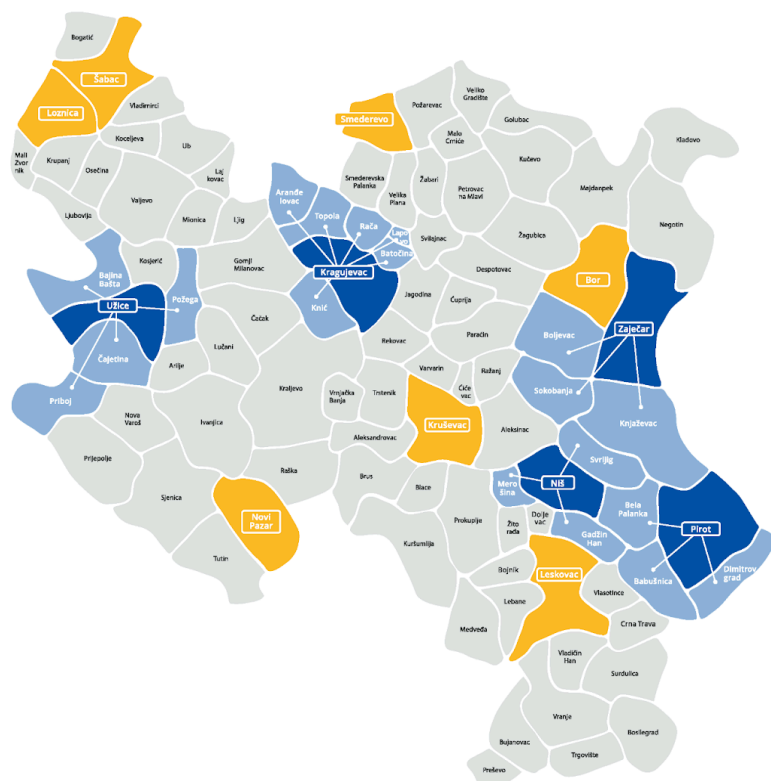
7 STRATEGIES 19 LSGs

- LOZNICA
- ŠABAC
- SMEDEREVO
- BOR
- KRUŠEVAC
- NOVI PAZAR
- LESKOVAC

WIDER SPATIAL FOCUS

5 STRATEGIES 19 LSGs

- KRAGUJEVAC
in partnership with Batočina, Lapovo, Rača, Knjič, Topola and Arandelovac
- NIŠ
in partnership with Merošina, Gadžin Han and Svirijig
- UŽICE
in partnership with Čajetina, Požega, Priboj and Bajina Bašta
- PIROT
in partnership with Bela Palanka, Babušnica and Dimitrograd
- ZAJEČAR
in partnership with Knjaževac, Boljevac and Sokobanja



The most important challenge was completion of the [Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the Programme](#). The results of this Call were endorsed on 20 May 2024, with 18 approved projects in total value of 12.8 million Euros, out of which 9.6 is EU contribution. The awarded projects address issues related to identity of urban areas by tackling heritage and brownfield locations as well as those with tourism potential. Further, they contribute to improvement of social infrastructure and services and improvement of waste management. Additionally, the supported projects deal with an innovative economy, with a multisectoral and multi-level governance approach. Taking into account that the concept of integrated projects were introduced with the Cohesion policy 2021-2027 programming period, and it is also a novelty in the EU context, the structure and the typology of projects are expected for the first call. However, there are some advanced examples in applying integrated and innovative approach, such as the transformation of the Military Technical institute (MTI) in Kragujevac and the Green transition project in Užice. Concerning development of documentation for strategic projects under LOT 2, several projects are dealing with significant long term transformation potential, such as in Loznica (Master plan for Viskoza factory), Novi Pazar (Traffic study) and Kragujevac (MTI mechanical workshop revitalization study), while others are tackling some important locations and topics (e.g. Kruševac with the Lazar fortress).

Activity 1.1 Enhancing national capacity to introduce integrated territorial development

The first draft of Study on the National model for Integrated Sustainable Territorial Development (ISTD) was drafted and shared with the Ministry for European Integration (MEI). The final study summarises the relevant activities and outputs of the EU PRO Plus Programme and provides recommendations for Serbia's national ISTD model.

The study visit to Germany¹⁴ conducted in September 2024 was designed for seven medium-sized towns implementing integrated Sustainable Urban Development (SUD) strategies, including Šabac, Loznica, Novi Pazar, Smederevo, Bor, Kruševac, and Leskovac, as well as representatives from the Ministry of European Integration (MEI) and the Ministry of Economy (MoE). Consistently with the previously organised three visits, this one integrated all three levels of governance, and provided a comprehensive overview of Germany's successful transformation process, achieved through significant investments in urban restructuring and the conversion of industrial areas. The visit was concentrated on territorial development in predominantly urban areas, with special attention to medium-sized cases (40,000-100,000 inhabitants) comparable to the Serbian pilot cities. It has provided participants with practical insights into the implementation projects, such as: Regeneration of urban areas and brownfields, Transformation of waterfronts or riverbanks, Improvements to residential areas, including the preservation of dissonant (socialist) architecture, Green spaces and Revalorisation of cultural heritage (incl. gastronomy and identity). The visit and exchanges also considered procedural aspects, such as approaches to ensure and improve territorial partnership, stakeholder involvement and participatory methods.

The training titled "Coordinating the implementation of Integrated Territorial Investments (ITIs): learning from practice"¹⁵ was conducted on 2 December 2024. It was primarily designed for the representatives of the Ministry of European Integration, but also included the Standing Conference of Towns and Municipalities and the EU Delegation. With this hybrid event the Programme enabled an exchange between the Serbian Ministry of European Integration (MEI) and selected counterparts from the EU countries. The relevant cases from Poland and Portugal and the experience with the overall coordination of EU-funded territorial development instruments were presented.

Activity 1.2 Improving capacities of municipalities and regional development agencies to introduce concepts of integrated territorial planning

¹⁴ The study visit report is available in Annex I, Attn 1.1

¹⁵ The report on the training is available in Annex I, Attn 1.2

All 31 participating LSGs in 12 territorial strategies adopted their respective territorial strategies by June 2024, marking the formal completion of the process. The adoption process in all 31 LSGs was conducted without remarks on the documents during the procedure, proving the legitimacy of the strategies gained through the intensive participatory process, as well as the quality of the developed strategies.

The finalised layouts of all twelve territorial strategies, including bibliographical references have been submitted to the supported territories, which published them on the respective official local websites¹⁶. The strategies are also available on the [Programme website](#).

As part of supporting the implementation of territorial strategies, the Programme provides ongoing guidance in establishing Project Coordination Units (PCUs). Based on feedback from local decision-makers and regional development agencies, guidelines for establishing PCUs have been developed, detailing the duties of PCU members for all supported territories. The approach for implementing Module IV of the Capacity Building (CB) Plan has also been defined, providing comprehensive support to established PCUs.

So far, five PCUs have been established in urban areas of Leskovac, Loznica, Novi Pazar, Smederevo and Pirot, and are in operation. Four more cities (Bor, Kragujevac, Zaječar and Užice) have drafted the relevant decisions and are awaiting approval. The cities of Šabac and Užice are at an early preparatory stage. Finally, the process in Niš and Kruševac has faced some initial delays for reasons internal to the LSG administration, however, after the adoption of the PCU model they are expected to establish their Units at the beginning of 2025.

All the cities decided to set up their PCUs as a 'Task Force' that utilises existing members of staff (i.e. it 'borrows' human and other resources from existing LSG administrative units).

Activity 1.3 Implementing activities contributing to socio-economic growth deriving from integrated territorial planning strategies

The [Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the programme](#) was closed on 17 January 2024. A total of 22 applications were received, out of which 13 under LOT1 (infrastructure works and procurement of equipment)¹⁷ and 9 under LOT 2 (development of documentation)¹⁸, with a total of 12,6 million USD requested. The administrative check of received applications was conducted, the evaluation committee was established, and the evaluation were completed through seven meetings followed by eight field verification visits held during this quarter. After completion of evaluation the Programme Steering Committee endorsed the results on 20 May 2024, leading to the 18 awarded projects with a total value of 12.8 million Euros, out of which 9.6 is EU contribution.

During 2024, all awarded LSGs opened dedicated project accounts and signed partnership agreements with specific roles and responsibilities for implementing partners with respect to the project activities and financial obligations. The Programme processed and approved first milestone payments to all 18 grantees to ensure initiation of activities, and reviewed and approved 80 tender processes for activities within individual projects, of which 53 contracts were awarded for works or services.

The implementation of the grants within LOT1 is ongoing with different progress rates, and the detailed overview for all projects follows:

The City of Šabac issued the Contract for the construction of the gym within the "Fair play for inclusion" project in November, while the start of works depends on the weather conditions and should be finalised by the end of October 2025. The co-funding of the City of Šabac was increased due to the repetitive

¹⁶ Except in case of City of Bor where the city web page is under reconstruction.

¹⁷ LOT 1: Infrastructure and other works, procurement of equipment and measures that enable broad consultation, participation, capacity building and training, etc.

¹⁸ LOT 2: Development of documentation relevant for increasing the level of maturity and readiness for implementation of strategic projects within territorial strategies.

tender and higher market prices compared to the budgeted ones.

The City of Loznica in November published the decision on the tender results for rehabilitation works on the sports facility Lagator, and, the second best bidder filed a complaint to the Republic Committee for the Protection of Bidders Rights, which Loznica denied on 10 December 2024. Following the decision of the Republic Committee, within 28 days of receiving all clarification to the complaint, Loznica will be able to sign the contract.

Within the ITI “Magic of Eastern Serbia” project, the City of Zaječar managed to sign a contract for work and technical supervision services for the part of the project to be implemented in Knjaževac and Sokobanja, where the public procurement for electric boats was also successfully closed and the contract awarded. The only challenge that the project is facing is the procurement of works for the finalisation of Zaječar Youth Camp in Kraljevica, where the most favourable offer exceeded the value of the amount budgeted for the works for 10 million Dinars, for which Zaječar is assessing the availability of the funds in the local budget prior deciding on tender results.

Implementation of the Green and Energy Transition project in the Užice ITI territory is progressing positively, with significant milestone achievements and collaborative efforts from partner organisations. The Partnership Agreement was finalised, enabling co-financing commitments following local budget reallocations. Preparatory activities for key milestones are underway, including the ongoing documentation for the National Theatre roof reconstruction. The tender for solar power plants on public buildings was published on 27 November 2024 with the deadline by 6 January 2025. While challenges related to the bio-solar roof location have arisen, the project team is proactive in identifying alternative sites and ensuring robust communication with stakeholders. The project's focus on community engagement is underscored by the successful organisation of public events and a joint kick-off conference that fostered collaborative spirit among local self-governments. Despite minor delays due to seasonal factors, the commitment of all partners has ensured the project delays remain manageable, with a strong foundation for future cooperation in implementing ITI strategies and green initiatives.

Infrastructure activities within the CREST project (Cultural Revival for an Enriched Sumadija Tourism: Creating an Integrated and Innovative Regional Tourism Offer) are progressing at different dynamics. While the works are ongoing on the rehabilitation of complex “Petrovi dvori” in Rača municipality, the tender for Arandelovac visitor centre Risovača will be readvertised to achieve the competitiveness, as only one bid was received with 12 million Dinars over the estimated value. The tender for the Knić Culture centre was published in December, with the due opening date in January, as well as the tender for Topola King’s Winery, which cumulated delays as a result of insufficiently prepared design documentation that required multiple reviews and individual meetings to ensure accurate and complete tender documentation. Although the preparation of tenders for Knić and Topola is delayed, both projects are not dependent on the weather conditions except for the portion of landscaping works, thus not putting the finalisation of the project at risk.

