



**USAID** | **SERBIA**  
FROM THE AMERICAN PEOPLE

# SUSTAINABLE LOCAL DEVELOPMENT PROJECT IN SERBIA



## FINAL REPORT

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# CONTENTS

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<b>1. INTRODUCTION</b> .....	<b>1</b>
<b>2. ABOUT THE PROJECT</b> .....	<b>2</b>
<b>2.1 The Original Approach</b> .....	<b>2</b>
<b>2.2 Change</b> .....	<b>3</b>
<b>2.3 New Plans and Principles</b> .....	<b>5</b>
<b>3. PROJECT ACTIVITIES</b> .....	<b>8</b>
<b>3.1 INTER-MUNICIPAL COOPERATION SUPPORT</b> .....	<b>8</b>
<b>3.2 SECTOR SUPPORT FOR SMALL AND MEDIUM-SIZED ENTERPRISE DEVELOPMENT</b> .....	<b>15</b>
<b>3.2.1 Textile – Denim Production</b> .....	<b>15</b>
<b>3.2.2 Footwear Sector</b> .....	<b>17</b>
<b>3.2.3 Wood/Furniture Sector</b> .....	<b>19</b>
<b>3.2.4 Metal Processing Sector</b> .....	<b>23</b>
<b>3.3 AGRICULTURE ENHANCEMENT</b> .....	<b>24</b>
<b>3.3.1 Horticulture Incubator Program</b> .....	<b>24</b>
<b>3.3.2 Product testing laboratory services in the Regional Center for Agricultural Development (RCAD) in Sjenica</b> .....	<b>25</b>
<b>3.3.3 Center for Collection and Processing of Non-Timber Forest Products (NTFP) in Tutin</b> ....	<b>26</b>
<b>3.3.4 Food-testing equipment for Subotica Laboratory to enable increased export</b> .....	<b>27</b>
<b>3.3.5 Sombor Agriculture Education Center</b> .....	<b>27</b>
<b>3.3.6 The ‘Mountain Breakfast’ brand</b> .....	<b>29</b>
<b>3.4 INNOVATION</b> .....	<b>30</b>
<b>3.4.1 ICT Academies</b> .....	<b>30</b>
<b>3.4.2 3D Impuls Center in Kraljevo</b> .....	<b>31</b>
<b>3.4.3 Technology and Food-Processing Park in Leskovac</b> .....	<b>32</b>
<b>3.5 FOREIGN DIRECT INVESTMENT (FDI) ATTRACTION ACTIVITIES</b> .....	<b>35</b>
<b>3.6 STRENGTHENING PUBLIC ADMINISTRATION TO ENABLE INTER-MUNICIPAL BUSINESS GROWTH AND INVESTMENTS</b> .....	<b>38</b>
<b>3.7 INTEGRATING YOUTH EQUITABLY INTO LOCAL ECONOMIES</b> .....	<b>43</b>
<b>4. LESSONS AND CONCLUSIONS</b> .....	<b>46</b>
<b>Annex A: Eight IMC Areas - New Criteria Programs</b>	<b>50</b>
<b>Annex B: Financial Report</b>	<b>66</b>
<b>Annex C: Performance Monitoring Report</b>	<b>67</b>
<b>Annex D: Index of Reports and Products</b>	<b>94</b>
<b>Annex E: Table of Cooperating NGOs</b>	<b>96</b>



**ACRONYMS**

AYES	Association of Young Entrepreneurs of Serbia
B2B	Business to business
BEE	Business enabling environment
BFC	Business Friendly Certification
CB	Capacity building
CIP	Capital Investment Planning
CMS	Customer Management Software
CSO	Civil society organization
EU	European Union
EU PROGRES	European Partnership with Municipalities
FDI	Foreign direct investment
FTP	Food Technology Park in Leskovac
GDS	Global Destination for Shoes and Accessories Trade Fair
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoS	Government of Serbia
Ha	Hectares
IMC	Inter-municipal cooperation
IMCA	Inter-municipal cooperation area
IZ	Industrial Zone
LED	Local economic development
LG	Local Government (applies to a city or a municipality)
MAPs	Medicinal and Aromatic Plants
MoU	Memorandum of Understanding
NALED	National Alliance for Local Economic Development
NAPOR	National Association of Youth Workers
NARD	National Agency for Regional Development
NiCAT	Nis Cluster of Advanced Technologies
NCP	New Criteria Program
NES	National Employment Service
NFE	Non-formal education
NGO	Non-governmental Organization
NTFP	Non-timber forest products
PGI	Protected Geographical Indication
PMP	Performance monitoring plan
PPP	Public-private partnership
Project	USAID Sustainable Local Development Project
PUC	Public Utility Company
RCAD	Regional Center for Agricultural Development in Sjenica
RDA	Regional Development Agency
SCC	Serbian Chamber of Commerce
SCTM	Standing Conference of Towns and Municipalities
SDA/RAS	Serbian Development Agency
SEDA	Sandzak Economic Development Agency
SIEPA	Serbian Investment and Export Promotion Agency
SK	Smart Kolektiv
SLAP	System of Long-listed Advanced Infrastructure Projects
SME	Small- and medium-sized enterprise
STTA	Short-term technical assistance
TA	Technical assistance
VET	Vocational education and training
WG	Working Group
WP	Work plan

## 1. INTRODUCTION

Chemonics International Inc. is proud to present this Final Report on USAID's Sustainable Local Development Project (SLDP), which Chemonics implemented from December 22, 2010 to August 21, 2016. SLDP was a project rich in innovation and learning. As described below, the project, a beneficiary of USAID's patience, flexibility, and creativity, changed its management methodology and approach in its third year to realize its original goals of creating economic growth in local regions. In this way, SLDP was an unusual project, fortunate in the allowance it was given to learn lessons and adopt new solutions as it evolved. A true product of USAID/implementer collaboration and partnership, SLDP began as a project emphasizing governance and process and ended as a project focused on private sector development and concrete economic impact. Along the way, it always sought to harmonize governance priorities with economic imperatives and results, and as can be seen in the summary box that follows, its successful activities are manifold.

Summary of Accomplishments:
<ul style="list-style-type: none"> <li>• SLDP experts worked with 69 individual companies and nine sector clusters/associations of producers, assisting them to improve their production, expand their product offerings, modernize promotional activities and materials, and establish contact with potential buyers abroad.</li> </ul>
<ul style="list-style-type: none"> <li>• With SLDP assistance, 6,958 new jobs were created in partner inter-municipal Cooperation (IMC) areas.</li> </ul>
<ul style="list-style-type: none"> <li>• 657 youths who participated in the SLDP-sponsored activities found new employment.</li> </ul>
<ul style="list-style-type: none"> <li>• From 2013-2015, business revenues of SLDP partner companies increased by \$25 million, adding 529 new jobs.</li> </ul>
<ul style="list-style-type: none"> <li>• A total of 782 youths participated SLDP's educational programs, and the project organized 452 internships, enabling 657 youths to find employment.</li> </ul>
<ul style="list-style-type: none"> <li>• Foreign direct investment attraction coaching, business retention and expansion training, brownfield redevelopment and asset management guidance helped partner IMC areas to attract \$211.8 million in investment from 2013 to 2016.</li> </ul>
<ul style="list-style-type: none"> <li>• 2,877 locally elected and appointed officials, members of CSOs, media, and business people participated in project-sponsored training and experienced system improvement through SLDP technical assistance.</li> </ul>
<ul style="list-style-type: none"> <li>• 70 events and initiatives organized that promoted dialogue between the private, public and civil sectors.</li> </ul>
<ul style="list-style-type: none"> <li>• 9 municipal and inter-municipal infrastructure development projects supported in different stages of development.</li> </ul>
<ul style="list-style-type: none"> <li>• 7 public-private partnerships supported.</li> </ul>

## 2. ABOUT THE PROJECT

### 2.1 The Original Approach

SLDP began as a project meant to improve local economic development by employing a set of tools, including inter-municipal cooperation ("IMC"), to strengthen relevant economic-oriented local administrative processes and encourage public and youth participation in deciding local economic issues. SLDP was expected to identify eight IMC areas, consisting of three or more cities or towns, and, in each IMC area, to manage the creation of a joint working platform of local government, business, and civil society from each member-community. This platform of Inter-municipal cooperation would decide on, and implement, mutually beneficial economic development projects for the entire IMC area, and each community would contribute resources to that effort. The objectives of SLDP, as drafted by USAID, were as follows:

...to assist the Government of Serbia and relevant ministries to enhance the capacities of its local governments to provide services and facilitate economic development in a transparent and participatory manner to reduce opportunities for corruption within the public sector. The long-term objective of the Project is to create a sustainable local environment for business to grow and prosper through improved local government capacities, business advocacy and increased public participation in the area-based economic development.

In its first two years, SLDP concentrated on the three tools for development that were outlined in its Statement of Work: *i.e.*, IMC programming, public administration reform, and youth development and participatory mechanism. Of these development tools, IMC programming presented the most difficult management challenge because it was completely new to Serbia. Both the IMC concept and the institutional mechanisms for managing IMC programming were alien and without legal or administrative precedent. The eight IMC areas approved by USAID included multiple cities whose mayors were of divergent parties, whose budgets were operated completely independently of any other IMC community, and whose business profiles and economic needs and priorities varied from community to community. Though SLDP attempted to wrestle agreement for joint projects from the various IMC platforms of administrative, business, and civil society leaders that the project managed to create, the results were disappointing: it was not readily apparent how the identified projects would produce palpable economic growth or development. The project's funds were insufficient to implement the kind of large infrastructural projects that are the natural fruit of IMC programming and were suggested by most IMC committees, so we had to compromise on doing feasibility studies for projects that, perhaps, would be done in the future, once funds materialized from somewhere. Other suggested projects constituted flights of fancy, unmoored by economic analysis or business logic, such as a Leskovac "green agri-zone" or a GIS mapping of Krajlevo agriculture land. Still other projects grew from political agendas and compromises unrelated to need, such as an airport development plan in Uzice. By the end of Year 2, SLDP and its beneficiaries had to choose among such projects. Their merit was that they had been developed in a transparent and participatory manner by the various IMC committee members; their deficiency was that they could not promise economic impact, even if "successful." The project was faced with a familiar conundrum: Is development funding to go to cultivation of processes or to a quest for impact?

The other tools emphasized by the Statement of Work, administrative reform and youth development/participatory mechanism, were implemented with greater ease. By their nature, these tools were measured in outputs, such as people trained and events held. After two years, successful activities had been registered in these areas, but there was no way to know whether the work would culminate in a "sustainable local environment for business to grow and prosper."

**Component 2: Local Government Administration and Component 3: Youth Development and Participatory Mechanism – at the end of FY2012**

- ✓ Nine public services in support of business development; four LGs improved their asset management capacities, three improved PUC monitoring; 32 LGs receiving USG assistance that improves their performance related to IMC mechanisms for sustainable development; eight assisted in achieving BFC standards; Project experts assisted key partners in developing six advocacy initiatives.
- ✓ Twenty-three project-assisted municipalities, where at least one project is taking into account or supporting participation of underrepresented groups: seven municipalities where ethnic minorities benefit from IMC projects (4 in South Serbia and 3 in Sandzak); and 16 municipalities where youth development projects are supported by NAPOR activities (NAPOR is a project grantee).
- ✓ Thirty-one (31) youths began internships in twelve private companies with the prospect of future employment.
- ✓ The project supported implementation of the National Career Guidance Strategy, in cooperation with the Ministry of Youth and Sports and with partners on sub-national level, and delivered six training sessions in career guidance and development to 65 representatives of IMC, and supported 10 mobile career guidance teams to deliver career counseling services to youth in rural IMC areas. Through a grant to KOMS (Serbian Youth Umbrella Organization), 194 young people were enrolled in SLDP-sponsored educational programs.
- ✓ Supported the National Employment Service (NES) to complete a labor force gap analysis and employer needs forecast.
- ✓ In FY 2012, SLDP issued grants to leading CSOs in seven IMC areas to integrate public participation and citizens' voices into IMC governance mechanisms and ensure local development planning is more inclusive and sustainable.
- ✓ By the end of FY 2012, 101 institutions and organizations had participated in SLDP-sponsored activities. In addition to the strategic partnerships the project maintained with key partners, such as the newly established Ministry of Regional Development and Local Self-Government, the National Agency for Regional Development, the Standing Conference of Towns and Municipalities, the National Alliance for Local Economic Development, KOMS and NAPOR, the National Employment Service, and regional development agencies, more than 90 other institutions and organizations received different types of assistance and assumed more substantive roles in regional development processes.
- ✓ Twenty-one initiatives were undertaken by or with support of officials, to engage in dialogue with the public.
- ✓ The project provided training to 955 participants (47.5 percent of whom were female) from local governments, public utility companies (PUCs), CSOs, and businesses.

## 2.2 Change

At the end of Year 2, USAID told project management that it was not clear whether SLDP was having any impact on the economic lives of citizens in the places where it was working. When project management cited meetings held, training courses launched, projects proposed (and even partially

implemented), USAID rightfully asked "so what?" Were SLDP's endeavors adding up to improvements that could be seen on the ground? Did the project have a concrete goal, or set of goals, that it was heading toward and would achieve? These penetrating questions compelled SLDP to take stock and re-think its character. With USAID's permission and encouragement, the project re-organized its staff and re-envisioned its mission. Internally, SLDP's staff determined that USAID's concerns could be met only if the project switched from pursuing process changes to hunting for opportunities to catalyze real economic impact.

This determination brought about a rapid change in project methodology and management culture. First, we no longer had the time rely on others to suggest effective goals or projects; rather, we decided that as consultants, we would guide economic research and analysis and on that basis, would suggest projects to our IMC partners that we believed had real potential for economic impact. Second, we needed to find a universal target that all of our mayors and communities could agree is important, so that we would not be sprinkling project resources in pursuit of diffuse results idiosyncratic to each of the regions and communities where we were working. Third, we decided that every project component, and every tool and resource it used, would be dedicated to achieving this universal target. No administrative reform or youth activities or activities in participatory decision-making would operate independently of SLDP's other activities and main target. If municipal utility companies were inconsequential to the main objective, or if a PPP possibility engaged a purely insular objective, the project would not deal with it; if youth offices brought nothing of value to the main project activity, they would no longer be a subject of SLDP's concern.

SLDP management then went back to its beneficiaries in face-to-face meetings to re-examine the economic characteristics of the communities where it was working. Repeatedly, it became clear that each of the various communities was preoccupied with different agendas, which they wished to address with donor support. A universal target for an IMC area, let alone for all of the IMC areas, would be difficult to come up with if the focus stayed anchored to the administrative and civil society agendas that occupied each community's attention. Beyond these agendas, however, loomed a singular painful fact on which all community leaders, anywhere, could focus — the lack of jobs and high unemployment in their communities. In SLDP's partners, the pernicious symptoms of joblessness and unemployment were universally present and acknowledged as a root cause of economic pain. But no one was attacking it in a direct and systematic way. For SLDP, this meant that we had found our universal target — chronic unemployment.

