Ministry of European Integration
REPUBLIC OF SERBIA

#ЕУ ЗА ТЕБЕ

EU PRO+

# QUARTERLY STATUS REPORT

## Apr - Jun 2026

UNOPS Implementing partner in 99 cities and municipalities in Serbia

| | |
|---|---|
| **Overall objective:** | To contribute to socio-economic development, prosperity and social cohesion of Serbian society |
| **Purpose:** | To decrease socio-economic disparities in two regions within Serbia |
| **Budget:** | 40 million Euros |
| **Donor:** | The European Union |
| **Start date:** | 1 January 2021 |
| **End date:** | 31 December 2026 |
| **Programme area:** | The Regions of Šumadija and Western Serbia and the Southern and Eastern Serbia |
| **Implementing partner:** | United Nations Office for Project Services (UNOPS) |
| **Report date:** | 10 July 2026 |
| **Period covered:** | 1 April – 30 June 2026 |
| **Prepared by:** | UNOPS |

## Acronyms

| | |
|---|---|
| **BSO** | Business Support Organisation |
| **CLLD** | Community LED Local Development territorial development instrument |
| **CFP** | Call for Proposals |
| **CSO** | Civil Society Organisation |
| **DEU** | Delegation of the European Union |
| **EU** | European Union |
| **GAP** | Gender Action Plan |
| **GAU** | Grant Administration Unit |
| **GG** | Good Governance |
| **GMT** | Grant Management Team |
| **GSA** | Grant Support Agreement |
| **HOC** | Head of Cooperation of the EU delegation |
| **ITI** | Integrated Territorial Investment |
| **ISTD** | Integrated Sustainable Territorial Development |
| **LAG** | Local Action Group |
| **LSG** | Local Self-Government |
| **MLEVSA** | Ministry of Labour, Employment, Veteran and Social Affairs |
| **MPALSG** | Ministry of Public Administration and Local Self Government |
| **MoE** | Ministry of Economy |
| **MoU** | Memorandum of Understanding |
| **MEI** | Ministry of European Integration |
| **PSC** | Programme Steering Committee |
| **RDA** | Regional Development Agency |
| **SCTM** | Standing Conference of Towns and Municipalities |
| **SME** | Small and Medium Sized Enterprises |
| **SUD** | Sustainable Urban Development |
| **URBACT** | Urban Development Network Programme |

# TABLE OF CONTENTS

**Acronyms** 2
**1. SUMMARY** 4
**2. QUARTERLY STATUS REPORT** 6
2.1 Review of project progress 6
2.1.1 Policy and Programme Context 6
2.1.2 Progress towards achieving objectives 6
2.1.3 Results and Activities 7
**2.2 Management** 13
2.2.1 Governance 13
2.2.2 Coordination 14
2.2.3 Human Resources 14
2.2.4 Procurement and Grants 14
2.2.5. Finance 15
**3. RISKS AND ISSUES** 15
**4. SUSTAINABILITY: Social, Environmental, Economic, National Capacity** 17
**5. CROSS-CUTTING THEMES: Good governance, Gender equality, Social inclusion, Environment and climate change and Digitalisation** 17
**6. COMMUNICATIONS AND VISIBILITY** 18
**7. LESSONS LEARNED** 19
**8. NEXT REPORTING PERIOD** 19
**LFM – progress against indicators** 19
**ANNEXES** 23

# 1. EXECUTIVE SUMMARY

During the second quarter of 2026, the European Union for Local Development – EU PRO Plus Programme maintained a robust implementation pace, focusing on the finalization of integrated and local infrastructure projects while advancing critical territorial development planning.

The Programme continued to drive the Integrated Territorial Investment (ITI) concept, with integrated projects contributing significantly to territorial cohesion across the Programme area. Through strategic investments, the Programme reinforced its support for sustainable urban development and the functional upgrading of social and economic infrastructure.

A major milestone was achieved in economic infrastructure with the finalization of the Industrial Zone Čukarka in Preševo. This marks the 20th and final economic infrastructure project supported by the Programme, effectively completing the planned pipeline.

Collectively, these 20 projects have generated 2,084 new jobs and secured 235 million Euros in investments, laying the foundation for long-term economic growth in the targeted municipalities. Furthermore, the Programme awarded a new grant to the municipality of Prijepolje for the economic infrastructure project related to the reconstruction of the water supply network in the Purića Potok business and residential area, a development initiative designed to facilitate business expansion and attract future investments.

Significant progress was also made in the implementation of integrated and local infrastructure projects. Key initiatives finalized during the quarter include the "Fair Play for Inclusion" project in Šabac, the revitalization of the Lagator sports complex in Loznica, the establishment of the Startup Centre in Bor, and the rehabilitation of the Niš Fortress casemates.

Participatory approaches remained a cornerstone of these efforts; the success of integrated projects in Leskovac, Užice, Pirot, and Kruševac—which utilized public forums, art competitions, and citizens' assemblies—reinforced the quality and relevance of territorial studies and future investment plans. These engagement methods have proven essential in aligning proposed solutions with community needs, thereby increasing the likelihood of successful implementation and public buy-in.

The Programme extended support to two new local infrastructure projects from the reserve list in Svrljig and Novi Pazar. The support was also approved for the local infrastructure in Kučevo, however, the Municipality formally withdrew from its planned project due to an inability to secure the required co-funding. The Programme is currently exploring the possibility of providing direct implementation support to ensure the planned kindergarten reconstruction is realized for the benefit of the local community.

Strategic and operational risks were proactively managed throughout the quarter. The announced parliamentary and presidential elections for autumn 2026 are being addressed through balanced engagement and strict adherence to communication guidelines to ensure implementation continuity. Governance challenges, such as the land ownership transfer in the Preševo Industrial Zone, and procurement delays in Zaječar, have required intensive oversight from the Programme team. Technical challenges—specifically moisture issues in the Šabac cement screed and equipment defects in Loznica—are being rectified through coordinated technical supervision and conditioning of final payments on contractor performance.

Furthermore, the Programme is providing targeted guidance to municipalities including Sjenica, Bujanovac, and Bosilegrad to address operational bottlenecks. These issues, ranging from funding gaps for specialized vehicles to technical commissioning constraints, are critical to ensuring the long-term sustainability of completed facilities. The Programme's approach emphasizes that infrastructure delivery must be coupled with rigorous operational and financial planning at the municipality level to prevent facilities from remaining idle.