The implementation status of the project Šumadija CONNECT Fostering territorial development through innovation and cultural heritage valorisation reflects significant progress in various contracting and procurement activities. Preparatory activities were conducted, including securing financial management structures, engaging stakeholders through multiple meetings, and signing of the Agreement with the City of Kragujevac on project implementation. Key contracts for soft activities were signed, including external expertise for the study analysis of cultural goods and cultural-historic heritage valorization, finalised on 18 October 2024, alongside a consultant for defining the Rulebook for cultural heritage management, signed on 1 November 2024. Additionally, contracts were signed for the production of promotional video material and the design and installation of an interactive touch-panel in Lapovo. Reconstruction works for the Second Technical High School, now renamed High School “Knez Aleksandar Karađorđević”, were tendered on 5 November, 2024, however due to a number of questions from the bidders the tender deadline was extended by 10 January 2025. Overall, the project is on track, with robust stakeholder coordination and a defined action plan guiding implementation.

The City of Novi Pazar under the project aimed at improving the management of recyclable waste in Novi Pazar signed a contract for construction works to enhance the capacities of the Recycling Centre. The construction is scheduled to commence in early 2025, as it was delayed due to unfavorable weather conditions. In parallel, the City is actively preparing a tender for necessary equipment to support the Recycling Center's operations, ensuring that all logistical aspects are in place for a smooth implementation process.

The project Ecosystem for innovation and smart economy in Bor is significantly delayed in relation to the implementation plan and the dynamics of the public procurement plan. The city administration procedures are very rigid and slow, which further complicates the implementation of the project. However, the project team submitted tender documentation for refreshing and adaptation of Start-up centre Bor. The programme reviewed the documentation, underlining the necessary corrections, so the Grantee engaged a construction designer to carry out the changes.

Within the implementation of the Improvement of the waste management system in the urban area of Leskovac - PRO WASTE INNOVATIVE SOLUTIONS, public procurement for the provision of the underground containers, as one of the biggest procurements in the project, was published with 20 November 2024 as the deadline for submission of bids. One bid was received and the decision on the contract award was made the day after resulting in a Contract with the best bidder signed on 4 December 2024. At the end of the year, The grant implementation team increased the dynamics of procurement documentation preparation resulting in 3 requests for initiating public procurement procedure and 4 market researches.

Additionally, the contracting of works and services within the implementation of the Pirot project Improvement of the Educational Ecosystem in the Urban Area of the City of Pirot and Municipalities of Dimitrovgrad, Babušnica and Bela Palanka is of varied success as some procurements are progressing well with contract for the co-creation and three contracts for organisation of events and other workshops signed. Furthermore, four contracts were signed for the preparation of the promotional services including the development of media, communication and the marketing plan while the procurement of IT equipment in Dimitrovgrad is also nearing completion. However, the procurement of vehicles and furniture for Dimitrovgrad and the procurement of works for Babušnica had to be cancelled as the received prices on tenders were significantly over the budget. Both Dimitrograd and Babušnica are currently reviewing the specifications so as to prepare for the repeated public procurements, while the tender for works in Bela Balanka received eleven 11 bids are being evaluated and the tender documentation for the works in Pirot Grammar School is in preparation.

Within the implementation of the Active protection of the cultural heritage "Tabula Peutingeriana" project, the City of Niš managed to readvertise the procurement of the Territorial Marketing within which two bids were received and evaluated with the Decision published and contract signed on 17 December 2024. As far as the procurement of co-creation programmes are concerned, one bid was received for animation via Peutingeriana and the contract was signed also in December. Niš will advertise the tender for co-creation of the cultural route, as no bids were received in the initially published tender. Finally, the tender for the works on the "casemates" buildings closed on 9 December 2024, with two bids received, currently under evaluation.

Concerning LOT2 projects, implementation is going at a different pace in several cases. In case of urban identity study for ITI Užice the implementation is going as planned, where the procurement for the study was completed, and the development of study is going as planned. Regarding the Master Plan for the former Viskoza factory in Loznica, the procurement advertised on 15 November 2024 failed due to the complaint for bidder protection rights, and a decision of the public procurement commission still pending. As the first procurement process for archeological research for Lazar Fortress in Kruševac failed due to the technical mistake of the bidder, it was re-advertised on 27 November 2024 and the contract was signed on 16 December 2024. The second tranche out of three planned was paid. Kragujevac has advertised procurement for the study for revitalisation of the Mechanical workshop on 18 December 2024. Novi Pazar completed and contracted two procurements - for traffic study and related strategic environmental

impact assessment (SEIA). Pirot advertised procurement for preparation of Terms of Reference (ToR) for pre-feasibility study, which is to be open by 3 January 2025, and the procurement for Leskovac pre-feasibility study is under preparation and expected to be advertised during January 2025.

Result 2 Enhanced economic growth in targeted municipalities

With the finalisation of 13¹⁹ economic infrastructure projects during 2024, the conditions for economic and tourism development have already improved in targeted municipalities, where infrastructure equipping of industrial zones is fostering new investments and new employment opportunities.

The largest impact on employment was registered in the Šabac North-West Free Zone, where the programme supported the construction of 2,4 km of internal roads and 335m of rain sewage to facilitate the expansion of business of 15 companies that bought 64ha in the part of the zone that was subject of intervention. The biggest investor, Chinese company Minth, fulfilled the majority of undertaken obligations from the signed contract with GoS and already invested 180 million Euros in construction and equipping of three factories for the production of auto moto parts while employing 1,000 people.

In Mionica, the completion of the water supply system has reduced water loss from dilapidated asbestos pipes by 60%. New pumps at the Orlovine water intake now ensure a stable supply for 10,000 residents and businesses in the old industrial zone, facilitating the establishment of a new zone. The German company Auto-Cabel, the largest investor in the area, plans to invest over five million Euros to expand operations, potentially creating 568 jobs over three years once a stable water supply, sewage, and electricity are available. Additionally, two cycles of German language training were completed, preparing future Auto-Cabel employees for vocational training in Germany.

In Novi Pazar, the Regional Innovation Smart City Centre, equipped with over 1,000 square metres of office space, has created 180 workspaces for the IT industry, expecting to host over 100 new employees. The Centre currently supports 15 entities that are expected to use a new office space with another 50 new employees upon obtaining the usage permit.

In Kraljevo, the Mataruška Banja project ensured a stable water supply for a domestic company renovating the Thermal hotel, revitalising tourism and creating 12 jobs, with plans to hire 70 by the end of 2024. The project also included new park furniture and a children's playground, enhancing the offer in the spa for residents and visitors.

In Knjaževac, the completion of infrastructure works at the newly established Rehabilitation and Spa Centre "Rgošte". With this, the Municipality of Knjaževac created a new tourist offer which will enhance spa tourism development in the area. As a result, in addition to increasing the number of visitors, this project will also positively impact other service providers in the area.

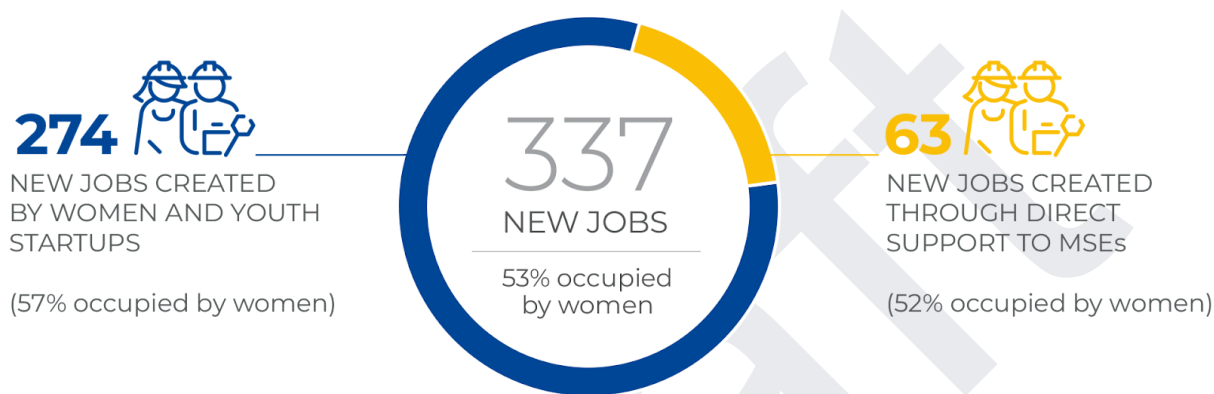
The completed and modernised institution for rest and stay of the children, "Lipovac" in Aleksinac, will allow the institution to continue hosting a wide range of its beneficiaries, including sports clubs, mountaineers, NGOs, pensioners, trade unions and other tourists, besides school children. The institution is now modernised with ensured access for the persons with reduced mobility and with all rooms equipped with individual bathrooms, providing a better quality of service.

Positive developments are also evident in Bosilegrad in terms of investment attraction, implementation of infrastructure works, and equipping of the subject facility. Namely, the company "Put Slobode" from Požega provided a letter of intent to initiate the production of wardrobes in the former textile factory Kobos, subject to infrastructure intervention and to employ 250 workers in the next five years. The company has a good track record of exporting products to the French market, and the available textile workforce from Bosilegrad has proven its potential to provide good quality work.

¹⁹ Valjevo, Mionica, Novi Pazar, Šabac, Kraljevo, Aleksinac, Knjaževac, Lajkovac, Mali Zvornik, Loznica, Bajina Bašta, Čuprija, Kosjerić
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Additionally, project designs for upcoming works in Loznica, Kosjerić, Lajkovac and Bajina Bašta have provided the necessary technical groundwork for these investments. Loznica has obtained all documentation for indoor pool construction, while Kosjerić has met the technical requirements for Phase I of the district heating system and completion of the existing system. Bajina Bašta is now prepared to secure funding for constructing a multimedia facility with essential roads and communal infrastructure in the sports recreation centre, while Lajkovac secured the design for transforming the old Sylo building into a business rent area.

Through the direct support to 42 women and youth startups, 63 new jobs have been created out of which 36, or 57% are occupied by women. Together with 274 jobs created through direct support to MSEs this makes a total of 337 new jobs created, out of which 178 or 52.82% are occupied by women. In the underdeveloped and extremely underdeveloped LSGs 151 new jobs, and in rural areas 121 new jobs have been opened.



The supported MSEs exported 3.6 million Euros in 2024, up from 3.4 million Euros in 2022 but slightly below the 3.9 million Euros in 2023 due to lower foreign market demand. Data on revenue growth will be available in the 2024 financial reports, to be published by the Business Registry in Q2 2025.

Activity 2.1 Developing economic infrastructure and business related services at the local level

Thirteen projects of 20 awarded grants for economic infrastructure projects, finalised all activities, and the Programme reviewed and closed seven grants. The Programme signed the Donation Agreement with the grantees during the closure process, transferring the right of ownership to the local self-governments.

Of the seven grants still under implementation, six are ongoing, with different implementation progress in line with the individual dynamics. Preševu is finalising infrastructure equipping of the new industrial zone with all types of installation and internal roads to ensure infrastructure preconditions for interested investors are met.

Bosilegrad finalised the tender and received the equipment for the reconstructed factory in line with the needs of a future tenant who expressed interest in initiating production in the former large textile company. In parallel, the technical supervisor suspended the ongoing construction works as he expressed concern about the stability of the existing structure when the additional load from the new roof is applied. Consequently, Bosilegrad decided to tender the technical assessment of the existing roof, including the testing of its capacities for the designed load and in parallel, to seek a budget revision from the Programme to allow a new budget line for this unforeseen activity, necessary for ensuring the quality and continuation of the works.

Užice is also progressing with the water tower reconstruction project within the fortress in Old Town Užice, decreasing the risk of suspensions, as the selected Contractor completed the works in the riverbed of Đetinja during the low water level period, managing to construct two from nine above-ground floors of

the water tower. The works on this project are the most complex, not just for the critical conditions for constructions that are undergoing in the riverbed but also for the construction system that envisaged manual cladding of the water tower walls from stones to recreate the former look of the tower.

