



Ministry of European Integration
REPUBLIC OF SERBIA

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ЗА ТЕБЕ**



**EU
PRO+**

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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:	30 June 2024
Programme area:	The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia
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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

TABLE OF CONTENTS

Acronyms	2
TABLE OF CONTENTS	3
1. EXECUTIVE SUMMARY	4
2. REVIEW OF PROGRESS AND PERFORMANCE	6
2.1 Policy and Programme Context	6
2.3 Results and Activities	11
Result 1 Improved development planning in targeted municipalities and introduction of the ITI concept	12
Result 2 Enhanced economic growth in targeted municipalities	14
Result 3 Improved social infrastructure and social cohesion in targeted municipalities	18
3. MANAGEMENT AND COORDINATION	21
3.1 Governance	21
3.2 Coordination	21
3.3 Human Resources	24
3.4 Procurement and Grants	25
3.5. Finance	25
4. RISKS AND ISSUES	25
5. QUALITY	28
6. SUSTAINABILITY: Social, Environmental, Economic and National Capacity	30
7. CROSS-CUTTING THEMES: Good Governance, Gender Equality, Social Inclusion and Digitalisation	32
8. COMMUNICATIONS AND VISIBILITY	33
9. LESSONS LEARNED	34
10. NEXT REPORTING PERIOD	35
LOGICAL FRAMEWORK MATRIX – progress against indicators	36
LIST OF ANNEXES	39

1. EXECUTIVE SUMMARY

The European Union for Local Development - EU PRO Plus Programme has concluded its most productive year so far, by ensuring completion of 117 out of 242 projects that were supported in total, while enabling continued high activity with secured endorsement for implementation of 45 new projects to be women and youth start-ups in early 2024.

In 2023, the **Programme finalised the assessment of the Economic Infrastructure Projects** Call, granting 20 awards totalling nearly eight million Euros, with over five million Euros sourced from the Programme. These projects are anticipated to establish essential infrastructure conditions, enabling the realisation of 300 million Euros in new investments and the generation of 3,000 employment opportunities within a five-year timeframe. Additionally, they will enhance the tourism potential in five municipalities, aligning with national and local strategies to diversify offerings, attract more tourists, and bolster the local economy.

Two more public calls were launched, for Support to Women and Youth Start-ups and for Implementation of Integrated Projects, with the evaluation of the former concluded by year-end. With over 11 million Euros disseminated during the year, the EU PRO Plus financial delivery followed the implementation pace.

Contributing to **enhanced development planning and the introduction of integrated territorial investment concepts**, EU PRO Plus continued to strengthen capacities at the local, regional, and national levels. A total of 1,416 individuals benefited from capacity-building initiatives, with 735 (51.91%) being female. The implementation included three study visits and two training modules outlined in the Capacity Building Plan. Notably, all twelve territorial strategies were developed and underwent a public review process. This process reflects the positive reception of new territorial development tools by local and regional stakeholders. Moreover, the application of these strategies effectively validated the objectives of EU Cohesion policy in the Serbian context.

Another significant milestone is that the Public Call for proposals for integrated projects derived from twelve territorial strategies supported through the programme, has been launched and promoted, expecting applications by mid-January 2024. This activity should enable the final phase of piloting territorial mechanisms, and provide important feedback to the Programme on the challenges and constraints related to implementation of integrated and sustainable territorial strategies.

In 2023, the Programme intensified its activities towards achieving the **enhanced economic development** through completion of projects implemented by Business Support Organisations (BSOs), finalising the grants supporting Micro and Small Enterprises (MSEs) and initiating the support to women and youth start-ups. Along with the start of the implementation of the projects selected through the Call for Economic Infrastructure Projects, the Programme has been striding to reach the targets in this area.

Within efforts to enhance their competitiveness and resilience, 519 enterprises have been supported through BSOs in the areas of digitalisation, greening and circular economy, marketing and internationalisation, standardisation and access to financial instruments. Additionally, as a direct result of Programme interventions supported, 270 new jobs were opened in the supported MSEs while the corporate social responsibility activities implemented by these enterprises provided benefits to over 18,000 people in local communities.

Contributing to **improved social infrastructure and social cohesion** the Programme made significant progress in development of local infrastructure with construction works completed on 28 out of the 37 awarded projects. As a result of this intervention, over 131,000 persons benefited from the improved conditions and services in cultural, educational, sports and health infrastructure. These projects enabled access to clean drinking water, increased quality of health services, better learning conditions in preschools and schools, as well as improved cultural and sports facilities.

Furthermore, the Programme supported piloting of different social protection services directed mostly toward the people with disabilities. Namely, the EU PRO Plus enabled establishment and improvement of 28 social services in 22 LSGs, thus far reaching over 6,300 direct beneficiaries, out of which over 5,700 are coming from the vulnerable groups. This assistance includes establishment of eleven licensed social protection services, six innovative social services and three integrated services.

Finally, the Programme extended support for rehabilitation of flood-affected infrastructure with initiation of tenders for construction of three bridges.

The **quality** of Programme interventions is confirmed internally through regular quality assurance mechanisms such as evaluation questionnaires and other forms of feedback from partners and beneficiaries. Externally, the most significant recognition of quality of Programme interventions was the equal first award at the 32nd International Urban Planners Exhibition for the twelve developed strategies. Also, the EU PRO Plus Calendar remained the official EUzaTebe calendar for the fourth year in a row as a testimony to the quality of Programme communications activities.

The **relevant risks and issues** were continuously monitored, assessed and addressed. Among the major risks encountered in 2023 are the local and parliamentary elections which have affected the planning and implementation of several activities. These include delays in implementation of projects awarded to LSGs due to unavailability of key stakeholders, delays in transfer of tranches and making critical decisions such as the one related to submission of applications in response to the grant scheme for integrated projects. Furthermore, a predominant issue remains in availability of mature projects and availability of resources at the local and regional levels to develop quality projects. These challenges are addressed through targeted capacity building and the grant implementation process.

The key issue of the Programme remains the implementation timeframe, as the delays in the approvals of the territories to be supported with technical assistance for development of territorial strategies have reduced the time to support implementation of projects deriving from the strategies. This is being addressed through a Programme addendum which should extend the overall implementation timeframe for the Programme, and enable availability of a portion of the Programme resources for the extended period of implementation.

Throughout the year, the Programme maintained **high visibility through extensive traditional and digital media campaigns**. This included 32 press releases and 15 media announcements, leading to **2,035 media reports**, with over 32 percent (655) appearing in national media. Media focus was predominantly on local infrastructure, and support provided to the entrepreneurship generating 573 and 418 media reports respectively, due to its tangible impact and direct influence on the life of ordinary people. The programme organised **ten high-level visits**, covering 27 local self-governments, which attracted great media interest of 337 positive reports, thus confirming the contribution of the field presence of the DEU and the Government officials to the visibility of the EU support to local level. The 2023 communications survey revealed a positive trend in awareness and attitude towards EU integration in the Programme territory, indicating effective communication and visibility efforts.

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 2023 was marked with a number of important developments related to the policy and the Programme context.

At the national level, a number of strategies were adopted during the year, and, most importantly, a significant progress was made in relation to the [Draft Law on the Establishment and Functioning of the Cohesion Policy Management System](#) for which the Ministry of European Integration (MEI) conducted public consultations. The Law aims to define a system for management and control of the implementation of the European Union's Cohesion policy, as well as to determine the procedure for the preparation of relevant documents in accordance with the cohesion policy goals and the obligations of the Republic of Serbia assumed in the process of the EU accession. The consultation process included discussions on the draft Law held in Zaječar and Užice, with the support of the GIZ-implemented project "Support for public administration reforms in the process of accession to the European Union". In the context of EU PRO Plus, the adoption of the Law will open the room for setting the requirements for EU territorial development instruments through development of related bylaws.

Further, the Government of the Republic of Serbia (GoS) adopted the [Decree on the Procedure for the Preparation of the Draft Development Plan of the Republic of Serbia](#) which entered into force in July 2023. The decree prescribes the procedure for the preparation and reporting on the implementation of the Development Plan, as the umbrella and strategically most important document of development planning, with a ten-year duration. The decree stipulates mandatory consultative process in a widely participatory and transparent manner while special attention should be given to balanced regional development, as well as development planning in accordance with the 2030 Agenda.

Additionally, the first of its kind in Serbia, [Sludge Management Programme in the Republic of Serbia for the period from 2023 to 2032](#) adopted in September 2023, aims to establish a safe, sustainable and cost-effective sludge management system from municipal wastewater treatment plants. According to the Programme, solving the issue of sludge management will be in accordance with the principles of the circular economy, as well as with EU regulations, with the goal to ensure the use of sludge, the amount of which is increasing, as a long-term resource. The issue of the sludge management system is recognised in draft territorial strategies supported by EU PRO Plus, and such Programme will be of importance in implementation of territorial strategies.

Also, the [Low-carbon Development Strategy of the Republic of Serbia for the Period from 2023 to 2030 with Projections until 2050](#), adopted by the GoS in June 2023, defines five specific objectives: 1) Reduction of GHG emissions to be covered by the EU-ETS by 15.0% by 2030 and between 66.4% and 76.8% by 2050 compared to 2010. 2) Reduction of GHG emissions not covered by the EU-ETS by 9.7% by 2030 and between 33.5% and 54.5% by 2050 compared to 2010. 3) Increase carbon sinks in forests by 17% by 2030 and between 22% and 132% by 2050, compared to 2010. 4) Conserve the potential of mitigation measures established by 2030 and 2050 by increasing climate change resilience in priority sectors and 5) Promoting the transition to a climate-neutral economy and climate-resilient society. These objectives are to be achieved by reducing emissions in the production of electricity and heat, increasing energy efficiency and using renewable energy sources in the industrial sector, but also by measures in other sectors. The strategy envisages that the Action Plan for its implementation in the period 2024-2030 will be adopted within one year.

The [National Architectural Strategy for the period 2023-2035 with the Implementation Action Plan for the period 2023-2025](#) adopted by the GoS in June 2023 represents a public policy document in the field of architecture, which is brought to contribute to the improvement of architectural practice and profession and the quality of spatial and urban planning and architectural design, thus creating conditions for sustainable and integral approaches in the new construction, renovation and use of the built fund, www.euproplus.org.rs

construction and natural heritage as the bearer of the spatial and cultural identity of the Republic of Serbia, as well as raising awareness of the importance of architecture and the built environment for the life of citizens.

[The Adaptation Programme to Changed Climate Conditions with the Action Plan](#), adopted by the GoS in December 2023, aims to provide the capacity to improve the timely informing the public about weather and climate conditions and climate hazards thus increasing the preparedness of individuals, entrepreneurs, and employers. At the same time, the Programme enables the implementation of adaptation measures to the changed climatic conditions which are identified as the most urgent in order to prevent a multiple increase in damages and losses as a result of climate change. The Programme also ensures the implementation of interventions related to direct defence against climate hazards where it is not possible to mitigate the impacts, the implementation of measures to enable the initiation and maintenance of the adaptation process in the future sustainable way, as well as conducting the measures to enable the rapid implementation of new scientific knowledge in the process of adaptation. In the context of EU PRO Plus, three measures 1, 20 and 21 are directly related to urban areas and activities related to support in territorial strategies development process.

In November 2023, the GoS adopted the [Strategy and Action Plan for the Development of Small and Medium Enterprises \(SMEs\) in Serbia for 2023-2027](#). The main objectives and focus areas of the Strategy are centred around digitalization and the green agenda for SMEs. This strategy emphasises the importance of adapting the SME sector to the digital era and integrating sustainable, environmentally friendly practices. Additionally, the strategy aims to provide a framework for financial and technical support to small and medium enterprises as well as reduction in fiscal burdens on businesses and improvement of the overall business environment in Serbia.

The implementation of the [Law on Amendments and Supplements to the Law on Public Procurement](#), adopted on 27 October 2023, will start as of 1 January 2024, with the aim to further develop modern and efficient system of public procurement with a full application of electronic communication methods, which consequently leads to improvement of their efficiency, transparency while reducing the risks of irregularities. This general goal, as explained by the Government, is to be achieved through four established specific goals: 1. increasing efficiency and economy of public procurement procedures, 2. strengthening competition on the public procurement market, 3. reducing the risk of irregularities in the public procurement system, and 4. promoting and encouraging the environmental and social aspects of public procurement and innovations. As the novelty Green public procurement will become mandatory from 1 January 2024, meaning that the contracting authorities during the selection process, apart from the prices, will have to take into account a set of environmental aspects such as the life of the product, maintenance costs, water and electricity and recycling of goods when they become waste.

After the Public review, the amendments to the [Law on Planning and Construction](#) were adopted on 26 July 2023, envisioning the improvement of the electronic system for issuing building permits (CEOP) by introducing new functionalities, especially the e-space, which makes the procedure for creating and amending planning documentation more efficient and faster. It also stipulates that buildings larger than 10,000 square metres will have to have a green certificate, and the buildings will also need to have an energy passport thus contributing to the green agenda. Additionally, the Law on conversion is repealed, while the obligation to have an insurance policy for damage to third parties is introduced.

Following the changes in the Law on Planning and Construction, the changes in the [Rule book on content and process of review of technical documentation](#) was also adopted to strengthen health safety and quality of technical documentation requiring mandatory provision of a Preventive Measures Plan and Quality Control Programme, which so far were not part of the construction design.