The unemployment rate in Serbia in April 2012 was 25.5%. The most affected age groups were young people between 25 and 39 years old (source: National Employment Bureau and Republic Statistical Office of Serbia).

No mayor or NGO in SLDP's partner communities had a market-based understanding of how to deal with this issue. Certain cities were using parts of their federal subventions to create new city government jobs. Others were paying private employers the salaries required for a few workers for a single year. Youths were learning how to prepare resumes and business plans for dreamed-of start-ups. But the obvious and most direct solution for battling unemployment is to increase the business

success of the private sector. Yet even though this is the only way to add jobs in a market economy where private sector taxes are the basis for public budgeting and spending, no donor, national government entity, or local leadership was focused directly on private sector growth. In our meetings, mayors asked us how the private sector grows, and we answered in one of two ways: by adding new investors to a community's private sector roster, or by making existing businesses more competitive so that they can penetrate new markets and grow. Local leaders, however, did not know how to address either of these solutions. SLDP offered to help, conditional on USAID approval.

### **2.3 New Plans and Principles**

The rigors of reducing unemployment by enlarging the private sector required that SLDP embrace the guidance of market principles. First and foremost, project activities would all be demand-driven; if there were no market demand for an idea about growing the private sector, the project would not pursue it. Although this would seem to be a self-evident management principle, economic development work often concentrates on the capacity of a firm or government or state to produce goods, without attention to whether those goods are demanded by anyone who will pay for them. SLDP would not do that. Demand studies showing positive market and revenue-generating demand would precede all future project activities.

Second, because we were concentrated on enlarging the private sector, sustainable and robust business growth had to be the target of our private sector work. In a competitive marketplace, such robust and sustainable growth depends on the private sector's ability to produce and market ever-more efficiently and with higher value products responsive to ever-growing demand. Therefore, we adjusted our "client" base. We would work only with elements (or sectors) of the private sector that could penetrate new markets because they had already shown the promise of becoming sufficiently competitive in quality and efficiency to meet identifiable and growing demand in those markets. In other words, however stern it sounds, SLDP would work only with concrete market potential to add a magnitude of sustainable jobs in the foreseeable future, and would not engage in poverty relief, start-up work, or social entrepreneurial work.

Armed with these two principles and USAID's good will, the project set to work identifying the programs best suited to add jobs to each IMC area. First, SLDP distinguished this new initiative from preceding efforts by labeling the activities it would choose as New Criteria Programs (NCP). To incorporate the principles stated above and realize real results over the three years left to SLDP, the project resolved to select NCP activities according to a set of criteria approved by USAID in advance. USAID's approval of these criteria, which came with much back-and-forth discussion and suggestion at the highest Mission level, was critical. The criteria created a yes/no framework for what the Project could consider when our counterparts advocated ideas that may not have met the full intent of the NCP initiative. We were determined not to allow the "free-for-all" decision-making process that IMC Committees had employed in SLDP's first go-around of choosing IMC projects. Now, we were looking for economic impact through consensual decision-making on strict, evidence-based, analytical standards.

The approved criteria governing the NCP initiative speak for themselves and are as follows:

#### Criteria for selecting New Criteria Programs in partner IMCs:

1. Proximate relation to job creation
2. Plausibility (fits within cultural, economic, and political constructs)
3. Feasibility (expected benefit would exceed cost, and benefits over costs are testable)
4. Implementable by partners and project
5. Original and innovative (depending on extent of innovative products and services employed in NCP realization)
6. SLDP components involved (youth work, competitiveness and marketing consulting, and FDI attraction work)
7. Leveraging by other donors
8. Does not alienate any IMC entity
9. Benefit more than one IMC entity
10. Local government strategic plans or recognized business needs

The project notified our partners of its decision to pursue a new NCP initiative, using these underlying criteria. We then took 10 weeks to canvass our IMC partners with meetings of all participants heretofore involved with SLDP (Committees and stakeholders), business leaders by open invitation, and schools and universities. We wanted our partners to think about economic development projects and ideas in light of the criteria and new goal of private sector growth. The project's staff and consultants simultaneously performed desk analysis of the most fundamental economic and business aspects of each IMC area, along with a scan of the best sectors and economic assets present in each IMC area. A great deal of this internal work drew on studies done in the project's first two years, but fresh eyes and approaches were applied.

Four weeks after the notifications were given to our IMC partners, SLDP held an Economic Development Forum in each IMC area, in which we discussed proposals and ideas about economic development activities that met the NCP criteria. Ideas at the Forum came from our local partners, but our outside project specialists and internal staff also offered program suggestions for each of the eight IMC areas, which had been circulated in advance of the Forums. The forums, attended by USAID and mayors and their teams from each IMC community and by all public stakeholders, produced lively dialogue. Participants held the criteria as central to the discussions, and ideas were vetted in terms of their adherence to the criteria. The project took careful note of the comments and reactions to each proposal, including the ones advanced by our own team.

Three weeks following the Economic Forums, the project published what it considered the conclusions reached by each IMC Forum and vetted these conclusions with the IMC leaders. From that exercise, project staff set each IMC area's overall job-producing goal and the specific underlying activities that would realistically achieve it. Together, these goals and activities constituted the New Criteria Program in each IMC area. In presentations to, and discussions with, USAID Mission management and specialists, these programs were considered and approved by USAID in light of their meeting the criteria. **The NCP program for each IMC area is included in Attachment A to this report.**

Two remarks need to be made at this juncture, because it is important to remember how USAID and SLDP agreed to view these NCP programs. These remarks illustrate the close cooperation,

reasonability and flexibility with which USAID approached this project re-do; USAID was a true partner here, not a simple manager checking off deliverables. We are grateful and inspired by how constructively the Mission addressed project management, and how no nuances of the necessary changes were lost on the Mission professionals.

First, the goals of each NCP program, such as "increase by 20 percent" were normative, not contractual. They were used as strong motivation for project staff and beneficiaries to execute the underlying activities of the NCP program. Second, because of the focus on enlarging the private sector as a primary goal, project deliverables that dealt exclusively with process output goals had to be modified or eliminated. USAID and the project worked to change our MEP to better reflect what SLDP was going to do in the next three years. **These changes are described in Annex A to this Report. When read carefully, they demonstrate the magnitude of qualitative adjustments that were made to switch the project's focus from institutional process to economic impact.**

Once the NCP programs were approved by USAID and by our partners, the project's work for the next three years was set. As stated in our FY 2014 Work Plan, we proceeded as follows:

- To maximize chances of success, each NCP is matched to the economic assets, business strengths and private sector needs of each individual IMC. In IMC areas where there is a significant, but static, SME manufacturing sector, enhancing the competitiveness of key sectors to expand their markets is the fulcrum of the Project's work. In IMC areas where economic activity is tied to low-value business activity, such as commodity farming, the project is working to move the business profile to higher value endeavors, such as horticultural farming and food processing. In the IMC areas where there are kernels of new economic activity in ICT and innovative manufacturing, the project will work to turn those inchoate efforts into successful demonstration models with more universal and systemic industrial application. In several IMC areas, where the location, economic logic, and infrastructure are appropriate, the Project is guiding inflowing investment promotion to add jobs to the regional economy.
- NCP primarily describes what the project's Scope of Work identifies as Component 1 work; however, we have molded Components 2 and 3 to support the NCPs so that all project activities fully synchronize. Component 2 activities, which deal primarily with municipalities' capacity to carry out local economic development, are either directly supportive of particular elements of the NCPs or designed to build the knowledge and skills necessary to execute activities similar to those of the NCP activities. Component 3 activities [youth and participatory mechanism] are concerned with developing a work force that matches the private sector needs in the project's IMC areas.

### 3. PROJECT ACTIVITIES

SLDP was essentially running eight NCP programs simultaneously in geographically distant parts of the country, so both the execution of and reporting about the activities was managerially diffuse. However, because in all IMC areas, we were concentrated on the goal of expanding the private sector, we were able to use a core group of foreign and domestic experts in multiple IMC areas, thereby saving resources and increasing learned experience across the various IMCs. Because we hope that this Final Report may be read not only as a chronicle of our work but also as a generalized manual for private sector competitiveness work in multiple regions, we will present our activities and their results thematically, rather than region by region.

#### 3.1 INTER-MUNICIPAL COOPERATION SUPPORT

In 2011, the project formed eight inter-municipal cooperation (IMC) areas, which sought to enable local governments to collaborate and partner with the private sector and civil society to optimize available municipal resources and services and build capacities to identify, leverage, and absorb public, private, and donor investment funds. The contract scope of work identified Nis and Novi Sad as lead cities, and added Vranje and Novi Pazar, as directed by USAID, based on Mission priorities for assisting these two underdeveloped, ethnically diverse regions. Selection of the next four lead cities and associated clusters proceeded through a two-phased competitive process. First, the project invited local governments to fill out a detailed questionnaire to confirm their interest in project participation and to score all the larger local governments on their capacity to serve as lead cities. A short list of cities was then invited to submit applications, in which they proposed partner cluster local governments and priority IMC project ideas. The project recommended to USAID the highest ranked cities as project lead city partners, based on both the scored questionnaire response and the application. In this way, SLDP identified Uzice, Kraljevo, Zrenjanin, and Subotica as the final four IMC areas.

To ensure functioning IMC area structures, the project instituted IMC forums and coordination and working groups that enabled partners in each IMC area to engage in meaningful and inclusive decision-making, project-planning and execution. SLDP assessed IMC business opportunities, focusing on the capacity among existing business leaders and their support of innovation as added value to development of new products and chance for economic growth. All activities implemented in IMCs were interrelated and divided into three objectives:

- 1.1. Improve intermunicipal economic development by guiding work on specific projects that will add jobs to the territory
- 1.2. Sustain IMC capacity to succeed in investment attraction and business growth necessary to enhance regional economic competitiveness
- 1.3. Spread and imbue the institutional and technical knowledge gained through successes of inter-municipal economic development

In addition, with project's support, each IMC developed the new criteria projects matched to the economic assets, business strengths and private sector needs of each individual IMC. The table below represents the NCPs implemented by participating IMCs.

<b>Inter-Municipal Cooperation (IMC) Area</b>	<b>New Criteria Program</b>
<b>A. Uzice-led IMC</b> <ul style="list-style-type: none"> <li>• UZICE CITY</li> <li>• CAJETINA MUNICIPALITY</li> <li>• NOVA VAROS MUNICIPALITY</li> <li>• PRIJEPOLJE MUNICIPALITY</li> <li>• PRIBOJ MUNICIPALITY</li> </ul>	Uzice IMC Regional Value Chain
<b>B. Novi Pazar-led IMC</b> <ul style="list-style-type: none"> <li>• NOVI PAZAR CITY</li> <li>• TUTIN MUNICIPALITY</li> <li>• SJENICA MUNICIPALITY</li> </ul>	Novi Pazar - Entrepreneurship that Sells
<b>C. Nis-led IMC</b> <ul style="list-style-type: none"> <li>• NIS CITY</li> <li>• LESKOVAC CITY</li> <li>• MEROSINA MUNICIPALITY</li> <li>• GADZIN HAN MUNICIPALITY</li> <li>• DOLJEVAC MUNICIPALITY</li> </ul>	Grow South
<b>D. Vranje-led IMC</b> <ul style="list-style-type: none"> <li>• VRANJE CITY</li> <li>• BUJANOVAC MUNICIPALITY</li> <li>• PRESEVO MUNICIPALITY</li> <li>• VLADICIN HAN MUNICIPALITY</li> </ul>	Invest on Corridor 10
<b>E. Kraljevo-led IMC</b> <ul style="list-style-type: none"> <li>• KRALJEVO CITY</li> <li>• CACAK CITY</li> <li>• GORNJI MILANOVAC MUNICIPALITY</li> <li>• VRNJACKA BANJA MUNICIPALITY</li> <li>• RASKA MUNICIPALITY</li> </ul>	Kraljevo IMC Competitiveness through Innovation
<b>Zrenjanin-led IMC</b> <ul style="list-style-type: none"> <li>• ZRENJANIN CITY</li> <li>• KIKINDA MUNICIPALITY</li> <li>• NOVI BECEJ MUNICIPALITY</li> </ul>	Diversification of Agriculture--New Jobs for Rural Youth
<b>Subotica-led IMC</b> <ul style="list-style-type: none"> <li>• SUBOTICA CITY</li> <li>• SOMBOR CITY</li> <li>• KANJIZA MUNICIPALITY</li> </ul>	Subotica IMC Agribusiness Expansion
<b>Novi Sad-led IMC</b> <ul style="list-style-type: none"> <li>• NOVI SAD CITY</li> <li>• SREMSKI KARLOVCI MUNICIPALITY</li> <li>• BEOCIN MUNICIPALITY</li> <li>• TEMERIN MUNICIPALITY</li> </ul>	Metro Novi Sad: First Place for Business

#### **A. Uzice IMC: The Uzice IMC Regional Value Chain**

The IMC area was formed in December 2011. In 2013, the IMC and the project launched the economic program “Uzice IMC Regional Value Chain.”

Project activities in this IMC area focused on supporting the local tourism industry in reaching a 10 percent increase of purchases from local vendors. The Uzice IMC includes the large city of Uzice and

the popular resort towns of Zlatibor, Zlatar, and Tara, along with economically hard-hit municipalities in the west. Recognizing the potential of these resort towns, the project worked to engage other municipalities in the IMC in the tourism value chain. In 2013, SLDP initiated cooperation with the Zlatibor Regional Development Agency (RDA Zlatibor) to develop and analyze the tourism supply chain of the destinations of Tara, Zlatibor, and Zlatar. Then, in 2014, the RDA produced analyses of a supply chain from the region's tourism industry, listing local products that could meet high hotel, recreation, and catering demand with additional targeted support. In 2015, the project awarded RDA Zlatibor a grant to create and market a local gastronomical brand and promote it through regional tourism agencies, hotels, and restaurants. The grant also aimed to consolidate local business linkages and connect the tourism industry with specific vendors/producers of local food products and handicrafts. The activity gathered representatives of the Regional Chamber of Commerce, associations of hotels and restaurants, regional tourist organizations, and travel agencies to jointly create unique culinary choices specific to the regional mountain resorts of Zlatibor, Zlatar, and Tara. These efforts culminated in the development of the Mountain Breakfast Regional Gastronomic Brand, which consisted of specific food items indigenous to each resort. The project and RDA Zlatibor created a new regional value chain connecting tourist representatives and food producers through a business-to-business meeting that allowed producers to negotiate directly with tourism industry representatives. The project supported the opening of a local traditional products shop that serves local producers, enabling them to present and sell their products. The shop, opened in the Zlatar Resort, will promote and sell 25 products that are certified elements of the Mountain Breakfast.