Good governance, social inclusion, and digital transition remained central to all initiatives. Visibility efforts were robust, highlighted by high-level events such as the promotion event at the Belgrade Europe House and an EU Ambassador's visit in Kragujevac. These activities, alongside targeted digital outreach, generated 250 positive media reports. As of 30 June 2026, the total financial delivery of the EU PRO Plus Programme stands at 35.7 million Euros, representing 89.28% of the total budget.

This report provides a comprehensive review of these activities, management updates, sustainability considerations, and lessons learned during the reporting period, serving as a roadmap for the Programme's final stages.

# 2. QUARTERLY STATUS REPORT

## 2.1 Review of project progress

### 2.1.1 Policy and Programme Context

The National Assembly of the Republic of Serbia adopted the Law on the Establishment and Functioning of the Cohesion Policy Management System on 23 April 2026. ("Official Gazette of the Republic of Serbia", No. 35/2026). The Law establishes the legal basis for building a system for efficient and effective management of cohesion policy funds. The Law, above all, implies the establishment of an institutional framework and the strengthening of capacities for the implementation of cohesion policy funds, as well as the preparation of planning and programme documents that direct the funds to priority areas and investments.

The first call under the initiative of the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) in co-operation with the Organisation for Economic Co-operation and Development (OECD) - IMPACT -"Interreg Mechanism for Promoting Active Communities and Territories", was closed on 10 April 2026 with the first 17 territories selected, while the second call was closed on 8 June 2026. IMPACT will support up to 30 pilot cross-border regions in developing and implementing community-led local development (CLLD) strategies. Applications may come from European Union border regions plus Andorra, Liechtenstein, Norway, Switzerland, IPA countries, Moldova and Ukraine. Selected pilot regions will benefit from tailored expert support, peer learning and exchanges with other border regions, and knowledge-exchange and networking opportunities to engage with Interreg managing authorities. The Calls were open to regional and local institutions and organisations with a legal entity located in a border region, and may include regional and local authorities, non-governmental organisations/civil society organisations, Local Action Groups (LAGs), Fisheries Local Action Groups (FLAGs), Tourism offices, European Groupings of Territorial Co-operation (EGTCs), Euroregions or other cross-border co-operation structures. In the context of EU PRO Plus, these CLLD strategies may represent a supporting governance and implementation mechanisms for particular territories within wider area coverage of the territorial strategies supported by the Programme.

The URBACT call for Action Networks was closed on 17 June 2026. The call aims to create partnerships of cities willing to put their city strategies in motion and implement concrete actions in their local contexts. Cities from the European Union's 27 Member States and Partner States (Norway, Switzerland, Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia, Moldova and Ukraine) are eligible to apply. It is the first call for proposals for Action Networks under URBACT IV. A record for URBACT was achieved with a total of 90 applications submitted from 33 countries including 632 partners. The approval of 20 Action Networks will be announced at the end of October 2026.

The parliamentary and presidential elections announced for autumn 2026 may significantly affect project implementation, potentially accelerating completion to demonstrate results before the elections or slowing progress as attention shifts to the electoral process. In either case, the visibility and promotion of the programme's achievements among national and local government stakeholders are expected to increase.

### 2.1.2 Progress towards achieving objectives

The Belgrade Region remains the dominant economic driver, holding a 43.2% share of the national GDP. Its GDP per capita stands at RSD 2,501,000, which is nearly 1.7 times the national average. Meanwhile, the GDP contribution for the Šumadija and Western Serbia region holds steady at a 17.4% national share, followed closely by South and East Serbia at 15.3%. Both southern territories maintain smaller shares of the national economy compared to the northern regions of Belgrade and Vojvodina.

The labor market concluding on 30 June 2026 was characterized by stability despite a slight national increase in the unemployment rate toward the end of 2025. Compared to 2025 data, regional labor dynamics shifted through the first half of 2026, widening the structural gap between the two regions. In Šumadija and Western Serbia, the average unemployment rate rose from 8.4% at the end of 2025 to 9.4% by mid-2026, heavily impacted by a contraction in agricultural employment and localized manufacturing shifts. Conversely, South and East Serbia experienced positive momentum as its unemployment rate dropped from 12.1% to 11.2%, driven by incremental infrastructure hiring recoveries. Despite this slight convergence, a pronounced 5.4 percentage point gap persists between Belgrade's highly favorable job market and the structural vulnerabilities remaining in Serbia's southern and eastern districts.

### 2.1.3 Results and Activities

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

The Programme continued with supporting and encouraging territories to apply for the calls relevant for implementation of territorial strategies, namely for IMPACT -"Interreg Mechanism for Promoting Active Communities and Territories" project, an initiative of the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) in co-operation with the OECD and for URBACT call for Action Networks.

Regarding the IMPACT call, the Regional Development Agency Zlatibor submitted the application, but it was not awarded within the first call, where 17 territories were selected for support.

Concerning URBACT Call for Action Networks, 90 applications were submitted from 33 countries including 632 partners. Within supported territories, six applications from supported territories were submitted[1], namely: The City of Bor applied as a partner for the first time through any EU network under the project REWEAVE: Reconnecting Cities through Industrial and Waterfront Transformation led by City of Sagunto (ES), City of Užice applied as a partner under Urban Waterscapes project, led by the City of Sofia (BG), while the City of Kragujevac applied within four projects as a partner - Museum and Living Regenerative Territory, led by Bourges, FR, The Place between Us, led by the Municipality of Benfica, PTI), Access in Motion, led by Gdańsk-Gdynia-Sopot Metropolitan Area Association - OMGGS, PL and AccessAble , led by Haskovo, BG).

Development of a prefeasibility study for the revitalisation of a mechanical workshop in Kragujevac created the conditions for the activation of 2,400m$^2$ of underused space and its transformation into a hub for creative industries and culture, and the subsequent generation of new employment. The general study of traffic solutions in Novi Pazar contributed to resolving one of the most critical challenges, thus enabling preconditions for the revitalisation of the Old Market (Stara Caršija) which is a protected heritage site and its transformation into a pedestrian area.