In January 2023, the Government of the Republic of Serbia [adopted the 2030 National Youth Strategy](#), one of the most important documents dealing with the position of the youth. The most significant novelties in the Strategy relate to the recognition and standardisation of local youth policy and mechanisms for

allocation of larger funds that would contribute to intersectoral cooperation in the field of youth support. In July 2023, the GoS passed [the Action Plan 2023 to 2025 for the implementation of the Youth Strategy](#), with the planned budget of over ten million Dinars needed for its implementation, while over three millions Dinars have been earmarked for the implementation of activities from the Action Plan for this year. The strategic documents and dedicated funds should improve position of youth through several objectives, such as standardisation of youth-work in the non-formal education system, improvement of the LSGs' capacities for implementation of youth policies, equal opportunities and incentives for youths that facilitate their socio-economic independence and creation of conditions for social welfare of young people.

In April 2023, the Government of the Republic of Serbia adopted a [decision on the establishment of the Council for Gender Equality](#) (GE) as an advisory body, composed of the members of relevant public institutions and civil society, which would support implementation of the Strategy for Gender Equality. The Council is to address the topics such as the empowerment of gender-sensitive categories of the population through the application of appropriate measures, building and improving the capacity of institutions for the implementation of GE policy and raising public awareness on the GE issues.

In September 2023, the GoS adopted [the Decision on the establishment of the Council for the creation of a stimulating environment for the development of civil society](#) which should monitor the implementation of the [Strategy for the creation of a stimulating environment for the development of civil society in the Republic of Serbia for the period 2022-2030](#) and accompanying Action Plans. The Council will deal with the following areas: inclusion of citizens in the decision-making process, transparency and access to information, legal framework for the activities of the CSOs, public funding of the CSOs, philanthropy, volunteering, non-formal education, civic activism, etc.

During the year the GoS adopted [the Strategy of Active and Healthy Aging in the Republic of Serbia for the period from 2024 to 2030](#) and the accompanying [Action Plan for 2024-2026](#). The Strategy is based on the principles including active ageing, gender equality, intergenerational solidarity, lifelong learning, digital competence, education on health, psychological and social aspects of ageing, active participation of the elderly in all processes of the social community.

Year-end was also influenced by elections. On 17 December 2023 the Parliamentary, Belgrade and local elections in 65 local self-governments from the Programme AoR were held. After the repeated elections on 30 December 2023 and 2 January 2024, the Republican Electoral Commission (REC) announced that in the parliamentary elections, the "Aleksandar Vučić- Serbia must not stop" won 46.75 percent of the votes, while list "Serbia against violence" as second ranking won 23.66 percent of the votes.¹ Regarding the preliminary results of the local elections, as the media reports, the Serbian Progressive Party won the majority in all 65 LSGs². According to the Belgrade City Electoral Commission website, the Serbian Progressive Party won 44.55 percent, and the list "Serbia against violence" 39.09 percent.³

The year also provided many opportunities for funding development activities, and some frameworks were created laying the groundwork for future development.

The European Bank for Reconstruction and Development's (EBRD) Board of Directors has approved a new [country strategy for Serbia](#) for 2023-2028 period, guiding its investment and policy initiatives for the next five years. The EBRD's three key priorities for Serbia are: (i) accelerating the green energy transition; (ii) enhancing private-sector competitiveness, productivity and access to finance; and (iii) financing sustainable infrastructure and strengthening regional connectivity. Under the first priority, the EBRD will focus on scaling up renewable energy capacity, particularly through continuing to support the authorities with wind and solar auctions, but also by introducing renewable energy sources into district heating systems. Energy efficiency will also be a primary objective, especially in the context of accelerating

¹ Euractiv.mondo.rs [Official results of the 2023 Parliamentary Elections](#) (3 January 2024)

² N1info.rs [Results of local elections: SNS won in 11 Belgrade municipalities](#) (18 December 2023)

³ Beograd.rs [Overall report on the results of the elections for councillors of the Belgrade City Assembly](#) (3 January 2024)

building renovations. Under the second priority, the EBRD will boost small and medium-sized enterprises' (SMEs) competitiveness through access to finance and skills, especially related to the green and digital transitions, as well as through targeted programmes with partner commercial banks to support women- and youth-led enterprises. The innovation, as also a focus, will be pursued by developing the start-up ecosystem and investing in enabling digital infrastructure and in science and technology parks. Under the third priority, the EBRD will support Serbia in accelerating investments in environmental infrastructure – waste and wastewater management, air quality and irrigation, in particular – maximising opportunities to crowd in private investment and develop the circular economy. The Bank will also continue encouraging the switch to rail transport, especially by financing the main European and regional corridors. Governance will be a key cross-cutting theme and will include helping to raise standards at state-owned enterprises.

In June 2023, the Republic of Serbia signed the Agreement with the European Union on Serbia's participation in the [Digital Europe Programme](#), worth 7.5 billion Euros, for the period until 2027. On the basis of that agreement, legal and natural persons with residence or headquarters in Serbia will be able to apply for the EU funding while on an equal footing with participants from full EU member countries in the allocation of grants in the field of digitization. As the territorial strategies supported by the Programme have defined objectives in line with EU Cohesion Policy 2021 /2027, the possibilities of funding initiatives from territorial strategies will be additionally expanded.

The European Commission launched preparations for a new EU Mission on the [New European Bauhaus](#) in July 2023. With a focus on research and innovation solutions, the proposed mission would aim to transform neighbourhoods across Europe for the better, making them beautiful, sustainable and inclusive. The new mission would engage with people to build greater social acceptance for EU Green Deal policies, promoting social ownership of green solutions and encouraging behavioural changes needed to meet EU Green Deal targets. Inspired by the co-design phase, which allowed further definition of the concept and priorities for the New European Bauhaus actions, the combination of several EU financing instruments with complementary scopes reflects the transdisciplinarity of the initiative and are available through the [different EU funding opportunities](#) supporting the initiative.

At the end of 2023 a new credit line of 100 million Euros was established by [EIB Global and Banca Intesa Beograd](#) for small and medium-sized enterprises (SMEs) and mid-cap companies in Serbia. This credit line aims to enhance access to finance, support green projects in the private sector, and help companies maintain liquidity and invest despite successive crises. A portion of the funds is allocated for green investments like renewable energy sources and energy efficiency projects. The collaboration between EIB and Banca Intesa has previously allocated over 220 million Euros to support more than 350 companies in Serbia making an average amount of a loan over 600,000 Euros. This initiative is part of a broader effort to foster economic growth, focusing on SMEs as a key sector, and to contribute to sustainable development.

In December 2023 a financial package was provided by [EBRD to OTP Bank in Serbia, consisting of a 60 million Euro loan](#). Out of this, 10 million Euros are dedicated to the Go Green program for SMEs, supported by the European Union. This package enables OTP Bank Serbia to continue supporting SMEs in enhancing technology and equipment, boosting competitiveness, and supporting export potentials. Furthermore, the loan aids Serbia's green economy, with 50% of the SME loan and 70% of the Go Green programme aligned with EBRD's Green Economy Transition initiative. SMEs successfully completing investment projects through the Go Green programme are eligible for a cashback grant of 10% of the loan amount, or 15% for investments in renewable energy and the agribusiness value chain.

During 2023, the Ministry of Economy through public two calls for economic infrastructure projects based on the [Decision on the allocation of funds](#), approved 43 projects for funding with a total value of 1,589,944,425 Dinars. Both calls targeted infrastructure equipping of industrial zones and improvement of infrastructure in the function of tourism development thus complementing the Programme efforts to boost the economy in the underdeveloped regions in Serbia.

Through the 300 million USD worth [Local Infrastructure and Institutional Development Project in Serbia](#)
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(LIID), co-financed by French Development Agency (AFD) (€176.8 M) and the World Bank (€88.4 M), and implemented by the [Ministry of Construction Transport and Infrastructure](#), 145 local self-governments would be supported with grants for the implementation of infrastructure projects and strengthening of institutions. The Ministry signed Framework Agreements with LSGs and disbursed funds to all 145 selected municipalities. The project includes the following three components: Climate Smart Mobility (€249,28 million), Strengthening Systems and Capacity for Infrastructure Service Delivery (€10,17 million); Project Implementation Support and Awareness Raising (€5,75 million).

In May 2023 the Cabinet of the Minister for Balanced Regional Development awarded [31 projects](#) through [the public call for projects of promoting regional growth in the Republic of Serbia](#). Out of the total budget of 325,100,000 Dinars, the amount of 85,100,000 Dinars was allocated for co-financing of development documents for regional development while 240,000,000 Dinars has been co-financing projects of importance for regional growth in regions and local self-government.

Due to the floods in May and June 2023, sixty-two (62) local self-governments declared a state of emergency, followed by the Government decision to [declare a natural disaster](#) on the territory of all affected municipalities as of 20 June 2023. Furthermore, a Working Group established by the Government and composed of the Ministry of Public Investment, the Ministry of Construction, Transport, and Infrastructure, and the Ministry of European Integration assessed the damage to 103 million Euros and determined the list of public infrastructure that requires rehabilitation support.

Several public calls targeting improvement of social services and promotion of integrated approach, with particular focus on strengthening social protection systems and services at the local level, were published in mid-year. [The PRO Programme⁴ published four Calls](#) for provision of technical support, capacity building and grants to CSOs and LSGs from 99 municipalities corresponding to the EU PRO Plus AoR. [The Standing Conference of Towns and Municipalities \(SCTM\) under the EU-funded project published the Call for improvement of social protection at the local level](#), in order to contribute to strengthening of legal, financial and institutional mechanisms for sustainable planning and implementation of social protection services.

In August 2023, the GoS [adopted the Decree on establishing the Programme for encouraging the development of entrepreneurship through financial support for female entrepreneurship in 2023](#). The 600 million Dinars grant was allocated to support female entrepreneurship, while the programme is a combination of grants from the budget and favourable loans from the Development Fund.

In the last quarter 2023, two interventions for economic empowerment and employment of vulnerable groups were announced. The Ministry of Labour, Employment, Veterans and Social Affairs [allocated 80 million Dinars for improving working conditions in companies for professional rehabilitation and employment of persons with disabilities](#) in 2023. Total of 45 companies have been supported through the Public Call in order to contribute to developing the companies' competitiveness by reimbursing costs directly related to the company's activities for the implementation of professional rehabilitation measures. Furthermore, the same ministry announced in the meeting of the Council for Social Entrepreneurship that [50 million dinars were allocated for the development of social entrepreneurship in 2024](#), while the Development Programme and Action Plan will be adopted in the coming months, which should ensure the full implementation of the Law on Social Entrepreneurship almost two year after its adoption.

In 2023, SMEs, business start-ups, women and youth entrepreneurs in Serbia could benefit from four Public Calls published by the Ministry of Economy in areas like women entrepreneurship, small business equipment purchase, development projects, and support for business beginners and young entrepreneurs. The total funding available across these programmes was approximately 3.2 billion Dinars, allocated as follows: 600 million Dinars for female entrepreneurship, around 1.4 billion for equipment

⁴ Joint UN intervention funded by the Swiss Government
www.euproplus.org.rs

purchase, 900 million for development projects, and 300 million for young entrepreneurs and start-ups. These initiatives aimed to encourage business growth, innovation, and eco-friendly practices.⁵

In addition, the Development Agency of Serbia (DAS) published three public calls for Serbian companies in 2023, focusing on integrating into international value chains, enhancing export capabilities, joining multinational company supply chains, and promoting digital transformation and competitiveness.⁶

2.2 Progress Towards Achieving Objectives

Based on the most recent available statistical data, there has been a notable increase in both national and regional GDP compared to the baseline year.⁷ National GDP experienced a significant growth of 13.2%, while regional GDP saw increases of 11.4% for the Šumadia and West Serbia Region and 12.2% for the South and East Serbia Region. Despite this overall economic expansion, the underdeveloped regions' share in the national GDP has remained relatively stable. Specifically, the Šumadia and Western Serbia Region's share in the national GDP decreased slightly from 18.7% in 2021 to 18.4% in 2022. Similarly, the South and East Serbia Region also saw a minor reduction, moving from 15.3% in 2021 to 15.2% in 2022. These shifts in regional GDP shares can, in part, be attributed to demographic changes and internal migration patterns, with a trend of younger, more productive individuals moving from less developed regions to more developed areas, such as Belgrade.

The latest available data also highlight significant disparities in GDP per capita among different regions in Serbia. In 2022, the Belgrade region recorded a GDP per capita of RSD 1,686,000, surpassing the national average of RSD 1,065,000 by 58.3%. Meanwhile, the Vojvodina region's GDP per capita increased to RSD 1,073,000, reaching 100.8% of the national average, compared to 96.5% in 2021. In contrast, other regions continued to lag behind the national benchmark. Specifically, the Šumadia and West Serbia region achieved a GDP per capita of RSD 716,000, equivalent to 67.2% of the national average, while the South-East Serbia region's GDP per capita was RSD 763,000, accounting for 71.7% of the national average, indicating a significant economic disparity compared to the national performance.

The unemployment rates have been reduced. The number of unemployed in the South-East Serbia Region was 73,100 persons in 2022, which is a decrease by 16.2% compared to the 2019 baseline while the number of unemployed in the Western Serbia Region was 92,900 persons in 2022, which is a decrease by 12.3% compared to the 2019 baseline. Reasons for this change include the improvement of the overall economic environment, foreign direct investments, as well as providing various incentives and subsidies for employers.

2.3 Results and Activities

Implementation of Programme activities was expedited in 2023, making it the most productive thus far. Namely, the implementation of 140 new projects was initiated in 2023, including 113 projects implemented by micro and small enterprises (MSEs) and two projects contributing to strengthening social services awarded in late 2022. Additionally, Programme support was extended to five local infrastructure projects from the reserve list and twenty economic infrastructure projects awarded in mid-2024. The year also marked the end of 177 projects in total, leaving 41 projects under implementation. Additionally, in December 2023 the award to 45 projects recommended under the Call for Women and Youth Start-ups was approved.