Details on IMC support activities and key results are presented in Annex A, subsection A.

#### **B. Novi Pazar IMC: Novi Pazar-Entrepreneurship that Sells**

This IMC area was formed in July 2011. In 2013, the IMC and the project launched the economic program "Novi Pazar: Entrepreneurship that Sells."

This concept aimed at increasing total exports of project-assisted sectors by 10 percent, in partnership with the Sandzak Economic Development Agency. The city of Novi Pazar and smaller partnering municipalities of Tutin and Sjenica are traditionally known for their commercial and entrepreneurial spirit. Today, however, they constitute one of Serbia's poorest regions. The active sectors within the IMC region are textiles, footwear, furniture, and husbandry (dairy, meat), consisting of entrepreneurial small- and medium-sized firms and farms. Each of the key sectors experienced cluster development work and identified particular constraints and gaps. As a starting point of project intervention, to increase specific sector competitiveness, SLDP engaged international short-term expertise to assess firm-level capacities and to provide sets of recommendations for implementation in four sectors: (1) fashion textiles (jeans); (2) furniture; (3) footwear; and (4) agriculture/herbs.

The main goal of all activities implemented in this IMC area was to strengthen the competitiveness of the private firms in the above sectors by identifying specific buyers and specific markets that these producers could penetrate. The project's international experts supported cluster members to increase their sales and expand their operations. The project secured the full participation of relevant sector firms, public administrators, and other local stakeholders in implementing the

recommendations and activities launched under the advice of the sector STTAs. All sector experts were asked to find sales arrangements that firms could use to engage to continue international sales when the project ended. In addition to trade fairs, the Project's footwear, furniture, and denim experts began negotiating to bring foreign buyers to Serbia and looking to forge links between the most successful local companies and these foreign firms. Buyers thus saw the products they were interested in and were able to visit production facilities, thus shortening the time of negotiation. The project team also cooperated with other donors to secure additional support to the Novi Pazar business community. Such efforts focused on resolving such matters as the challenge of waste water treatment in the denim sector by encouraging acquisition of ozone-based dry finishing equipment, improving the quality of workforce in all sectors, and encouraging the rational usage of the former Raska textile brownfield site by local SMEs.

Details on IMC support activities and key results are presented in Annex A, subsection B.

### **C. Nis IMC: Grow South**

The IMC area was formed in July 2011. In 2013, the IMC and the project launched the economic program "Grow South."

The goal of this concept was to increase the dollar value of sales of the IMC's processed food products by at least 15 percent by November 2015. SLDP's key partner in this endeavor was the city of Nis, primarily its Agriculture Department and LED office. The project's activities centered on expanding the IMC's food processing sector by expanding the markets and capacities of existing processors, attracting new processors to the area, and helping producers organize themselves into efficient value chain vendors to the region's processors. SLDP engaged international and local short-term technical assistance (STTA) to analyze the demand for IMC processed foods. The Berman Group undertook an analysis of the investment potential of targeted sites, as the lack of market-ready property was identified as one of the biggest obstacles in attracting investment to Nis.

The project initiated the development of the regional Food Processing Support Center in Nis (the Center) and establishment of the Product Development Research Pilot Plant at the Food Technology Park ("FTP") in Leskovac. SLDP's international food processing consultant finalized the concept and organizational model of the Center, developed its strategy, action plan, and the range of services to be provided to food processing clients and producers, and outlined the training needs of the staff involved in its work. The expert also provided training on how to organize service delivery, promote the Center, and better understand food value chain systems and food processing operations in the IMC region. The Center is housed on the premises of the Department of Agriculture and Rural Development (DARD) in the city of Nis, and each IMC area partner municipality has its own local coordinator. The project also approved a \$90,000 grant to the Leskovac FTP to support the establishment of the Product Development Research Pilot Plant, including equipment purchase and installation. The new facility will support all stages of product development, from idea generation through concept development to the production of small trial samples. An added benefit will be in the development of a youth workforce, as students and postgraduates from the Faculty of Food Technology in Leskovac will use the pilot plant for instructional activities.

Details on IMC support activities and key results are presented in Annex A, subsection C.

#### **D. Vranje IMC: Invest on Corridor 10**

The IMC area was formed in June 2011. In 2013, the IMC and the project launched the economic program “Invest on Corridor 10.”

The goal of this concept was to attract at least five new investments in greenfield or brownfield sites that would, in turn, create new jobs. The key partners in this endeavor were municipal LED offices of Vranje (as the IMC leader), Bujanovac, Presevo, Vladicin Han, and Confindustria, an Italian-Serbian business association. This was an investment attraction program, and the project supplied a full range of necessary technical assistance, including consulting on investment promotion, targeting investors that fit the IMC’s profile of assets, training local businesses and local governments to present the best sales package for the IMC area, and working to fill investor needs, such as for adequate trained labor and prepared investment sites. Berman Group experts initiated an FDI coaching program, to present the best sales package for the IMC area. SLDP also cooperated with Confindustria-Serbia to develop a training needs assessment and study for the training center in Vranje to fill investor need gaps. Vranje IMC municipalities were active participants in the Project’s FDI coaching program. The city of Vranje took part in an investment road show in Italy, organized in cooperation with Confindustria. FDI coaching activities were supported with development of documentation for investment land in the Presevo industrial zones. The project also funded a demand study for establishment of the workforce development center based on the needs of the existing business sectors and supported the IMC in ensuring availability of land for industrial use and the presence of qualified and available labor that matched investors’ needs.

SLDP also assisted the footwear and furniture sectors in the Vranje-led IMC area. As in the Novi Pazar-led IMC area, to help expand the footwear sector, the project continued working with an international footwear sector expert who organized several visits to Serbian shoe manufacturers by international buyers. In preparation for the inward buying mission which brought foreign buyers to Serbia, the footwear sector expert visited Serbian shoemakers to prepare them for these visits. The Vranje IMC also benefited from SLDP’s technical assistance in the furniture sector, including to prepare local producers for inward buyer visits.

Details on IMC support activities and key results are presented in Annex A, subsection D.

#### **E. Kraljevo IMC: Competitiveness through Innovation**

The IMC area was formed in December 2011. In 2013, the project launched the economic program “Kraljevo IMC Competitiveness through Innovation.”

This concept focused on helping local innovation centers create 50 innovations that would lead to new SME sales in the marketplace. The Kraljevo IMC area’s economic profile revealed a great deal of manufacturing in diverse sectors, mostly by SME remnants of large state-owned enterprises, with pockets of more sophisticated export-oriented companies. To spur innovation and increase SME sales, the project worked with the ImPuls Business Innovation Center, a part of the Faculty of Mechanical Engineering in Kraljevo, to assist SMEs in the region in applying innovative solutions and becoming more competitive. The Center provided 3D scanning and printing services using advanced design technologies for a wide range of manufacturers of metal and plastic products, from factories and industrial designers to scientific institutions. With project assistance, the Center more than

doubled the number of completed orders. SLDP organized workshops that brought scientific institutions and businesses together, which led the IMPuls Center to join the Vojvodina Metal Cluster (VMC), expanding its client list by the VMC's more than 100 members.

Details on IMC support activities and key results are presented in Annex A, subsection E.

#### **F. Zrenjanin IMC: Diversification of Agriculture-New Jobs for Rural Youth**

The IMC area was formed in December 2011. In 2013 the Project launched the economic program "Diversification of Agriculture – New Jobs for Rural Youth."

The goal of this concept was to increase IMC production of vegetables ultimately marketed to processors by 20 percent. Key partners in this activity include local governments of Zrenjanin, Kikinda and Novi Becej, two associations of agricultural producers (Banatska Lenija and Carska Basta) and the extension service of the Ministry of Agriculture. This concept dealt primarily with the diversification of agricultural production through crop intensification by adding new, high-value crops. Adding vegetables to existing cropping systems, for example, improved the overall productivity of farms and promoted the creation of new farms. To complement this effort, the project also assisted in the promotion and strengthening of vegetable production and food processing in rural areas to provide employment opportunities for youth. To synchronize activities, the project held additional meetings with the Provincial Secretariat for Agriculture and identified the potential of existing food processing companies through a demand analysis and assessed opportunities to introduce new products.

In 2014, SLDP enabled the establishment of horticulture incubators in each IMC municipality by providing technical assistance to local governments and unemployed rural youth and purchasing educational greenhouses for the benefit of tenants of incubators. The activity promoted the diversification of agricultural production and enhanced the entrepreneurial and practical skills of new young farmers by allowing them to run small farm businesses and grow vegetables in greenhouses and open fields, with reduced time and at a lower cost. The farm incubator program consisted of two main elements: an educational component that provided training and mentorship in farm management and vegetable cultivation, and a resource-based component that provided land, infrastructure, equipment, and greenhouses for qualified young people wanting to start farming businesses. The Ministry of Youth and Sports participated in incubator program by providing trainers in farm management.

Details on IMC support activities and key results are presented in Annex A, subsection F.

#### **G. Subotica IMC: Subotica IMC Agribusiness Expansion**

The IMC area was formed in November 2011. In 2013, the IMC and the project launched the economic program "Subotica IMC Agribusiness Expansion."

The goal of this concept was to increase domestic and export sales of agricultural products by 10 percent. This concept engaged the LED offices of three IMC local governments on three specific projects: (1) a laboratory for agriculture products in Subotica; (2) a logistics/distribution center for agricultural goods in Kanjiza; and (3) an agricultural training center in Sombor. With SLDP's

assistance, the Subotica IMC identified the need to increase agribusiness operations to create jobs. The project provided new equipment to expand the laboratory in Subotica, to give the region the capacity to test for more varieties of pesticides present in food and certify that local agricultural products meet strict export market requirements. In addition, the Subotica Public Health Institute laboratory now has the equipment and capacities to test for the presence of pesticides and pollutants in line with EU and other market regulations. The project also equipped an agricultural training center in Sombor, implementing an annual curriculum aimed at enhancing the knowledge and skills of farmers and agribusinesses to increase production efficiency and product quality, introduce new crop varieties, and apply innovative cultivation technologies.

In April 2015, the Serbian unit of Italian confectionery maker Ferrero Group, Agriser, acquired the agricultural assets of Sombor-based farming company “Aleksa Santic.” The assets include 700 hectares of agricultural land with facilities. Ferrero invested in hazelnut production by setting up a production center, while establishing cooperation with local producers. During U.S. Ambassador Michael D. Kirby’s 2014 visit to Sombor, local officials emphasized that Ferrero’s interest to invest in the area was boosted by the existence of the project established Agriculture Education Center. Because hazelnut cultivation is not common in Serbia, Ferrero’s investment will require significant educational support to local farmers on new technologies and methods of growing hazelnut varieties.

Details on IMC support activities and key results are presented in Annex A, subsection G.

#### **H. Novi Sad IMC: Metro Novi Sad: First Place for Business**

The IMC area was formed in July 2011. In 2013, the IMC and the project launched the economic program “Metro Novi Sad: First Place for Business.”

The goal of this IMC concept was to add 1,500 new jobs to the IMC area in collaboration with key partners, including the ICT Cluster, Metal Cluster, LED Office Beocin, and LED offices in Novi Sad, Temerin and Sremski Karlovci. The Novi Sad IMC territory is economically vibrant with good infrastructure, a quality university, a high-tech culture, strong businesses, and physical beauty. The project cooperated with the Vojvodina Metal Cluster (VMC), a group of more than 116 small and medium-sized metal producers with access to foreign and local markets. The project helped the Cluster procure customer relationship management (CRM) software that allowed VMC members to connect with potential foreign buyers and to innovate and discover more high-value products to offer the market. As a result, VMC members could connect with potential clients more efficiently, cutting the current average of 100 days response time for customer inquiries to no more than 10 days. In addition, SLDP awarded a grant of approximately \$70,000 to the VMC to increase the competitiveness of its members by involving them in the production of an innovative, cluster-wide product to increase their sales and exports and to create new jobs. The resulting device provided computer-controlled guidance for plasma welding and cutting metal into complex, non-linear shapes, enabling repeated, exact, cuts at a much faster rate than human-controlled devices. The VMC estimated that with the new hardware, the number of companies using Cluster services would triple, while production costs would drop, making VMC services cheaper and more competitive.

To further support the expansion of VMC members in finding new markets, the project cooperated with the Swiss export promotion agency, SIPPO, to assist in implementing a large business-to-

business program. (SIPPO assists Swiss SMEs in their international business ventures.) With the help of SLDP short-term technical assistance, the project encouraged VMC members to engage in collective procurement to achieve more favorable terms for members than would be possible for a single company, develop collective offers (thus curbing costs), and create innovative products thus increasing the VMC's competitiveness on the market.

Details on IMC support activities and key results are presented in Annex A, subsection H.

## **3.2 SECTOR SUPPORT FOR SMALL AND MEDIUM-SIZED ENTERPRISE DEVELOPMENT (Project Component 1)**

### **3.2.1 Textile – Denim Production**

(Novi Pazar-led IMC)

Following an analysis of sectors across project-supported Inter-Municipal Cooperation (IMC) areas, SLDP found that the textile (denim) sector, which consisted of entrepreneurial small and medium-sized firms, was one of the most active sectors. The assessment, conducted over a three-week, multi-visit international STTA assignment, found that support to businesses and clusters in this sector could lead to an increase in employment, export, and revenue. The most competitive firms in these sectors, with the most potential for expansion and success on foreign markets, were found in the Novi Pazar-led IMC area, consisting of the city of Novi Pazar and Tutin and Sjenica municipalities.

After the initial assessment, the project supported a labor gap analysis, which also found that new skilled workers were needed in the denim sector. As a result, SLDP activities focused not only on expanding the revenue of, and investments, in these businesses but also on building the skills of future workers to enable new employment. In addition, from work done in previous USAID projects, SLDP noted that the denim sector in Novi Pazar faced serious environmental challenges associated with emitting unsafe water into the Novi Pazar River as a by-product of washing and finishing its denim jeans. Finally, the Novi Pazar jean manufacturers, owing to their limited size, were unable to compete internationally with international jeans manufacturers and needed to find a market niche for increased exports based on competitive advantages that had to be diagnosed and developed.