Five more integrated projects completed during the quarter have addressed territorial/sustainable urban development challenges. In Šabac, the project successfully combined social protection, urban identity and the green and energy transition, being the first building equipped with solar collectors, on the newly constructed, fully equipped gym. A participative approach was used while developing the project as well as throughout implementation, by involving different sectors and groups, while remaining in line with urban and territorial development management thematic area. With the finalisation of all project activities, the capacities of educational and sports infrastructure were improved and functionally upgraded, conditions for equal access to healthy, safe and secure physical exercise were created, inclusion, physical exercise, healthy lifestyles, interculturality and the cultural-historical heritage were promoted, a mechanism for efficient and good management of newly built building was developed, and

[1] Preliminary data

the capacities of the city of Šabac, for management of integrated projects were increased. Similarly, in Loznica, the revitalisation of the Lagator sports complex into a multifunctional space for youth and the civil protection centre strengthens the identity of the area and encourages sustainable and integrated urban development. By establishing the Civil Protection Centre and delivering first aid and emergency response training to youth, the City is strengthening its preparedness and operational capacity in case of natural disasters, extreme weather events, and other emergency situations, while fostering long-term social inclusion and well being through the peer-to-peer first aid training, educational material and focused community programmes.

The city of Bor achieved notable results with the **establishment of the Startup Centre**, which entailed the full reconstruction, furnishing, and the installation of IT infrastructure and solar panels, complemented by establishment of two rural access points in Zlot and Gornjane. **Starting a digital ecosystem** was realized through the introduction of a Living Lab and the development of the Digital Platform for a smart economy. Comprehensive **Capacity Building** was provided via specialized lectures and training sessions for 20 entrepreneurs focused on enhancing innovation and research capacities alongside the Digital Intensity Index (DII), supported by the creation of practical guides for digital marketing and the circular economy.

The integrated project implemented in the wider Niš-led territory, "Active protection of the cultural heritage 'Tabula Peutingeriana'" successfully completed the reconstruction and rehabilitation of the Niš Fortress casemates, which included the necessary remediation of water infiltration and ventilation issues. The project established a unified identity for all partners, positioning the Tabula Peutingeriana map as a key regional cultural and tourist asset. Key deliverables included the installation of four identical murals across Niš and partner municipalities, the design of new tourist tours, and the establishment of three tourist information points. Furthermore, in collaboration with the University of Niš Faculty of Electronic Engineering, the project deployed innovative digital solutions, including content integration into the project's web platform and the implementation of VR headsets at the new information points. Finally, a series of local promotional events were conducted across partner municipalities and the city of Niš to present project outcomes and foster community engagement.

### *Activity 1.1 Enhancing national capacity to introduce integrated territorial development*

There were no activities during the reporting period.

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

There were no activities during the reporting period.

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

Seven more projects awarded under the Call for integrated projects were completed during the quarter, adding to the completion of fourteen out of the 18 supported projects. The overall implementation rate reached 92%. The construction works were completed on six[2] more sites, bringing the total number of completed sites to 28, of 33 within LOT 1. While works are still ongoing on three construction sites, the works on the reconstruction of Užice theatre within the Green and Energy Transition project and the works on rehabilitation of the Knić community centre within CREST project, are still in the procurement phase. The Knić project is more advanced, as the implementing partner Regional Economic Development Agency for Šumadija and Pomoravlje (REDASP) already published the decision on contract award, expecting to give access to the site to the selected Contractor at the beginning of July. Funds from the Niš Tabula Pointigerana project, originally allocated for the construction of the ateliers building, were reallocated to three projects from the reserve lists of the local (LIP) and economic infrastructure projects (EIP).

[2] Šabac, Loznica, Topola, Aranđelovac, Pirot, Bela Palanka

Through meetings and site visits, the Programme is supporting grant teams that have been implementing complex activities, and monitoring ongoing projects as well as completed ones that need to meet conditions to become fully operational.

In the case of Šabac and Loznica, where administrative closures are underway, with payments for works, goods and services completed, both LSGs are finalising quality documentation required for facility handovers and openings. In Šabac's "**Fair Play for Inclusion**" project, the City and the contractor are addressing fire department requirements for additional fire-resistance testing of a facade wall to ensure it can sustain 30 minutes in case of fire, thus ensuring safe evacuation of children. Since this testing falls outside the original project scope, Šabac is organising a separate tender for the provision of the material and workforce to construct the facade wall similar to the one in the gym, directly in the premises of the Institute for the Material Inspection, within their available time slot. Once a positive result is received, it will trigger a positive fire department report and enable the City to apply for a use permit.

Likewise, in Loznica, where all project payments were completed for the implemented works, goods and services delivered related to the rehabilitation of the **Institution for sports and culture Lagator,** the Contractor is yet to complete the works resulting from the dilapidated installation that caused leakage in the space for youth. Although this is done outside of the project scope and funded separately by the City of Loznica, the final payment to the Contractor and handover of the works is pending the finalisation of this small portion.

Zaječar, the main partner in the realisation of the **Magic of Eastern Serbia** project on behalf of Boljevac, Sokobanja and Knjaževac, managed to establish the city governance in May 2026, replacing the temporary government with the one elected in June 2025 elections. Recent changes again led to slow decision-making processes and impacted the delay in the contracting of the four remaining procurements. Despite the delays, during this quarter, Zaječar managed to contract additional work on the power supply for Catamaranes on Bovan Lake, technical commissioning services for the Youth Camp, the provision of furniture for Zaječar Youth Camp, and finally managed to sign the contract for the district tourist card, after two failed procurements. However, the implementation deadline did not allow sufficient time for the quality delivery of the contracted works, goods and services. Upon the request of the City of Zaječar, the Programme approved a three-month extension to the grant, by the end of September 2026. Currently, the project progress reached 92%, with no risks identified for the completion of the remaining activities.

**The "Active protection of the cultural heritage 'Tabula Peutingeriana'"** project was completed in June 2026 with the finalised reconstruction and rehabilitation of the casemates and ramparts of the Niš Fortress. Following the identification of technical issues related to water infiltration and the need for a ventilation system, additional remediation works were contracted and executed. The planned works were finalized on 18 June 2026, and the facility has been formally accepted by the city property management directorate. Due to technical feasibility challenges and bids that significantly exceeded the allocated budget, a strategic decision was made to exclude the reconstruction of the ateliers from the current project scope. However, to ensure future readiness, a revision of the technical documentation was completed by supplier KEJ Valjevo in coordination with UNOPS and Niš Institute for Urban Planning, to facilitate potential future implementation through alternative funding sources.