Three still ongoing projects for the provision of technical documentation, in **Paraćin, Zaječar** and **Surdulica** are slowly progressing towards finalisation planned for Q1 2025. Their slow progress is mainly impacted by the long periods needed for administration on a local or national level to issue appropriate conditions for designs, approve certain phases, or issue applicable permits.

All setbacks in the implementation of economic infrastructure projects were reviewed and acknowledged by the Programme team, allowing 16 Time Extension Requests and four Time extension and budget modification requests to accommodate changes during individual projects.

The only project that failed to finalise the procurement 12 months after the grant was awarded is **Kragujevac**. The City re-tendered the works on rehabilitation of the bridge over the Lepenica River in the FAS zone for the fourth time in November, with the set deadline of 3 December for tender opening. The tender was opened with three offers within the budget, and the committee in Kragujevac published the decision on the award on 13 December 2024, after finalising the evaluation of bids. Finally, as no complaints were raised within 10 days after publishing, Kragujevac awarded the contract to the most favourable technically compliant bidder. The Programme identified and monitored the risk related to the potential failure of procurement and communicated to Kragujevac the possibility of reprogramming the funds or taking over the implementation in case failing to procure the works for the fifth time.

During 2024, the Programme reviewed and processed the request for the second milestone payment to fourteen local self-governments, while Bajina Bašta, Kosjerić and Paraćin confirmed that the first instalment would cover all planned activities.

Activity 2.2 Enhancing competitiveness and sustainability of enterprises contributing to economic stability of local communities

Two remaining grants for Micro and Small Enterprises (MSEs) under the Public Call for Proposals for Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises have been successfully finalised with all equipment delivered. The 113 supported MSEs have cumulatively conducted 184 procurement processes securing procurement of 403 pieces of equipment and over 20 services. Since the planned results in terms of new employment generation of 274 new jobs and implementation of all 113 corporate social responsibility (CSR) projects have also been achieved²⁰, the administrative closure of this intervention has been finalised.



²⁰ Analysis of the grant support to MSEs is provided in [Annex II Attn. 2.1](#)
www.euproplus.org.rs

Of the 45 applicants recommended for financing under the Call for Proposal for Women and Youth Start-ups, 39 confirmed interest in implementing their projects (22 from LOT 1 and 17 from LOT 2). A preparatory meeting was held on 22 January 2024, and Grant Support Agreements were issued in March 2024. Six applicants withdrew due to changed circumstances (e.g., relocation, lack of co-funding, employment, or marital status), triggering the reserve list. Six reserve applicants confirmed interest, and their agreements were issued, bringing the total to 45 grants. However, three later cancelled due to co-financing issues, leaving 42 active grants. An orientation meeting on 16 April 2024 marked the start of project implementation. Through 81 procurement processes the Women and Youth Startups procured 205 pieces of different equipment. Out of 42 startup grants 39 grants have been completed and closed, while three remain to be closed in February 2025 due to delays in the delivery of equipment. The 40 startup grantees also finalised their corporate social responsibility (CSR) activities, including donations of equipment and supplies to local schools and kindergartens, such as school benches, TV equipment, alongside monetary contributions to humanitarian organisations and cultural events. Startups also organised training sessions in architecture for youth and workshops for primary school children, and contributed to local sports and cultural associations with funds and goods as well as logistical support like carpet and floor cleaning for a social services centre.

Result 3 Improved social infrastructure and social cohesion in targeted municipalities

During 2024, the remaining nine²¹ local infrastructure projects, from 37 awarded, were finalised, ensuring benefits to over 280,000 persons (131,494 female) with improved conditions in public facilities and services in the area of culture, education, sport, public administration, health, communal and social services. While the number of implemented projects, aligned with the set Programme indicator, the number of persons benefiting from improved services exceeded the initially set target of 65,000 beneficiaries, among them 33,000 females.

Two completed grants in Sjenica and Bujanovac, improved communal services and the environment for over 57,000 inhabitants. As a result of project intervention, a new service is established in Sjenica for the collection of animal byproducts (ABP) in the intermediate facility constructed within the Programme activities, so inhabitants in Sjenica and two neighbouring municipalities will have a better level of environmental protection as a result of decreased illegal depositing of ABP material for 90% in three years after opening. The improved services of utility companies entrusted to govern this facility will facilitate the need for ABP collection for 10,000 direct beneficiaries, including meat production companies, which could now undergo certification standards for proper disposal of ABP.

Similarly, the inhabitants of Bujanovac will have cleaner air, once the transfer station becomes fully operational within the regional landfill Meteris equipped to facilitate the waste from six municipalities in the region besides Bujanovac.

The completion of grants in Niš, Golubac, Čuprija and Mionica directly improved the conditions for engagement in the cultural and sports activities for over 46,000 direct beneficiaries in these communities. Namely, the energy-efficient puppet theatre in Niš improved work quality at the facility, thus providing conditions for an increased number of theatre plays and, consequently, the number of children attending the plays. Furthermore, the newly established Museum in Golubac has a positive impact in terms of attracting more tourists to this location, which has been recording one million tourist visits annually by providing the insight of cultural and historical fragments of Golubac and improving conditions for users of this facility. The reconstructed facility in Supska village in Čuprija is also now a new spot for cultural events, business forums, workshops. Within the subject multifunctional facility, the separate space is allocated for the provision of medical services for inhabitants of this and nearby settlements, which will become functional in 2025. Finally, citizens in Mionica will now have a proper place to facilitate sports training and competitions.

²¹ Sjenica, Bujanovac, Mionica, Čuprija, Užice ATD, Bosilegrad, Niš, Golubac and Ražanj
www.euproplus.org.rs

With the completion of projects in Bosilegrad and Užice, over 15,000 users will have better access to health care and social services. In Bosilegrad, once the use permit is issued and licence for introduction of a new social service obtained, conditions will be provided for care of victims of domestic violence and people in need of shelter due to the poor living conditions, thus creating a safe, social and inclusive environment for inhabitants of Bosilegrad. Likewise, a rehabilitated antituberculosis clinic in Užice now provides a better working environment for its staff members employed in the clinic and better conditions for health care services for over 69,000 inhabitants of Užice and the broader area of the Zlatiborski district.

Further, with finalisation of the ten projects in 2024 contributing to twenty projects in total, the activity for strengthening social services was successfully concluded. These supported projects significantly enhanced social cohesion within the area of responsibility and contributed to the reduction of social disparities across the two regions, which is evidenced by the rise in beneficiaries from vulnerable groups, coupled with documented improvements in service delivery. Namely, the set target of 15 social services was exceeded with the establishment and/or improvement of 28 social services, including innovative and integrated services. Over 8,400 direct beneficiaries (62% are female) are reached, out of which over 7,700 people belong to the vulnerable groups. Furthermore, it is estimated that over 23,700 people (54% are women) benefited indirectly from the intervention. Following outline summarises the key results of the intervention, while the full assessment is available as separate report²²:

- The activity was realised in 22 cities and municipalities²³ with formal participation of 48 actors, including 23 CSOs, 17 LSGs, six social protection institutions and two health care centres
- Total of 28 social services were established and/or improved and over 7,700 people from vulnerable groups directly benefited
- Five new licensed social protection services were established in Bojnik, Lebane, Kraljevo, Kragujevac and Žitorađa, and five existing ones were expanded in Loznica, Kragujevac, Bela Palanka and Tutin, facilitating direct access to the services for 135 new users, primarily for children and adults with disabilities and elderly in rural areas
- Two organisations from Kraljevo and Bojnik are licensed for provision of social protection services
- Total of 92 people are accredited for provision of the social protection services in Loznica, Bojnik, Lebane, Kragujevac, Babušnica, Zaječar, Žitorađa and Bela Palanka
- Six innovative and three integrated services were piloted in Kragujevac, Niš, Tutin, Zaječar, Babušnica, Velika Plana, Leskovac, Trstenik, Brus and Prijepolje reaching 331 beneficiaries from disadvantages groups
- Total of 30 social protection experts were certificated for introduction of innovative services in Niš, Velika Plana and Leskovac
- Total of 70 people (91% women) gained temporary or permanent employment as service providers and expert associates in Loznica, Čuprija, Bojnik, Lebane, Kragujevac, Babušnica, Čičevac, Čajetina, Kraljevo, Zaječar, Niš, Novi Pazar, Žitorađa, Bor, Bela Palanka and Tutin
- Health care services in eleven villages of Čuprija and Čičevac were re-established, after being interrupted due to the COVID-19 crisis, reaching over 6,500 residents, mostly elderly people
- Three strategic documents for improvement of social protection services were developed in Zaječar, Prijepolje and Kragujevac, as well as four protocols for crisis responses related to the provision of social services in Velika Plana, Čajetina, Kragujevac and Bor and four researches were conducted on effects of piloted innovative services in Leskovac, Trstenik, Brus and Prijepolje and on the position of vulnerable and marginalised groups in Kragujevac and Zaječar
- Over 40 organisations and institutions increased their capacities for provision of social services through equipping and/or refurbishing of the premises and by realisation of 35 different capacity building activities for strengthening knowledge and skills of the human resources

²² The Report on Activity for Strengthening Social Services is available in Annex III Attn 3.1

²³ Babušnica, Bela Palanka, Bojnik, Bor, Brus, Čajetina, Čičevac, Čuprija, Kragujevac, Kraljevo, Lebane, Leskovac, Loznica, Negotin, Niš, Novi Pazar, Prijepolje, Trstenik, Tutin, Velika Plana, Zaječar and Žitorađa

**10**

LICENCED SOCIAL
PROTECTION SERVICES
ESTABLISHED/EXPANDED

**92**

PEOPLE ACCREDITED
AS SOCIAL PROTECTION
SERVICE PROVIDERS

**11**

VILLAGES PROVIDED
WITH HEALTH
CARE SERVICE

**70**

JOB OPPORTUNITIES
CREATED

**40**

CSOs AND INSTITUTIONS CAPACITATED
FOR SOCIAL SERVICES PROVISION

Activity 3.1 Developing and improving infrastructure which contributes to enhanced quality of life

The completion of local infrastructure projects on nine locations (Bujanovac, Golubac, Sjenica, Niš, Ražanj, Mionica, Užice, Čuprija and Bosilegrad) within the reporting period rounded off the entire cycle of 37 local infrastructure endeavours aiming to improve the livelihoods of local residents.

Namely, in **Bujanovac**, as the hydro and electric installations had been contracted at the end of the previous reporting period within the implementation of the works on the second phase of the transfer station, the contractors initially procured all of the necessary material for the implementation of works. Once the weather conditions allowed, the work on both types of installations started and was temporarily stopped due to huge quantities of waste on the landfill site. The problem was overcome through contracts for the cleaning of the body of the landfill, allowing the contractors to complete all contracted works within the new deadline reflected in the annexe of the grant agreement to the main contract. Furthermore, the new timeline provided the LSG with sufficient time to contract the project soft measures, resulting in the developed action plan of activities with resources and a timeline indicated for the transfer station to be put into function.

Within **Golubac** efforts to establish the city Museum, the issued grant agreement had to be extended and amended to include budget revision for the portion of facade works that were re-tendered and re-contracted with a new contractor with a high risk for insolvency with another company in his ownership. The grant agreement was extended to allow the completion of all works as well as the implementation of soft measures foreseen in the grant budget. Finally, with the completion of all contracted works, an official decision was made and Golubac Museum registered as an entity in the Business Register Agency with its own statute adopted within the programme activities. This was the basic precondition for opening and organising the first digital museum platform, while further participation of the citizens of Golubac in the establishment of museum exhibitions and educational activities will be ensured in partnership with two CSOs, "Osmeh Dunava" and "Cvet Dunava".