Social cohesion and inclusion is being strengthened through improvement of local infrastructure through projects implemented by 35 local self-governments (LSGs) as well as through enhancing social services

⁵ Privreda.gov.rs [Public Calls](#)

⁶ Ras.gov.rs [Public Calls](#)

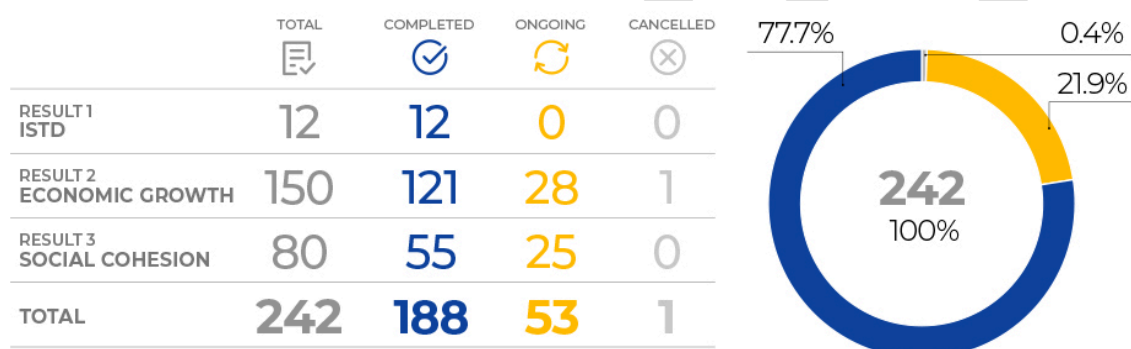
⁷ The baseline year for regional GDP distribution is 2016, while for unemployment indicator is 2019

through 20 projects implemented by LSGs and Civil Society Organisations (CSOs). Thus far, improved conditions and services within 26 completed out of 37 local infrastructure projects approved for funding, contributed to improved quality of life for over 131,000 direct users of cultural, educational, sports and health infrastructure.

In addition, contributing to reduction of social disparities of the two regions, the activities of the Programme resulted in creation of 28 new or improved social services in 22 LSGs providing direct benefits to over 6,300 people majority of which coming from marginalised and vulnerable groups. The newly established and improved services facilitated better access to education, health and social care services, while including eleven licensed social protection services, six innovative social services and three integrated services.

Furthermore, the intervention aimed at boosting the economic growth in target regions resulted in 20 new grants signed with local self-governments selected for funding in response to the Call for Economic Infrastructure. Once realised the projects will create conditions for the realisation of 300 million Euros of direct investments and indirectly generate over 3,000 new jobs.

Through the direct support to 113 MSEs, 270 new jobs have been created and additional 50 new jobs are expected to be opened in 2024 through support to 45 Women and Youth Startups. More than 500 enterprises received support to enhance their competitiveness through projects implemented by 16 Business Support Organisations (BSOs).



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

During the year, the Programme has boosted capacity building activities in various segments by organising three study visits, completed development of twelve territorial strategies and finalised trainings envisaged within Module II and III of the Capacity Building Plan.

The Programme expanded its reach at the national level, benefiting 38 national representatives through capacity building activities. At the regional and local levels, an impressive 85 out of 99 Local Self-Governments (LSGs), or 85.9%, actively participated. A total of 1,416 individuals benefited from capacity-building initiatives, with 735 (51.91%) being female.

The Programme is finalising activities related to development of territorial strategies pending approval of twelve strategies, covering 31 LSGs. All strategies are drafted, passed through a public consultation process, and submitted to LSGs for the adoption procedure. These strategies employ an innovative approach, emphasising a clear territorial focus and defining priority areas for intervention based on the territories' inherent potential. They align with EU and national policies, particularly smart specialisation. Each strategy includes a list of identified strategic projects within thematic areas, poised for transforming urban areas. These projects will require mid and long-term implementation, often combining various funding sources due to their size and complexity.

A major achievement was the launch of the [Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the Programme](#). This call, endorsed by the Programme Steering Committee (PSC), started on November 9, 2023, and will close on January 17, 2024. It marks a shift from traditional projects to integrated initiatives that promote multi-level governance, stakeholder involvement through co-creation and co-design, and innovation to create sustainable solutions.

Activity 1.1 Enhancing national capacity to introduce integrated territorial development

The Programme invested significant efforts to contribute to the harmonisation of the national legislation, namely the pilot territorial strategies with the [Law on the Planning System](#). In this regard, regular communication was maintained with the Public Policy Secretariat (PPS). In January 2023, an introductory presentation with a training on territorial development instruments was organised, contributing to realisation of the Module I Training on EU territorial development instruments⁸, envisaged for the national level stakeholders under the EU PRO Plus Capacity Building Plan. Further, once the strategies were drafted, another meeting was held with PPS to present and discuss the drafted territorial strategies and their content. The position of the territorial strategies to the Law on Planning System was agreed upon, with minor suggestions provided by the PPS incorporated in the final documents for adoption by the local assemblies. The PPS also provided recommendations for future activities, such as defining data collection methodology for the proposed set of objectives indicators and the establishment of the information system for strategies implementation at the local level.

Three study visits to the EU countries were organised in 2023 for 20 representatives of the national and local self-governments, and regional development agencies (RDA) RDA JUG, RDA RARIS, RDA Zlatibor and a representative of the EU Delegation. The first study visit to Belgium and Netherlands⁹ for MEI, Regional Development Agencies (REDASP in Kragujevac and RDA Jug in Niš) and the representatives of the Kragujevac and Niš ITI territories was organised in April 2023. The study participants visited five cities, met with three Managing Authorities (MAs), visited five sites, participated in four walking tours of specific city areas that are subject of redevelopment, visited three urban development institutions and one EU Commission department. They had an opportunity to get acquainted with the governance and implementation aspects of the SUD and ITI mechanisms.

The study visit to Greece¹⁰ for five MEI representatives was conducted in July 2023. The visit included meetings with the Greek Ministry of Development and Investments in charge for ITI, two managing authorities (MAs) for Attica (Athens) and Central Macedonia (Thessaloniki), presentation of intermediate bodies (IBs) for several Central Macedonia municipalities and site visits of Piraeus and Veria.

The study visit to Italy¹¹ was conducted in September 2023, and was focused on ITI strategies led by smaller or medium-sized cities with territories being mostly in rural areas, including protected areas and tourist destinations. The LSG participants included representatives of Working Groups for the development of the ITI Strategy led by Zaječar with Knjaževac, Boljevac and Sokobanja municipalities, the ITI led by Pirot with Babušnica, Bela Palanka and Dimitrovgrad as partners, and the ITI led by Užice in partnership with Čajetina, Požega, Priboj and Bajina Bašta.

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

The provision of technical support to development of territorial strategies integrated with the related capacity building activities was implemented during 2023, and resulted in development of 12 territorial strategies and delivery of the module II and III of the Capacity Building Plan.

⁸ The Report on presentation to PPS is available in Annex I, Attn 1.1

⁹ The report of the study visit is available in Annex I, Attn 1,2

¹⁰ The report from the study visit is available in Annex I, Attn 1.2

¹¹ The report from the study visit is available in Annex I, Attn 1.2

After preparation of the contextual analysis, the joint process started with the thematic round tables, organised to present, discuss and verify preliminary results of the prepared contextual analysis, SWOT and identified development needs. These two day events, which focused on the five thematic areas in line with 2021 -2027 EU Cohesion policy objectives, were organised in all twelve territories in the period from 30 January to 10 March 2023. The thematic round tables were combined with the training sessions for SWOT and needs identification, as a part of the Module II of Capacity Building Programme¹² gathering 717 participants out of which 51,9% were female. Beside representatives of the 31 participating LSGs and nine RDAs included in territorial strategy development process, the round tables were also attended by representatives from five LSGs and one RDA which do not receive direct technical support in development of territorial strategies¹³. Additionally, the representatives of national level institutions also participated in some of the round tables.

During April 2023, the Programme organised objectives and measures workshops¹⁴ including training in twelve territories, in order to define strategic objectives and measures within territorial strategies. A total of 330 participants attended, out of which 188 or 57% were female. Beside representatives of 29 LSGs and nine RDAs included in the territorial strategy development process, workshops attended representatives from four LSGs (Krupanj, Vladimirci, Vrnjacka Banja, Aleksandrovac) which are not involved in direct provision of technical support in development of territorial strategies.

Public forums held during May and June 2023 in eleven territories¹⁵ were designed as a form of public consultation and included children's art competition, "World Cafe" and a visioning exercise, allowing participants of all ages to contribute towards strategy development with their ideas. In total 499 participants were present, out of which 275 were female, including 27 LSGs, seven RDAs and one national institution.

The online training on potential sources of funding¹⁶ for territorial strategies was held in June 2023 and was attended by 72 participants, out of which 48 or 66.7% were female.

During the reporting period, the Programme organised two workshops-trainings encompassing planned capacity building activities within Module III (strategy implementation). The Priority areas of intervention and strategic projects workshop¹⁷ including training on integrated projects were conducted in twelve territories during July 2023, with an aim to define key areas of the interventions and the list of strategic projects. The workshops organised in twelve cities were attended by 248 participants (56.85% female and 43.15% male participants), out of which 105 were LSG representatives from 27 LSGs included in the territorial strategy development process and 15 RDA representatives from five RDAs.

The online training on Governance implementation and monitoring and evaluation of territorial strategies¹⁸ was held in July 2023 with a total of 47 participants (out of which 30, or 63.83% female participants).

The draft strategies were finalised during September 2023 and entered into the public consultation phase during October and November 2023. In this period, the Programme organised 12 public presentations in targeted territories, with a total of 293 participants at the presentations, out of which 155 (53%) were female.

¹² The report from the thematic roundtables is available in Annex I, Attn 1.1

¹³ Aleksinac, Blace, Trgovište, Varvarin and Velika Plana and the Regional Agency for Spatial and Economic Development of Raška and Moravički District

¹⁴ The report from the objectives and measures workshop is available in Annex I, Attn 1.1

¹⁵ Public forum in Loznica was incorporated into workshop on priority areas of intervention due to the difficulties with organisation caused by replacement of working group coordinator

¹⁶ The report from the training on potential sources of funding is available in Annex I, Attn 1.1

¹⁷ The report from the Priority areas of intervention and strategic projects workshop is available in Annex I, Attn 1.1

¹⁸ The report from the training on Governance implementation and monitoring and evaluation of territorial strategies is available in Annex I, Attn 1.1

In order to provide comprehensive information on available sources of funding for urban and territorial development, the Programme prepared a document on Potential sources of funding for urban and territorial development¹⁹, which within the Programme efforts in supporting project implementation, was sent to all programme LSGs.

As a part of promotion of the territorial development instruments, the Programme prepared the official translation of the [Handbook of Sustainable Urban Development](#), developed by the European Commission Joint Research Centre (JRC). The printed copies of the handbook were shared with the Delegation of European Union (DEU), Ministry of European Integration (MEI), PSC members, the Public Policy Secretariat (PPS) and the key local and regional stakeholders.

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

The Programme Steering Committee (PSC) endorsed the publication of [Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the programme](#) in November 2023. The Call was advertised on 9 November and will be open until 17 January 2024. Subsequently five info-sessions²⁰ organised to promote the Call were attended by 105 individuals (51% female) representing 26 (out of 31 targeted) local self-governments (12 cities and 14 municipalities) and representatives of six Regional Development Agencies (RDAs). In addition, the online session organised to further clarify call criteria, was attended by 17 participants, out of which 10 (59%) were female.

In order to inspire territories and support identification and preparation of integrated projects within the Call, the Programme developed the [Territorial Innovation Atlas](#), as a comprehensive collection of projects aimed at promoting territorial development in urban and territorial areas. It showcases various examples from across Europe, demonstrating initiatives that aim to transform, regenerate, and connect urban and rural areas.

Result 2 Enhanced economic growth in targeted municipalities

In 2023, the Programme intensified its activities towards achieving the enhanced economic development through completion of projects implemented by business support organisations (BSOs), finalising the grants supporting micro and small enterprises and initiating the support to women and youth start-ups. Along with the start of the implementation of the projects selected through the Call for Economic Infrastructure Projects, the Programme has been striding to reach the targets in this area.

Within efforts to enhance competitiveness and sustainability, 111 out of 113 projects carried out by micro and small enterprises (MSEs) successfully acquired over 400 pieces of new equipment and introduced more than 20 new services. This investment is set to enhance business operations, increase production capacity, and improve the quality of products and services offered by these MSEs. Additionally, the supported MSEs created 270 new job opportunities and initiated corporate responsibility projects benefiting over 10,000 people in local communities.