The NPC adopted for Novi Pazar called for expansion of exports to Western European markets. Project specialists developed a market-driven plan that involved alterations to firms' the production procedures and addressed the environmental challenge of eliminating harmful effluents during the jeans finishing process. The experts guided key manufacturers to use a new ozone-finishing technology, which would allow them to target an ecologically conscious market niche that is more forgiving on price and willing to buy in more limited, boutique quantities. The entire process of consulting and assistance can be summarized as follows:

#### TECHNICAL ASSISTANCE:

- Assessment of targeted international markets and demand analysis
- Recommendations on how to draw attention and meet the demand of international buyers
- One-on-one consulting on how to improve key production and marketing aspects

- Preparation of individual marketing plans, including social media promotion
- The website [www.fashionserbia.com](http://www.fashionserbia.com), which presents six local denim manufacturers to the Russian-language market.
- Trainings on business communication and negotiations at international trade fairs
- Quality-control training (enabling the introduction of uniform quality procedures and standardized products)
- Linking jeans producers with prospective international buyers

#### ASSISTANCE FOR PARTICIPATION AT TRADE FAIRS:

- “Bread and Butter” Trade Fair in Berlin, Germany

Participating companies: Maxers, Mikan, Denis, Exelit, SKKR His Exact Jeans, Join, Big Boys, Classic Jeans, Zemax – all from the Novi Pazar-led IMC

#### ACCOMPLISHMENTS:

- SLDP supported the efforts of six Novi Pazar denim producers, which employ more than 400 workers and export to international markets, to establish an association called PRO-DENIM, and jointly use the ozone-based technology for jeans finishing. The project procured ozone equipment worth \$280,650 to give Novi Pazar denim manufacturers a competitive advantage and enable them to attract the attention of ecologically conscious buyers willing to pay more for an eco-friendly product. This modern equipment benefits the environment, as it significantly reduces the use of water and energy, and eliminates harmful bleaching agents in the final stages of the process of jeans manufacturing.
- The project also supported three Novi Pazar–led IMC Area denim companies, Brug, Classix, and Exact Jeans, to open a joint retail store, “Jeans Factory,” in Belgrade’s “Stadion” Shopping Mall, and contributed to the selection of a suitable venue, helped establish the joint brand called Jeans Factory, and helped furnish the store, which reflects the new brand. In 2015, Jeans Factory reported a total sales of \$155,000, while in the first three months of 2016, the store made monthly sales of \$41,000 on average, a 25 percent increase compared with the same quarter in 2015. During the last three months, the store served 1,340 customers every month, each spending approximately \$30.
- SLDP also worked with the Novi Pazar Leather and Textile Vocational School to share new design and production concepts with students who would later join the local jeans sector. The manufacturers supported development of new curriculum and internship programs to elevate the readiness of students to contribute effectively to the industry after-graduation.



Novi Pazar Design and Textile Vocational School students take part in a jean finishing techniques training organized by the Project's expert



The ozone-finishing facility at ProDenim Association in Novi Pazar

### 3.2.2 Footwear Sector

(Vranje and Novi Pazar-led IMCs)

Following a broad assessment of the footwear sector like the one performed for the jeans industry, our international footwear consultant used his knowledge of the global market to assist eight high-quality Serbian shoemakers in approaching international buyers. Working with SLDP field staff in Vranje and Novi Pazar IMC areas, the team set about implementing a cocktail of deeper firm capacity assessment and analysis leading to advice aimed at participating in targeted trade fairs, and B2B contacts and negotiations, supported by managerial assistance on sampling, order scheduling and delivery. In addition to firms that our team discovered, the firms with which we worked were parts of a cluster or were firms that former USAID projects assisted; the one important criterion was that each of the firms met standards that, to our expert, suggested that they had potential for growth and penetration into European markets.

The participating companies from Vranje were Stefi-Komerc and Minex; the companies from Novi Pazar were 4Br Tref, Florida 1994, Boša, Antilop, Euro Scarpa, Ceco Line

Because the needs and capacities of firms and buyers differed, we have chosen to provide this general menu of services provided rather than specific descriptions in this final report. The following is a list of activities implemented over the course of SLDP's assistance to the footwear sector.

#### TECHNICAL ASSISTANCE:

- Analysis of the shoe sector in the Vranje and Novi Pazar IMC areas
- Assessment of local producers' production capacities, product quality, and export potential
- One-on-one consulting and recommendations on how to improve production, select product assortment, and meet the demand of international buyers
- Selection of product portfolio and preparation of companies for international trade fairs
- Linking shoe producers with prospective international buyers
- Facilitating meetings with buyers abroad, organizing presentation of samples and initiating negotiations

## ASSISTANCE FOR PARTICIPATION AT TRADE FAIRS:

- “GDS” International Trade Fair in Dusseldorf, Germany
- “Tag it” by GDS Trade Fair in Dusseldorf, Germany

## ASSISTANCE IN MARKETING AND PROMOTION:

- Creation of Serbian Shoes umbrella brand, web site [www.serbian.shoes.com](http://www.serbian.shoes.com) and marketing materials

## ACCOMPLISHMENTS:

- Conducted a demand assessment and identified possible workforce training center models best suited to the labor market needs of present and potential investors in the Vranje region through a grant to the NGO ConIndustria, an Italian-Serbian trade intermediary whose client was GEOX and other Italian investors interested in developing workforce potential in and around Vranje.
- Enabled an agreement between the international shoemaker Geox, which opened a footwear factory in Vranje at an industrial park development to the development of which the Project also contributed, and the local Vocational Education and Training School of Chemistry and Technology (SCT) to jointly define curricula that would lead to more skilled and labor market-ready students
- Facilitated an agreement between Geox and the SCT to organize on-the-job trainings for students of the school, and teach them how to work with leather
- The project has helped a Vranje-based footwear manufacturer Stefi Komerc to present sample products to the French Sole Company, a large, UK-based, producer of ballerina-flat shoes for women, and to discuss the sale of several models. Representatives of the Vranje shoe producer met with the British company’s executives at their premises in Berkshire, London, presented them with samples and agreed to advance negotiations.



SLDP assisted companies which attended the GDS Trade Fair in creating a Shoes from Serbia brand and a catalogue of their footwear products



During September 2015, the project assisted the Serbian footwear producer Stefi Komerc to present sample products to representatives of the French Sole shoe company in London and discuss the sale of several models

### 3.2.3 Wood/Furniture Sector

(Uzice, Nis, Kraljevo, and Novi Pazar-led IMCs; country-wide)

Following an assessment and analysis of sectors across SLDP-supported IMC Areas, SLDP's international expert and local team found that one of the most active sectors that consisted of entrepreneurial small and medium-sized firms was the furniture sector. The assessment concluded that owing to China's withdrawal from the international furniture export sector, there was a promising opportunity to export Serbian-sourced furniture to Europe. The real question is whether furniture produced in Serbia is of the quality that global buyers demand, and because SLDP was a regional project, this question was necessarily one for manufacturers in our IMC areas. Our initial assessment concluded that for many reasons, it will be hard for Serbian furniture manufacturers to achieve export quality. This assessment led the project to conclude that it would be harder to increase exports in the furniture sector than in either the jeans or footwear sectors; however, two factors justified continued effort. First, IKEA was bringing its retail business to Serbia, and our expert's connections with IKEA led us to believe that IKEA was hungry to source from Serbian producers. Second, Serbia has untapped forest resources and the global market has an unlimited appetite for wooden furniture produced in Europe. The project decided to go ahead and concentrate on both of these factors, owing to the employment intensity and benefits to poorer regions offered by increased furniture manufacturing.

With respect to supplying IKEA and like-minded European buyers eager to source in Europe and Serbia, our consultant and our local regional team traveled far and wide to find quality producers interested in meeting IKEA's high standards and transacting business with European buyers. Starting in Novi Pazar and Vranje, the team expanded to search for suppliers in Nis, parts of Vojvodina where the project worked, and Uzice and Kraljevo. A roster of managerial, operational, and marketing advice was offered in collective training and single-firm meetings, and our expert consistently sought to find willing, hard-working, and capable firms. Among the firms with which our expert worked continuously were Atlas, Tami-Trade, GIR, Dallas, Dasa Nameštaj, Hersa, Avis Export-Import, and Stil-Jasen. The goal was to connect these firms with real buyers and to guide them in negotiations; despite some warm connections and specification sampling, however, these manufacturers were able to close no hard deals with European buyers.

As a supplement to firm-level assistance, SLDP also worked to make Serbia a source of European-sourced general furniture. Our expert led Serbian manufacturers to international tours and fairs, for which others paid, so that they could discover what they simply did not yet know about international standards and design. Perhaps of greatest lasting value was project's contribution to the Belgrade Furniture Fair, where for two years, our consultant worked with the fair's leadership to make the fair more of a buyer-to-buyer fair, where attendance by European buyers, treated correctly, was pivotal to enhancing the international reputation of Serbian offerings.

In the final year-and-a-half of the project, our team addressed the issue of Serbia's opportunity to become a source of wood furniture with renewed force. This is a complex idea requiring intense work at all levels, but it is justified, because the demand of global furniture buyers for wooden furniture manufactured in Europe is deep and expanding, Serbia's forest resources provide a competitive cost advantage unavailable in most other nations of Europe, and the forests are underutilized for the production of the type of high-value, exportable wood products demanded by

global buyers. Over 10 months, after testing the idea in several meetings with industry and local and national government, SLDP initiated several nationwide initiatives for positioning Serbia as a wood furniture sourcing country. Although the core of interest in these initiatives is in territories of our IMC activities, for this initiative, we also included forested communities outside our assigned geographical reach. This is because the opportunity is ripe wherever there are hardwood forests in Serbia.

Below, we summarize our varied activities designed to expand the exports of the furniture sector in our regions and in Serbia.

#### TECHNICAL ASSISTANCE:

- Analysis of the furniture industry in the Vranje and Novi Pazar IMC areas
- Assessment of local producers' production capacities, product quality, and export potential
- One-on-one consulting and recommendations on how to improve production, select product assortment, and meet the demand of international buyers
- Selection of product portfolio and preparation of companies for international trade fairs
- Trainings and organization of business-to-business (B2B) meetings with potential buyers at the Belgrade Furniture Fair
- Linking furniture producers with prospective international buyers and chains, including IKEA
- Recommendations on product- and business process improvements needed for a company to fulfill the quality standards and become an IKEA supplier
- Organizing best-practice study to Bosnian company Nova DIPO, a large manufacturer of solid wood chairs exclusively for IKEA

#### ASSISTANCE FOR PARTICIPATION AT TRADE FAIRS:

- "Internationale Möbel Messe" Trade Fair in Cologne, Germany
- Assisting the Belgrade Furniture Fair to attract foreign buyers and include a B2B segment as part of the Fair

#### ACCOMPLISHMENTS:

**Wood Furniture Initiative:** With the support of USAID Sustainable Local Development Project and European PROGRES Program, representatives of 46 local governments\* from southeast and southwest Serbia participated in the activities aimed to revive the production of solid wood furniture. The Serbian Chamber of Commerce (PKS) and the Development Agency of Serbia (RAS) were partners in efforts to restart the wood processing industry.

By the project's end, SLDP and the European PROGRES project had helped local authorities and furniture sector businesses to develop a national Action Plan to encompass short-term and long-term measures needed to build a wood furniture production powerhouse in Serbia by improving wood-processing utilization and production, increasing exports of wood furniture, and creating a work force to populate the new jobs profiles that will emerge. Action Plan measures include:

- allocating forest resources to support their highest value-added utilization by wood furniture manufacturers that export
- stimulating investment into wood furniture manufacturing capacity

- improving vocational training to bring additional skilled workers into the expanding industry
- improving the competitiveness and efficiency of wood furniture production to world standards
- upgrading the design capabilities of wood furniture producers
- strengthening cooperation among public authorities, forest managers, furniture producers, and other value-chain actors through appropriate forest industry policy and regulatory reform.

This Action Plan was presented by local governments\* to the director of the Serbian Development Agency (RAS), who committed the GOS to go forward and see to its implementation with the assistance of donors and all relevant agencies. Representatives from the Ministry of Economy and Srbija Suma, the steward agency for national forest resources, also made a public commitment to pursuing implementation of the Action Plan. Regrettably, SLDP terminated shortly after the Action Plan was presented, but the project has hope that all stakeholders will move forward with implementation in a determined, efficient way.

\*Local self-government signatories of the Letter of Intent commissioning the Action Plan and committing resources to its creation and on whose behalf the Plan was presented formally to the GOS were: Arilje, Bajina Bašta, Bela Palanka, Boljevac, Bor, Brus, Čačak, Čajetina, Čićevac, Crna Trava, Despotovac, Dimitrovgrad, Gadžin Han, Ivanjica, Knjaževac, Kosjerić, Kraljevo, Krupanj, Kruševac, Kučevo, Kuršumljija, Leskovac, Ljubovija, Loznica, Majdanpek, Mali Zvornik, Niš, Nova Varoš, Novi Pazar, Pirot, Priboj, Prijepolje, Raška, Ražanj, Sjenica, Surdulica, Svrljig, Trgovište, Trstenik, Tutin, Užice, Vladičin Han, Vranje, Vrnjačka Banja, Žagubica, Zaječar.



Study visit to the Nova Dipo Company in Bosnia and Herzegovina - a large manufacturer of solid wood chairs exclusively for IKEA



Letter of Intent, supported by 46 local governments, SDA(RAS), Chamber of Commerce, USAID/SLDP, EU PROGRES presented at the Forum: “Positioning Serbia as a wood furniture sourcing country”, March 2016. This led to the creation and formal presentation of a national Action Plan to make Serbia a European manufacturing source of wood furniture.

### 3.2.4 Metal Processing Sector

(Novi Sad-led IMC and Province of Vojvodina)

The activity's objective was to increase competitiveness of the Vojvodina Metal Cluster (VMC) members by involving them in the production of the first innovative, cluster-wide product to increase their sales, exports, preserve the existing and create new jobs. The activity also contributed to increased capacity of VMC to provide training and services to its members and increasing international visibility of the cluster and enable better positioning on the global market.

In this activity, the project used an international metal consultant and an international business consultant. The business consultant was by far the more productive and imaginative with regard to what needed to be done within the prescribed work parameters. Because the project started with the IMC, an entity whose start-up was funded by a generous EU grant, and because we partnered with a Swiss project that was obligated to work with clusters and organizational strengthening, SLDP spent most of its allotted effort trying to make the VMC an entity that offered real services to its members. This was an alternative approach to other sector work on the project, where we were focused on the penetration by multiple firms into new markets. Our work with VMC required our business consultant's skills in organizational change management and helping to redirect VMC's mission in a way that would increase efficiency and relevancy.

In this regard, the project helped the Cluster procure Customer Relationship Management (CRM) software that allows VMC members to connect with potential foreign buyers and to innovate and discover more high-value products to offer the market. CRM electronically facilitates linkages between prospective international buyers and the VMC by announcing procurement opportunities to Cluster members and following up with members who need more details. The project also funded development of an interactive map of VMC members, procurement of a Computer Numerical Control (CNC) cutting table, and development of a new Cluster-wide product.