During the reporting period, in **Ražanj**, the construction works, works on protective fence and electricity works were finalised to result in a basketball and volleyball field, which was promoted with two basketball and volleyball tournaments, bringing together children and young people from primary schools from the territory of the municipality of Ražanj. Further to this, the Rulebook on the use of the sports hall contained work instructions, regulating the rules of behaviour in the facility, as well as the working and other relationships of individuals, the criteria and the way of renting the hall were defined.

In **Bosilegrad**, the reconstruction, rehabilitation and adaptation of the building and extension of the ground floor and another floor were completed to meet the conditions for the accommodation of 28 socially vulnerable people from the entire municipality of Bosilegrad. The capacity of the building is nine (9) accommodation units with separate toilets, and 28 beds, kitchen, restaurant, living room and terrace on the first floor. This building meets all energy efficiency standards and has a central heating system on pellets and wood, a kitchen, and accommodation for people with disabilities. The handover of the contracted works was done in May 2024, and parallel to this, the equipment was procured and installed in the facility within the duration of the project. The LSG is undergoing all necessary procedures to issue a use permit for the facility, which would lay the ground for the local social welfare centre to apply for the licence to introduce the new social service in this local community.

In **Čuprija**, the works on the reconstruction of the Public community center Supska were completed and handed over in February 2024 resulting in a facility offered to the population of this and the surrounding villages for a variety of activities predominantly for cultural and educational events, but also for the provision of medical services.

Despite several setbacks, which were overcome through annexes reflecting time extension, the city of **Niš** managed to successfully complete all activities on the energy efficiency of the Puppet Theater building. Works were completed in April 2024 following a series of workshops on environment preservation and energy efficiency for primary school children held, thus raising awareness on the importance of environment preservation and energy efficiency. A theatre puppet show was organized on 31 May 2024 to mark the official project closure.

Further to the above, the first phase of the reconstruction works on the **Mionica** sports centre was completed – the ground floor of the stands of a football stadium, locker rooms for players, and ramps for persons with disabilities, which were subject of the issued grant agreement, were completed in the reporting period. Moreover, the sports school for children with autism was held in two cycles, from April until July and from September until November. In order to provide support to families with children with special needs, two workshops were held for parents who had the opportunity to talk about their problems and get the answers to questions about social services, health care, etc.

In the reporting period, the handover of works performed in February 2024 marked the completion of the reconstruction, investment maintenance and energy recovery of the Anti-tuberculosis clinic in **Užice**. Following the completion of all works, an Energy Efficiency Plan was developed containing recommendations on which steps need to be taken and what are the best solutions for this building for energy savings.

Finally, in **Sjenica**, following two-time extensions, the LSG managed to organise the finalisation of all works on the facility for the establishment of a system for collecting of animal by-products (ABP). The construction works were finished in July 2024 following many challenges. At the end of project implementation, furniture and specialised containers were purchased and delivered to the intermediate facility.

Activity 3.2 Supporting public institutions, including the social protection institutions, to enhance social services and preparedness for emergencies

In the first half of 2024, ten social services grants that were still in implementation were successfully completed. The project from Babušnica was last finished in June 2024, marking the conclusion of the entire initiative. The intervention was completed successfully, with no significant shift from the plan, except for the Tutin project that required adjustments to the timeframe and budget so as to address an issue related to one of the activities.

All twenty supported grants were administratively closed before September 2024, followed by the assessment of the initiative. Based on the evaluation, the Programme prepared the Report on Activity for

Strengthening Social Services, that provides a comprehensive overview of the implementation and results achieved under this intervention. Furthermore, the Report provides insight into the lessons learned, key findings and recommendations relevant for planning of future interventions of a similar nature.

Activity 3.3 Support to Covid-19 related prevention and response activities

The activity was completed in earlier reporting periods.

Activity 3.4 Support in rehabilitation of the flood-caused damages

Despite the works on constructing the bridges in Rača and Vrnjačka Banja, contracted during Q1, faced initial suspensions due to the utilities found on the position of foundations in both locations. After the relocation of water, electrical, telecommunication and gas installations, the works resumed in both locations. Although the same innovative design solution for both bridges was used, allowing prefabricated steel structure to be mounted in several days, the Contractor in Vrnjačka Banja resolved more efficiently day-to-day challenges, and finalised the works by 23 July, with only one-time extension, as a result of initial suspensions. The construction of the bridge in Rača commenced one month after the bridge in Vrnjačka Banja, and faced numerous challenges as a result of site conditions different from the design. In addition, as opposed to the plan, to accommodate the transport of people and vehicles across the river, the Contractor agreed with the Mayor of the municipality Rača, on installing a temporary bypass road in the riverbed, which obstructed the parallelisation of the works and caused multiple extensions. Therefore the Contractor managed to finalise the portion of the works on the bridge and access road contracted with UNOPS, only on 10 October, after which commenced implementing the works on the riverbed regulation under the contract with the Rača municipality fully dependent on the water level. Although the Programme handed over the completed works to the Rača municipality, the road will not be open for traffic until the works are technically commissioned, dependent on as-built documentation and administration procedure for registering the changes that would allow the committee to commence the review of works and documentation. The Programme also granted the time extension to the technical supervision company, providing supervision services for both construction contracts to ensure quality control for the whole of the works.

3. MANAGEMENT AND COORDINATION

3.1 Governance

During the year the Programme Steering Committee (PSC) members actively supported and guided the implementation of the Programme. They were engaged in Programme implementation, through provision of guidance and feedback on the key outputs of the Programme, and by participating in Programme events and activities, including participation in the work of the Programme Grant Evaluation Committees for the Public Call for implementation of integrated projects deriving from the twelve territorial strategies supported by the EU PRO Plus programme, for which the Ministry of European Integration (MEI) participated in the capacity of an evaluation member, while the representatives of the Standing Conference of Towns and Municipalities (SCTM) and the donor, the EU Delegation (EUD) to Serbia participated in the capacity of observers.

Further, the results of the Call for implementation of integrated projects deriving from the twelve territorial strategies supported by the EU PRO Plus were endorsed by the PSC using the electronic voting procedure on 20 May 2024.

In March 2024, the second Programme Amendment was signed with the EU Delegation, enabling 18-month extension of the Programme implementation timeframe until 31 December 2025 which secures

the time needed for implementation of the integrated projects. Additionally, the Programme documents were amended to include the activity related to the flood rehabilitation efforts which was initiated through an exchange of letters in the previous period, and formalised with this Amendment.

During the year, several discussions and workshops were held with the MEI, the EUD and the SCTM about the successor Programme programmed through IPA 2024 EU for Good Governance Action Plan, the technical assistance project for which UNOPS was identified as implementing partner was developed, and in December 2024, the Cooperation Agreement was signed with the EUD. At the same time, the SCTM signed an Agreement with the EUD for facilitating implementation of territorial strategies. The two projects will be governed jointly by the EUD and MEI, with a single PSC to be established in early 2025.

3.2 Coordination

The EU PRO Plus Programme continued its well established collaboration and coordination of its activities with the relevant stakeholders and other development interventions throughout the year.

The Programme showcased its activities promoting integrated sustainable territorial development (ISTD) and urban greenery projects at a conference of [the Green Cities Serbia project, titled "Enhancing Urban Greening for a Sustainable Future in Serbia"](#) hosted by the Embassy of the Kingdom of Netherlands.

The Programme supported MEI in their outreach efforts related to the URBACT calls, namely [URBACT Call for Good practices](#) where Programme supported City of Leskovac in applying process and [URBACT Call for Innovation Transfer Networks](#), by reaching out to the beneficiary municipalities that have been supported with development of the territorial strategies. The EU PRO Plus also presented its capacity building activities at the [URBACT info day](#) organised by the Ministry of European Integration. Likewise, the EU PRO Plus provided support to MEI in identification of partnerships through [INTERREG Europe](#), within the restricted call for project proposals²⁴ and within the third Call for project proposals for [INTERREG Europe](#).

AEU PRO Plus programme representatives participated in the third "[SME100 Expo 2024](#)", held on 18 October in Čačak, which gathered SME 100 and other actors from the SME ecosystem to discuss strategic developmental challenges and recommendations that would lead to faster growth of the SME sector.

On 3 June 2024, a meeting was held with EBRD WB Regional Coordinator for Policy & Stakeholder Relations and Principal Manager for Advice for Small Businesses. The meeting focused on coordinating activities and exploring potential collaborations to support small and medium-sized enterprises (SMEs). Information was exchanged on existing EBRD SME support programmes, encompassing advisory services, financial assistance, and training initiatives while it was agreed to pursue enhanced cooperation and aligned efforts to optimize SME sector support.

In addition, the Programme, while organising visits for the Head of Cooperation of the EU Delegation, closely cooperated with the EU-funded projects implemented by various international and national partners including GIZ implemented "EU for Tourism and Cultural Heritage" programme, Cross border cooperation programmes, UNOPS implemented European Union Support to Social Housing and Active Inclusion Programme, UNDP implemented ReLoad and the European Movement in Serbia. The regular cooperation and coordination with the EU Info Centre and the counterparts from the Ministry of European Integration continued regarding the media promotion of the EU funded projects and the DEU field visits.

3.3 Human Resources

Following the approval of HR downsizing plan, during Q1 and Q2, 10 positions have been abolished. The pool of retainers for the Capacity Building sector has been reinforced with Project Management Support -

²⁴ This call allowed previously approved EU projects to add up to two new partners from seven additional countries.
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Specialist for Regulatory Framework.

Throughout 2024, the performance of Programme personnel is continuously assessed throughout the yearly performance cycle. In Q1, personnel completed performance reviews for 2023 and established individual performance related objectives for 2024. The objectives are set as specific, measurable, achievable, relevant, and time-bound (SMART), allowing evaluation of individual engagement, contribution and results achieved.

The Programme established its learning plan for 2024 based on individual development plans already set by personnel during the performance objectives setting exercise. During the year, the Programme personnel courses were made available with UNOPS corporate funds.

In summary, 53 courses in the area of Project Management, Infrastructure, Procurement, Corporate Tools and ICT, Human Resources Management, Environmental Management, Ethics, Diversity and Inclusion have been completed by the personnel.

3.4 Procurement and Grants

The EU PRO Plus predominantly uses grant methodology which gives ownership over the projects to the grantees while the Programme maintains monitoring and advisory roles. During 2024, the Grant Administration Unit provided administrative support to the management of Calls for Proposal (CFPs) for Supporting Women and Youth Start-ups through Procurement of Equipment and Introduction of Services and the Call for implementation of integrated projects deriving from the twelve territorial strategies supported by the EU PRO Plus programme, and for implementation of projects supported through Calls implemented in previous years.

Pursuant to the transparent selection process of the grantees, the Grant Administration Unit conducted issuance of 63 Grant Support Agreements (GSA) and the administrative support to the management of 179 (GSA) in the fourth year of its implementation. In brief, administration of GSAs during the last year included:

- Processing of 127 request for payments,
- Verification of 195 financial reports,
- Registration of 60 GSAs with the VAT Office,
- Processing of 64 budget revisions and time extensions.

In addition, the Grant Administration Unit had conducted administrative closure of 156 GSAs.

The Procurement Unit conducted 28 various procurement processes. In relation to 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:

- 11 Shopping processes, i.e. small value purchases up to USD 10,000.00
- 17 Requests for Quotations processes, i.e. purchases above USD 10,000.00

3.5. Finance

The total delivery of the EU PRO Plus as of 31 December 2024 was 32,973,622.83 Euros or 82.43% of the Programme budget. The Programme delivery in 2024 was 9,872,050.76 Euros. The forecast delivery for the first quarter of 2025 is 2,685,850.20 Euros.

4. RISKS AND ISSUES

In line with the EU PRO Plus Risk Management Strategy based on UNOPS project management structure, the Programme identifies and assesses risks and issues, plans and implements responses. This section provides insight into key risks and issues registered during the third year of Programme implementation.