A total of 519 enterprises received support through Business Support Organization (BSO) activities, aimed at enhancing their competitiveness and resilience. These activities encompassed training, technical assistance, mentoring, and certification, benefiting SMEs in various ways. Specifically, 312 SMEs were supported in digitalisation, 114 in green and circular economy practices, 384 in resilience building, 204 in marketing and internationalisation, 78 in standardisation, and 163 in accessing financial instruments. The projects also organised 96 events, attracting approximately 1,500 participants. Additionally, 68 SMEs received equipment to improve quality, productivity, resilience, and energy efficiency, including the

¹⁹ The document is available in Annex I, Attn 1.3

²⁰ The Report is available in Annex I, Attn 1.4

introduction of solar panels. Furthermore, 36 SMEs successfully underwent quality standards certification. For more detailed information on the results of BSO projects, please refer to the Annex of this report.²¹

EFFECTS

 **16** BSO GRANTS IMPLEMENTED

 **519** SMEs BENEFITING FROM SERVICES PROVIDED FROM BSOs

 **96** EVENTS ORGANISED

MAIN AREAS OF SUPPORT

316 SMEs SUPPORTED IN DIGITIZATION

384 SMEs ENHANCED RESILIENCE

78 SMEs SUPPORTED IN STANDARDISATION

114 SMEs SUPPORTED IN GREENING AND CIRCULAR ECONOMY

204 EXPANDED MARKET

163 SMEs USE NEW EQUIPMENT

Forty five applications for women and youth start-ups from the extremely underdeveloped LSGs have been selected for financing with the expected results including creation of at least 50 new jobs in 2024. Most of the selected applicants plan to start or extend their business in the wood and furniture sector, food production, architecture and engineering, textile, as well as personal services maintenance and repairs.

During 2023 the Programme awarded grants to 20 local self-governments that were selected through the Call for Economic Infrastructure projects based on relevance and contribution of their proposals to economic development through industry investments, tourism and creation of new jobs. Once implemented, eight²² selected projects for equipping industrial zones will contribute to creation of infrastructure preconditions for the realisation of 300 million Euros of new investments and contribute to 3,000 new jobs in the five-year period. In addition, five²³ municipalities will be supported in enhancing their tourism potential through diversified offers in line with national and local strategies and plans that should in return generate a greater number of tourists and contribute to the local economy. Technical preconditions for investments into economic infrastructure would be created in seven²⁴ LSGs through the Programme support in the development of the necessary technical documentation.

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

The Programme activities related to the development of economic infrastructure continued with the second phase of [Public Call for proposals for economic infrastructure projects](#). As within the first phase completed in 2022, 58 LSG submitted project concepts, the Programme invited 38 local self-governments, with positively assessed concept notes, to submit their full applications by the end of January. Through three online info-sessions organised for each of the three LOTs (infrastructure equipping of the industrial zones, tourism development and development of technical documentation in the function of economic infrastructure), the conditions of the Call were in detail presented to 58 participants from 33 LSGs. The 34 project proposals received in response were assessed by the evaluation committee formed of four voting members, six secretaries and three external observers, two from the Ministry of Economy and one from

²¹ Analysis of the support to BSOs is provided in [Annex II Attn. 2.1](#)

²² Valjevo, Mionica, Novi Pazar, Preševo, Bosilegrad, Čuprija, Kragujevac and Šabac

²³ Kraljevo, Mali Zvornik, Knjaževac, Aleksinac and Užice

²⁴ Kosjerić, Lajkovac, Loznica, Bajina Bašta, Paraćin, Surdulica and Zaječar

the Development Agency of Serbia, while field visits to all LOT1 and LOT2 applicants were conducted during March 2023. As the result of the evaluation, 18 applications recommended for funding were endorsed by the Programme Steering Committee on 10 July 2023 via e-voting endorsement by the Programme Steering Committee. The Programme distributed Grant Support Agreements (GSAs) to 16 LSGs in August and subsequently in November, following the availability of the funds, the projects from to Kragujevac and Užice from the reserve list were also included in the Programme support. Finally, the last two grants to Valjevo and Mali Zvornik were awarded in December 2023 with adjusted scope, compared to the original one, since Valjevo had to finalise the portion of works subject of the project proposal, while Mali Zvornik improved their application in line with MEI guidance.

The Programme team conducted inception meetings with all 20 awarded grantees who all managed to fulfil administrative preconditions for transferring the first milestone payment. Eight LSGs²⁵ also managed to transfer the full co-funding amount, while another eight LSGs that failed to meet the contractual deadline, requested time extension for the realisation of this activity stating the elections and absence of municipal councils that could make the decision on budget rebalancing, as the main reasons for being unable to secure co-funding.

From 16 initially awarded grants, ten LSGs²⁶ finalised public procurement processes, with the most advanced Surdulica which signed the contract for the provision of design on 14 November. In addition, after the infrastructure team assessed and confirmed the capacities and reasonableness of the price, the City of Kraljevo in December signed a contract with Public Utility Company (PUC) "Vodovod" for the provision of works on water supply networks, based on the contract for entrusted affairs. Three LSGs²⁷ published public procurements, while another three LSGs²⁸ are still in the process of preparation of tender documentation.

Similarly to Kraljevo, Šabac's contract with the Company for the construction of roads in West Zone Šabac is pending the availability of the Contactor with which Šabac has a framework agreement for the provision of all works on road construction on Šabac territory.

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

Within two groups of grants for improving competitiveness of SMEs in implementation, grants for Business Support Organisations (BSOs) and grants for Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises total of 632 SMEs have been supported, 519 and 113 respectively.

All 16 projects implemented by Business Support Organisations were successfully finalised in 2023. Total of 96 events were organised through these projects with approximately 1,500 participants. The initiatives conducted during the reported period include opening of the Tasting and Education Centre in Niš by the BSO Association of catering, hotel, and tourist workers of Niš and securing trademark protection for "A Bite of the South". This trademark was also showcased at the 24th International Tourism Fair. A Local Food Fair was organised by BSO Union 2000 in Čacak and the sales and distribution platform [Moravski Market](#) was promoted. Twenty one SMEs received HACCP certification within a project implemented by RDA Šumadija and Pomoravlje. Other activities included procurement of equipment, digital solution development, and installation of solar panels for numerous SMEs across the two regions included in the Programme AoR.

Innovation and development were key themes, among the number of projects, including the Centre for Innovative Youth Entrepreneurship - Startup Centre - Innovation School covering a wide range of

²⁵ Aleksinac, Novi Pazar, Kraljevo, Knjaževac, Mionica, Kosjerić, Bajina Bašta and Paraćin

²⁶ Surdulica, Kosjerić, Mionica, Novi Pazar, Šabac, Knjaževac, Paraćin, Čuprija, Kraljevo and Loznica

²⁷ Bajina Bašta, Aleksinac and Lajkovac

²⁸ Preševo, Bosilegrad and Zaječar

entrepreneurial topics and mentoring 30 teams. The comprehensive BSO project of the Startup Centre included a 20-module Innovation School programme, extensive mentoring, and collaboration with business support organisations, underlining the ongoing commitment to nurturing regional entrepreneurial talent and innovation. The Startup Centre also produced films highlighting successful Niš startups, [Jurist Soft](#) and [Chunky Loaf](#). The Regional Chamber of Commerce and Industry of Moravički and Raški Districts developed technical concepts for photovoltaic power plants for 22 SMEs, while also facilitated integration of 21 SMEs into the Vojvodina Metal Cluster. RDA JUG from Niš conducted a restricted Call for MSMEs aimed to strengthen commitments in the circular economy, leading to the development of circular solutions for ten participating SMEs. This was complemented by a financial analysis for 21 MSMEs that were showcased in an online event, and their project was concluded with a closing event promoting corporate social responsibility.

Under the Public Call for Proposals for Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises 124 MSE beneficiaries were approved for Grant Support Agreements (GSAs). During the first quarter seven endorsed applicants (four before, and five after signing of GSA) have withdrawn from the process due to changed business circumstances, and one applicant failed to provide evidence related to criminal conviction which was a mandatory part of the Call criteria. Thus, 113 MSEs grants remained in implementation. Online orientation meeting was held for all grantees on 9 February 2023 covering project implementation and reporting procedures, and the Programme continuously monitored and supported the grant implementation. Through 182 procurement processes 113 MSE procured over 400 pieces of equipment and more than 20 new services. By the end of the year, 111 MSEs successfully completed their projects, while two grants due to the challenges with equipment delivery were extended by the end January 2024. MSEs also implemented their corporate social responsibility (CSR) activities, encompassing financial contributions, donations of products and services to support children, vulnerable groups, individuals with disabilities, and refugees, in addition to contributions made to healthcare facilities, and sports clubs. These initiatives collectively benefited around 18,000 recipients.

A Call for Proposal for support to Women and Youth Start-ups for the procurement of equipment and introduction of services was prepared in collaboration with the Ministry of Economy, National Employment Service and Ministry of Tourism and Youth. Analysis of possibilities of focusing the scope was done in order to have a more targeted impact of this support. The [Public Call for Proposals](#) was published on 27 July, 2023 with the focus on 43 local self-governments identified as substantially underdeveloped within the program's Area of Responsibility (AoR). To enhance awareness and outreach for this opportunity, the EU PRO Plus organised a comprehensive promotional campaign. This campaign involved media engagement, dissemination of promotional materials across all eligible LSGs, National Employment Service Offices, Regional Development Agencies, and hosting both online and in-person informational sessions. Between 14 and 22 August 22, 2023, a total of nine informative sessions were conducted, including two online and seven in-person events in various locations such as Blace, Bujanovac, Knjaževac, Ljubovija, Golubac, Sjenica, and Vlasotince, attracting 160 potential applicants. The Public Call concluded on 12 September 2023, with 108 applications received from 34 LSGs. The total funds requested from the Programme amounted to USD 957,530. The administrative check was completed by the end of September, and the technical evaluation of the applications by the end of November. Total of 45 applications from 23 LSGs were recommended for financing requesting USD 401,007. The results of the evaluation were approved by PSC in December 2023.

Result 3 Improved social infrastructure and social cohesion in targeted municipalities

Within the efforts directed to enhancing the quality of life of the local population through the improvement of public infrastructure facilities as well as recovery from Covid 19, the Programme supported the completion of 28 local infrastructure projects while nine projects are still in the implementation phase.

As a result of the interventions, a steady supply of clean drinking water was provided to 8,143 inhabitants of Bela Palanka through the reconstruction of the water supply source and reservoir. Likewise, access to clean drinking water was enabled for 1,563 inhabitants of the village Podgorac in Boljevac. The reconstructed health centres in Raška, Trstenik, Žagubica and Boljevac enabled improved working conditions and service delivery to approximately 32,204 inhabitants gravitating towards these centres while the renovated daycare centre for children with disabilities in Lebane provided conditions for the introduction of the new service in the municipality targeting 500 people, either persons with disabilities or their family members. Further to this, the reconstructed facilities promoting culture and education in Merošina, Pirot and Svilajnac provided improved conditions for engagement in cultural activities for 70,575 beneficiaries. Additionally, the infrastructure interventions in six kindergartens in Babušnica, Zaječar, Užice, Ljubovija, Nova Varoš and Osečina and two school buildings in Doljevac and Leskovac significantly impacted the conditions for stay, teaching and learning for 1,494 pupils and 250 teaching staff. In Šabac, the pavilion reconstructed into a “Science centre” enables around 1,000 children of preschool and school age per year to have improved educational infrastructure capacity, allowing these gifted children and students to be supported and giftedness to be promoted. Total of 15,208 sports practitioners in Knjaževac and Krupanj, Varvarin and Čičevac obtained improved conditions for practising sports. Additionally, around 10,000 users and municipal services and 133 employees of Vrnjačka Banja administration were provided with improved service provision and delivery through the replacement of external joinery of the administration building. Finally, improved communal infrastructure impacted the increased urban mobility for the local population as well as improved tourist and cultural offer for over 123,000 residents of Bajina Bašta, Paraćin, Prijepolje and Lapovo.

The activity for strengthening social services is progressing with ten out of 20 completed projects reaching over 6,300 direct beneficiaries, out of which over 5,700 belong to the vulnerable groups. Total of 28 social services have been established or improved in 22 LSG, including eleven licensed social protection services, six innovative social services and three integrated services.

The Programme supported piloting of different social protection services directed mostly toward the people with disabilities. For the first time, personal assistance to children with disabilities is being provided in Žitorađa, Bojnik and Lebane enabling their better access to education, while the same service was expanded in Bela Palanka and Tutin. The Day Care Service for youth and adults with autism has been established in Kraljevo, as well as home care service for elderly from rural areas in Loznica. Several innovative services have been established - in Niš forensic interviewing for preventing secondary traumatisation of children victims of violence and the Day Centre for Children who live and/or work in the street and who live below the poverty line, in Leskovac and Velika Plana neurofeedback therapy for children with disabilities, in Zaječar outreach service designed as preventive triage social service for reaching vulnerable categories, while in Trstenik, Brus and Prijepolje piloting of innovative improvement of the home care service through introduction of communication equipment based on the panic button system resulted in saving lives of three elderly service users.

Moreover, several social cohesion projects are promoting integrated social services. In Kragujevac, respite care service for children with disabilities and their families is integrated with the foster care service. The service foresees short-term and occasional stay of children in a host family, allowing respite for the biological family. In Tutin and Babušnica, the project facilitated integrated provision of social protection and health care services for elderly beneficiaries of the home care service.

The capacities of two Daily Centres for Children and Youth with Behavioural Problems in Prijepolje and Bor are strengthened through procurement of technical equipment and improvement of psycho-social support programmes for the beneficiaries.

When it comes to the health care service, provision of medical services is improved in eleven villages in Čičevac and Čuprija through procurement of medical and ICT equipment, adaptation of rural medical infirmaries and engagement of medical teams. The access to health care services has been so far

facilitated for over 4,700 citizens in rural areas. Access to mental health care services have been improved through introduction of psychological services for PWDs in Kragujevac and Čajetina and with establishment of family counselling services in Novi Pazar and Niš.

In response to the urgent needs of the Government of Serbia to restore **flood-affected infrastructure**, and in agreement with the donor, the Programme initiated support for the construction of three bridges in Rača, Lučani, and Vrnjačka Banja. The completion of these projects will lead to the rehabilitation of critical infrastructure, benefiting nearly 4,000 citizens and the local economies of the affected areas.