Beyond these specific interventions, the Project also convinced VMC to begin forming a domestic supply chain network that would link domestic anchor firms that already export sophisticated products with smaller Serbian metal firms capable of fabricating components for the export chain. The project coached VMC to expand its membership by adding large producers from Cacak and to initiate several activities concentrated on supply chain development. In all candor, more monitoring of these activities and more assistance may be necessary to ensure progress, and our metal consultant, who lives in Serbia, is actively looking for ways to support such additional consulting.



In April 2015, the project delivered a CNC cutting table to the Vojvodina Metal Cluster, enabling cluster members to become more competitive



As part of a project grant, the VMC began testing prototype underground waste containers. Once installed the containers can be used hands-free and serviced by existing garbage trucks

### 3.3 AGRIBUSINESS ENHANCEMENT (Project Component 1)

#### 3.3.1 Horticulture Incubator Program

(Zrenjanin-led IMC)

The project assisted the Zrenjanin-led IMC Area to develop and implement a horticulture incubator program to expand the production of highly profitable vegetables in the region and to reduce the time and cost of establishing farm start-up horticultural businesses. Though Vojvodina has good potential for supplying larger markets in Europe with vegetables, its agronomy centers on wheat and grains, and one of the goals of the regional government is to encourage the diversification of regional produce. With project support and the strong advocacy of local administrations, greenhouses were installed at three IMC locations — Kikinda (12 greenhouses), Novi Becej (4 greenhouses) and Zrenjanin (15 greenhouses) for use by a competitively selected group of young farmers, who attended training and performance courses in advance of their selection. The municipalities, acknowledging the need to train young farmers in all-season horticulture, provided the land plots and assumed responsibility for maintaining the structures. From the very beginning, our local consultants conducted periodic field visits to Zrenjanin, Novi Becej, and Kikinda to inspect the incubators, monitor the work of the incubator tenants, and advise municipal officials and tenants on how to keep incubator operations running smoothly. The consultants also provided recommendations on the potential markets and sales of fresh vegetable products.

The initiative can be summarized as follows.

#### TECHNICAL ASSISTANCE

- An international consultant prepared a demand analysis with recommendations on how to develop potential buyers and buyer networks for horticultural products grown in Vojvodina, and on the product and service improvements necessary to meet that demand, including training for new farmers in new techniques.
- A locally hired consultant guided the establishment of the incubators, once the IMC's municipal leadership agreed on the desirability of doing so.

#### MATERIAL ASSISTANCE

- The Project procured and installed the equipment for the Horticulture Incubator Program, while the municipalities provided the ground, utility installations, and maintenance services for the greenhouses.

#### ACCOMPLISHMENTS:

- More than 60 unemployed youth were trained in farm management, and 31 of these trainees, who did the best in the training, began vegetable production in greenhouses themselves.
- The first season in the greenhouses resulted in 45 tons of produce sold on the local market or exported, generating \$40,000 in income for young farmers. Long-term relationships were

formed with a number of local processors, ensuring the continued successful utilization of the greenhouses.



In Novi Becej, one of the Horticulture Incubator Program participants checks his crops

The Project’s Horticulture Incubator Program received positive media attention and was highlighted as a best-practice example for employing rural youth

### 3.3.2 Product testing laboratory services in the Regional Center for Agricultural Development (RCAD) in Sjenica (Novi Pazar-led IMC)

The Regional Center for Agricultural Development (RCAD) in Sjenica was established in 2011 to provide consulting services to farmers from the Novi Pazar-led IMC area. The center was expanded when a laboratory for testing local food products was built and equipped in 2013 and 2014, with contributions from the EU PROGRES Program and the Czech Development Agency. SLDP provided technical consulting to the laboratory staff as it ramped up for certification and for provision of services to local growers.

#### TECHNICAL ASSISTANCE

- With USAID support and in cooperation with a local partner Taurus Agro Consulting, the RCAD’s staff was trained to introduce and implement ISO standards, to properly sample milk and meat products at local farms, to calibrate laboratory equipment, and to advise farmers on improving the safety and quality of their products.
- The project also trained 30 dairy and livestock farmers and processors on how to improve production practices and meet laboratory standards.
- The project engaged a local backstopping expert to assist the laboratory staff during critical phases of the accreditation process, including in adjusting testing procedures in accordance to ISO standards, based on recommendations from the Accreditation Body of Serbia (ATS).

#### ACCOMPLISHMENTS:

The accreditation process is its final stage and is expected to be completed in August 2016, when testing services for farmers and processors will also begin. More than 10,000 agricultural households

and dozens of food processors from Sjenica, Tutin, and Novi Pazar, as well as neighboring municipalities, will benefit from the laboratory services.

### **3.3.3 Center for Collection and Processing of Non-Timber Forest Products (NTFP) in Tutin (Novi Pazar-led IMC)**

With project support, the municipality of Tutin, a member of the Novi Pazar IMC, developed a PPP concept for potential investors to establish a center for collection and processing of non-timber forest products (NTFP), such as forest fruits, mushrooms, and medicinal and aromatic plants. The concept ambitiously envisaged production of a finished specialty food product – retail packaged teabags. The municipality planned to offer a potential foreign investor land and a location permit for a processing facility, the first of its kind in the region. This PPP was conceived and presented under the auspices of a grant given to NALED, a USAID legacy NGO located in Belgrade, and was one of a number of PPP concepts throughout SLDP's partner territories that NALED facilitated into fixed proposals.

#### TECHNICAL ASSISTANCE:

- To assist Tutin in defining a proposed PPP concept in regard to its raw material supply capacities and market demand for NTFP products, the project brought in an international expert with more than 35 years of experience in this field. Several products showed great potential for collection and processing both from the supply side and market demand side. The project provided additional guidance in the process of establishing the PPP, such as preparing the drying facility and assisting partners in accessing additional funds from the EU PROGRES program's grant scheme.
- To create conditions for investment attraction, a business development plan was made, with recommendations for Tutin to establish a drying processing facility within the municipally owned Agro-Tutin enterprise.

#### ASSISTANCE FOR PARTICIPATION AT TRADE FAIRS:

- The project introduced Tutin officials and others to the Biofach Organic Food Fair in Nuremberg, Germany, held in February 2015.

#### ACCOMPLISHMENTS:

- Tutin identified available land and allocated \$62,000 in its municipal budget for the installation of a facility that will accommodate the planned processing and drying operations. The municipality issued a competitive tender and selected a firm to clear and prepare the site for the center's building. It also authorized and executed an accelerated process to issue the necessary permits for the drying facility.
- Once the drying center is up and running, three local entrepreneurs will start their own processing business and add value to collected wild NTFPs by drying, cleaning, and bundling. The picking season starts in August, and some 100 pickers from the regional rural areas will benefit from the center, as they will be organized and contracted for their services at defined amounts of collected materials and more profitable prices. In the long term, the center will serve as a driving force for the development of an entire supply chain of skilled

collectors and increased collection, processing, and sales of NTFPs from the IMC Area. Consequently, dozens of small family businesses are expected to invest in primary processing.

### **3.3.4 Food-testing equipment for Subotica Laboratory to enable increased export** (Subotica-led IMC)

In May 2014, the project delivered equipment to the Subotica Public Health Institute laboratory, upgrading the Institute's capacity and making it possible for the laboratory to analyze regional food products. The laboratory now has the equipment and capacities to test for pesticides and pollutants, in a manner compliant with EU and other market regulations. Local farmers and food processors throughout the IMC area no longer have to travel to other regions for proper testing of their crops, which significantly reduces the cost of analyzing and certifying their food for export. In June 2015, the laboratory received full accreditation following a rigorous evaluation process and several control audits conducted by the Accreditation Body of Serbia.

#### ASSISTANCE:

The project provided the laboratory equipment and helped train the Institute's staff in how to use it effectively.

#### ACCOMPLISHMENTS:

From October 2015 to March 2016, the Laboratory conducted 82 pesticide residue analyses. The Institute tested products of 18 export-oriented agribusiness and food-processing firms from the Subotica region and nearby districts. The products tested were primarily from producers of frozen, dried, and canned fruit and vegetables. The Institute has also been providing testing services to importers of raw materials and ingredients for further processing in the IMC Area, such as various cereal mashes made of rice, oats, corn, wheat, and barley. In addition, the certification body for organic production from Subotica, "Organic Control System," used the Institute's laboratory services to test its clients' products and enable the sales and export of organic crops.

### **3.3.5 Sombor Agriculture Education Center** (Subotica-led IMC)

The Project worked with Sombor and neighboring Subotica and Kanjiza municipalities to increase the region's capacity to assist its farmers on matters of commercial agriculture. In August 2014, the City of Sombor, the regional Agriculture Extension Service and the project jointly established an Agriculture Education Center to help farmers acquire new skills and knowledge necessary to increase productivity and product quality. The inclusion of the Agricultural Extension Service in this effort proved invaluable. Perhaps predictably, the Agricultural Extension Service's capacities are uneven throughout the nation; however, the Service's director in Sombor is an active and intelligent person who guided the creation of the Education Center from start to finish, and remains involved in its programming and activities. The Agricultural Extension Service's adjoining fields complement the center's work by providing capacity for practical field experimentation and innovative pilot projects.

## ASSISTANCE:

The project delivered the design for the reconstruction, purchased the necessary teaching equipment, and furnished the center. This modern education facility includes an amphitheater, two classrooms and experimental fields for testing new crops and pesticides. More than 24,000 agricultural households from the IMC municipalities of Sombor, Subotica, and Kanjiza, as well as neighboring municipalities in other territories benefit from the center's services. Agricultural producers are now learning how to introduce new crop varieties and apply modern farming technology.

## ACCOMPLISHMENTS:

- In 2014 and 2015, the Agriculture Education Center in Sombor delivered 115 training events and presentations, attended by an estimated 8,700 persons, mostly farmers.
- At the time of the Agriculture Education Center's opening, Sombor was in negotiating with the Ferrero Group, one of the global market leaders of the confectionery industry. The Italy-based company was looking to strengthen its presence in the hazelnut market, to guarantee and further improve the quality of the raw material that gives a unique taste to its popular products, such as Nutella, Ferrero Rocher, and Kinder Bueno. In April 2015, Ferrero Group decided to make an \$8.8 million investment in the territory and purchased approximately 700 hectares in Sombor to establish a hazelnut-growing operation. Hazelnuts have a long investment cycle and need several years to bear fruit. The Education Center, which demonstrates the region's public commitment to agricultural quality and education played a part in Ferrero's decision to invest.

*“Ferrero decided to invest in Sombor because of the climate, land quality and location, but also the Agriculture Education Center and our determination to support farmer education,”* said Mayor Sasa Todorovic. When the deal was announced to the public, in addition to initial 50 new jobs, Ferrero presented its long-term plan to engage, educate and financially assist local farmers to start growing this crop.

### 3.3.6 The 'Mountain Breakfast' Brand (Uzice-led IMC)

The Uzice IMC area consists of the relatively large and prosperous city of Uzice, a successful tourist resort in Zlatibor and several smaller, more economically hard-hit municipalities on the western side of the Peshtar mountain ridge. Conscious of the disparity in wealth in the region and the diversity of territorial potential, the project and the leaders of all the municipalities agreed that a program needed to be found to help all IMC towns increase jobs and revenues. The idea that emerged recognized the potential of the already successful Zlatibor tourism destination, which was already receiving support from European donors, to pull its regional neighbors into its value chain. The most direct way to do so was to create supply chains from regional vendors to the ultimate buyers in the Zlatibor tourism cluster. As the Zlatibor tourism destination was already trying to create a regional brand to differentiate itself from other destinations, the use of local products was seen as an enhancement of this effort.



The 'Mountain Breakfast' brand, created by RDA Zlatibor, through a Project grant, was presented at the Belgrade Tourism Fair in February 2015.

SLDP gave a grant to the Zlatibor Regional Development Agency (RDA Zlatibor), one of the best RDAs in the country, to create a supply chain for the tourism sector in Zlatibor. The RDA was tasked with surveying the Zlatibor hotels and restaurants and shops to determine what they purchased and from where. The grant then called for the RDA to scan the IMC region and determine the offerings for goods and services that could be made available to fill Zlatibor tourism providers' purchasing needs. The RDA was then required to choose among a palette of products and vendors and pick the one that offered the best potential for developing supply relationships quickly and in a way that facilitated transactions with an IMC-wide array of vendors. Ultimately, the RDA decided to create and market a local gastronomic brand and to promote it through regional tourism agencies, hotels, and restaurants by identifying regional vendors and producers of local food products and handicrafts to participate as preferred providers. The activity gathered representatives of the Regional Chamber of Commerce, associations of hotels and restaurants, regional tourist organizations, and travel agencies to jointly create unique culinary choices specific to the regional mountain resorts of Zlatibor, Zlatar, and Tara. The brand, called "Mountain Breakfast" was created, buyers and sellers were linked, and a catering product was offered by participating hotels and restaurants. In addition, a local shop in Nova Varos and an online merchandising platform were inaugurated, where vendors could present and sell food and handicraft products under the Mountain Breakfast brand.

As can be seen from the photos below, the project won a prestigious national award for regional tourism innovation and quality and the store in Nova Varos is thriving and has begun its second season.



In September 2015, the National Tourism Organization of Serbia awarded the Mountain Breakfast brand with the Tourism Flower award, the highest national award in the field of tourism



To promote a new regional gastronomic brand, a shop selling traditional produce was opened in May 2015, at the Zlatar resort

### 3.4 INNOVATION (Project Component 1)

#### 3.4.1 ICT Academies

(Novi Sad and Nis –led IMCs)

In April 2014, to help young people find employment quickly and to help companies find a qualified workforce, USAID and SLDP supported the establishment of two ICT Cluster Academies, one in South Serbia, in Nis, and the other in Vojvodina Province, in Novi Sad. To create an adequate curriculum, the project partnered with the Nis Cluster of Advanced Technologies (NiCAT) and the Vojvodina ICT Cluster, both NGOs. The grants were awarded after extensive on-ground research about the nature of the ICT industries in both NIS and Novi Sad. Though the ICT industry in both cities is thriving with ever-increasing international and domestic demand, businesses perceive a lack of work force sufficiently qualified to go immediately into productive positions at firms. Basic computer skills are high among persons seeking employment in the sector, but more refined and nuanced skills are simply not available among the pool of candidates needed to work in the high-end ICT sector. The curricula developed and taught collaboratively with the private sector at these Academies was geared to the more sophisticated needs of successful, growing firms in the industry.

Speaking at the Academy launch ceremony, Nis Mayor Zoran Perisic said: “We are glad to partner with USAID and NiCAT on this initiative. The city of Nis supports the opening of this Academy, because the IT sector has been selected as one of four pillars of the country’s economic development in the forthcoming period.”