With the implementation of projects through grant modality at its peak during the year, most identified risks and issues relate to the capacity of beneficiaries to implement supported projects, and external factors influencing the pace of implementation.

During the year 2024, the Programme supported implementation of **42 projects with infrastructure components**, of which 11 local infrastructure projects and 20 economic infrastructure projects implemented by local self governments (LSGs), and an additional 11 integrated projects implemented in partnerships between the LSGs and Regional Development Agencies (RDAs), many of which with complex partnership arrangements and infrastructure interventions on multiple locations. The related risks and challenges were many and various - relating to the quality of technical documentation, difficulties with public procurement processes, difficulties in securing additional financing where needed, challenges at the construction sites, and, for integrated projects, partnership arrangements and coordination.

For example, the City of Kragujevac implemented three **unsuccessful procurement processes** for reconstruction works on the rehabilitation of the bridge over river Lepenica in the FAS zone before succeeding to award a contract with the fourth procurement process. Here, the Committee for protection of bidder's rights was involved on several occasions, and this delayed implementation of this project by almost nine months. The involvement of the Committee has led to delays in implementation of other projects as well, such was the case with implementation of the economic infrastructure project in Šabac which caused a six-month delay in implementation, while in Preševo the complaint was resolved relatively fast, causing one-month delay in implementation. Although the legal period for claim resolution is set to 30 days, in the case where supporting documentation is required, this is prolonged to several months at times. The latest complaint of the bidder on the public procurement process for an integrated project implemented by Loznica Municipality could postpone the award to the contractor beyond the time feasible for completion of the works and might impact the Programme timeline.

Similarly, in the City of Niš, the procurement process for implementation of soft measures following the implementation of works on rehabilitation of space in Niš fortress under the project "Active protection of the cultural heritage "Tabula Peutingeriana", **encountered delays during publishing**, and also needed to be repeated as no bids were received during the first attempt of public procurement. This resulted in overall delays with implementation of activities, as some of the soft measures precondition implementation of follow-on activities related to territorial marketing, etc.

Further, the beneficiary LSGs faced **technical difficulties in implementing construction works**. In Bosilegrad, the implementation of local infrastructure project on the reconstruction of the "Kobos" factory has been suspended once the technical supervisor established that the new roofing was significantly heavier than the one being replaced, thus an independent opinion has been outsourced to the Faculty of Civil Engineering and Architecture of the University of Niš before the works are finalised. Likewise, in the City of Užice, the initiation of works on reconstruction of the Water Tower at the medieval Old Town fortress was delayed until the contractor produced the methodology for construction for this challenging infrastructure project. The Programme's infrastructure team is closely involved in monitoring the implementation of projects, with at least bi-weekly visits to the active construction sites²⁵.

The beneficiary LSGs also faced **challenges with securing co-funding**, especially in cases when the value of works significantly surpassed the projected values, but also in cases when the originally intended co-funding amount was redirected to other investments, such was the case in Preševo for implementation

²⁵ During the year, a total of 224 visits to active construction sites were conducted by the Programme personnel
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of economic infrastructure project, the infrastructural equipping of a business zone. Likewise, in Zaječar, for implementation of integrated project - final phase of construction of a Youth Camp, the value of works surpassed the expected amount by 10 million RSD (approximately 85,000 Euros), which now needs to be sacred by the City, in addition to the originally planned co-funding amount of 45,000 Euros. The Programme is closely monitoring projects facing financial challenges, and assesses the possibility of rescoping (downsizing) the works and/or advocating for an increased co-funding.

Additionally, with 42 projects implemented by young entrepreneurs during the year, many **risks related to the capacities of the beneficiary entrepreneurs and enterprises** arose. The Programme's SME team provided extensive technical support to beneficiaries to surpass their challenges, including provision of inputs for their tender documentation and support in negotiating with suppliers and shaping the delivery terms. As the sustainability risk is higher in the first few years of the business, these beneficiaries remain in the highly sensitive category. Thus, the Programme planned mentoring and support to the grantees and one on one consultancy service in the field of marketing and finance in the forthcoming period.

The transition in the management of the [EU House](#), expected to coincide with much of the Programme's final year, is likely to result in a temporary disruption in the national distribution of the Programme's success stories. Additionally, the development of EU success stories by the EU House to mark various themed dates is anticipated to be less frequent in 2025.

5. QUALITY

The adoption of territorial strategies in the local assemblies of all 31 participating LSGs was conducted without remarks on the documents thus confirming the quality of the development process and the intensive participatory approach applied along with the quality of the developed strategies.

As part of the initiative to enhance social services, the standards and criteria for meeting sustainability requirements in social protection services have been confirmed. The Association from Kraljevo received a license from the Ministry of Labour, Employment, Veteran, and Social Affairs to provide Day Care services for People with Autism, ensuring its institutional viability.

Regarding support of Women and Youth Startups for the procurement of equipment and introduction of services, besides review of tender documents, the programme staff also carried out verification visits before awarding the grant. The purpose of the visits were confirmation of the submitted documentation and an insight into the location where the business will take place. Upon grant compilation beside mandatory handover documents, all pieces of equipment procured by Women and Youth grantees were verified by the programme staff members in person upon the delivery.

The Programme continued with closure activities, and after reviewing final financial and narrative reports along with all pertaining documentation submitted by local self-governments, successfully closed the remaining 32 local infrastructure projects during 2024, totalling to all 37 closed LIPs, and seven economic infrastructure projects.

Also, the Programme reviewed and approved budget modification requests to three local infrastructure projects²⁶ and to six²⁷ economic infrastructure projects to register changes in the budget lines derived from the processed and approved change requests in works or services or resulted from increased prices on tender from those that were budgeted for the works or services. In addition to time extension requests granted to all 20 economic infrastructure projects, the Programme reviewed and approved four justified time extension requests to local infrastructure projects²⁸, to allow their finalisation.

²⁶ Niš, Užice and Golubac

²⁷ Preševo, Bosilegrad, Čuprija, Lajkovac, Novi Pazar and Knjaževac

²⁸ Golubac, Niš, Sjenica and Bujanovac

During the year, the programme continuously supported all awarded LSGs in preparing the documentation for public procurements, which resulted in 94 public procurements for economic infrastructure projects being successfully finalised and works, services or goods contracted.

Through established monitoring mechanisms, the programme continuously monitored the progress of individual projects against the set action plans, ensuring that quality control of documentation and work is in place. For all completed infrastructure projects, a full set of attest documentation, tests, energy efficiency passports, quantity books, log books and other relevant documentation was prepared for technical commissioning. Furthermore, the Programme ensured that all finalised projects that underwent construction works requiring the construction permit, after finalisation, apply for the use permit according to the Law on Planning and Construction. Thus far, from 14 local infrastructure projects, seven secured the use permit.

The Programme paid 244 visits to active construction sites to ensure quality and safety requirements have been met, assisting LSGs in resolving technical, financial and contractual challenges. As a result, all finalised infrastructure interventions during the year were handed over formally, confirming their compliance with the Law on Planning and Construction and appropriate rulebooks, with no incidents reporting injuries recorded.

During 2024, the programme also evaluated 22 applications received to the published call for integrated territorial projects, based on the previously set criteria reviewed and approved by the Programme Steering Committee. The evaluation committee with five voting members (of which one from MEI), independently assessed the quality of applications and presented the process and the findings on nine (9) meetings in presence of twelve observers (of which one representative of DEU and two representatives from SCTM). After clarification of the submitted application, nine visits to applicants were paid by the evaluation team, including the observers. Recommended 18 applications that passed administrative and technical review were proposed for funding and approved by the Programme Steering Committee.

6. SUSTAINABILITY:

Social, Environmental, Economic and National Capacity

The final study on the potential national ISTD model for Serbia summarises the relevant activities and outputs of the EU PRO Plus Programme and makes recommendations for the national ISTD model in Serbia. It builds on outputs produced during the implementation of the EU PRO Plus programme and the experiences made in carrying out the programme activities. The recommendation from the study will provide a roadmap for setting an organisational framework for ISTD, as well the types of territories eligible for use of Integrated Territorial Investments (ITI) mechanism. This approach will set the path for better preparedness of the Republic of Serbia for Cohesion Policy funds and avoiding or lessening an “absorption shock”, which could seriously affect funding implementation when large amounts of Cohesion Policy need to be absorbed at short period of time.

Within the Public Call for implementation of integrated projects deriving from the twelve territorial strategies supported by the EU PRO Plus the Programme set the mandatory activities under the projects referring to [the New Leipzig Charter](#). Charter defines the following: “Public participation in urban development processes should engage all urban actors, which also strengthens local democracy. Wherever possible, citizens should have a say in processes that impact their daily lives. New forms of participation should be encouraged and improved, including co-creation and co-design in cooperation with inhabitants, civil society networks, community organisations and private enterprises. Experimenting with new forms of participation can help cities manage conflicting interests, share responsibilities and find innovative solutions while also reshaping and maintaining urban spaces and forming new alliances to create integrated city spaces. Public participation is central to the successful delivery of a high-quality built environment.” By using this approach through integrated projects, the sustainability of proposed solutions, especially within LOT 2 projects will be enhanced, as such activities secure ownership of the solutions.

All 37 finalised local infrastructure projects embedded the elements of social, environmental and economic sustainability within the activities, and their impact will be visible in the years to come. As a result of improved services in areas of culture (6), sports (6), communal services (8), education (9), health (5), social service (2) and public administration (1), more than 280,000 beneficiaries will have improved working and living conditions. Applying energy efficiency measures and/or using renewable energy sources in all 37 projects will positively impact the environment and generate savings to ensure economic sustainability in the function of improved services.

One example of integration of sustainability in finalised projects during 2024 is in Niš Puppet Theatre, where the improved heating and ventilation, decreased by 10 percent energy consumption, providing at the same time conditions for increasing the number of shows from 807 to 900 annually and the number of children visiting the theatre annually from 24,000 to 30,000.

Also, the rehabilitation of the Golubac building and its repurposing as the city museum would introduce a new service that would generate income from the growing number of tourists annually visiting Golubac (one million). At the same time, solar panels installed on the roof of the building and connected to the grid will reduce CO₂ and decrease the building's maintenance costs.

The rehabilitated facade and joinery on the tuberculosis clinic in Užice also had a positive impact on the environment through improved energy efficiency class of the building from E to C, and Užice adopted a plan for further energy efficiency measures improvement. Likewise, Čuprija established management mechanisms for the Public community centre and developed the work programme that would ensure the sustainability of the centre, serving the government body of Supska, the local health centre, the centre for Youth and the Centre for Culture. Ražanj has also prepared the Rulebook for using sports courts and the healthy lifestyle programme with the sports association Ražanj. Mionica institutionalised the first women's club, and the programme of the sports school for children with autism was organised from April to July twice a week and extended from August to November, to three times a week with three trainers (two female and one male) dedicated to support nine children with autism and to help them improve their motor and social skills, and recorded great benefits for the kids while bringing a positive impact on their lives and the lives of their families.

Bosilegrad drafted a plan for the selection of vulnerable beneficiaries that would receive social welfare services and training for women victims of domestic violence in the Bosilegrad factory to ensure they could reintegrate into society. Also, the facility for victims of domestic violence was constructed with respect to energy efficiency measures to be certified in class "C". However, until obtaining the used permit and certification of the object for the purpose of provision of services for which it is registered, the facility can not officially host its beneficiaries and Centre for Social Welfare, to which Bosilegrad transferred the rights to govern the facility, can not obtain a licence. As a complementary to the project activities, the Centre for the Social Welfare in Bosilegrad, obtained the vehicle through ministry support for conducting visits and assessment of the status of potential beneficiaries to identify future tenants in need to obtain shelter in the safe house.