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

The endorsement of an additional five infrastructure projects deriving from the reserve list²⁹ of the evaluation of the Call for Proposal for Local Infrastructure Projects totalling to 37³⁰ grant support agreements issued for projects aiming to improve infrastructure facilities and services in local communities. During the reporting period, public procurement procedures pertaining to the implementation of infrastructure interventions were successfully completed by all 35 local administrations included in this Programme activity. The contracted reconstruction works were finalised on 28 locations³¹ including lastly completed Leskovac and Boljevac, while there are still eight active sites that substantially advanced within the realisation of the grants.³² On the other hand, the project implementation has just started in Bujanovac as for the power supply (4 October) and for the water supply network (22 November) contracts were signed, with both contractors currently procuring necessary material for the project site. Initial problems with securing co-funding were evident in several cases including Bela Palanka and Bosilegrad. Following a series of official warning letters served by the Programme, both LSGs managed to transfer their portion of the contribution in the project budgets with Bela Palanka obtaining support from the Cabinet of Minister without portfolio in charge of balanced regional development and through a bank loan and Bosilegrad providing funds from the Ministry of Labour, Employment, Veteran and Social Affairs. Given the sound progress of the implementation of activities and having overcome co-funding issues, 33 local self-governments managed to reach the specified threshold in terms of expenditure and request second instalments of the Programme funding. Thus, 33 second instalments were processed in the reporting period alongside with first instalments for the five local infrastructure projects from the reserve list. Further to this, due to multiple reasons such as poor quality of technical documentation, low dynamics of contracted works or bad weather conditions, seven grant amendments³³ were issued to allow time extension for the successful completion of all project activities.

To complement the infrastructure interventions, soft measures in the area of energy efficiency, culture, sports, health and social issues were conducted by the granted municipalities. Thus, the local governments in Merošina, Babušnica, Doljevac, Vrnjačka Banja, Užice and Osečina focussed either on establishing local groups to monitor energy savings resulting from the infrastructure interventions, conducting training on how to measure savings or producing an entire Energy efficiency programme that applies to all facilities under the authority of these local governments and promoting energy efficiency activities. A series of events promoting cultural content and cultural programmes identifying development directions in this area were developed and passed by the Assemblies in Bajina Bašta, Paraćin, Piroć and Lapovo. Further, the health issues were tackled by the municipalities of Raška, Trstenik and Žagubica. For instance, Raška organised two workshops for 32 participants to enhance awareness about health in the workplace by addressing the topics related to the employers' legal obligations for regular preventive examinations for high-risk job workers, as well as to the safety, health, and workers' rights for such

²⁹ Leskovac, Ražanj, Boljevac, Svilajnac and Bujanovac

³⁰ Status of Local Infrastructure Projects on 31 December 2023 in Annex III Attn 3.1

³¹ Merošina, Krupanj, Babušnica, Bajina Bašta, Zaječar, Paraćin, Raška, Užice, Bela Palanka, Ljubovija, Šabac, Lebane, Knjaževac, Doljevac, Žagubica, Vrnjačka Banja, Nova Varoš, Boljevac, Prijepolje, Varvarin, Trstenik, Čićevac, Piroć, Osečina, Lapovo, Leskovac, Boljevac HC and Svilajnac

³² Sjenica, Bosilegrad, Mionica, Niš, Golubac, Užice, Čuprija, Ražanj

³³ Sjenica, Mionica, Bosilegrad, Niš, Golubac, Čuprija and Užice

examinations. Additionally, Trstenik developed a local action plan for the improvement of health services for post-Covid patients while in Žagubica three workshops were organised with school children to raise awareness on the importance of health and Covid 19 prevention. In Krepoljin, also in Žagubica 30 users of the Health Centre services expressed complete satisfaction with the newly equipped and furnished facility. On top of these, a series of educational activities were conducted on traffic safety in Užice, arts, crafts and healthy lifestyles in Ljubovija. Likewise in Nova Varoš, HACCP certification in the kindergarten was completed and a safety measure rulebook was adopted and prepared. Multiple workshops and exhibitions aiming to raise awareness on the importance of environment protection and recycling were held in Boljevac and Varvarin, while plans for the development of sports and sports promotional activities were in focus in Mionica, Knjaževac and Prijepolje. Šabac concentrated on creating an inspiring environment for gifted children and organised the Math Camp, while in Žaječar a methodology for the creation and management of a database of development projects ready for application for funds was produced.

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

At the beginning of 2023, the Programme finalised the grant awarding process under the Call for Strengthening Social Services by issuing two contracts to the applicants from the reserve list after two grantees withdrew from the process due to the lack of capacities, resulting in a [total of 20 supported projects](#). During the reporting period, half of the projects successfully completed their activities and they are in the process of an administrative closing.

Overall, the projects have been delivered in line with the activity plans and achieved expected results, with 96% of the funds being distributed to the grantees until now. There were slight delays in several activities and challenges related to the increase of the market prices and procurement procedures that were addressed through eight budget reallocations and eight contract extensions.

The projects delivered total of 33 capacity building trainings with participation of 350 people, where 92 of them in Bojnik, Lebane, Žitorađa, Babušnica, Bela Palanka, Loznica, Kragujevac, Zaječar and Bela Palanka were accredited as social protection service providers, out of which 55 were employed. Furthermore, 30 social protection experts were certificated for introduction of innovative services in Niš, Velika Plana and Leskovac. Other capacity building activities included developing skills and knowledge for working with the people with developmental disabilities during emergency situations, with the children who live and/or work in the streets, for preparation of project proposals that will be utilised to improve the position of children with disabilities, for peer mentoring and volunteering among youth, etc. Additionally, 15 different workshops for the social-psychological empowerment of children and youth with disabilities and their parents and guardians were held with participation of 50 people in Čajetina, Kragujevac and Bojnik.

Over 50 organisations and institutions increased their capacities for provision of social services through provision of equipment, adaptation of facilities and human resource development, including the organisation from Bojnik that obtained licence for provision of the personal companion of a child service resulting from the project, and the other from Kraljevo is in the licensing process as a provider of the Day Care service for PWDs.

Two comprehensive researches on the position of vulnerable groups were realised with participation of over 200 PWDs and their families in Kragujevac and 14 CSOs and institutions working in the social protection sector in Zaječar. Their results will be used in the development of local social protection strategies. Effects of two innovative services that were introduced in Trstenik, Brus, Prijepolje and Leskovac were evaluated through in-depth research, confirming positive impact on the beneficiaries. Several strategic documents have been developed as a result of intersectoral corporations - two protocols for providing support to PWDs in the crisis situations in Čajetina and Velika Plana and the Action Plan for Day Care Centre for children and youth with behavioural problems 2023-2025 in Prijepolje, while the development of the Social Policy Strategy in Zaječar was initiated.

The main obstacles in implementation of two projects in Babašnica and Bela Palanka were resolved in the fourth quarter of 2023. Namely, the Municipality of Bela Palanka secured co-funding after several months of delay, while the Municipality of Babašnica resolved the issue with the tender procedure after repeating the process three times. This caused significant delay in the start of service provision and required extension of the project but with a reduction of the service duration.

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

The activity was completed in earlier reporting periods.

The Programme also intensified the work on flood support-related activities. Out of four tenders for the provision of the works on the construction of three bridges in Vrnjačka Banja, Rača and Lučani and for the provision of technical supervision services, two tenders were successfully closed in November, while tenders for bridges in Rača and Lučani municipalities had to be cancelled and re-published due to only one offer received per bridge with the price 50% higher compared to the budgeted. The Programme will sign the contracts for works on the bridge in Vrnjačka Banja and for technical supervision services, upon the donor formal consent is received.

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 capacity of observers in the work of the Programme Grant Evaluation Committees for all evaluation processes taking place during the year.

Several Programme submissions were reviewed and endorsed either during meetings in person or using the electronic voting procedure. In June 2023, during the meeting the PSC endorsed publishing of the Public Call for Proposals for Supporting Women and Youth Start-ups through Procurement of Equipment and Introduction of Services along with results of the Call for Economic Infrastructure Project including the support to 16 projects proposals and six projects on the reserve list.

In October 2023 the PSC used the electronic voting procedure to endorse publishing of the Public Call for implementation of integrated projects deriving from the twelve territorial strategies supported by the EU PRO Plus programme.

In December 2023 during the in-person the PSC members endorsed results Public Call for Proposals for Supporting Women and Youth Start-ups.

In addition the PSC members agreed with the extension of the support to improvement of local and economic infrastructure. Namely, while taking into account significant needs for support for local infrastructure projects confirmed by the results of the Public Call for Local Infrastructure, and the donor commitment to extend this support, the PSC in January 2023 through e-voting agreed with the proposal for financing five additional projects from the reserve list of projects submitted by Boljevac, Leskovac, Ražanj, Bujanovac and Svilajnac. Further, the PSC agreed with the proposal to support two economic infrastructure projects from the reserved list submitted by Kragujevac and Užice.

The Programme submitted a request for amendment, to secure an additional eighteen months for implementation of the projects deriving from the grant scheme for implementation of the integrated projects.

3.2 Coordination

Throughout the year the EU PRO Plus Programme maintained its collaboration and coordination of its activities with the relevant stakeholders and other development interventions.

The key national stakeholders, led by MEI and DEU along with other Programme Steering Committee (PSC) members, were involved in the development of all Programme activities, including the [Public Call for Proposals for Supporting Women and Youth Start-ups through Procurement of Equipment and Introduction of Services](#) and the [Public Call for implementation of integrated projects deriving from the twelve territorial strategies supported by the EU PRO Plus programme](#) and the [2024 Art Calendar Competition](#). As in previous years in agreement with DEU in Serbia the calendar competition has been developed in line with the 2024 annual European Commission theme, while DEU and MEI together with UNOPS and Vox Populi comprised the judging committee.

Additionally, members of the line ministries have observed the processes for selection of beneficiaries as members of the grant evaluation committees for applications received in response to the two Call closed during the year. Namely, representatives of the Ministry of Economy and Development Agency of Serbia participated in the work of the grant evaluation committees for the Call for Women and Youth Startups and the Call for Economic Infrastructure Projects.

Participation of observers from national institutions in these processes goes beyond the quality control role as it also serves as means of coordination of efforts and enhancement of quality of projects as the participating members provide views and inputs on the assessed projects which are embedded in the projects endorsed for support, with closer monitoring of risks. Additionally, involvement of the larger number of institutions in the PSC was important for promotion of the activities implemented by the Programme as an information dissemination mechanism.

The EU PRO Plus activities related to the introduction of integrated territorial development have been presented to and actively coordinated with the most important initiatives and complementary projects.

The Programme met with representatives of the World Bank two complementary projects, [Serbia Local Infrastructure and Institutional Development Project Programmes \(LIID\)](#), and [Green, Livable, Resilient Cities in Serbia Programme and Serbia Local Infrastructure Programme \(SECO\)](#), as to be informed about the status of activities, and to discuss opportunities for synergies and cooperation, especially regarding linkages relevant for implementation of territorial strategies supported by the Programme.

The Programme also had a meeting with the [Cohesion Policy Project](#) to share the information about the current status of activities, but also to learn about the activities related to developing the legal framework for Cohesion Policy in Serbia.

In June 2023, the Programme participated at the seventh consecutive [Data Workshop for the Sustainable Development Goals \(SDGs\)](#), dedicated to strengthening the data framework and indicators for monitoring and reporting on the urban development dimension in the 2030 Agenda. The workshop organised in cooperation with the Office of the Permanent Coordinator of the United Nations in the Republic of Serbia, UN-Habitat (the United Nations Program for Settlements) and the Republic Institute of Statistics (RZS), was attended by 16 participants from five national institutions and four participants from four international institutions. The aim of the workshop was to provide SDG indicators for the Global Urban Monitoring Framework. Out of a total of 77 indicators that are planned for monitoring in all member states of the United Nations, 46 are SDG indicators, of which 83%, or 38 indicators, are already monitored by the Statistical Office of the Republic of Serbia.

The Programme participated in the Conference [Enhancing Local Economic Development Planning through Inter-Municipal Cooperation](#), organised by the Centre for Advanced Economic Studies (CEVES) in collaboration with the Regional Development Agency JUG. It was the first out of three events to be

organised by the “SDGs for All” Platform with the aim to initiate the exchange of experiences and knowledge among municipalities and cities throughout Serbia about the localization of SDGs and their integration into local planning documents. The event assembled representatives from the local self-governments of Nišavski, Pirotski, Zaječarski, Toplički and Jablanički districts, as well as central-level institutions, development projects, civil society organisations, and agencies. Programme activities related to ISTD were presented on the panel focused on showcasing examples of good and/or alternative practices in sustainable development planning.

The EU PRO Plus capacity building sector participated at the public forum during Architecture week at [the Faculty of Architecture in Belgrade](#) on 27 September with the presentation “Testing of instruments of integrated territorial development in Serbia - strategies and projects”. The sector also took part in the [12 International Academic Symposium “Planning and Normative Protection of Space and Environment”](#), organised by the Serbian Association of Spatial Planners and the Belgrade Faculty of Geography from 5-7 October in Novi Pazar. The EU territorial development instruments as well as the process and approach in development of pilot territorial strategies in Serbia were presented.

A coordination meeting with the Standing Conference of Town and Municipalities was organised in order to provide updates on current and planned activities regarding support to planning processes in LSGs, within EU PRO Plus and EXCHANGE 6 Programme. In addition, the Programme attended their Steering Committee meeting at which the progress in adoption of the Local Development Plans and other planning activities in the LSGs that are covered by the EU PRO Plus’ AoR was presented.