The Academies' accomplishments in their initial years are summarized below:

#### ACCOMPLISHMENTS:

- During a six-month training program, 65 unemployed young people acquired skills in demand in the labor market preparing them for jobs in the IT industry. The program also included intensive practical work with NiCAT and Vojvodina ICT Cluster member companies.
- 41 training participants found new employment after completing the ICT Academy program.

These two pilot programs in the north and south of Serbia now serve as best practice models for other industries and regions to follow.



(NiCAT) Nis ICT Cluster Academy students received diplomas at a November 25, 2014 graduation ceremony

### 3.4.2 3D ImPuls Center in Kraljevo

(Kraljevo-led IMC)

The Project worked with the ImPuls Center, a part of the Faculty of Mechanical Engineering in Kraljevo, to assist SMEs in the region to use 3-D printing for design and reverse-engineering solutions. The center, formed from an EU grant that paid for the acquisition of a large Italian 3-D printer, lacked customers and impact when SLDP first investigated its potential as a force of innovation competitiveness in the region. That was particularly painful reality, because the region, which includes the municipalities of Cacak, Novi Mladenovac, and Kraljevo, with proximity to Kragujevac and Krusevac, hosts several small and large industrial producers of metal and plastic products, which could benefit from using tools for greater productivity, such as 3-D printing. A challenge for the Center was to switch its character from an academic nature to a commercially oriented one to ensure its sustainability as a community asset.

The following menu of activities and accomplishments reflect our work with the ImPuls Center as a contribution to this IMC area.

**ASSISTANCE:**

- The Project furnished a multimedia laboratory to the ImPuls Center. The laboratory is used to help regional firms learn about 3-D technology, improve product and technical knowledge and reduce production costs.
- As part of a multi-IMC activity with the Niš and Novi Sad territories, the project sponsored an innovation study tour to the UK in cooperation with the British Council. The tour was designed to show educators, business representatives, scientists, and business associations how universities partner with business in other countries to foster and promote commercial innovation. Representatives from the ImPuls Center were active leaders in this study tour, as one of Serbia's best examples of university-business cooperation on promoting and using innovation for commercial competitiveness.
- Web site development.
- The Project organized a study tour to the Czech Republic to introduce ImPuls Center staff to Czech experiences in using 3-D printing as a tool for innovation and business growth. This tour and related consulting was co-sponsored by the Czech Invest and the Czech government.
- To improve the competitiveness of SMEs in the IMC Area, the project engaged a part-time business developer to support widening the customer base that uses the 3D printing services available at the Center.

**ACCOMPLISHMENTS:**

- Since SLDP began working with the Center in 2013, the number of commercial orders completed has increased from 25 in 2013 to 63 in 2014. In 2015, the ImPuls Center has garnered \$62,000 in business transactions, even with the center being closed for most of 2015, while the 3D printer underwent maintenance.
- Following the three project-organized workshops (in Nis, Novi Sad, and Kragujevac) that have brought scientific institutions and businesses together, the ImPuls Center became a member of the Vojvodina Metal Cluster as part of project efforts to expand the Center's client list.

**3.4.3 Technology and Food-Processing Park in Leskovac****(Nis-led IMC)**

The Project's goal in the Nis-led IMC Area was to achieve a 15 percent increase in sales of processed food products. Processed food production is a higher value stage of agribusiness and is a full-season employer of semi-skilled labor. To pursue this goal, SLDP and municipal leaders supported the establishment of a Product Development Plant at the Technology and Food-Processing Park (TFP) in Leskovac. TFP was an old food processing park that was converted by private owners into a type of agribusiness cooperative, in which the various members shared expenses for management, grounds maintenance, and brand promotion. TFP was formally established in 2013 as a public-private partnership between seven food processing companies, the City of Leskovac, and the Leskovac Faculty of Technology. Food processors from the TFP have created a common brand, named "Top Food," under which they jointly market products, primarily to buyers in the countries of the former Yugoslavia. In an effort to create new flagship products for the brand, the TFP applied for and

received a grant from SLDP to establish the new product development plant, which allows limited-scale experimentation on new recipes. The plant's services and equipment are open to other food processors on a commercial basis. Students and post-graduates from Leskovac's Faculty of Technology also have access to the facility for training, demonstration, and creation of new products. Through an internship program, students are able to practice what they have learned in the classroom and test their ideas with the TFP member companies.

The summary of SLDP's work is as follows.

#### ASSISTANCE:

In April 2015, the project furnished equipment for the New Product Development Plant. This facility supports all stages of product development, from idea generation through concept development to the production of trial samples in small quantities.

*“The innovations coming out of this research and development facility will increase the food processing sector's competitiveness and boost sales,” said USAID/Serbia Mission Director Azza El Abd at the pilot plant opening.*

#### ACCOMPLISHMENTS:

- 20 new products were developed and five existing ones were improved. Sales of the newly developed products reached \$94,000 per month. The revenues of six TFP SMEs increased by 8 percent and employment by 23 percent from 2013 through 2015.
- Development of new products has been constant since the Product Development Research Plant was established, and five new workers have been employed by the pilot plant. Most of the work has focused on creating the best recipes and formulations for different types of honey cakes (low fat, glazed, vitamin rich, chokeberry, and cranberry flavored), ice cream cones, and various bakery products (mixed grains, oat, rye, toast bread, American bread, baguettes, pastry).
- TFP contracted the food processing firm Pertu from Pozarevac to provide consulting services for new product development, mainly for product packaging and experimental production.
- TFP has also partnered with the Technology Faculty from Leskovac and the SME Agency from Sofia, Bulgaria, to develop a project proposal for the EU Bulgaria–Serbia IPA Cross-Border Cooperation Program.

*Only six months later, 20 new and 5 improved food products came out of the new facility. “Since opening in April, our member companies have signed five new sales contracts with buyers from Serbia, Bosnia and Herzegovina, Macedonia, and Iraq, with a total value of \$110,000 worth in monthly deliveries”, said TFP Director Vladimir Kostic. The new products are also included in the deliveries to existing customers from Montenegro, Croatia, and Serbia.*



USAID/Serbia Mission Director Azza El-Abd meets staff at the opening of the Pilot plant for new product development at the Technology and Food-processing Park in Leskovac.



During the summer of 2015, thanks to a project grant, TFP Leskovac developed 20 new food products, improved five, and signed new contracts with buyers

### 3.5 FOREIGN DIRECT INVESTMENT (FDI) ATTRACTION ACTIVITIES (Project Component 1)

The national government and local administrations have become convinced that, in certain circumstances, inflowing investment can spur local economic growth. Regrettably, national practices to attract foreign investment have often been politically motivated in Serbia, with very little analysis given to the cost and benefits of a specific investment project. For local communities, similar practices could have dire consequences, as the community can be left with the physical remains and social consequences of an inflowing investment gone bad. With the right kind of inflowing investment, on the other hand, that is in harmony with the resources, assets, culture, and vision of the community, local economic development can flourish. Recognizing the benefits and cautious of the downside, SLDP provided an intensive package of assistance to all 32 participating municipalities on the proper way to attract and use inflowing investment as a tool of positive development. The package of assistance consisted of the following:

- a) Delivery of a multi-cycle coaching program for FDI attraction.
- b) Assisted site development, focusing on one of the foundational needs of foreign investors — available and suitable land plots. Project specialists consulted with partner municipalities to develop pre-feasibility studies and infrastructure and guidance plans for industrial zone development.
- c) Facilitation of the Standing Conference of Towns and Municipalities' e-learning platform for local economic development professionals, which included FDI training and other concrete tools for local economic development and growth.
- d) Technical assistance to municipalities striving to obtain business friendly certification standards. The project's assistance was composed of consulting and training on practices vital to local economic development, including asset management and capital investment planning, PPP usages and methodologies, and public services.

Highlights among these general FDI Activities were the following:

- SLDP sponsored an “FDI Investment Tour” of municipality leaders to Italy, organized by the project and Confindustria Serbia in late August 2015.
- At the end of May 2015, the project, in cooperation with the Czech and Serbian Chambers of Commerce, organized a B2B Forum in Prague for the agro/food processing, textile and metal processing sectors.
- In December 2014, the project supported 20 LED practitioners and agriculture specialists from 11 partner municipalities to go on a study tour to the Czech Republic, to learn best-practice approaches in attracting foreign investment. The project sponsored a similar tour to the Czech Republic in October 2013 for 24 local economic development (LED) practitioners from 13 partner local governments.



LED Office staff take part in the final FDI training workshop, held on February 2015

- As part of the FDI coaching program, the project supported the participation of seven municipalities at the Global Connect Forum in Stuttgart, Germany in November 2014.
- In November 2015, the Project published a catalogue of Serbian investment success stories for five fast-growing sectors: metal/electronics, agriculture/food, construction, information technology and textile/leather. The stories serve as examples of best practices for investing in Serbia and promote benefits such as: customs free access to markets with over 800 million customers, a skilled workforce, well-developed network of suppliers, and ideal location for just-in-time production due to the proximity of EU market. The catalogue was distributed to various Serbian consulates and partners that promote Serbia as an investment location, such as the Serbian Development Agency (SDA), Vojvodina Investment Promotion Fund (VIP) and National Alliance for Local Economic Development (NALED).

### Site development

Within the FDI Coaching Program and through assistance of SLDP's Component 2 – Public Administration Reform, the following activities contributed to development of the investment sites:

Site development: In early 2015, as part of the coaching program, the project-assisted select municipalities moved forward with plans for the development of industrial zones. Berman Group experts assessed proposed sites in Kraljevo, Novi Becej and Kanjiza and developed pre-feasibility studies in collaboration with LED offices.



In November 2014, the project supported the participation of seven municipalities and the Vojvodina Investment Promotion (VIP) Fund at the GlobalConnect Forum in Stuttgart, Germany.

- March 2015: SLDP and Development Consulting Group launched an internet platform to promote brownfield locations in all 32 project partner municipalities. The portal (<http://www.brownfieldserbia.com>) contains all relevant financial and business data about targeted companies, helping potential investors decide where to invest their capital.
- August 2014: In cooperation with LED offices and staff of bankrupt companies, an inventory of brownfield investments for at least 15 of the most attractive brownfield projects was completed in the Nis- and Kraljevo-led IMC Areas, and brochures published.
- May 2014: SLDP delivered detailed infrastructure development designs for a new industrial zone to the Vranje local government. These documents will enable the future development of the Bunusevac industrial zone and will help in attracting new foreign investors.
- April 2014: Berman Group presented local stakeholders analyses of investment locations in Presevo, Merosina, and Nis. The reports analyze the feasibility of

developing industrial zones in each of these municipalities and list potential investors for the zones.

- January 2014: SLDP supported development of an industrial zone in Beocin by providing a geotechnical report and technical analysis with preliminary cost estimates for roads, water supply and sewage systems, rain drainage, low pressure gas distribution network and telecommunication.

#### ACCOMPLISHMENTS:

Direct private and public sector investments into the Project-supported IMC areas are estimated at \$520,534,313, including \$211,849,532 of realized private and public investments (\$192,779,212 from private and \$19,070,320 from public sector) and \$308,684,782 of committed investments, based on new contracts signed between project partner municipalities and investors. (See the investment table at the end of the annex). SLDP contributed to these investments through support associated with inter-municipal economic development projects and improved local economic development capacities. The investments are based on signed contracts between local governments and investors.

### 3.6 STRENGTHENING PUBLIC ADMINISTRATION TO ENABLE INTER-MUNICIPAL BUSINESS GROWTH AND INVESTMENTS (Project Component 2)

SLDP's Component 2, Public Administration Reform, worked on improving the capacity of municipalities to effectively manage services and capital investment projects of inter-municipal significance. As mentioned above, Component 2 activities were ultimately harnessed to the NCP approach and concentrated on specific issues blocking NCP implementation. Before the NCP adjustments, however, Component 2 focused on increasing general IMC competitiveness through effective asset management, use of acquired local economic development mechanisms and tools, and improvement of the local legal framework that affects inter-municipal cooperation and local economic growth.

Component 2 operated at the national level more than other project components and activities. Through this component, SLDP was an active participant and contributor to national policy, providing technical assistance to national-level counterparts in creating and modifying major laws, policies, or regulations related to inter-municipal economic development.

Finally, Component 2 had specific responsibility for identifying and accelerating infrastructure projects of economic significance to IMCs and seeing that those projects were registered on the national funding list for infrastructure improvement.

#### 1. Elevation of IMC Capacities.

The project conducted the following activities to increase IMC capacities:

Year of Implementation	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
	# of IMCs						
IMC partnership has been formed	4	8	8	8	8	8	8
Capacities of local self-governments formed in the area of:							
Asset Management		2	6	8	8	8	8
Public Utility Company Management		1	3	7	7	7	7
Better managed inventory, prioritization, and commercialization of brownfield investments			3	7	7	7	7
Support provided to IMCs where LGs participate in BFC certification		5	8	8	8	8	8
Established/supported business-related services/procedures (including agribusiness)		8	8	8	8	8	8
Infrastructure projects developed:			1	5	5	6	6
Participatory initiatives and events that involve dialogue between the public, private, and civil sectors organized		5	8	8	8	8	8
Activities that increase the level of youth employability implemented		7	8	8			
New Criteria Program initiated to support priority business sectors			8	8	8	8	8
NCP activities increased capacity and competitiveness of local private sector				8	8	8	8
NCP implementation has measurable results in terms of new employment				1	8	8	8
Public-private partnerships established			1	2	3	3	3

FDI attraction capacities are improved			8	8	8	8	8
New direct investments implemented			4	6	7	7	7
Business sector innovations were supported by the project and improved sector competitiveness				5	7	7	7

A second key approach to increasing local governments’ capacity to promote economic growth was the development, together with our partner, the Standing Conference of Towns and Municipalities (SCTM), of a distance-education platform for strengthening knowledge about local economic development. In January 2014, SCTM completed its web-based distance-learning platform and course on local economic development (funded through project assistance) and made it available to LED practitioners in local administrations. Local government representatives learned about the legal and institutional framework for LED, investment attraction, private sector development, public-private partnerships and other topics. Distance or e-learning is still a relatively new method of study for local governments in Serbia, but it has proven to be an efficient way to share knowledge, making it possible for participants to study on their own time, while having continuous mentor support and interaction with other study group members through online forums. The program consisted of a combination of training sessions, coaching, and internet-based distance-learning. Participants learned about the legal and institutional context of local government economic responsibility, instruments for managing LED, private sector development, investment attraction and public-private partnerships.