Implementation was finalised for all soft components, which included the production of murals, the design of new tourist tours, and the execution of co-creative workshops. The digital solution was successfully completed in partnership with the Faculty of Electronic Engineering, University of Niš. Key outputs include the integration of digital content into the project's web platform and the deployment of VR headsets at newly established and fully equipped tourist information points to enhance the visitor experience. Local promotional events aimed at presenting project results and strengthening community engagement were concluded across all partner municipalities and the city of Niš.

The project "**Ecosystem for innovation and smart economy in Bor**" was completed in May. The project focused on enhancing economic diversification and promoting entrepreneurship, resulting in the following

major achievements: 1) **Establishment of the Startup Centre** in Bor (including reconstruction, furniture, IT equipment, and solar panels) and two rural points in Zlot and Gornjane. 2) **Starting a digital ecosystem**, encompassing the Introduction of a Living Lab and the development of a Digital Platform for a smart economy. 3) **Enterprise Support**: Support for 20 enterprises through calls for determining and improving innovation and research capacities, and the Digital Intensity Index (DII). 4) **Capacity Building:** Support for strengthening capacities and competences for entrepreneurs, including training, lectures and the development of practical guides for the circular economy and digital marketing.

The project "**Cultural Revival for an Enriched Šumadija Tourism (CREST)**", implemented by REDASP, is advancing towards its final stages. In Topola, reconstruction efforts at the King's Winery were finalised, while works at the Risovača Cave Visitor Centre in Aranđelovac reached completion; currently, administrative procedures and defect rectification are underway. Following the termination of the previous contract for the House of Culture in Borač, Knić, a revised technical scope was established and a new supplier has been appointed, with works scheduled to commence in early July. Procurement processes for furniture and specialized equipment in Rača are initiated. A critical risk remains regarding the delivery and installation of the elevator in Topola, although the project conclusion is targeted for mid-September 2026, the estimated three-month timeline for procurement and assembly necessitates close monitoring to ensure timely completion.

At the beginning of June, financial verification was completed within the **Improvement of the waste management system in the urban area of Leskovac with more advanced and innovative environmentally friendly solutions - PRO WASTE INNOVATIVE SOLUTIONS.** Further to this, instructions were shared with the grantee on the return of unspent funds. The project closure is pending on the completion of this activity.

All works have been completed and services rendered within the project **Improving Educational Ecosystem in the Urban Area of the City of Pirot and Municipalities of Dimitrovgrad, Babušnica and Bela Palanka**, as the grant duration expired at the end of the reporting period. Namely, at the beginning of April, Annex 4 to the Grant Agreement was signed to reflect the increase of co-funding on the LSGs' part due to the increased funds necessary to implement all relevant works at the Pirot Grammar School. In the reporting period, all works on the reconstruction of the facade of the Grammar school and works on the reconstruction of the fence surrounding the facility were completed. Furthermore, the works on the fencing of the primary school Ljubče Španac in Bela Palanka were completed in June, which resulted in all project sites being completed and handovers carried out. In mid June, a project closing conference was held to include approximately 100 participants from all partner municipalities during which all project results were presented. The conference also represented an opportunity for relevant education institutions in the region to present the educational opportunities they offer.

The **Šumadija CONNECT** project, involving the reconstruction of the "Knez Aleksandar Karađorđević" high school building and courtyard, progressed according to plan throughout the second quarter of 2026. Construction activities remained on track, including facade works, while interior renovations continued to advance following the earlier resolution of utility connection challenges and issues with the wooden roof beams. Regarding procurement, REDASP focused on finalizing tender documentation for the necessary furniture, proceeding in close consultation with the Faculty of Philology and Arts, which is the designated future user of the space.

During the second quarter of 2026, the **Green and Energy Transition project in the Užice ITI territory** advanced through several infrastructure milestones. At the Agricultural school in Požega technical commissioning has been finalized for the watering system and fence. Regarding the National Theatre roof reconstruction, the procurement has been readvertised following an unsuccessful first tender. For the repeated tender, several bidders applied; however, the first and second bidders failed to provide the necessary proof for qualitative selection. RDA Zlatibor has requested these documents from the third and fourth bidders, with a deadline set for the beginning of July 2026. RDA has also facilitated resubmission of the request for connecting solar power plants at the swimming pool in Uzice, PUC Zlatibor and Sport

Center in Baina Basta according to the new rulebook of the Electric Company. The continuation of installation of the solar power plant at the Regional Training Centre for Dual Education in Užice has been agreed following the replacement of roof tiles.

Concerning LOT2 projects, all eight grants - urban identity study for ITI Užice and pre-investment feasibility study for the establishment of a higher education institution in Pirot, Lazarev Grad in Kruševac and Leskovac Previous study of recultivation of the closed solid waste landfill at the location "Brst" into an ecologically acceptable area of public use, Traffic study and related strategic environmental impact assessment (SEIA) in Novi Pazar and Prefeasibility study for the revitalisation of the Mechanical Workshop at the Military Technical Institute (MTI), Kragujevac are completed. Grants for Urban identity study for ITI Užice and Lazarev Grad in Kruševac are closed, while others are in the administrative closure phase, including the Viskoza factory Master plan in Loznica, upon reaching mutual agreement on grant termination.

## Result 2: Enhanced economic growth in targeted municipalities

The twentieth economic infrastructure project supported through the Call for Economic Infrastructure Projects, was finalised during the quarter. With the completion of utility infrastructure - sewage and water supply, low voltage power supply, public lighting, telecommunication network and road infrastructure in the Industrial Zone Čukarka Preševo, conditions were met for investors to start or expand their business in the zone, strategically positioned near Corridor 10 and the national border.

During the evaluation of the proposal, Preševo backed the relevance of the intervention with several letters of intent, among them the North Macedonian company Bio fungi, which expressed interest in investing 1.5 million Euros into the new facility and employing 70 people. For the development of the zone, Preševo provided a significant contribution, over 600,000 Euros, and invested efforts in developing the marketing strategy, branding and the governance model. However, during the administrative closure of the project, Preševo raised concerns on the prospects of the zone investment realisation given the recent decision of the Government of Serbia to transfer the ownership over the land in the zone from the local government to the Republic of Serbia, constituting governance overlapping between the local and national level.

Overall, the impact of 20 completed economic infrastructure projects remains unchanged throughout the quarter, totalling 235 million Euros in investments across six new production facilities, which generated 2,084 new jobs.