[The Territorial Innovation Atlas](#) developed by CB sector experts was shortly presented by the EU PRO Plus international expert Martijn de Bruijn at the [21 European Week of Regions and Cities held](#) in Brussels from 9-12 October.

The Programme received the Equal first prize in the “Regional spatial plans, spatial plans of special purpose areas and a sustainable urban development strategy” category at [32 International Urban Planners Exhibition](#)³⁴ in Niš. The recognition of the awarded work “Promotion of EU cohesion policies - 12 territorial strategies for sustainable and integral urban and territorial development” signifies that the territorial strategies, in particular newly included Sustainable Urban Development (SUD) strategies are formally recognised as documents of spatial and urban planning in Serbian context. In addition, the MEI requested the strategies to be shared for use in cross-border and transnational cooperation programmes.

In preparation of Call for Proposal for support of Women and Youth Startups for the procurement of equipment and introduction of services the programme organised series of consultations with the Ministry of Economy, National Employment Service and Ministry of Tourism and Youth in order to obtain inputs agree on promotion, avoid overlapping with other initiatives with the same focus group and exploit synergies where possible. The programme also organised orientation meetings with RDAs to ensure efficient implementation of the Call.

During 2023, the Programme coordinated the activities on supporting the economic and tourism development of targeted LSGs with the Ministry of Economy in order to avoid overlapping of the projects awarded through EU PRO Plus Call and two calls that the Ministry published during 2023. In this regard, the Programme also included two members of MoE as observers of the evaluation process of its Call for economic infrastructure projects.

Also, the Programme coordinated with MEI, MPI and DEU the support to the rehabilitation after floods that hit Serbia in 2023, where GoS requested assistance from DEU through the Programme. Through several coordination meetings, the response to the damage assessed to 103 million Euros was addressed, upon which the Programme agreed with DEU to allocate 500,000 Euros from other Programme activities to support the rehabilitation of bridges that were assessed as critically damaged infrastructure for the economy and lives of citizens. Upon needs assessments made by MPI, the Programme established the

³⁴ The material on Exhibition is available in Annex I, Attn 1.6
www.euproplus.org.rs

methodology and coordinated the assessment of 38 bridges, including the site visits. As a result, three bridges, passing eligibility criteria, were prioritised based on the level of completeness of documentation, the number of beneficiaries justifying the intervention, the dimension of the bridge in relation to the safety criteria for pedestrians and traffic, ownership, etc.

The Programme attended pre-COP 28 climate talks focused on climate change resilience, co-benefits of climate mitigation and adaptation measures, preservation of biodiversity and financing green and low carbon future. As Serbia signed the agreement to lower GHG emissions by 50% until 2030, all future activities will be orientated to decarbonisation. In line with UNOPS corporate efforts to decrease an environmental footprint, the Programme already designed all activities to ensure that no project with a negative impact on the environment will be funded, while the positive impact was additionally encouraged.

The Programme also attended the closing event of the Regional E-waste Monitoring Programme for the Western Balkans within which three agencies - UNEP, UNITAR, and ITU - that jointly implemented the programme, presented the results related to collecting internationally comparable e-waste statistics (Electronic appliances, batteries, toys, IT equipment, large equipment, screens and monitors, lights, etc) in five countries in the Western Balkan region (Montenegro, Bosnia and Herzegovina, North Macedonia, Albania and Serbia) to ensure informed decisions on policies, legislations, regulations and capacity-building activities. It was determined that 57 billion USD lies in used materials in e-waste in 2019, such as gold, silver, copper, platinum and palladium, that could be re-used in circular economy models, for which e-waste is becoming a topic for governments where they need assistance.

The coordination with the complementary donor programmes included follow up on the results of the UNOPS implemented [the PRO Programme](#) Call for socially integrated services under the joint UN intervention funded by the Swiss Government, ensuring that there is no overlapping in activities and costs with the EU PRO Plus projects for strengthening social services.

In addition, the Programme, while organising four two-day field 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 Belgrade Open School (BOS), which is implementing the EU-funded project "EU Resource Center for Civil Society in Serbia", as well as with UNOPS implemented European Union Support to Social Housing and Active Inclusion Programme. The regular cooperation and coordination with the EU Info Centre continued regarding the media promotion of the EU funded projects and the DEU field visits.

3.3 Human Resources

The annual workforce planning has been exercised in Q1 2023 and the identified needs for reinforcement of the Programme's workforce have been addressed during the year. Throughout 2023, three retainers have been engaged to straighten the activities within the Capacity Building Sector. Two subject-matter experts in Urban Development Strategic Planning and one to support the activities of the Communications sector. Furthermore, the core team underwent changes as some personnel used leaves and therefore the recruitments have taken place to ensure timely replacement of Project Management Support - Senior Assistant for the Capacity Building Sector, Project Management Support - Associate for the Sector for Small and Medium-Sized Enterprises and Project Management Support - Officer for the Sector for Small and Medium-Sized Enterprises. Considering that team members went on maternal/paternal leaves as well as extended sick leave in 2023, temporary replacements have been hired. In addition, the Programme also recruited Project Management Support - Associate for the Capacity Building Sector to support the implementation of the activities related to integrated territorial development and technical assistance to local self-governments, regional development agencies and the Ministry of European Integration. Gender equality and diversity are addressed in all of the recruitment processes.

Throughout 2023, the performance of Programme personnel is continuously assessed throughout the www.euproplus.org.rs

yearly performance cycle. During the reporting period, personnel completed performance reviews for 2022 and established individual performance related objectives for 2023. The objectives are set as SMART, allowing evaluation of individual engagement, contribution and results achieved.

The Programme established its learning plan for 2023 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, over 70 courses in the area of Project Management, Infrastructure, Procurement, Corporate Tools and ICT, Human Resources Management, Diversity and Inclusion have been completed by the personnel. In addition, the Personnel attended events in different work related and well-being topics.

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 2023, the Grant Administration Unit provided administrative support to the management of Calls for Proposal (CFPs) for Local Infrastructure Projects, Business Support Organisations, Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises, Economic Infrastructure Projects, and Public Call for Proposals for Supporting Women and Youth Start-ups through Procurement of Equipment and Introduction of Services.

Pursuant to the transparent selection process of the grantees, the Grant Administration Unit conducted issuance of 146 Grant Support Agreements (GSA) and the administrative support to the management of 212 (GSA) in the third year of its implementation. In brief, administration of GSAs during the last year included:

- Processing of 248 request for payments,
- Verification of 222 financial reports,
- Registration of 138 GSAs with the VAT Office,
- Processing of 72 budget revisions and time extensions.

In addition, the Grant Administration Unit had conducted administrative closure of 28 GSAs.

The Procurement Unit conducted 69 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:

- 12 Shopping processes, i.e. small value purchases up to USD 5,000.00
- 52 Requests for Quotations processes, i.e. purchases of USD 5,000.0 to USD 50,000.00
- 5 Invitation to Bid, purchases of value more than USD 50,000

3.5. Finance

The total delivery of the EU PRO Plus as of 31 December 2023 was 23,728,137.98 euros or 59.32% of the Programme budget. The Programme delivery in 2023 was 11,062,611 euros. The forecast delivery for the next reporting period is 624,077.33 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.

The December 2023 elections have affected the implementation pace of some of the Programme interventions. Local stakeholders' involvement in the pre-election campaign has led to a slower overall implementation pace for activities led by LSGs, resulting in predominantly manageable delays. However, the establishment of temporary local administrations has significantly affected Programme activities as critical decisions and actions for ongoing projects, including the transfer of co-funding, have been delayed. This has extended challenges in successfully implementing the grant scheme for integrated projects which may also adversely affect the quality of applications.

The elections predominantly affected the preparation of project proposals, potentially postponing their formal endorsement by development councils due to changes in local leadership. In response to the issue caused by the prolonged process for reaching agreement regarding the design of activities, the Programme extended the call duration and allowed temporary bodies to decide on proposal nominations in lieu of development councils. These prolonged processes have positive effects as they facilitate enhancement of some elements of the activities.

Furthermore, **the availability of mature and quality project proposals may be limited** due to lack of experience in formulation and implementation of integrated projects. In addition, as above noted, the election campaign further shifted focus from development activities which could additionally affect quality.

Implementation of economic infrastructure projects may take longer than planned under the influence of various circumstances. Namely, several projects are already falling behind the schedule with the public procurement processes, which are also influenced by local elections. The process is also affected by the lack of potential bidders, with a couple of tender processes already being repeated. Furthermore, several EIP grantees have challenges in transferring the co-funding which is in some cases related to the introduction of temporary bodies and in other to lack of funding at year-end. With the implementation of subject works in the outdoor area and with the upcoming winter period, there is a risk that these projects could not be completed on time. The Programme is monitoring closely the implementation of these projects, providing support in outreach activities in support to public procurement processes, intensifying communication with the grantees, and, where justifiable, extending the implementation period for some projects.

Due to the potentially underestimated cost assessment of the works on the three bridges, there is a risk of actual costs exceeding the provisional prices envisaged for the works. The Programme support to rehabilitation of flood-affected infrastructure was designed based on the technical documentation with cost assessments provided by the beneficiary LSGs Vrnjačka Banja, Rača and Lučani. The tenders launched by UNOPS indicate that the actual costs will exceed the estimated prices allocated for these infrastructure endeavours, which may result in the need for allocation of greater co-funding than the originally planned 15%. The Programme will follow the tender results and consider increased co-funding with LSGs or proceed with the construction of two bridges if costs are not in line with the available Programme budget.

Possible disruption of supply chains or economic crisis might delay implementation of activities planned for 2024. Namely, the 45 women and youth startup grantees endorsed for support will need to implement procurement processes, which potentially include import of equipment from remote locations. Considering the potential lack of capacities of young beneficiary enterprises to negotiate procurement contracts and delivery terms, the Programme will closely monitor and support grantees in implementing

procurement processes, relying on vast experience from the predecessor Programme whose implementation took place during the challenging Covid-19 pandemic circumstances.

The elections and municipal budget constraints are also affecting implementation and sustainability of the social services projects. Based on the concerns expressed by several grantees, particularly in the underdeveloped municipalities, further financing of newly piloted social protection service could be jeopardised by the lack of municipal funds. Furthermore, recent elections have delayed implementation of certain activities, mostly related to the development of strategic documents. In Zaječar, the Social Policy Strategy development was delayed which consequently required extension of the project, while in Prijepolje, adoption of the Action Plan for Day Care Centre for children and youth with behavioural problems was postponed for the period after the election, however, the municipal funds for work of the Centre were allocated. The Programme is monitoring the status and mitigation measures are planned accordingly.

5. QUALITY

The Programme quality management standards were continuously incorporated during the year, in line with the EU PRO Plus Quality Management Strategy (QMS) adopted in July 2021. The feedback from Programme stakeholders and beneficiaries was continuously collected and the quality of Programme interventions and outputs assessed.

The Programme developed and conducted evaluation of the capacity development³⁵ within the territorial strategies development process, as envisaged by the EU PRO Plus Quality Management Strategy (QMS). The evaluation of capacity development was carried out at three intersection points: before the start, at the beginning and at the end of the strategy development process. Participants of the info-training (first evaluation), thematic round tables (second evaluation) and workshops on priority areas of intervention (third evaluation) took part in the assessment of capacity development. The questionnaire was answered by 104 participants in the first evaluation, 208 participants in the second evaluation and by 151 participants in the third evaluation.

The analysis of the responses showed positive feedback in a scale set from 1 (unsatisfactory) to 5 (excellent). The overall average grade of the first evaluation for all 12 territorial strategy development processes is 3,96, while the overall average grade of the second evaluation and the third evaluation is 4.15, and 4,39 respectively. According to the respondents, the biggest changes are in the following domain: the level to which participants in the process are ready to cooperate on common tasks (0.69), participants' acceptance of common values about the directions of development of the urban area and the level of support to development of new approaches and planning instruments supported through participation (0.67), establishing participants' mutual understanding and increase in mutual trust of the process participants when working on joint task (0.64). In addition, the smallest changes were observed in: the level to which organisations that participated in the process modified/will modify their practices (0.13), and the level to which new relationships and networks were established (0.14). This is also confirmed by the respondents' statements. Numerical responses were supplemented with statements in order to gain a deeper understanding of the state of the art in knowledge, relations and capacities for the implementation of integrated territorial development.

The confirmation of the quality was also obtained through participation and receiving the Equal first prize in the "Regional spatial plans, spatial plans of special purpose areas and a sustainable urban development strategy" category at [32 International Urban Planners Exhibition](#) in Niš³⁶. The award to work "Promotion of EU cohesion policies - 12 territorial strategies for sustainable and integral urban and territorial development" at the first hand recognise the quality of the methodological approach, steps in the process and the content of the territorial strategies developed by the Programme, and on the other hand a formal

³⁵ The report is available in Annex I, Attn 1.5

³⁶ The material on Exhibition is available in Annex I, Attn 1.6

recognition of the Sustainable Urban Development (SUD) strategies as a documents of spatial and urban planning in Serbian context.

The infrastructure team conducted the quality assessment of technical designs submitted by the applicants in response to the Call for Economic Infrastructure Projects, as a part of the quality assurance process. Having in mind a high number of low-quality technical documentation detected during the implementation of the predecessor Programme, the EU PRO Plus envisaged in the budget of each project the activity related to tender preparation, which would address observations of the technical experts during evaluation. Also, the evaluation committee requested administrative clarification for 38 LSGs and budget clarification for 20 LSGs and conducted field verification visits to 26 LSGs during March 2023. The Programme also reviewed and fine-tuned output, outcome and impact indicators for each positively evaluated project, to ensure set indicators are measurable and their progress could be monitored against the baseline.