Local Government Officials after receiving their diplomas for successfully completing the SCTM’s Distance Learning economic development course at the end of June 2014

Standing Conference of Towns and Municipalities’ e-learning platform for local economic development professionals went online in January 2014

## 2. Improvement of National Policy and Legislation.

Component 2 supported the following national policy activities by participating in working groups and/or writing memos and analyses together with our partners:

- Law on Investments
- Decree on Criteria and Conditions for Support to Investments
- Decree on Amending Decree on Location Conditions
- Rulebook on Classification of Objects
- Rulebook on One-Stop-Shops
- Rulebook on Exchange of the Documents in One-Stop-Shop Procedure
- Rulebook on Technical Surveillance
- Law on Public Companies
- Draft Law on Public Utility Companies
- Law on Spatial Planning and Construction
- Restitution Law
- Labor Law
- Law on Local Self Government
- Law on Utility Services
- Law on PPPs and Concessions
- Law on Public Property
- Law on Amending the Law on Local Government Finances
- Draft Law on Labor Relations in LG Administration
- Draft Law on Salaries in Public Administration
- NALED's "Out-of-the-Maze" campaign (Nis and Vranje –led IMCs)

In addition, as part of Component 2's policy work, SLDP sponsored the first data-based report in Serbia on SME competitiveness in the real economy. The project commissioned the center for Advanced Economic Studies (CEVES) to write a real competitiveness analysis of various SME sectors across the project's IMC territories and the nation as a whole. The report, which has been presented and discussed at GOS policy forums, highlights the current state of Serbia's SME performance across almost all tradable sectors of the Serbian economy and discusses the prospects of private sector competitive performance in the years to come. The report also examines several key economic vectors such as market concentration and market dynamics to determine the growth potential of different sectors and the likely performance of Serbian firms. Such data and analysis allows policymakers to make informed decisions about which sectors in Serbia to support with specific interventions and which to abandon to their own devices. In the year since the report was published, the Serbian Chamber of Commerce and the Ministry of Economy have retained CEVES to assemble more refined and richer data-based analyses in support of data-based economic policy-making. SLDP is proud to have set CEVES on its way and to have contributed to a more logical foundation for national economic decision-making. An added bonus was that the CEVES analytical results support the wisdom of SLDP's original decisions to work in the sectors it helped strengthen.

### 3. Support to Infrastructure Development

The following SLDP-assisted infrastructure projects received financing or were successfully entered into the System of Long-Listed Advanced Infrastructure Projects (SLAP) database, as the contract requires:

In the Vranje-led IMC Area:

1. *Environmental protection of the South Morava River.* Based on technical documentation developed by the project, the EU/PROGRES program purchased effluent meters. Vranje built a water effluents measurement station and has begun using the meters in Vranjska Banja, but Presevo, Bujanovac, and Vladicin Han have not yet built measurement stations. Vranje has signed a contract in November 2013 with KfW for €15.2 million to build a Waste Water Facility. That project has been entered into the SLAP database.
2. *“Meteris” regional landfill with recycling facilities.* With the assistance of project experts and the EU PROGRES program, municipal authorities developed a regional solid waste management plan, which was approved by the Ministry of Environmental Protection. Bujanovac added the transfer station project to the SLAP database in March 2015 as part of this regional solid waste management project.
3. *Bunusevac Industrial Zone bypass road.* The project funded development of a topographic plan for a bypass road, which has been entered onto the SLAP database. The EU PROGRES program funded the major construction plan. At the time of reporting, Vranje city officials are working on completing the documentation. Construction work has not yet started.
4. *Bunusevac Industrial Zone.* The project funded several detailed infrastructure designs for this industrial zone. Designs of roads, water supply and fire protection systems, sewerage, rain drainage, electricity supply, and telecommunications were developed. Project documentation for the industrial zone was delivered to Vranje in June 2014, and the project has been entered into the SLAP database. This document served as a blueprint for the development of the complete infrastructure on this 32 ha site, where GEOX built its factory and another two investors started their investments.
5. *Cukarka Industrial Zone.* In Presevo, the project completed a pre-feasibility study for an industrial zone. While developing the pre-feasibility study, the project discovered that an unresolved land property issue threatens the whole activity. The Ministry of Economy has appropriated approximately \$95,000 to the Municipality of Presevo for the construction of a power network to Cukarka industrial zone. The project had previously provided Presevo with legal advice and on-the-job assistance on resolving these proprietary hurdles related to transfer of the ownership on land from the “mesna zajednica” (sub municipal level of government) to the Municipality of Presevo.

In the Nis-led IMC Area:

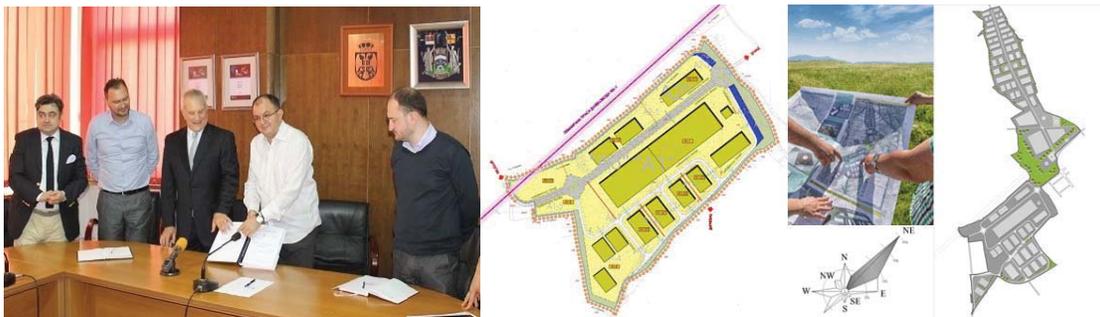
6. *Water Supply System “Pusta reka.”* A feasibility study was completed to help the Doljevac Municipality plan a secure and continuous supply of potable water for the entire population in the prescribed quantity and quality. Based on the study, the municipality will submit a project proposal to the Serbian Government to reconstruct the regional water supply system. The project has been entered into the SLAP database.

In the Subotica-led IMC Area:

7. *Agricultural Educational Center in Sombor.* The project's investment in the development and reconstruction of the center was completed in February 2014. The technical control assessment of project documentation was completed in March 2014. The Agricultural Training Center reconstruction was completed in August 2014, and the center has been completely furnished and equipped. In the period 2014-2015, the center organized 115 training courses and presentations, in which 8,700 people participated, mainly local farmers.

The Novi Sad-led IMC Area has two industrial zones on which SLDP worked:

8. *Beocin Business Park.* The project supported the development of a new industrial zone in Beocin. The geotechnical report and technical analysis with preliminary cost estimate were completed in January 2014, and detailed designs were developed for all project components: roads, water supply system, sewage system, rain drainage, low pressure gas distribution network, and telecommunication. Construction work in the industrial zone is eligible for support by Province of Vojvodina or GoS state funds, and the city is actively engaged in soliciting this support. This project was entered into the SLAP database in October 2014. Thanks to the documentation and the public-private partnership agreement between the LaFarge cement factory, the local self-government of Beocin, and the project, two new investors came to the business park: Mars Group (metal processing) and Agrogrnja (agribusiness).
9. *Temerin Industrial Zone.* A location permit has been issued for an access road to this site. The project financed development of a feasibility study and preliminary design, which was formally submitted to the Temerin administration in December 2014 and adopted, together with a main design and design of temporary traffic signals at the end of March 2015. The project was duly entered into the SLAP database.



In June 2014, the project handed over detailed infrastructure development designs for this new industrial zone to the Vranje local government.

**ACCOMPLISHMENTS:**

- 2,877 locally elected and appointed officials, members of CSOs, media, and the business community participated in project-funded training.
- 70 events and initiatives organized to promote dialogue between the private, public, and civil sectors.
- 9 municipal and inter-municipal infrastructure development projects supported in different stages of development.
- 7 public-private partnerships supported.
- In March 2015, the Ministry of Economy appropriated approximately \$1.3 million to 18 cities and municipalities for infrastructural projects designed to attract FDI. Out of these 18 local governments, seven cities and municipalities belong to SLDP's IMC Areas. Those seven governments have received more than \$500,000 for massive infrastructure projects like the construction of two power transformer stations in the "South" industrial zone in Vladicin Han, construction of the sewage collector in the Donje Medjurovo industrial zone in Nis, and construction of an electrical power network in the Cukark industrial zone in Presevo. Similar projects will be financed in Vranje, Novi Sad, Subotica, and Novi Becej.

### **3.7 INTEGRATING YOUTH EQUITABLY INTO LOCAL ECONOMIES (Component 3)**

By the project's end, Component 3 concentrated on workforce development for private sector employment and had two major objectives:

1. Foster entrepreneurship among youth and create long-term employment for young innovators, first-time job seekers, adolescents, and young adults who have acquired labor market skills.
2. Provide schools and vocational education training centers with accredited curricula tailored to the local resources and needs, so that the strengthened relationship between local governments, schools, and businesses reduces the out-migration of young people.

As stated in the beginning of this report, however, Component 3 activities were ultimately switched to support the NCPs. At the beginning of the project, youth activities were more generalized and involved work with municipality youth offices to empower youth to become active participants in the life of their communities. Youth activities in the early days of the project also addressed work force development, but aims were more generalized and did not single out key sectors to populate or specific skills to nurture so that the industry needs would be filled. Rather, the focus was on preparing youth for work. The activities were notable and benefited the youth who participated. But this type of diffuse assistance could not advance economic growth in local communities.

Our list of activities below also indicates whether the work was guided by the NCP approach to grow sectors or by the initial effort to empower youth. In our achievements sector below, however, we have combined the results of both phases of our approach to youth participation in the workforce, as that is what is called for in our contractual deliverables. It would be very interesting to perform a longitudinal analysis of youth employment and economic impact to see which approach to assisting youth to enter the workforce, i.e., sector-specific or general empowerment, has greater impact on economic growth and social stability.

## ACTIVITIES

- Development of Career Guidance and Counseling Structure and Services through the Inter Municipal Cooperation in Serbia — Novi Pazar, Vranje, Zrenjanin (with Belgrade Open School) — Empowerment of Youth
- Internship program — Nis, Novi Pazar, Kraljevo, Novi Sad, Subotica and Uzice IMCs (with Smart Kolektiv). The activity supported youth to acquire skills and gain work experience through internship and entrepreneurship development. — Empowerment of Youth
- Technical guidance in establishing Association of Young Entrepreneurs of Serbia (AYES), an association that thrives today and continues to grow owing the services it offers to new members. Several of its members have won innovation competitions. — NCP
- Labor skills gap assessment, with the National Employment Service of Serbia. — Empowerment of Youth
- Developing a competitive young workforce through cooperation with the professional diaspora — Uzice, Novi Pazar, Nis IMCs (with Group 484) — Empowerment of Youth
- NAPOR — National Association of Non-formal education practitioners — The purpose of the grant activity was to reduce the gap between young peoples' existing competencies and labor market needs by developing and boosting non-formal education services for youth employability that are in line with employers' needs. The grant built the capacity of 35 youth office coordinators and CSO representatives from 20 municipalities to provide non-formal education services for youth employment, through which 270 young people learned employable skills in line with USAID-SLDP New Criteria Projects. —Empowerment of Youth
- On-the-Job training, with Cromer Group, was a program based on matching young job seekers with the opened positions, to overcome the mismatch between workforce demand and supply.--NCP
- Supporting vocational education and training (VET) schools to become leaders of local economic development — Uzice, Vranje, Subotica IMCs, with the Belgrade Open School. The aim of the activity was to increase the dialogue between businesses from the wood processing, furniture, textiles, footwear, and agribusiness industries with VET schools to better match workforce supply and demand and to build the capacity of VET schools to attract more students and offer better educational content. — NCP
- The textile sector in Novi Pazar worked closely with the Leather and Textile Vocational School under the guidance of SLDP's denim team. In addition to adding new curricula and equipment to the school, this cooperation has resulted in a robust internship program and practical classes with local firms.
- ICT Cluster Academies in Nis and Novi Sad -led IMCs. — NCP

## ACCOMPLISHMENTS:

- Since the beginning of the project, 782 youths have participated in SLDP-supported educational programs, and 452 internships were implemented with the Project support.
- The most successful Youth Development component activities were implemented through grant assistance to the Smart Kolektiv CSO, where the project created internship and entrepreneurship opportunities for young people across the Nis, Novi Sad, Kraljevo, and Subotica-led IMC areas (covering 17 municipalities); the Group 484 CSO, to train and help youth find employment and start their own businesses in 12 municipalities in the Novi Pazar, Vranje, and Uzice-led IMC areas; on-the-job training implemented with Cromer Group, during which 166 interns were placed in 36 companies across 14 municipalities; and ICT Cluster Academies in Nis and Novi Sad, where over a six-month training program, 65 unemployed young people acquired skills to prepare them for jobs in the IT industry and 41 participants found new employment after completing the ICT Academy program.
- In total, 657 youths participating in these project-funded activities found new employment.



One of the on-the-job trainees, who worked in a clothing factory in southern Serbia, poses with her mentor. In 2014, interns were placed in 33 companies from IT, food processing and clothes production (fashion) sectors.



On September 25, 2014, 31 youth office and youth civil society representatives were accredited after completing a program conducted by the National Association of Youth Work Practitioners (NAPOR) and supported by the project. The nine-month program covered topics such as youth work, leadership, volunteerism, and project management.

## 4. LESSONS AND CONCLUSIONS

SLDP was a thinking person's project. Owing to original design assumptions that proved unrealistic or unmanageable or simply less significant to the actualities of the political economy, USAID and project management collaborated as partners in the exciting challenges of re-targeting and re-invention. Naturally, much learning was involved, and the following is our list of important take-away messages to inform future decentralized development in Serbia and, possibly, in many other locales.