During this quarter, the Programme awarded one more economic infrastructure grant to Prijepolje Municipality, for securing the water supply for the business and residential area Purića Potok. The need for this intervention is backed with letters of intent from two investors, one of which is the most significant provider of employment in Prijepolje, the MDG company currently employing 350 people, predominantly youth in a call centre. The cumulative investment potential is approximately 4.2 million Euros with the potential for the creation of 50 new jobs. The stable water supply will also benefit all inhabitants of Purića Potok, including 20 small entrepreneurs operating in this settlement.

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

With Preševo completing the remaining soft measures for marketing, branding and governance of the Industrial zone Čukarka in this quarter, the total number of completed infrastructure projects reached 20 awarded.

In the reporting period, the Preševo commission appointed to monitor the implementation of the service provider for the realisation of soft measures confirmed that all contracted activities had been completed. Following the resolution of VAT exemption issues regarding the final payment, Preševo managed to complete the final project payment within the grant timeframe. Subsequently, with Programme support,

final financial documentation was sent to the audit team for verification. Preševo is yet to complete and submit its final narrative report.

Until the end of this quarter, the Programme prepared, verified and submitted for closure, documentation for all remaining economic infrastructure grants, closing three more grants[3], reaching the total number of 16 closed grants.

In parallel to facilitating documentation for closure, the Programme supported one more grant from the reserve list of infrastructure projects utilising unallocated funds. Funds in the amount of 426,730 USD were granted to Prijepolje for the reconstruction of the 3,4km long water supply network of Purića potok business and residential area, in order to create conditions for expansion of the existing businesses and attracting new investors.

The **Reconstruction and extension of the water supply network of the business and residential area of Purića Potok in Prijepolje** project has advanced following the finalization and signing of grant documentation. The procurement process for the works has been prepared and published, and with one offer received, the evaluation process is now underway.

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

The activity is completed in earlier reporting periods.

## Result 3: Improved social infrastructure and social cohesion in targeted municipalities

During this quarter, using savings, two more projects from the reserve list were awarded to Svrljig and Novi Pazar in the value of 440,000 Euros, of which Programme support amounted to over 280,000 Euros. Reconstruction of the elementary school "Mur'' in Novi Pazar, will improve the overall learning and work conditions, benefiting 670 pupils and 70 employees. Reconstruction of the Centre for Tourism, Culture and Sport (543.08 $m^2$) in Svrljig, aiming to preserve and develop cultural values and promote tourist potential of the municipality, will bring benefits to 109 beneficiaries, among them nine employees of the Centre and 100 students of the music school "Vladimir Đorđević", while overall benefiting all 14,249 inhabitants of Svrljig and 15,000 tourists visiting Svrljig annually.

Although sufficient savings were identified for supporting the third and the last grant from the reserve list of LIP projects, in Kučevo, in the post-award period the Municipality informed the Programme of its inability to secure co-funding, and withdrew. In light of this development, the Programme is actively exploring the possibility to provide full support through the direct implementation of the works on the reconstruction of the kindergarten. This intervention would benefit 224 beneficiaries, of which 189 children attending three facilities of the preschool institution Lane, 26 employees, five external experts and four instructors at seminars, and, indirectly, all 5,900 inhabitants of Kučevo.

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

In the reporting period, Svrljig completed all initial administrative tasks. Following the submission of the request for the first tranche of the Programme funding, the municipality received the funding on 26 June 2026. Additionally, the municipal budget rebalance was adopted at the Municipal Assembly session held earlier in June securing the municipal co-funding for the project. Svrljig's procurement department is working on the finalisation of the tender documentation for realisation of works planning to advertise the procurement in early July 2026.

[3] Kragujevac, Paraćin and Bosilegrad

The project for the reconstruction of the Elementary School "Mur" in Novi Pazar has advanced following the signing of the grant support agreement. The tender for the works has been prepared and published, with the deadline for the submission of offers set for July 13, 2026.

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

The activity is completed in earlier reporting periods.

### *Activity 3.3 Support to COVID-19 related prevention and response activities*

The activity is completed in earlier reporting periods.

### *Activity 3.4 Support in rehabilitation of the flood-caused damages*

The activity is completed in earlier reporting periods.

## 2.2 Management

### 2.2.1 Governance

The donor and the key national counterpart, the Ministry of European Integration, agreed to allocate savings obtained through rescoping the ISTD project awarded to the City of Niš to four infrastructure projects from the reserve list of Local Infrastructure Projects and the Economic Infrastructure Projects. The local infrastructure projects were awarded to Kučevo, Svrljig and Novi Pazar, while an economic infrastructure project was supported in Prijepolje. The municipality of Kučevo informed the Programme of its withdrawal from planned support due to the challenges in securing funds for co-funding faced after the decision of award was made. The Programme together with the DEU and MEI has been exploring the manners to support the project implementation.

### 2.2.2 Coordination

The Programme presented EU PRO Plus activities at the Final international meeting of the INTERREG Danube project "NONA - New Governance for New Spaces", aimed to reflect on project achievements and discuss future opportunities for strengthening green investments in urban regeneration and territorial development. Beside the presentation of overall achievements, the methodology for territorial strategies development, the focus of presentation was on integrated investment plans methodology developed by the Programme.

### 2.2.3 Human Resources

The finalisation of Programme activities is being carried out predominantly using human resources engaged through retainer contracts. This enables efficient resource use while retaining the capacity needed for the successful implementation of the remaining activities.

### 2.2.4 Procurement and Grants

During the second quarter of 2026, two amendments to the Grant Support Agreements (GSAs) were processed regarding time extensions. Additionally, four payment requests were processed, in line with the GSA implementation dynamics. Three new GSAs were issued during the quarter, to support implementation of two local infrastructure projects and one economic infrastructure project from the

reserve lists. Currently, seven GSAs are under implementation.

There were no major procurement activities during the quarter.

### 2.2.5. Finance

The following are the main financial indicators[4]:

- The total delivery of the EU PRO Plus as of 30 June 2026 was 35,712,344.32 Euros or 89.28% of the Programme budget.
- The forecast delivery for the next reporting period is 1,246,800.62 Euros.

## 3. RISKS AND ISSUES

During the reporting quarter, the Programme has proactively managed several strategic and operational risks through structured mitigation measures designed to safeguard project delivery and long-term sustainability.

**The parliamentary and presidential elections** announced for autumn 2026 pose a significant external risk, as shifting priorities among local authorities could slow project implementation. The Programme is mitigating this potential impact by ensuring balanced engagement across all levels of government, strictly adhering to established communication guidelines, and maintaining flexibility in project timelines.