Sjenica, Bujanovac, and Mionica will also need to make additional efforts to achieve full sustainability for the projects despite finalising all project activities. In the case of Sjenica, the Programme ensured infrastructure preconditions for the functioning of the facility for collection and storing of animal by-products (ABP) from the territory of Sjenica and two neighbouring municipalities, including installing and putting 30 KWh solar power plant in the function of the facility and provision of training workshops for education on the ABP management. However, the facility's functioning is pending the licensing, which depends on the provision of the specialised vehicle for ABP collections, for which Sjenica applied to other funding sources. Once conditions in place, this facility should reduce to 90% illegal deposit of the ABP in the environment and create conditions for certification of SMEs in the food processing industry, ensuring livelihood to more than 10,000 direct users.

Although all envisaged project activities were completed, the functioning of the Bujanovac transfer station, is dependent on the activities on reparation or procurement of equipment identified in the action plan that was also produced within project activities, along with equipping the transfer station with water and

electrical installations. The full functioning of the Bujanovac transfer station is dependent on the finalisation of the regional landfill Meteris in Vranje, which is under construction through KfW funds ensured for the rehabilitation of six regional landfills, due to be completed by the end of 2027. Once all the above mentioned is completed, this transfer station may commence its operational lifecycle, and enable over 43,000 inhabitants of Bujanovac to have better air quality and a sustainable waste management system.

Similarly, Mionica Sports Centre will reach its full potential once the second phase of its construction is finalised. Within the first phase, the ground floor of the facility, below the stands, is reconstructed and fitted out for the use of sports teams, trainers and football associations. The Mionica project proved its sustainability through improved services in the area of sport for the most vulnerable of their population.

During the implementation of local infrastructure projects, the Programme generated 515 temporary employment (male, female, vulnerable) and generated 43,962 labour days on sites that were active during the year.

Completed economic infrastructure projects have already proven their sustainability, particularly in the case of Šabac economic infrastructure project, where 1000 new jobs were generated as a result of direct foreign investment in three factories constructed in the zone infrastructurally equipped through the project. This also extends to Novi Pazar Smart City Centre, where new tenants will begin to use this creative space, designed to host creative businesses and individual entrepreneurs, once a usage permit is issued. Mionica also ensured the sustainability of the water supply system within the economic infrastructure project, which is now recording no loss in the water supply network derived from asbestos pipes, compared to the period where 60% water loss was registered.

On the global level, UNOPS presented the Emissions Reduction Report in October 2014 that underpins the Climate Strategy (2025-2030) from the UNOPS Climate Action Programme, committing to reduce 45% of corporate emissions by 2030 and to reach the zero emissions target by 2050. UNOPS calculated that 1% of all UNOPS CO₂ emissions are derived from corporate activities generated by UNOPS internal operations around the world, including air travel and electricity consumption, which are required to be addressed by the regional and local offices in due time. Serbia office structured its activities toward fostering energy-efficient workplace environment, equipping the offices with air purifiers and smart sensors to detect PM_{2.5}, PM₁₀ and CO₂ emissions while measuring the power consumption with smart power metres connected to central monitoring in real-time to facilitate proper database for developing the ongoing design for PV solar power plant to transfer the office demand for energy to renewables.

The remaining 99% of UNOPS CO₂ emissions are generated as a result of the project activities and can not be directly influenced by UNOPS. However, the Calls designed within the EUPRO Plus Programme are prioritising nature-orientated projects, with energy efficiency measures, the use of renewable sources and greenery, while eliminating projects with a negative impact on nature, aiming to achieve the key performance indicators against the Programme Sustainability Management Plan and contributing to the decrease of CO₂ through individual projects indicators.

With the completion of the activity for strengthening services, the Programme conducted a follow-up to assess the status of newly established and expanded social services requiring further monitoring. Most projects have secured institutional and financial sustainability or are actively progressing toward this goal. In Žitorađa, the child companion service was restarted with the new school year, following the Municipal Assembly's approval for budget allocation. In Loznica, the CSO continued provision of expanded home care services for elderly residents in rural areas, supported by a two million Dinars allocation from the LSG. In Kraljevo, local elections previously delayed the adoption of decisions necessary for institutional and financial support for service provision, resulting in the interruption of the Day Care Centre service for people with autism after the Programme's support ended. However, all procedural issues with the City of Kraljevo were resolved, and the CSO expects to restart service provision at the end of the year, whose establishment and licensing is supported by the EU PRO Plus.

The civic sector, on the other hand, proved to be more proactive, flexible and innovative than the LSGs and other public institutions involved, when it comes to the services sustainability. For example, a children's shelter service established in Niš by the local CSO continued service through diversified sources of funding that include crowdfunding campaigns, in kind contributions of citizens and the business sector in clothes, hygienic and education materials that are essential for provision of the service. Contrary to this, under the LSGs-led projects, the service continuity and/or viability is often interrupted or jeopardised by the administrative and procedural obstacles, political instability, financial constraints or simply due to a slow response of the institutions in charge. A detailed overview of the sustainability of this intervention is available in the Report on the Activity for Strengthening Social Services.

The Programme mentoring and consultancy support directly enhances sustainability of the women and youth-led startups, particularly in their early stages and in less developed regions. By equipping grantees with practical skills and strategic guidance, the Programme enhances their capacity for long-term viability and profitability. This, in turn, promotes economic sustainability at both the individual business level and the broader community level, fostering job creation and contributing to more resilient local economies.

7. CROSS-CUTTING THEMES: Good Governance, Gender Equality, Social Inclusion and Digitalisation

In 2024 the Programme has continuously invested efforts in fostering good governance, social inclusion, gender equality and digitalisation throughout different activities and further results were recorded. Furthermore, implementation of the Gender Action Plan²⁹ is advancing in line with the set targets for all Programme activities.

Prior to signing GSA for implementation of the 18 projects, as a [result of the Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the programme](#), Programme conducted Protection from sexual exploitation and abuse (PSEA) Capacity Assessment of 12 awarded grantees, intended to give the necessary assurance of grantees' organisational capacity on the prevention and response to sexual exploitation and abuse (SEA). The PSEA Capacity Assessment process, consists of the following steps, along with associated decisions and activities: (i) grantees' self-assessment, (ii) preliminary determination of grantees' PSEA capacity, (iii) document decision and development a capacity strengthening implementation plan (if applicable), (iv) monitoring and support activities, (v) reassessment (if applicable), and (vi) final determination of grantees' PSEA capacity. Initial assessment showed average SEA risk rating of the assessed grantees was Medium Capacity and capacity-strengthening implementation plans were agreed, defining actions and deadlines. Programme continuously monitored progress and supported grantees in reaching set standards, organising meetings and exchanging draft documents. In mid September, Programme commenced the reassessment, and finalised it in December, noting all grantees met Full Capacity rating. The final determination of a grantees' capacity was based on the results of the initial assessment and reassessments, and is valid for a period of five years, unless an earlier reassessment is considered necessary by UNOPS or requested by a funding source.

A capacity assessment is an integral part of the decision-making process to award a grant and assess the risk profile of a potential grantee. The assessment determines whether the potential grantee has the capacity to effectively manage the grant and successfully implement the grant support activities. The assessment is, in itself, not definitive in determining whether a potential grantee will receive a Grant. The areas of assessment include the following: (i) Governance and internal control; (ii) The ability to deliver according to UNOPS standards and quality expectations; (iii) Financial stability; and (iv) Commitment to integrity and ethics. The capacity assessment process follows the same steps as the PSEA Capacity Assessment process, and both processes were conducted simultaneously. It started with a

²⁹ Gender Action Plan is available in Annex V Attachment 5.2
www.euproplus.org.rs

Self-assessment Questionnaire with a purpose to evaluate the grantees' financial and operational capacity to absorb and manage funds and to successfully implement the relevant grant support project activities, followed by setting the recommendations and deadlines for improvement. By early December, all grantees were rated as Low risk implementing partners, indicating well-developed operational management systems and functioning internal control frameworks, with a low likelihood of negative impact on the grantees' ability to execute grant support project activities.

As the establishment of governance arrangements is an integral part of the implementation of the territorial strategies, the Programme supported all twelve territories to develop/establish two implementation bodies: Development Council and a Project Coordination Unit (PCU). Development Councils are established in supported territories and are bodies in charge of coordinating the development, changes and/or additions, proposing the final draft strategy for adoption, then supervising and actively monitoring the implementation process of the Strategy, and proposing the implementation of certain strategic projects important for the development of the urban area. On the other hand, PCUs have a more operational role by coordinating cross-sectorally all the studies needed to mature the project and the business planning process, supporting the coordination between the investment plan and the Municipal Capital Investment Plan and all organisational and management aspects of implementation. With the establishment of governance arrangements the Programme will contribute to good governance aspects and systematic solution for the territories, which should ensure successful implementation

Implementation of the 18 projects as a [result of the Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the programme](#), starting in June 2024, will bring direct benefits to around 350,000 people, targeting 50% women as final beneficiaries. The projects have committed to carefully address the needs of vulnerable groups, contribute to gender equality, and ensure an even distribution of benefits. As one of the pre-conditions for successful evaluation, design of the activities incorporated gender-sensitive approaches to its activities and addressed social sustainability. In particular, a project awarded in Bor "Ecosystem for innovation and smart economy in Bor", dedicated a portion of the planned Start-Up Centre and Rural Start-Up Points' resources to women entrepreneurs, offering dedicated mentoring, training programmes, and networking opportunities. It also envisages female empowerment workshops (on topics like building confidence, overcoming gender stereotypes in business, and accessing finance). Also, project awarded in Niš "Active protection of the cultural heritage Tabula Peutingeriana" envisaged Refurbishment and activation of "ateliers" and "casemates" in the Niš Fortress, transforming them into vibrant spaces for creative industries, but also gender sensitive criteria for selection of tenants in renovated space. Project awarded to Regional Economic Development Agency for Šumadija and Pomoravlje (REDASP) "Šumadija CONNECT: Fostering territorial development through innovation and cultural heritage valorisation", where activities include infrastructure works for the reconstruction of the former Second Technical School with establishment of a creative-educational centre equipped with specialised tools and materials for workshops and courses. The centre will enable establishing traditional crafts and handicrafts workshops which will employ the members of the women associations active in traditional handicrafts and old crafts in order to demonstrate to students how the traditional skills and handicrafts as cultural heritage can be employed in creative industries and exchange ideas about possible application into graphic design and other forms of design. Other unemployed women and young people will also learn about the traditional way of making useful items, as well as making items from recycled materials. Monitoring of all projects includes data disaggregation, tracking and reporting on the participation and progress of women in all project activities to ensure their inclusion and address any gender disparities.

In September, the Programme Capacity Building Sector organised a study visit to Germany, as one of the capacity building activities aiming to improve development planning and to introduce the Integrated and Sustainable Territorial Development (ISTD) concept, focused on eastern Germany, Berlin and Dresden, and visiting Freital and Cottbus. The visit was attended by 21 participants, out of which 15 (71%) were female.

On 2 December, Capacity Building Sector held a hybrid-format training for the MEI, attended by

representatives of the SCTM and the DEU. The event was organised to allow an exchange between the MEI and selected counterparts from EU countries, Poland and Portugal, where significant and relevant experience with the overall coordination of EU-funded territorial development instruments already exists. The event was attended by 20 participants in total, out of which 14 participants (70%) were female.

Promoting gender equality and inclusivity was a key priority throughout the implementation of the Call for Women and Youth, ensuring the initiative fostered equal opportunities for all. As a result of the implementation of 42 grants, a significant achievement was made in job creation, with a total of 63 new positions generated. Notably, women represented the majority of these new employment opportunities, accounting for 36 positions, which makes up 57.14% of the total. Meanwhile, men occupied 27 positions, comprising 42.86%. This outcome highlights the programme's success in empowering women through targeted support, contributing to greater gender balance in the workforce and fostering inclusive economic growth.