Another measure demonstrating quality control mechanisms was the involvement of external observers from line ministries as members of the PSC in the evaluation process. Presentation and confirmation of selection criteria and at the end of the evaluation process endorsement of the list of recommended projects by members of the Programme Steering Committee finally confirmed the quality of the selected projects and confirmed the viability of the work of the evaluation committee.

To ensure quality implementation of EIP grants, the infrastructure team developed guidance for the Grant Management Team, presenting in detail the Grant implementation modality during the inception meetings, held separately for each awarded municipality. Each municipality developed an action plan to ensure progress could be monitored against the baseline. The programme guided all 20 awarded municipalities through the process of preparation of quality documentation for triggering the payment of the first instalment and assisted preparation of good quality tender documentation to ten LSGs that successfully launched and closed public procurement processes for works and services. The programme also ensured that each LSG included in their budget the costs of engaging experts with appropriate expertise for technical supervision of works and experts for health and safety in addition to the provision of the Plan of preventive measures, to maintain the professional standards.

In the case of local infrastructure projects (LIP), the Programme paid inception visits to five local self-governments from the reserve list of LIP projects, that were awarded with grants in March 2023, to properly explain monitoring mechanisms. Also, the programme processed five 2023 requests for payment of first instalments and guided LSGs from the reserve list on how to prepare tender documentation for works and services to ensure successful implementation and inclusion of all quality and health and safety mechanisms during the works.

During 2023, the infrastructure team paid as many as 328 visits to local self-governments to monitor and support the implementation of grants, which contributed to 26 successfully finalised LIP projects. The Programme also processed the quality of submitted documentation, submitted in support of 32 requests for payment of the second instalment, seven justified time extension requests and six budget revision requests to allow implementation of projects that would increase the quality of outcomes. Finally, the Programme reviewed and prepared for the closure of final financial and narrative reports submitted by 22 LIP projects, which fully completed all activities during 2023, including formal activities on technical commissioning and handover of works.

The Programme paid special attention to the projects that were lagging with implementation activities, such as Bujanovac, Bosilegrad, Golubac, Niš, Sjenica and Mionica, for which weekly coordination meetings and site visits were arranged to improve the implementation dynamic.

With regards to two groups of grants for improving competitiveness of SMEs in implementation, grants for Business Support Organisations (BSOs) and grants for Procurement of Equipment and Introduction of Services for Entrepreneurs, Micro and Small Enterprises, in addition to mandatory handover documents,

all pieces of equipment procured by SME and BSO grantees were verified by the programme staff members in person upon the delivery.

All nine informative sessions conducted in part Call for Proposal for support of Women and Youth Startups for the procurement of equipment and introduction of services, including two online and seven in-person events were followed by an evaluation questionnaire for the participants. The results of the questionnaire were analysed and lessons learned recorded.

In order to ensure quality delivery of the social services projects, the Programme conducts daily monitoring of the activities, verifies milestone reports, review selection of beneficiaries procedure, reports on services provision, different technical documentation and any other material produced under this activity. All procurement processes were monitored and inspected in detail, where the specifications for goods and/or services were most often revised by the Programme before the start of procurement in order to meet quality requirements, while the tender procedure had to be repeated only in five cases. Furthermore, field visits to the grantees were conducted in order to confirm quality of infrastructure works and delivery of the services and equipment. Overseeing of the provision of the social protection services confirmed the relevance of these interventions and their positive effect for the beneficiaries. Innovative services such as the panic button system and neurofeedback therapy were demonstrated to the Programme during the field visits, and guidance for their further adjustments and improvements were provided to the grantees.

The EU PRO Plus Calendar remains the official EUzaTebe calendar for the fourth year in a row, while its promotion organised in Niš in partnership with the DEU information hub, EU Info Point Niš was attended by high level stakeholders of the Programme AoR.

6. SUSTAINABILITY: Social, Environmental, Economic and National Capacity

The Programme is heading towards achieving its sustainability targets set for 2023 in the Sustainability Management Plan. Following the action plan, the Programme achieved over 90% of planned delivery for 2023, reaching key performance indicators for economic management. Also, the Programme ensured market presence through the distribution of over 90% of the planned number of grants which will ensure economic impact through the implementation of EIP and SME grants with the potential to generate jobs and create savings as in the case of energy-efficient local infrastructure projects. Mitigation measures for Anti-corruption and anti-competitive behaviour were fully implemented by grantees as no complaints to the public procurement processes were detected, while the Programme ensured transparent evaluation processes and award criteria with all proposals recommended for award approved by the Programme Steering Committee. Also, by designing the CfPs, the Programme ensured that economic, social and environmental sustainability is embedded in all projects, eliminating the proposals with a negative impact on the environment and encouraging the proposals with proven social, environmental and economic impact. Target indicators are also reached for building national capacities through the number of integrated territorial strategies developed, study visits organised, training held, expert support engaged, and finally, through the achievement of learning objectives by all programme staff.

In-depth, all 37 approved local infrastructure projects demonstrate clear positive environmental impact. Additionally, seven proposals tackle gender equality directly through planned soft measures, while the economic impact is yet to be measured for those projects dealing with the energy efficiency of public facilities or the installation of solar power plants that will be integrated into the power supply system of the Republic of Serbia. Finally, the Programme ensured that all projects have health and safety measures fully in place.

Social sustainability is thus far ensured through the completion of 26 local infrastructure projects in 2023 through improved infrastructure and services for more than 130,000 direct users of culture, communal, sports, education, social, health and public administration facilities.

Environmental sustainability is ensured in each local infrastructure project, with protection of the environment recognised as an added value in all of the proposals. In Babušnica old boilers were replaced with ones using renewable energy sources, LED bulbs were installed in the reconstructed urban centre of Bajina Bašta, followed with greening of the area, in Paraćin smart benches allow charging of mobile devices by solar energy, while in Bela palanka the installed equipment has a direct impact on the improvement of the quality of drinking water.

In the City of Šabac the reconstructed pavilion had created conditions for further expansion of positive effects of energy efficiency while in Lapovo the installation of benches with solar power has created conditions for the installation of panels with information of importance to the local community.

The economic sustainability of local infrastructure projects may be measured at least one year after project completion. In that period the exact savings for heating may be determined for projects that had energy efficiency as the main topic, such as Užice, Krupanj, Raška, Niš and Osečina. Installation of solar power plants in Merošina and Sjenica might even create a certain income, upon completion of all activities and once the power plants are connected to the energy grid of the Republic of Serbia.

Finally, in Lebane, where the completed infrastructure works provided all technical preconditions for licensing the daycare centre for youth and children with disabilities as a new social service in this municipality as of May 2024, the LSG obtained funds in the amount of 73,000 Euros from GIZ to be utilised from December 2023 for the employees in the centre, teaching aids and materials, food, communal expenses for the facility and transportation of the beneficiaries living outside the town centre.

Sustainability aspect has been incorporated into the [Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the programme](#) as a selection criteria in order to ensure social, environmental, institutional, financial and/or legislative sustainability of the interventions, while horizontal and vertical partnerships were strongly encouraged to support the process by promoting [New Leipzig Charter](#) through the co-creation and co-design in cooperation with inhabitants, civil society networks, community organisations and private enterprises.

Sustainability aspect was also one of the main evaluation criteria of the [Call for Proposal for support of Women and Youth Startups](#) accounting 10 to 15% of the score.

Under the social cohesion activity, establishment of new social protection services that were initiated in Žitorađa, Kraljevo, Loznica, Bojnik, Lebane, Kragujevac and Niš and expansion of existing in Tutin, Bela Palanka, Kragujevac, and Babušnica were closely monitored by the Programme in order to secure fulfilment of the legal requirements as a prerequisite to their institutional and financial sustainability. This includes monitoring and provision of technical support to realisation of different steps, such as certification of engaged service provision personnel, involvement of all relevant institutions, particularly the Centre for Social Work, identification and selection of the beneficiaries, and licensing of service providers in line with the Law on Social Protection and its subsidiary legislation. In this respect, launching of the personal assistant of a child service in Bojnik and Lebane and expansion of the service in Tutin were conditioned by the previously adopted decision of the Municipal Assemblies on the provision of this social protection service. The Centre for Social Work Niš adopted the decision on establishment of the forensic interviewing of a child service, as a prerequisite to the service initiation. The organisation from Loznica is licensed for service provision prior to the start of service provision and the organisation from Bojnik obtained a licence for service provision as a result of the project, while ensuring its further funding through municipal budget. The Association from Kraljevo is finalising the process of licence obtaining, while financing of the service after project completion is ensured by the project partner, the City of Kraljevo, through adoption of relevant decisions. Following completion of the projects, four organisations

from Leskovac, Niš and Zaječar will continue to finance services through self-funding activities, primarily through social entrepreneurship activities, as well as through community-based funding, i.e. crowdfunding. Three organisations from Trstenik, Bor and Čajetina secured further funding of the services through other donors.

Moreover, the Programme organised a meeting and visits to the Drop in Shelter for children who live or work on the street in Belgrade and to their social enterprise, both managed by the Centre for Integration of Youth from Belgrade. The meeting was held for the grantee from Niš for the purpose of sharing knowledge about establishment, managing and sustainability of the shelter service that was launched in Niš under the project for strengthening social services.

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

In 2023 the Programme has continuously invested efforts in fostering good governance, social inclusion, gender equality and digitalisation throughout different activities and first results were recorded. Furthermore, implementation of the Gender Action Plan³⁷ is advancing in line with the set targets for all Programme activities.

The Result 1 activities envisages integrated approach and two dimensions of integration: vertical, through cooperation of all levels of government and local stakeholders as well as via the alignment of policies, objectives, projects and resources, and horizontal, through thematic/sectoral and territorial integration. This was reflected in the definition of thematic areas covered by territorial strategies as well the objectives and measures within thematic areas under each strategy. Such approach was also transferred to the Public Call for proposals for integrated projects derived from 12 territorial strategies supported through the programme, where all the relevant aspects were elaborated and adequate solutions proposed, in particular in aspects of urban/territorial development governance, innovative and smart economy and the social well being, through promotion of [The European Pillar of Social Rights](#).

The gender mainstreaming aspect was in the focus of all activities, as the share of female representatives was above 50%³⁸ at all trainings and related events conducted through the capacity building process. This percentage of women participation is much higher than requested for a mandatory share of at least 40% of female members in programme activities. To date, out of 1,416 participants benefited from capacity building activities, 735 (51.91%) were female.

Gender equality incentives were incorporated into the design of public calls for MSEs as well as support to Women and Youth Startups. As a result 52% of 270 new jobs created by supported MSEs are occupied by women and 64% of 45 Startups recommended for financing are owned by Women.

Digitalisation was a key focus of BSO projects, benefiting 312 SMEs in this area.

In pursuit of fostering social inclusion, Micro and Small Enterprises (MSEs) supported by the programme have integrated corporate social responsibility (CSR) into their activities. These activities included financial contributions, donations of products and services aimed at aiding children, vulnerable groups, individuals with disabilities, and refugees. Furthermore, MSEs have dedicated resources to support healthcare facilities and sports clubs. As a result of these collective initiatives, approximately 18,000 recipients have benefited from CSR efforts.

³⁷ Gender Action Plan is available in Annex V Attachment 5.2

³⁸ Reports on trainings and workshops are available in Annex I Attn 1.1

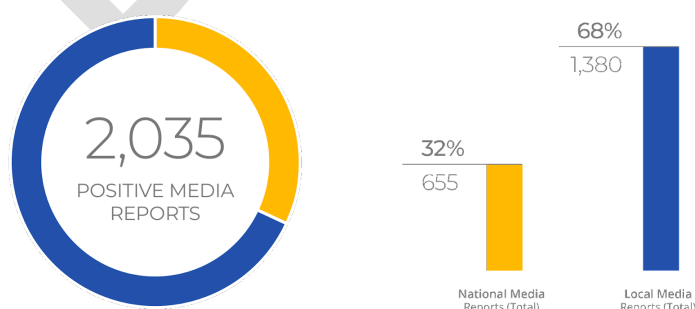
Throughout the year, the Programme also focused on equal opportunities and women's representation in capacity development and social inclusion activities designed as soft measures within the implementation of local infrastructure projects.

For seven local infrastructure projects, the Gender dimension was recognised by a number of capacity-building workshops, training and sports activities supporting women involvement in the social and economic activities. In Lapovo, four capacity building workshops empowered 32 women from the rural areas to diversify economic activities through tourism development, marketing on social networks, promotion through associations and drafting business plans. In Knjaževac, 90 girls of primary school age were involved in sports activities, thus promoting female sports. Sports Association of Krupanj municipality engaged three trainers to conduct sports activities for over 80 women, persons with disability and youth in period of six months, while municipality of Mionica organised a six-month programme for eight children with autism helping them improve their social and motor skills and creating great impact on their lives, along with the support to first female football club that gathered 50 girls. The women have played the key roles in the implementation of projects as it was the case in Prijepolje, where three women from LSG and five from local community directly supported implementation of the projects, while school of sports, organised as an integral part of this project, gathered a total of 30 participants, 16 female.