**Governance challenges also persist in the Preševo Industrial Zone**, where the recent transfer of land ownership from the local government to the Republic level has created institutional overlaps that hinder the zone's operational development. To address this, the Programme is actively seeking clarity on the zone's future development plans from Programme Steering Committee members to ensure the viability of previous investments.

**Procurement and timeline pressures continue to affect Programme delivery,** requiring intensive oversight. In Zaječar, procurement delays resulting from the late establishment of the temporary government and subsequent budget adoption have compressed project timelines. The Programme has approved a three-month grant extension until September 2026 and is intensifying the monitoring of pending tenders to ensure the successful delivery of remaining works. Similarly, in Topola, the King's Winery project faces a critical risk regarding a required full elevator replacement; the Programme is working closely with the project partner to monitor the procurement and installation sequence to ensure completion by the mid-September 2026 deadline.

**Technical challenges have also emerged**, requiring close coordination with local partners to maintain quality. In Šabac, the "Fair Play for Inclusion" project faces delays due to the slow decrease of moisture in the cement screed and the need for additional fire-resistance testing on the facade wall. The Programme is providing technical oversight for the floor installation and is assisting the city in organizing a separate tender for the necessary facade work. In Loznica, the handover of the Lagator sports complex has been postponed due to equipment defects; the Programme is conditioning the release of final payments on the contractor's rectification of these issues.

**Long-term sustainability remains a priority** for Sjenica, Bujanovac, and Bosilegrad, where municipalities face operational bottlenecks such as funding gaps for specialized vehicles, capacity constraints for technical commissioning, and dependence on future landfill finalization. The Programme continues to provide continuous guidance and technical support to these partners to address these issues and ensure

[4] While these figures provide quality insight into the Programme's spending, the final figures are only provided in the Programme's financial reports. As of 2026, UNOPS transitioned its financial reporting to align with the new International Public Sector Accounting Standards (IPSAS) 47 on revenue and IPSAS 48 on transfer expenses.

facilities become fully operational.

Finally, concerning the **municipality of Kučevo, which formally withdrew** from its local infrastructure project due to an inability to secure co-funding, the Programme is currently exploring the possibility of direct implementation support for the kindergarten project. This approach aims to bypass local funding constraints and ensure that the planned benefits for the community are still realized.

# 4. SUSTAINABILITY: Social, Environmental, Economic, National Capacity

The Programme monitors completed projects, until they commence with operations, and further on to ensure they have reached their full sustainability. Although completed, several infrastructure projects still need to ensure either a permit for use, in case of Šabac ISTD, or the contractor has to rectify the defects to allow proper handover of works to the LSG, in case of Loznica. In both cases, the long term sustainability of the project will be ensured through institutional, operational and financial support provided by cities and the supported beneficiaries - in case of Šabac, the primary school Vuk Karadžić, and in case of Loznica, the Institution for Physical Culture Lagator.

Preševo industrial zone, fully equipped with infrastructure, applied for the use permit, as technical commissioning report showed positive results, stated the zone is ready for operation, however, despite a governance model and methods for promotion and marketing of the zone having been established, the transfer of the ownership to the Government of Serbia suspended all operations toward achieving the full functionality of the zone. The Programme will strive to obtain information from the members of the PSC, related to further plans for the development of this zone.

Upon development of *Prefeasibility study for the revitalisation of the Mechanical Workshop at the Military Technical Institute (MTI), Kragujevac, the City of Kragujevac showed strong determination by publicly announcing that will secure funding for revitalisation of the site by issuing the city bonds or finding some alternative sources.*

# 5. CROSS-CUTTING THEMES: Good governance, Gender equality, Social inclusion, Environment and climate change and Digitalisation

The Programme has maintained its momentum in championing good governance, social inclusion, gender equality, and digitalisation across all initiatives, yielding significant additional results. These principles were central to the development of several key studies during the reporting period.

In Novi Pazar, the Traffic Study and accompanying Strategic Environmental Impact Assessment (SEIA) incorporated insights from a series of thematic roundtables, surveys, and consultations with diverse stakeholder groups. The study specifically addresses accessibility for persons with reduced mobility while fully integrating environmental considerations. Similarly, the Prefeasibility Study for the revitalization of the Mechanical Workshop at the Military Technical Institute (MTI) in Kragujevac drew on international conferences and best practice exchanges, ensuring a sustainable, high-quality approach to developing this industrial heritage site.

Beyond these studies, finalized projects have significantly contributed to socio-economic inclusion, gender equality, and environmental sustainability. The project in Šabac empowered marginalized communities, providing inclusive sports facilities for 61 persons with disabilities (39 male, 35 female). It enhanced the professional competencies of 29 education professionals (17 male, 12 female) and supported 960 parents, 50% of whom were women, in fostering children's psycho-physical development. The initiative also strengthened multi-sector cooperation, enhancing the capacities of 28 local institutions, organizations, and

companies, while establishing formal governance structures for gym usage among local educational and sports entities.

In Loznica, the Lagator revival project integrated gender mainstreaming, ensuring equal access for youth and persons with disabilities through infrastructure improvements, including accessibility ramps and energy-efficient retrofitting. The project also bolstered community resilience by training 80 young peer educators in first aid and safety, who have subsequently trained 3,099 school students.

# 6. COMMUNICATIONS AND VISIBILITY

**One event and one visit** were organised to promote the Programme activities. The event, organised on 15 May at Belgrade Europe House to promote **four new projects**, was attended by the EU Delegation Head of Cooperation and the State Secretary of the Ministry of European Integration. The event gathered 30 partners from 23 local self-governments (six mayors, six deputy mayors or speakers of local assemblies, and representatives of the LED offices), while the representatives of Šabac and Užice shared their specific experiences and challenges during the implementation of the respective projects. Promotional material, including presentation with two short films and totems to present 39 local infrastructure and 20 economic infrastructure projects were developed for the event.

The **visit to Bor** was organised for the DEU Head of Operations II to mark completion of the Bor ISTD project and the commencement of the work of the Startup Centre. The Programme also organised the visit of the **EU Ambassador to one supported enterprise in Kragujevac** during the EU Opportunity Week. Two EU PRO Plus beneficiaries, director of the Regional Development Agency South and director of the Public Utility Company from Novi Pazar also participated in the panel dedicated to the EU INTEGRA, to present the good practice examples of integrated sustainable territorial development approach applied in Serbia.