In an effort to foster social inclusion, the Women and Youth grants within the program integrated corporate social responsibility (CSR) into their initiatives. These efforts involved providing financial aid, donating their own products, firewood, and offering services to support children, marginalized groups, and individuals with disabilities. Furthermore, grant recipients made significant contributions to healthcare institutions, education, local sports organizations, and cultural events. As a result of these efforts, over 2,230 individuals directly benefited from the CSR initiatives, reflecting the positive impact of these community-focused activities.

All 37 finalised local infrastructure projects included good governance principles and particular soft measures to ensure improved services related to the supported sector. Overall, three public surveys were launched, six panel discussions were organised, 111 trainings or workshops were conducted, eight plans or programmes were developed, and 23 decisions/rulebooks were adopted within projects. The Programme registered direct support to 2177 women through capacity-building workshops organised within local infrastructure projects in support of economic or social empowerment, ecological awareness or in the area of health, sports or culture education. While the conditions were improved for 16,456 vulnerable persons (including preschool and school children) and for over 131,000 women, eight of 37 implemented projects (21%) directly supported gender equality through various workshops or programmes created to support their economic or social empowerment, reaching the Programme Gender Action Plan target. Among those eight, Mionica, Ćuprija and Bosilegrad LIPs were completed in 2024. As an example of direct inclusion of gender equality measures and social inclusion of the vulnerable within project activities, Ćuprija organised, with the assistance of REDASP, four trainings for the education of rural women on how to become entrepreneurs, how to make business plans, an educational workshop in the field of health care and the workshop on institutional strengthening of local mechanisms for gender equality, involving 35 women.

In Mionica, sports school for children with autism was organised in two cycles, a duration of 6 months with three times a week training, specially designed to suit the needs of children with disabilities and to help them improve their motor and social skills (Eight children from the special department of the primary school "Milan Rakić" Mionica attended the sports school, and it had a large impact on their lives and the lives of their families). In the final event, children demonstrated in front of their parents the exercises and received medals and diplomas for their hard work and commitment. The whole event aimed to promote the needs of the vulnerable, increasing their visibility in society. Monica also held three workshops for parents on how to live with autism. In addition, another set of soft activities was implemented to promote football for girls, where the first female football club was organised and a tournament for girls aged 10 and 11 attended by 50 participants.

Bosilegrad project is directly designed to support women, victims of domestic violence, in the newly constructed facility, where the Center for Social Welfare will foster the provision of the proper care for the women in need of protection while Bosilegrad prepares the programmes for vocational training for their inclusion and reintegration into society. It is estimated that in Bosilegrad, 320 Roma population, women

victims of domestic violence and people with disabilities will directly benefit from the introduction of the new social service, which is enabled through the project.

In addition to creation of direct measures for the support of women, indirect benefits are registered from the finalised projects, such as the tuberculosis clinic in Užice, where 53 medical support staff, among whom 80% women, will directly benefit from improved conditions for work.

The Ražanj local infrastructure project created six temporary employment opportunities for women performing the activities on coordinating grants (4) and work contract (2). In addition 152 people from the local community were included in the project activities, among them 68 women. The principle of equality and non-discrimination, i.e. equal use of the sports field by all young people, was taken as the main principle during the construction of this field. Also, this principle was applied through the drafting of the Rulebook on how to use the sports field for basketball and volleyball and the Program for the Development of Healthy Lifestyles in a way that defines the participation of all young people and especially ensures the inclusion of women and equal participation of young people in sports activities.

In Niš, the implementation of the project created nine temporary employment opportunities for women, six on the work contracts and three in the project team. Furthermore, the direct beneficiaries of the Puppet Theatre project are 45 employees of whom 14 permanently employed performers, 4 performers engaged on temporary basis, while the remaining employees are composed of administrative and technical staff. Over 50% of the employees are women.

Social inclusion and gender equality represent the main focus of the recently completed activity for improvement of social services, where 20 projects created direct benefit for over 8,400 people (62% are women), where over 90% of them are coming from marginalised and vulnerable groups, including people with disabilities (PWDs), children and youth with behavioural problems, children who live and/or work on the street, elderly from rural areas, youth, etc.

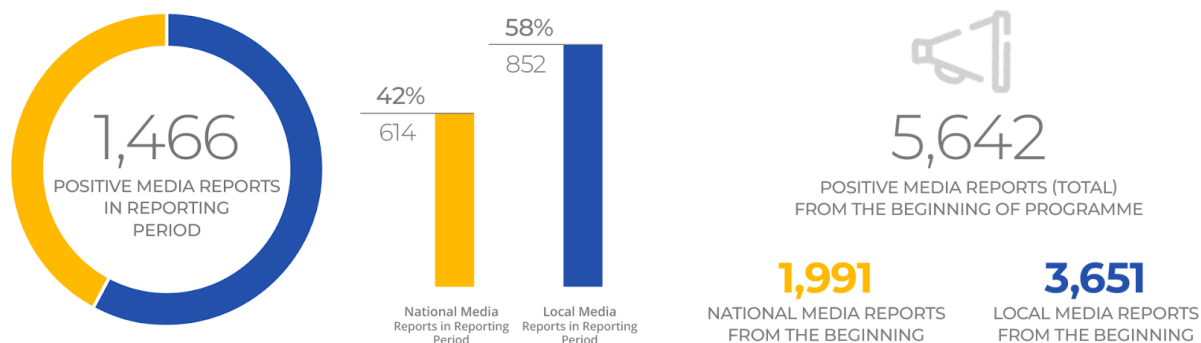
As a result of this intervention, over 360 children and adults with disabilities improved their access to education, social protection and health care services. With the establishment and improvement of social services, 70 new temporary or permanent jobs were generated, out of which 64 are held by women. Overall, the activity contributed to improved position and quality of life of disadvantaged groups enabling them directly better access to social services in the long term.

In line with good governance principles, the Programme requires grantees involved in social services to establish agreements governing the ownership and use of equipment acquired for service provision. The City of Novi Pazar signed a donation agreement with the Centre for Social Work to confirm the official handover of equipment for family counselling services. Similarly, the Municipality of Bela Palanka signed an agreement with a partner civil society organisation (CSO), ensuring the LSG retains ownership of equipment transferred for the child companion service.

8. COMMUNICATIONS AND VISIBILITY

Throughout the year, the Programme maintained **high visibility through extensive media campaigns. These included 26 press releases and 10 media announcements, resulting in 1,466 media reports**, of which close to 42 percent (614) appeared in national media.³⁰ Coverage predominantly focused on economic and local infrastructure, generating 591 reports due to their tangible results. Piloting territorial development and supporting integrated project implementation were also prominently featured, accounting for 353 reports. Together with support to medium, micro, and small enterprises, as well as women and youth start-ups, these sectors formed the core of the Programme's media narrative.

³⁰ Annex IV_Attachment 4.1_EU PRO Plus_Overview of Communication Activities-Media Coverage_2024
www.euproplus.org.rs



The Programme's presence was further bolstered by **thirteen high-level events and visits**, involving key figures such as the EU Ambassador, the Minister of European Integration, and the DEU Head of Cooperation. High-profile events showcased EU support for economic infrastructure projects in Kraljevo, integrated project implementation in Belgrade, and women and youth start-ups in Vrnjačka Banja. Visits involving the EU Ambassador, Deputy Head of DEU, EU member states' mission representatives, and the DEU Head of Cooperation **covered 23 local self-governments**³¹. These included 23 strategic meetings with 26 mayors, regional development agencies, and civil sector representatives. **Additionally, 48 project sites, including 37 under the EU PRO, EU PRO Plus, and European PROGRES initiatives, were inspected.** Effective collaboration with entities such as UNOPS' EU SHAI, CBC projects, Belgrade Open School (BOS), UNDP, and the European Movement in Serbia facilitated these activities. Media materials were disseminated by the EU Info Centre.

To meet stakeholder needs, **37 documents, including briefing notes and project overviews**, were prepared for high-level visits and reporting purposes, ensuring stakeholders were well-informed about Programme achievements and developments in the Area of Responsibility (AoR).

Support for promoting the Call for integrated projects and its results was provided through traditional and digital media channels. The fifteenth **EU PRO Plus 2024 Calendar Competition, themed "New Technologies for a Better World,"** received 173 submissions from 38 high schools across 28 local self-governments. An event for the 12 winning artworks was held in Niš on 17 December, where 12 students, their professors, and one school received awards. A total of 2,400 EU PRO Plus 2025 Calendars were printed and distributed to national and local stakeholders.

The Programme developed a total of **18 video success stories** with English and Serbian subtitles, and **24 written success stories**. To date **130 individual projects** (46.7% of 297 stories) **have been promoted** through media, official visits, press releases, newsletters and traditional and digital social media.

Three Newsletters were distributed to approximately 4,500 stakeholders, including one dedicated to promoting EU support for social inclusion on the International Day of Persons with Disabilities. Further to this two Programme stories "Empowering Women and Youth Entrepreneurs in Serbia with EU Support" and "Reimagining Lipovac: A New Chapter for Children's Resort in Aleksinac" have been published in the March - April edition of [UN Serbia E-Newsletter](#).

³¹ Four two-day field visits for the EU Delegation's Head of Cooperation -Lebane, Leskovac, Vladičin Han, and Velika Plana (on 26 and 27 July), Šabac, Ljubovija, Užice, Kraljevo (on 2 and 3 August), Čuprija, Aleksinac, Surdulica, Bosilegrad, Niš (on 9 and 10 August), Žagubica, Zaječar, Knjaževac, Sokobanja, Paraćin, and Svilajnac (on 16 and 17 August); two one-day visits to Kruševac and Trstenik (5 October) and to Bor, Boljevac and Svilajnac (3 November)



The Programme's **digital media** continued to thrive. The website attracted over 86,341 visits (53,968 unique visitors), with significant interest in the Public Call page. Social media platforms showed growth in followership Facebook, Instagram and Twitter 19,165, 3,160 and 1,186 followers respectively with informative content including 59 media reports on the programme activities and numerous success stories on YouTube.

In **traditional media**, **nineteen entrepreneurship stories** (covering EU PRO and EU PRO Plus SME projects) were featured in the DEU campaign on the eupravozato.mondo.rs media portal. Two stories were featured on Radio Television of Serbia as part of the DEU campaign "Stories from Serbia." The Programme produced and distributed project visibility boards for all projects apart from the latest approved 18 integrated projects that as per the propositions of the call is to mark the projects through the implementation.

The fifth EU PRO Plus Opinion Survey analysed communication trends over five years in the Programme area.³² Results showed 73% of Serbian respondents favour EU membership, though 65% expressed concerns about changing conditions, and only 38% believed Serbia would join. While 42% saw no negative effects of integration, 21% noted concerns about agriculture. Positive expectations were recorded in environmental issues (53%), the economy (47%), and SMEs (40%). Awareness of at least one local EU-funded project reached 68%, with 56% viewing them positively for improving living standards. EU PRO Plus and EU PRO were recognised by 63% and 56% of respondents, respectively.

9. LESSONS LEARNED

With a wide range of activities, from project selection, through implementation and closure, the year 2024 brought many lessons, the key ones described in this section.

The quality of technical designs remains a challenge to be dealt with in implementation of supported projects. Even with the strict policies which include a number of steps dealing with quality control of technical designs prior to issuance of construction permit, the quality of technical designs for infrastructure works presented a challenge on a significant number of projects. Namely, though all infrastructure - related Public Calls implemented by the Programme required construction permit for eligibility of projects, additional corrections and improvements of submitted designs needed to be done prior to implementation. Furthermore, many of the projects dealt with works regulated with Article 145 of the Law on Planning and Construction for which the construction permit is not issued. To ensure efficiency of the evaluation process a more extensive review of technical documentation for all applications may not be feasible, however, more time for correction of technical designs, where needed, needs to be planned

³² Results of the opinion survey are available in Annex IV, Attachment 4.2
www.euproplus.org.rs

for in the implementation period of the project.