The social inclusion and gender equality aspects represent the main focus of the activity for improvement of social services, where 20 projects until now created direct benefit for over 6,300 people, 63% of them are women and over 5,800 are coming from disadvantaged groups, of which 320 are children and adults with disabilities. Thirteen projects enabled direct access to social protection and health care services for the most vulnerable and marginalised citizens, including elderly, PWDs, children who live or/and work on the streets, youth, victims of domestic violence and people living in remote rural areas, while facilitating employment for 62 women as service providers out of 68 people employed as a result of the projects. Furthermore, the principles of good governance are ensured under this intervention. The delivery of social services to the disadvantaged groups is being implemented by respecting principles of transparency in the beneficiaries selection, rule of law in establishment of the services and participation of relevant local actors in strategic planning and capacity building activities.

8. COMMUNICATIONS AND VISIBILITY

Throughout the year, the Programme maintained **high visibility through extensive media campaigns**. This included **32 press releases and 15 media announcements, leading to 2,035 media reports**, with over 32 percent (655) appearing in national media.³⁹ Media focus was predominantly on local infrastructure, generating 573 reports due to its tangible results. Support provided to the entrepreneurship, medium, micro and small enterprises, as well as to the women and youth startups jointly attracted 418 reports, and high EU official visits led to 337 reports. These sectors, together with the integrated territorial development that generated 310 media reports, formed the core of the Programme's media narrative.



³⁹ Annex IV_Attachment 4.1_EU PRO Plus_Overview of Communication Activities-Media Coverage_2023

The Programme's presence was further bolstered by **ten high-level visits**, involving key figures such as the EU Ambassador, the Minister of European Integration, and the DEU Head of Cooperation⁴⁰. These visits covered **27 local self-governments, involving 33 strategic meetings with 26 mayors** and regional development agency representatives. Additionally, 57 project sites were inspected, 43 under the EU PRO, EU PRO Plus, and European PROGRES initiatives. Effective collaboration with entities like UNOPS' EU SHAI and Belgrade Open School (BOS) facilitated these visits. The EU Info Centre was in charge of disseminating media materials.

In response to stakeholder needs, **35 documents, including visit briefing notes and project overviews**, were prepared for high-level visits and other reporting needs. This ensured stakeholders were well-informed about ongoing Programme achievements and developments within the Area of Responsibility (AoR).

Three major outreach campaigns were conducted. Two major Programme Public Calls were promoted through dedicated campaigns - Supporting Women and Youth Start-ups and the implementation of integrated projects from twelve territorial strategies. Promotional tactics included 3,650 leaflets, 180 posters, and traditional media engagement through press releases and advisories. Two separate digital media campaign were organised for the Start-up Cal⁴¹ and Annual Calendar Competition respectively, jointly achieved significant outreach, with over a million impressions on Facebook and Instagram, and substantial YouTube engagement. These efforts were complemented by the development of visual identities and distribution of print materials. **The "Creating a Greener Future" art competition garnered 149 submissions from 39 high schools across 25 local self-governments (LSGs)**. Despite a post office strike affecting submissions, the competition concluded successfully with public and official voting, culminating in a December award event with over 30 participants. All competition and Public Call results were made available on the Programme website to ensure transparency.

Three Newsletters were distributed to approximately 4,500 stakeholders. The Programme website received over 72,186 visits (48,444 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 79 videos on YouTube.



⁴⁰ 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)

⁴¹CfP promoted a fifteen day long digital media campaign that resulted in 363,176 impressions on Facebook and reached 214,918 people, while Instagram video ad had 324,461 impressions, while reaching 212,549 people. The YouTube campaign resulted in 22,667 views, 524 clicks and 39,601 impressions. The CfP related communication activities also included creating visual identity. Calendar Competition promotion a digital campaign on Facebook and Instagram, reaching over 746,000 people, and an animated video on YouTube with over 52,000 views.

The DEU campaigns such as "[We Care - We are Better Together](#)" where ambassadors from Italy and Denmark promoted previous and current Programme's projects and "[Stories from Serbia](#)" which effectively showcased seven EU PRO and EU PRO Plus projects, while the EU Opportunity Week from 15 to 21 May featured a dedicated booth and Programme Manager participation in sessions in Belgrade and Niš, emphasising the Programme's achievements in economy, business, and regional development. Additionally, success stories, including those of women entrepreneurs, were prominently displayed on the [EU Opportunities](#) web portal, showcasing the impact and reach of the Programme.⁴²

The Programme produced 15 project boards for upcoming infrastructure projects and rebranded 22 boards for completed projects. Additionally, 3,000 EU PRO Plus 2024 Calendars were printed for distribution to stakeholders and beneficiaries. [The Training Programme for students and young journalists tender](#) implementation was postponed due to budget constraints and a reallocation of 500,000 Euros to address flood-caused infrastructure damages.

The 2023 survey revealed a positive trend in awareness and attitude towards EU integration in the AoR, indicating effective communication and visibility efforts by the Programme. The 2024 Survey link was shared in the December 2023 Newsletter.

9. LESSONS LEARNED

With a wide range of activities, from project selection, through implementation and closure, the year 2023 brought many lessons, the key ones described in this section.

Mobilising decision-makers at the local level to participate in the capacity building programme, yields results. The extensive capacity building programme conducted during the year has clearly indicated the need for involvement of higher level officials and decision makers in the capacity building process, related to both formulation and implementation of territorial strategies. While the mayors and their closest associates were involved in training and roundtable discussions at the local level, their participation in the study visits organised during the year would create multiple benefits. Thus, greater efforts should be placed in mobilising the high level officials, and also in allocation of funds for an extended participation of local representatives in the capacity building efforts, including the study visits.

The importance of field visits to sites of the potential projects was re-confirmed. This practice, introduced with earlier calls, was re-confirmed with the evaluation process for the Call for Economic Infrastructure Projects. Namely, though the technical evaluation included review of technical documentation and checking credibility of potential investments noted in the project proposals which were crucial for the outcome of the evaluation, the field visits conducted at the end of the process provided insight into the status of the proposed projects, and in some cases, information on the related interventions, or position of the proposed project in relation to the wider picture. This has enabled the Programme to optimise its support to its beneficiaries.

The implementation timeframe for complex activities should be planned with a more flexible approach. Despite the relatively high value of activities, the implementation timeframe for implementation of grants awarded under EU PRO Plus has ranged between nine months allocated for MSEs and eighteen months allocated for local infrastructure projects, mostly due to the short implementation timeframe for the Programme as a whole. While the vast majority of grants were thus far implemented without any delays, those which needed the extension of implementation timeframe have faced significant challenges in implementation which were out of their control. This was most illustrative with the grants related to improvement of social services which included licensing of the social protection services for which the

⁴² [EU PRO Plus BSO project Moravski market in Čačak was promoted by Italian Ambassador Luca Gori](#), while the [EU PRO SME Loom of Fruit project in Smederevska Palanka was promoted by the Danish Ambassador Susanne Shine](#). The DEU Campaign "[Stories from Serbia](#)" broadcast on Radio Television of Serbia, presented total of seven EU PRO projects

fulfilment of legal requirements took significant time, consisting of several stages that are initiated or certified by different institutions such as the Centre for Social Work, the Republic Institute for Social Protection and the MLEVSA. Furthermore, the final phase requires processing of the public procurement procedure that is often prolonged due to complexity of the matter and lack of capacities of the LSGs for this specific type of tender procedure.

Supporting startups in highly underdeveloped regions is very relevant not just for improving competitiveness but also social cohesion and sustainability in smaller communities. Providing extra assistance to potential beneficiaries of this support during the application and project implementation stages is critical for achieving desired impact. Conventional methods designed for financing SMEs may yield limited results in these areas since the grantees lack capacity and capacity building opportunities.

Selection of the well capacitated CSOs, preferably those with social entrepreneurship activities, proved to be significant for financial sustainability of the newly established social services, particularly in underdeveloped municipalities. Namely, sustainability of these services is often jeopardised due to the budget constraints of the LSGs, where engagement of the organisations capable of diversifying sources of financing or that are self-funded through economic activities proved to be crucial for continuity and sustainability of the social services. This is confirmed by the secured sustainability of activities of the projects supported through the EU PRO Plus.

Continuous support and capacity building for grantees has proven effective. Continuous capacity building has always yielded results, be it evidenced with more sustainable results of the project under implementation, or better capacitated applicants for future grant schemes. However, this has proven to be even more important when it comes to non-standard recipients of grant funds, such as private companies. To ensure their understanding and compliance with the implementation process, the Programme organised frequent online meetings and shared video recordings of orientation sessions with focus on particular aspects of project implementation. Inclusion of different communication methods significantly increases the efficiency of grant implementation, helps to reduce errors and ensures a more successful implementation of projects. The success of it is evidenced with the most efficient implementation timeframe, and 105 out of the 113 grants implemented within the nine month period, and the remaining eight extended only by one month.

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 report⁴³.

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

- *Activity 1.1* Revise the training module I on territorial development instruments for MEI, determine the content of the Module IV for MEI
- *Activity 1.1* Develop Study on national model for ISTD
- *Activity 1.2* Obtain adoption of territorial strategies
- *Activity 1.2* Initiate delivery of remaining training module IV for LSGs and RDAs
- *Activity 1.3* Conduct Call for proposals for projects from strategies, select applications and initiate implementation

Result 2. Enhanced economic growth in targeted municipalities

- *Activity 2.1* Finalise implementation of EIP grants
- *Activity 2.2* Finalise implementation of the grants for MSEs

⁴³ EU PRO Plus Work Plan for 2023 is provided in Annex V Attn. 5.1

- *Activity 2.2* Contract and implement Women and Youth Startup grants

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

- *Activity 3.1* Monitor implementation of remaining 9 LIPs and administrative closing of completed grants
- *Activity 3.2* Monitoring and evaluation of ten projects for strengthening social services in implementation, finalisation of the activity and administrative closing of the completed grants

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	Not available. The WB discontinued publishing of the Doing Business 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 2022 data shows that the nominal GDP of Šumadija and Western Serbia Region in 2022 increased by 11.4%. However, the share of this Region in the national GDP decreased by 0.3% to 18.4% in 2022 compared to 2021. Number of unemployed in the Western Serbia Region was 92,900 persons in 2022, which is a decrease by 12.3% compared to the 2019 baseline. Statistical data for the year 2023 is not yet available.
	South-East Serbia Region GDP and number of unemployed - 14.2% / 83,712	The 2022 data shows that the nominal GDP of South and East Serbia Region in 2022 increased by 12.2%. The share of the same Region in the national GDP decreased by 0,1 % to 15.2% in 2022 compared to 2021. Number of unemployed in the South-East Serbia Region was 73,100 persons in 2022, which is a decrease by 16.2%

		compared to the 2019 baseline. Statistical data for the year 2023 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	The 12 strategies comprising 31 LSGs are developed and sent to adoption procedure and will be adopted during Q1 2024.
	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)	12 Strategies are sent to the adoption procedure. The Call for implementation of integrated projects deriving from strategies advertised and will be closed in January 2024.
Result 2 Enhanced economic growth in targeted municipalities	OC 2.1 Number of jobs created or facilitated - At least 300 (2023)	270 new jobs created by supported MSEs. Furthermore, the Programme activities will contribute to creation of 3,000 new as an indirect result of economic infrastructure projects within a five-year period.
	OC 2.2 Number of start-ups and MSEs that benefited - 500 (2023)	Thus far, the Programme supported a total of 632 MSEs out of which 113 directly through grants and 519 through assistance provided by the business support organisations (BSOs). Furthermore, 45 business start-ups are endorsed for support which will be provided in 2024.
	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)	Following the selection through a public call for economic infrastructure projects, 20 grants are awarded during 2023. These projects should facilitate 300 million Euros of future investments.
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 131,000 persons benefited from the improved conditions and services in cultural, educational, sports and health infrastructure as a result of 26 completed projects during 2023.
	OC 3.2 Number of introduced or improved social services provided by CSOs and/or LSGs - at least 15	Total of 28 social services have been established or improved by CSOs and/or LSGs in 22 LSG facilitating better access to education, health and social care services for over 5,800 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)	38 persons at the national level trained to date.
	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 content and the structure of the Study on national model for ISTD is prepared. The preparation of the report with an overview of the EU member states' cases regarding capacities needed for management of territorial mechanisms initiated.
	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)	A revised Concept Note on the potential IT tool and ToR for ISTD networking platform is drafted.
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)	The Call for implementation of integrated projects deriving from territorial strategies advertised, and will be closed on 17 January 2024.
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 GSAs signed during 2023, with LSGs awarded as a result of the Call for Economic Infrastructure Project. Among them ten (10) finalised

		public procurements, three (3) published tenders and seven (7) LSGs have tenders under preparation
	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)	45 Women and Youth Startups approved for financing and seven (7) applicants approved for the reserve list.
	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)	Out of 37 awarded grants for local infrastructure projects, 26 completed all activities, two (2) completed works and nine (9) projects are with active construction sites.
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)	Ten out of 20 projects for strengthening social services completed implementation, with 28 social services being established and/or improved in 22 LSGs.
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.

DRAFT

LIST OF ANNEXES

Annex I Improved Development Planning

Annex I Attn 1.1	Reports on Trainings and Workshops
Annex I Attn 1.2	Study Visit Reports
Annex I Attn 1.3	Potential Sources of Funding_SRB
Annex I Attn 1.4	32nd International Urban Planning Exhibition
Annex I Attn 1.5	Capacity Development ISTD Evaluation Summary

Annex II Enhanced Economic Growth

Annex II Attn 2.1	Overview of support to Business Support Organisations (BSOs)
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Annex III Improved Social Infrastructure and Social Cohesion

Annex III Attn 3.1	Status of Local Infrastructure Projects on 31 December 2023
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Annex IV Communications

Annex IV Attn 4.1	EU PRO Plus Overview of Communication Activities 2023 Media Coverage
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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 2024