The briefing notes and media material were prepared for the above-mentioned, as well as the agenda for the potential DHoMs visit, which was postponed.

The programme activities generated significant media attention through **250 positive media reports**, of which 97, i.e. 38.8 percent, in the national media. The Programme website and YouTube channel were updated with eight success stories and five media stories. The website recorded 93,333 visits by 78,929 unique visitors, while the most visited page was one dedicated to territorial strategies. The social media channels remained stable with Facebook reaching 18,706 followers, and Instagram 3,524. **Two Newsletters** were prepared to mark World Labour Day and World Environment Day, both distributed to around 4,500 email addresses of national and international stakeholders.

# 7. LESSONS LEARNED

During the reporting quarter, the Programme identified several key lessons that highlight the complexities of infrastructure delivery and long-term project sustainability:

**Infrastructure delivery must be coupled with rigorous operational and financial planning at the municipality level.** The experience in Sjenica, Bujanovac, and Bosilegrad demonstrates that completing infrastructure projects is insufficient if the local self-governments lack the financial or technical capacity to commence operations (e.g., funding for specialized vehicles or landfill management). Future interventions must ensure that operational sustainability—including budget provisions for maintenance and staffing—is secured and verified before construction is finalized to prevent facilities from remaining idle.

**Co-funding capacity must be definitively guaranteed prior to project award.** The withdrawal of the municipality of Kučevo due to an inability to secure co-funding highlights a critical need to strengthen

pre-award vetting. While Programme support is designed to complement local efforts, the reliance on municipal co-funding requires a more robust assurance process, potentially involving formal, multi-year budget confirmations or dedicated municipal funds identified before an implementation agreement is finalized.

**Extensive participatory processes significantly enhance the quality and relevance of territorial studies.** The success of the integrated projects in Leskovac and Užice, which utilized public forums, art competitions, and citizens' assemblies, proves that deep engagement is not just a visibility exercise but a strategic tool. Early and consistent involvement of local residents, CSOs, and professional associations improves the design of studies and ensures that proposed solutions are aligned with community needs and expectations, thereby increasing the likelihood of successful implementation and public buy-in.

**Governance models must be resilient to institutional ownership shifts.** The difficulties encountered in the Preševo Industrial Zone, where land ownership transfers between local and Republic levels created operational overlaps, suggest that governance frameworks for strategic projects should be insulated against institutional restructuring. When designing governance models for territorial investments, the Programme should seek stronger guarantees or formal inclusion of higher-level national authorities early on to ensure that local investments remain viable despite changes in administrative or legal oversight.

**Proactive technical and quality control measures are essential in the project's final stages.** The technical issues identified in the Šabac and Loznica projects—specifically regarding moisture levels in construction materials and equipment defects—illustrate that the final phases of projects are highly susceptible to delays. Strengthening the Programme's technical oversight during the "snagging" and defect rectification period, rather than relying solely on the final inspection, can reduce handover delays and prevent the need for secondary, time-consuming tenders.

# 8. NEXT REPORTING PERIOD[5]

The following are the key milestones for the upcoming period:

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

- Provide follow up consultations on the proposed Study on National model for ISTD upon proposed EU Cohesion Policy 2028-2034
- Completion of administrative closure of remaining six LOT 2 grants
- Completion of administrative closure of Ecosystem for innovation and smart economy in Bor
- Completion of administrative closure of Active protection of the cultural heritage 'Tabula Peutingeriana'
- Finalisation of remaining six activities for ISTD Zaječar

**Result 2. Enhanced economic growth in targeted municipalities**

- Closure of four completed projects
- Monitor of implementation of Prijepolje EIP from the reserve list

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

- Monitoring of implementation of 2 LIPs from the reserve list (Novi Pazar and Svrljig)
- Initiation of the procurement for works for LIP Kučevo

**Programme Communications**

- Support Head of DEU visit to SouthEast Serbia
- Develop ToR for 2027 Calendar Competition
- Publish newsletter to mark Youth Day
- Promotion of the start/completion of the infrastructure projects

[5] EU PRO Plus Work Plan for the period from 1 April to 30 June 2023 is available in Annex V, Attachment 5.1.

## LFM – progress against indicators

**Legend**

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

| Objectively verifiable indicators | Objectively Verifiable Indicators - Target | Progress during the reporting period |
|---|---|---|
| **Overall Objective:**<br>To contribute to socio-economic development, prosperity and social cohesion of Serbian society | WB Doing Business Report score 74 | The WB replaced the Doing Business report with Business Ready (B-READY) report that evaluates the business and investment climate worldwide. As of 2025, Serbia is included in the report.<br><br>The World Bank's Business Ready (B-READY) 2025 report indicates that Serbia is enhancing its regulatory framework and digital public services to improve competitiveness, while facing challenges regarding operational efficiency, workforce skills, and the green energy transition.<br><br>B-READY 2025 Pillar scores for Serbia are as follows: (I) Regulatory Framework 76.23 (average for assessed countries is 66.32), (II) Public Services 61.53 (average for assessed countries is 53.97) and (III) Operational Efficiency 69.07 (average for assessed countries is 60.03).<br><br>B-READY 2026 Report is planned to be published in November 2026. |
| | 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. |
| | Šumadija and Western Serbia Region GDP and number of unemployed - 20% / 101,760 | The available data shows that the nominal GDP of the Šumadija and Western Serbia Region in 2024 increased by 12.9%. Also, the |