Investing additional resources to support development of documentation for public procurement processes implemented by the grantees reduces the need for extension of projects' implementation period. During the year, a number of public procurement processes implemented by grantees needed to be repeated, influencing the planned implementation period for projects. With high quality technical documentation prepared for a procurement process, the window for filing a complaint narrows. Namely, in addition to technical experts for review of infrastructure - related documents, where needed, the Programme also supported grantees with provision of technical expertise for procurement, through review of documentation prepared for public procurement processes and this has contributed to successful conclusion of these processes. Additionally, with criteria of the implemented Calls for Proposals, the Programme reserved the right for an alternative implementation model.

A more focused approach to building capacities of decision makers in the areas related to territorial development would enhance the sustainability of the Programme's capacity building efforts. The Programme's primary focus in building capacities for introduction of the Integrated Territorial Investment (ITI) at the local and regional levels was related to development of territorial strategies. In 2024 the supported territories had the opportunity to apply for Programme's support for implementation of integrated projects deriving from these strategies. With this approach addressing the most complex territorial development challenges, strong support from the decision makers at local, regional and also national levels is needed to ensure long-term consistency in prioritisation of activities and projects deriving from the strategies, and also to enable access to funding for these interventions, especially when it comes to territories with wider spatial focus.

Supporting start-ups owned by youth and women, especially in devastated areas, requires more intensive technical support in order to facilitate success of the project and overall business idea. EU PRO Plus experience showed that although the co-funding requirement was reduced to 10 or 15%, the most common reason for withdrawing from implementation by the beneficiaries was their inability to secure co-funding. This experience showed that request for co-funding startups in underdeveloped areas should be excluded or possibly kept to a minimum, especially taking into account that creation of these start-ups in many cases is not driven by entrepreneurship spirit but by a necessity, with shortage of opportunities for employment.

Well-capacitated organisations, with developed activities of social entrepreneurship, proved to be more capable in securing financial sustainability and continuity of the social services, particularly when a stable source of funding is not available. Engagement of the organisations that are self-funded through economic activities provides more certainty regarding sustainability of the service and prevents interruption of its provision. When planning targeted support and accompanying evaluation criteria, it should be considered to incorporate this aspect into the assessment of the operational capacities of the CSOs.

10. NEXT REPORTING PERIOD

This section provides a list of priorities/activities for the subsequent reporting period. A detailed Work Plan is annexed to this report³³.

Result 1 Improved development planning in targeted municipalities and introduction of the ITI concept

- *Activity 1.1* Implement a Module IV for MEI - a series of hybrid trainings with peers from EU member states
- *Activity 1.1* Consolidate Study on national model for ISTD and organise final presentation for MEI

³³ EU PRO Plus Work Plan for 2023 is provided in Annex V Attn. 5.1

- Organise ISTD conference
- *Activity 1.2* Deliver of remaining training module IV for PCUs
- *Activity 1.2* develop investment plans for 12 territories
- *Activity 1.3* Finalise implementation of integrated projects derived from territorial strategies

Result 2. Enhanced economic growth in targeted municipalities

- *Activity 2.1* Finalisation of remaining 7 economic infrastructure projects
- *Activity 2.2* Finalise remaining two grants for Women and Youth Startups
- *Activity 2.2* Provide mentoring support for Women and Youth Startups

Result 3. Improved social infrastructure and social cohesion in targeted municipalities

- *Activity 3.1* Award two more LIPs from the reserve list and implement projects

Draft

LOGICAL FRAMEWORK MATRIX – 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

Objectively verifiable indicators	Objectively Verifiable Indicators - Target	Progress during the reporting period
Overall Objective: To contribute to socio-economic development, prosperity and social cohesion of Serbian society	WB Doing Business Report score 74	WB replaced the Doing Business report with Business Ready (B-READY) report that evaluates the business and investment climate worldwide. However, B-READY 2024 does not cover Serbia. Data for Serbia are expected to be included from the B-READY 2025 report.
	Global Competitiveness Index Rank 69	The World Economic Forum has not continued comparative country rankings on the Global Competitiveness Index after the COVID-19 pandemic in 2020.
SO1. To decrease socio-economic disparities of two regions within Serbia	Šumadija and Western Serbia Region GDP and number of unemployed - 20% / 101,760	The 2023 data shows that the nominal GDP of Šumadija and Western Serbia Region in 2023 increased by 10.5%. However, the share of this Region in the national GDP decreased by 1.1% to 17% in 2023 compared to 2022. The number of unemployed in the Western Serbia Region was 82,800 persons in 2023, which is a decrease by 21.9% compared to the 2019 baseline. Statistical data for the year 2024 is not yet available.
	South-East Serbia Region GDP and number of unemployed - 14.2% / 83,712	The 2023 data shows that the nominal GDP of South and East Serbia Region in 2023 increased by 14.1%. The share of the same Region in the national GDP decreased by 0,5 % to 15.1% in 2023 compared to 2022. The number of unemployed in the South-East Serbia Region was 79,200 persons in 2023, which is 7.5% more than in 2022, but still by 9.2% less compared to the 2019 baseline. Statistical data for the year 2024 is

		not yet available.
RESULT 1		
Improved development planning in targeted municipalities and introduction of the ITI concept		
Result 1. Improved development planning in targeted municipalities and introduction of the Integrated and Sustainable Territorial Development (ISTD) concept	OC 1.1 The number of adopted Integrated Territorial Investment (ITI) and Sustainable Urban Development (SUD) strategies and the number of LSGs covered with these Strategies (Corresponds with IPA PF 2.11) - At least 15 strategies which include at least 35 LSGs	All 12 supported strategies including 31 LSGs are adopted by all 31 local assemblies
	OC 1.2 Implementation of at least 80 percent adopted SUD and ITI Strategies initiated with at least three different funding sources - at least 12 (mid 2024)	18 projects under the call for integrated projects awarded including 11 territories. The full status will be available in mid 2025 after establishment of PCUs
Result 2 Enhanced economic growth in targeted municipalities	OC 2.1 Number of jobs created or facilitated - At least 300 (2023)	274 new jobs created by supported MSEs. 63 new jobs created by supported women and youth startups 1,000 new jobs created as an indirect result of economic infrastructure projects.
	OC 2.2 Number of start-ups and MSEs that benefited - 500 (2023)	The Programme supported a total of 674 MSEs out of which 113 directly through grants and 519 through assistance provided by the business support organisations (BSOs) and 42 women and youth business start-ups.
	OC 2.3 Number and financial value of initiated investments in industry and services facilitated - At least six investments valued at least 25 million Euros (mid of 2024)	Four new investments worth over 180 million Euros have been realised in two supported projects - Šabac and Kraljevo.
Result 3: Improved social infrastructure and social cohesion in targeted municipalities	OC 3.1 Number of persons benefiting from improved public facilities/ services - at least 35,000 (2023)	Over 115,000 persons benefited from the improved conditions and services in cultural, educational, sports and health infrastructure as a result of 9 completed projects during 2024.
	OC 3.2 Number of introduced or improved social services provided by CSOs and/or LSGs - at least 15	The activity for strengthening social services is completed successfully, resulting in establishment and/or improvement of 28 services in 22 LSGs, thus facilitating better access to education, health and social care services for over 7,700 disadvantaged citizens.

	OC 3.3 Number of persons benefiting from enhanced health care services related to Covid-19 prevention and recovery - at least 300,000 (2022)	The activity for supporting 23 medical centres to enhance services related to Covid-19 prevention and recovery is completed successfully, facilitating provision of over 2,645,000 medical services related to Covid-19. 5.000 disinfection devices, 60,000 L disinfection liquid and 41 triage containers were delivered.
Activity 1.1 Enhancing national capacity to introduce integrated territorial development	Number of persons at the national level trained - 40 (middle 2023)	50 persons at the national level trained to date, out of which 24 from MEI
	Proposals for regulators and procedural framework to enable preparation of the EU model for territorial planning - in place (end of 2024)	The Comparative Study on EU member states prepared. The draft Study on the National Model for ISTD prepared
	Monitoring, reporting and evaluation approaches related to ISTD model - in place (2022)	The objectives framework indicator set for monitoring, reporting and evaluation of territorial strategies developed and agreed with the Public Policy Secretariat.
	Number of tools developed or enhanced - at least one (2022)	Initial ISTD networking platform is established. A revised Concept Note on the potential IT tool prepared .
Activity 1.2 Improving capacities of municipalities and regional development agencies to introduce concepts of integrated territorial planning	Number of LSGs and RDAs benefiting from interventions - at least 80 percent (middle 2023)	85,9 percent of the LSGs and RDAs benefiting from the capacity building process (85 LSGs and 11 RDAs participated in the training activities within Module I, Module II and Part of the Module III of Capacity Building Programme - 1,416 persons in total)
	Population covered by SUD and ITI Strategies - at least 2 million (end of 2022)	The territories supported for development of territorial strategies are inhabited by approximately 1,6 million people.
Activity 1.3 Implementing activities contributing to socio-economic growth deriving from integrated territorial planning strategies	Number of integrated projects deriving from the ISTD strategies, whose implementation is supported - at least 15 (mid 2024)	A total of 18 integrated projects deriving from ISTD strategies are supported.
RESULT 2 Enhanced economic growth in targeted municipalities		
Activity 2.1 Developing economic infrastructure and businesses related services at the local level	Number of supported economic infrastructure projects - 16 (2024)	20 economic infrastructure projects supported projects during 2024, among them 13 finalised, 6 in implementation and 1 still in the procurement phase.
	Number of LSGs supported in improvement of at least one business related service - 10 (2024)	Activity reprogrammed.

Activity 2.2 Enhancing competitiveness and sustainability of enterprises contributing to economic stability of local communities	Number of supported start-ups, entrepreneurs and enterprises - 100 (2022)	113 MSEs directly supported in acquiring new equipment and introduction of services.
	Number of supported youth and women entrepreneurs - at least 50 (2022)	42 Women and Youth Startups supported with new equipment and introduction of services. .
	Number of people benefiting from skill-development training - 200 (2022)	Activity reprogrammed.
	Number of supported BSO projects - 10 (2022)	Sixteen BSO projects were implemented.
RESULT 3 Improved social infrastructure and social cohesion in targeted municipalities		
Activity 3.1 Developing and improving infrastructure which contributes to enhanced quality of life	Number of social infrastructure projects implemented -at least 30 (2022)	All of 37 awarded grants for local infrastructure projects completed, of them nine (9) in 2024
Activity 3.2 Supporting public institutions, including the social protection institutions, to enhance social services and preparedness for emergencies	Number of CSO projects related to social services supported - 20 (2023)	Activity completed with 20 projects, supported to strengthen social services with engagement of 23 CSOs and 25 public institutions.
Activity 3.3 Support to COVID-19 related prevention and response activities	Number of medical centres supported to enhance services related to Covid-19 prevention and recovery - at least 20 (2022)	Activity completed with 23 medical centres supported to enhance services related to Covid-19 prevention and recovery.
Activity 3.4 Support in rehabilitation of the flood-caused damages		Both bridges in municipalities Vrnjačka Banja and Rača completed

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Annex I Improved Development Planning

Annex I Attn 1.1 Study Visit Germany Report

Annex I Attn 1.2 Training Report_Coordinating Implementation of ITI

Annex II Enhanced Economic Growth

Annex II Attn 2.1 EU PRO Plus Overview of grant support to micro and small enterprises (MSEs)

Annex III Improved Social Infrastructure and Social Cohesion

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Annex IV Communications

Annex IV Attn 4.1 EU PRO Plus Overview of Communication Activities 2024 Media Coverage

Annex V Programme Management

Annex V Logical Framework Matrix - integral part of the Report

Annex V Attn 5.1 EU PRO Plus Work Plan for Q1 of 2025