| | | |
|---|---|---|
| SO1. To decrease socio-economic disparities of two regions within Serbia | | share of this Region in the national GDP increased by 0.4% to 17.4% in 2024 compared to 2023.<br><br>Meanwhile, moving into Q1 2026, the structural unemployment rate for the Šumadija and Western Serbia region has held steady at 8.5%, amidst a nationwide labor force consolidation to 276,300 total unemployed persons. |
| | South-East Serbia Region GDP and number of unemployed - 14.2% / 83,712 | The available data shows that the nominal GDP of the Southern and Eastern Serbia Region in 2024 increased by 12.1%. Also, the share of this Region in the national GDP increased by 0.2% to 15.3% in 2024 compared to 2023.<br><br>Meanwhile, moving into Q1 2026, the structural unemployment rate for the Southern and Eastern Serbia region has held steady at 11.5%, amidst a nationwide labor force consolidation to 276,300 total unemployed persons. |
| **RESULT 1**<br>**Improved development planning in targeted municipalities and introduction of the ITI concept** | | |
| **Result 1. Improved development planning in targeted municipalities and introduction of the Integrated and Sustainable Territorial Development ( ISTD) concept** | **OC 1.1** The number of adopted Integrated Territorial Investment (ITI) and Sustainable Urban Development (SUD) strategies and the number of LSGs covered with these Strategies (Corresponds with IPA PF 2.11) - At least 15 strategies which include at least 35 LSGs | All 12 supported strategies including 31 LSGs are adopted by all 31 local assemblies |
| | **OC 1.2** Implementation of at least 80 percent adopted SUD and ITI Strategies initiated with at least three different funding sources - at least 12 (mid 2024) | Implementation of 92% (11 out of 12) territorial strategies initiated with at least three projects with different funding sources |
| **Result 2 Enhanced economic growth in targeted municipalities** | **OC 2.1** Number of jobs created or facilitated - At least 300 (2023) | A total of 338 new jobs have been created directly by supported business entities, out of which 178 (53%) are occupied by women. Of that, a total of 274 new jobs have been created by supported MSEs grantees, out of which 142 (52%) new jobs are occupied by women and a total of 64 new jobs have |

| | | |
|---|---|---|
| | | been created by supported Women and Youth Startups, out of which 36 (56%) new jobs are occupied by women. Additionally, 2,084 jobs have been created as a result of 235 million new investments generated after infrastructure equipping of the industrial and tourist zones |
| | **OC 2.2** Number of start-ups and MSEs that benefited - 500 (2023) | A total of 512 MSEs are supported through activities implemented by 16 BSOs. A total of 113 MSEs have been supported by direct grants. Further, 42 grants have been implemented by Women and Youth startups in extremely underdeveloped municipalities. |
| | **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) | 19 of 20 awarded EIP completed. Six new investments valued over 235 million Euros were realised in supported zones/tourist destinations, subject to equipping through the project |
| **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 65,000 (2023) | **The activity was successfully completed in 2024.** Over 280,000 persons benefited from the improved conditions in cultural, educational, sports and health infrastructure in 37 completed projects. Implementation of two new grants awarded in Q12025 completed in Q1 2026 improving conditions for 20,400 beneficiaries. Two more GSA awarded in Q2 2026. |
| | **OC 3.2** Number of introduced or improved social services provided by CSOs and/or LSGs - at least 15 | **The activity is successfully completed.** A total of 28 social services have been established or improved in 22 LSG facilitating better access to education, health and social care services for over 7,700 disadvantaged citizens. |
| | **OC 3.3** Number of persons benefiting from enhanced health care services related to COVID-19 prevention and recovery - at least 300,000 (2022) | **The activity is successfully completed.** Supported 23 medical centres to enhance services related to COVID-19 prevention and recovery, facilitating provision of over 2,645,000 medical services related to COVID-19. Additionally, 5000 disinfection devices, 60,000 L disinfection liquid and 41 triage containers were delivered. |

| | | |
|---|---|---|
| **Activity 1.1**<br>Enhancing national capacity to introduce integrated territorial development | Number of persons at the national level trained - 40 (middle 2023) | 50 persons at the national level trained to date, out of which 24 from MEI |
| | Proposals for regulators and procedural framework to enable preparation of the EU model for territorial planning - in place (end of 2024) | The Comparative Study on EU member states prepared.<br>The draft Study on the National Model for ISTD prepared |
| | Monitoring, reporting and evaluation approaches related to ISTD model - in place (2022) | The objectives framework indicator set for monitoring, reporting and evaluation of territorial strategies developed and agreed with the Public Policy Secretariat. |
| | Number of tools developed or enhanced - at least one (2022) | Initial ISTD networking platform is established, |
| **Activity 1.2**<br>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, II, III and IV of Capacity Building Programme - 1,449 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**<br>Implementing activities contributing to socio-economic growth deriving from integrated territorial planning strategies | Number of integrated projects deriving from the ISTD strategies, whose implementation is supported - at least 15 (mid 2024) | A total of 18 integrated projects deriving from ISTD strategies are supported. |
| **RESULT 2**<br>**Enhanced economic growth in targeted municipalities** | | |
| **Activity 2.1**<br>Developing economic infrastructure and businesses related services at the local level | Number of supported economic infrastructure projects - 20 (2024) | Of 20 initially awarded LSGs in support of economic development, 20 finalised activities, and **one new from the reserve list awarded in Q2 2026** |
| **Activity 2.2**<br>Enhancing competitiveness and sustainability of enterprises contributing to economic stability of local communities | Number of supported start-ups, entrepreneurs and enterprises - 100 (2022) | **The activity is successfully completed.** 113 MSEs were supported to procure new equipment and services. |
| | Number of supported youth and women entrepreneurs - at least 50 (2022) | A total of 42 startup projects are successfully implemented of which 23 grantees also received mentoring support for development of their business. |

| | | |
|---|---|---|
| | Number of supported BSO projects - 10 (2022) | **The activity is successfully completed.** Sixteen BSO projects were supported, and activities implemented by them completed. |
| **RESULT 3**<br>**Improved social infrastructure and social cohesion in targeted municipalities** | | |
| **Activity 3.1**<br>Developing and improving infrastructure which contributes to enhanced quality of life | Number of social infrastructure projects implemented -at least 30 (2022) | **The activity is successfully completed.** A total of 39 local infrastructure projects were completed, including the 37 initially awarded and an additional two from the reserve list to which the support was extended in 2025. **Support was extended to two more LIPs from the reserve list in Q2 2026** |
| **Activity 3.2**<br>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) | **The activity is successfully completed.** All 20 projects for strengthening social services successfully completed implementation. |
| **Activity 3.3**<br>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) | **The activity is successfully completed.** Supported 23 medical centres to enhance services related to COVID-19 prevention and recovery. |
| **Activity 3.4**<br>Support in rehabilitation of flood-caused damage | Number of infrastructure projects related to rehabilitation of flood-caused damages implemented - up to 3 (2024) | Works on both bridges (Vrnjačka Banja and Rača) are fully completed and handed over. Both bridges obtained permits for use. DNP expired for both contracts and performance warranties returned. |

# ANNEXES

## Annex IV Communications

Annex IV_ Attn 1 Overview of Media Coverage for Q2 2026

## Annex V Programme Management

Annex V_ Attn 1 EU PRO Plus Work Plan for Q3 of 2026