1. Inter-municipal cooperation (IMC) is a useful and sophisticated tool for local economic development, but for it to work, circumstances on the ground must approximate the conditions necessary to IMC success. In Serbia, IMC is, at best, an ad hoc solution, useful for collective projects that make sense and possess economic logic, but not as a steady, continuous platform to which municipalities must contribute for the sake of maintaining the IMC construct. SLDP suffered from having to identify fixed IMC areas and deliver a fixed roster of results, regardless of whether the inhabitants of the IMC were at all interested in such results. IMC is simply one of many local economic development tools. When it is the best tool, it should be used flexibly, and not when other tools, such as sector competitiveness development, better fit the needs of communities with sharp, immediate economic problems like chronic unemployment. The wood furniture initiative is a terrific example of how the IMC tool can be used, in combination with a sector competitiveness tool, among 47 municipalities and the national government. In the future, these municipalities may nothing to do with one another in any other challenge; but for the moment, they constitute an IMC and must coordinate their activities with the national government to build an industry that will add jobs to most of their economies. The Mountain Breakfast brand is another example where many municipalities had to contribute to make the brand work. Many of SLDP's other initiatives, however, were single-municipality projects that could and will benefit the entire region. Regional impact, such as that of agribusiness laboratories and training initiatives, is extremely valuable, but the construct of IMC is not necessary where only one locality invests and encourages development that will reward not only the participation of its own populace, but also the populations of neighboring communities. The IMC tool is not the only way to bring about effective regional development. Ultimately, SLDP was a regional development project that concentrated on competitiveness as a tool to build private sector growth to add jobs. We used the IMC tool when it was useful.
2. Institutional strengthening in decentralized development work is certainly important, but in a country like Serbia, which has been in a transition period for more than a decade and where communities and people are hurting from economic degradation, it may not be the most useful way to spend scarce donor resources. SLDP, which was a successor to 12 years of large USAID decentralization projects, incorporated two institutional-strengthening components at the behest of USAID's RFP: public administration reform to encourage economic growth (Component 2) and creation of mechanisms for youth development and participation in economic growth and policy-making (Component 3). In its initial years, SLDP proceeded to strengthen institutions in ways explicitly called for

in USAID's work order. Many people were trained, many practices were altered for the better, but local citizens, local leaders, and USAID itself perceived little evidence of real change or economic growth. The trainings, though excellent, were too diffuse and scattershot to produce economic change, and the very idea that institutional strengthening can heal the immediate (or even mid-term) economic needs of an impatient citizenry remains unproven. SLDP's solution was to continue to use institutional strengthening as a discrete tool for the greater, more immediate goal of expanding private sector growth. As we said at the beginning of this report, that meant channeling all of our institutional strengthening work toward impact goals, rather than continuing to pursue it as an end in itself. The act of training became less important than the result the training was designed to achieve. People will disagree over this approach to institutional strengthening, but where the political economy is eroding yearly, visible impact is more valuable than abstract capacity building, where results are distant and not certain. This is particularly true in decentralized communities filled with human beings struggling to find real-life strategies for an extremely uncertain future. We believe that institutional strengthening for its own sake is ineffective as an instrument of concrete economic change, unless it is closely related to a hard and immediate impact goal in communities that having been waiting years for an improved economy, as they have in Serbia.

3. Businesses must be the key partner for projects that wish to deliver palpable economic growth impact in a decentralized project. In its initial years, SLDP attempted to create economic projects through the IMC tool by partnering with local administrations, civil society, NGOs, and business associations. It was a formula for business environment improvement common in many USAID contracts nominally intended to bolster decentralized economic growth. The project's management fell easily into the managerial pitfalls the formula implies. Having no partners or connections among real business firms, when the project was called on to show economic impact, it could not. It was a doubly painful lesson for SLDP's management: USAID will always ask for economic impact in economic projects, regardless of the whether that they are written as process and business environment (or even dialogue) programs; if firms are not at the center of a project's work, it will be impossible to deliver concrete economic impact that is attributable to the project's activities. The reason for this is deceptively simple — a market economy succeeds and grows only if the firms in that economy make products that buyers desire more than they desire someone else's products. SLDP discovered almost too late that it can be fatal to run an economic project whose goal is impact without working intensively with businesses themselves. Industry associations, NGOs, civil society, and government administrations may do many things, but they do not make products of a cost and quality that the free market will buy. And without such products, market economies do not grow in a sustainable way.
4. To make world-class, competitive products, firms must have world-class managerial and operational knowledge. In its initial years, SLDP shied away from interventions that called on the skills of international consultants. There were several reasons for this reluctance, but they all stemmed from the idea that local talent and local knowledge

was sufficiently skilled and more cost-effective than foreign consultants in doing the things necessary to help Serbians build an economy. When a new chief of party came on board to introduce the idea of NCP programs, he ruffled feathers both inside SLDP and at lower levels of USAID by advocating for foreign expertise. Local consulting talent, no matter how hard preceding donor projects tried to develop it, was simply inadequate to grow business success in key sectors of SDLP's roster of communities. Train-the-trainer programs, using faculty members to teach businessmen, and establishing business and cluster associations were interventions that simply did not produce world-class consultants who could help real Serbian businesses produce world-class products in the manufacturing sectors critical to job-growth and economic dynamism in our communities. Fortunately, USAID's top management agreed to allow us to reprise the old-time development model of bringing in world-class foreign consultants to help businesses in selected sectors elevate their competitive game by introducing difficult managerial and operational changes in the fundamentals of business competitiveness — production efficiency, production quality, targeted marketing, and sales approaches to meet and satisfy discerning market demand. SLDP could and should have used its foreign specialists in a slightly better way, and we discuss that below, but there is no question that the introduction of foreign consultants who were sector experts exposed, and in some cases, corrected, problems that impeded the ability of our partner business firms to expand and penetrate new markets. These problems were endemic to firm operations and management, and no amount of government subsidies or new equipment could have made these firms competitive. Basic skills and knowledge fundamental to making and selling a competitive product were missing, and only experienced consultants, with years of hands-on work in the sectors, could capably assist in filling the gaps that crippled sustainable growth in our sectors.

5. Foreign consultants need clear marching orders. SLDP's sector work began two years into the project and carried an urgency to show sales results. This urgency skewed our consultants' work more toward creating sales than to improving operational efficiencies in our sectors. Sustainability of firm growth, however, depends on a firm's ability to build a competitive product in terms of quality and price. We should have contributed more consultant resources to firm-level productivity enhancement and focused less on doing deals. The chief of party should have resolutely instructed the international consultants to devote serious effort to legitimately increasing the factory-level productivity of the players in our various sectors, rather than to marketing less-than-competitive products that, with consultant advice, our firms could tweak to look more worthy. Marketing and sales are important, particularly for firms in Serbia that are completely off buyers' radar, but there must be a genuinely good product to sell if success is to continue and sectors are to grow. That said, resources must also be allocated to marketing and sales efforts.
6. Competitiveness activities and grant mechanisms lack harmony. SLDP initially had a large grant component that followed USAID's egalitarian grant procedures for its youth activities. This worked well, because youth work is well-known in Serbia and there are several organizations that, applying different kinds of methodologies, can perform

usefully and admirably. As the project became more finely honed to private sector expansion projects under the NCPs, however, we began to give sole-source grants to proven and rare candidates, justifying the selection through evidence of past competence and achievement. The reason for this is that we needed to make sure that the implementer gave us answers and solutions that fit accurately into other pieces of our work. Then, as work became more particularized to the exigencies of sectors and business, it was clear that the grant process, even sole-sourced, was cumbersome and inefficient compared with contract mechanisms. As a consequence, USAID agreed to decrease SLDP's grant component and shift the monies into a contract category. The reality of competitiveness work favored this switch, because we were looking for implementers to give us certain types of deliverables using certain types of methodologies. For instance, a highly successful sole-source grant, which could as easily have been a service contract, was issued for a real competitiveness analysis of the Serbian economy, undertaken by CEVES, a think tank. At every step in the creation of this report, project staff and CEVES professionals met to agree on methods, purpose and meaning of the data uncovered. The project's input was more stringent and constant than what occurs with most grants, even sole-sourced, and CEVES was graceful to accept it. But our control was still subject to the good will of the grantee. In similar cases of assisting with the targeting and implementation of competitiveness activities, we also used grants, though contracts would have been a more suitable way to supervise our partner's work. Grants are useful in some areas, but by the time our NCP-based work began, we had already learned that the grant mechanism, with its procedures and its monitoring approaches, was an inefficient and burdensome way to ensure performance of what the project really needed from its local partners.

## ANNEX A. INTER-MUNICIPAL COOPERATION AREA SUPPORT

### A. Uzice-led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in December 2011. Since March 2013, the IMC and the Project implemented the "Uzice IMC Regional Value Chain" new criteria program.

#### IMC Area Activities:

- Stimulate demand for local food products and handicrafts of the destinations of Tara, Zlatibor, and Zlatar by connecting the hotel industry and other tourism-related businesses with specific vendors in at least three categories of products.
- Furniture sector assistance.
- Assessment of FDI location potential.
- Business-Friendly Certification.
- Support to planned Ponikve Airport.
- Development of a demand assessment on establishment of an integrated university in Uzice.
- On-the-job training program for youths.
- Public Utility Company (PUC) monitoring activity.

#### Results:

- Representatives of furniture companies in the IMC area learned about efficient marketing strategies, latest sales trends, and best practices in the international furniture sector and participated at the IMM furniture fair in Cologne.
- Local Economic Development (LED) practitioners and the Zlatibor Regional Development Agency (RDA) representatives learned how to present local potential and attract investments, retain and grow existing businesses, manage LED, evaluate the potential of brownfields, and to prioritize and redevelop these sites.
- With SLDP support, the Zlatibor RDA developed and launched a local gastronomic brand, "Mountain Breakfast," to expand the local, tourism-based, economy and help local producers sustainably connect with the regional tourism industry. A specialized local store for home-made food products was opened in Zlatar and an online platform created to promote the "Mountain Breakfast" concept and products. The Serbian Tourism Organization awarded the "Mountain breakfast" concept with the Tourism Flower, the nation's highest award in the field of tourism.
- To help equip local youth with skills that regional employers demand, a study was developed to guide the establishment of a University in Uzice.

#### Inter-Municipal Cooperation

##### Partners

#### UZICE CITY

Population: 78,018  
Unemployment: 21%

Economic Base: metal and machine industry, textile and wood processing industry

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#### CAJETINA MUNICIPALITY

Population: 14,726  
Unemployment: 16%

Economic Base: tourism, agriculture, craftsmanship

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#### NOVA VAROS MUNICIPALITY

Population: 16,758  
Unemployment: 47%

Economic Base: tourism, agriculture

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#### PRIJEPOLJE MUNICIPALITY

Population: 36,713  
Unemployment: 51%

Economic Base: textile and wood processing industry, agriculture

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#### PRIBOJ MUNICIPALITY

Population: 27,127  
Unemployment: 50%

Economic Base: automotive industry, agriculture, tourism

- Prijepolje and Nova Varos were assisted to develop and present to investors a public-private partnership (PPP) action plan to build a regional cold storage and cogeneration biomass heating facility, respectively. PPP toolkits for local infrastructure development, energy efficiency and parking services were developed, and a Guide for development of successful PPPs was published.
- A guide for building permitting was created, and the investor database in Nova Varos municipality was updated, as part of the effort to achieve Business-Friendly Certification.
- Eight youth teams were awarded business start-up grants (€1,200 each) as part of project-supported CSO “Group 484” activities.
- Published guide to improve cooperation between vocational schools and private sector; it examines labor market supply and demand and labor needs of key sectors.
- After participation in the project's two-month on-the-job training program, six youths have found jobs.

## B. Novi Pazar-led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in July 2011. Since March 2013, the IMC and the Project implemented the “**Novi Pazar: Entrepreneurship that Sells**” new criteria program.

### IMC Area Activities:

- Denim Sector assistance.
- Agriculture Sector assistance.
- Furniture Sector assistance.
- Footwear Sector assistance.
- Assist the Regional Center for Agricultural Development (RCDA) in Sjenica to establish a product testing laboratory.
- Regional Agricultural Competitiveness Analysis as Precondition and Tool for FDI Attraction - Tutin, Sjenica, Novi Pazar.
- Provide technical assistance to agribusiness (herbs sector)
- Building SME competitiveness in Sandzak.
- Public Utility Company (PUC) monitoring activity.
- Asset Management and Brownfield Re-Development.
- Study on Regional Biomass Utilization.
- Youth development activities.

### Results:

- Ozone jeans finishing equipment purchased to give local denim manufacturers a competitive advantage and enable them to attract ecologically-conscious buyers willing to pay more for an eco-friendly product. This modern equipment significantly reduces the use of water and energy and eliminates harmful bleaching agents in the final stages of jeans manufacturing.
- ProDenim association of producers established.
- Provided recommendations for expanding the denim sector and attracting investors; trained local producers on topics ranging from the use of social media in marketing to jean finishing techniques and environmentally friendly technologies. Denim and shoe producers improved their production, assortment, and marketing and participated in international shoe and denim trade fairs. Denim quality control training held and manual published. Assisted in opening of a retail store “Jeans factory” in Belgrade, as a joint venture of three Novi Pazar-based companies. In 2015, Jeans Factory reported a total sales of \$155,000, while in the first three months of 2016, the store made monthly sales of \$41,000 on average, a 25 percent increase over the same quarter in 2015. During the last three months, the store served 1,340 customers every month, each spending approximately \$30.
- Ten textile producers participated at “Bread and Butter” Trade Fair in Berlin, Germany.
- Project experts trained the Regional Center for Agricultural Development (RCAD) staff on development and application of laboratory protocols for field sampling of milk and meat according to international food safety and quality standards. RCAD staff also learned how to

### Inter-Municipal Cooperation

#### Area Partners

#### NOVI PAZAR CITY

Population: 117,084  
Unemployment: 53%

Economic Base: textile, road construction, trade

#### TUTIN MUNICIPALITY

Population: 36,054  
Unemployment: 59%

Economic Base: furniture production, trade, agriculture, forestry

#### SJENICA MUNICIPALITY

Population: 27,970  
Unemployment: 47%

Economic Base: agriculture, textile, food industry

interpret test results and provide customers with recommendations to improve milk and meat quality.

- Local Economic Development (LED) practitioners learned how to present local potential and attract foreign direct investments, retain and expand existing businesses, manage LED, evaluate potentials of brownfields, and to prioritize and redevelop these sites.
- Project assisted Tutin and a local agribusiness development company in establishing links with investors and buyers at the Biofach Organic Food Fair.
- A value chain Analysis and a marketing plan was developed with recommendations on how to improve dairy production and increase regional competitiveness.
- Tutin was assisted to develop and present to investors a public-private partnership (PPP) action plan for the construction of a center for the collection, processing, and sale of forest fruit and medicinal herbs. A guide for development of successful PPPs was published.
- In partnership with SEDA, sector brochures published to promote local companies and attract investors in the textile, furniture, footwear, and food industries.
- To support workforce development, purchased 3D modeling software and plotter for the Novi Pazar Design and Textile Vocational School.
- Four youth teams were awarded business start-up grants (€1,200 each) as part of project-supported CSO "Group 484" activities.

## C. Nis-led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in July 2011. Since March 2013, the IMC and the project implemented the “Grow South” new criteria program.

### IMC Area Activities:

- Establish a product development research laboratory at the Food Technology Park in Leskovac.
- Technical assistance to the Food Processing Support Center in the city of Nis.
- Investment promotion – comprehensive FDI coaching program; business missions/study tours to Italy and the Czech Republic.
- Development of pre-feasibility studies for selected industrial zones in Nis and Merosina.
- Facilitation of Serbian FDI Mission to Global Connect Conference in Stuttgart on presenting investment opportunities and attracting investments.
- Organization of the study visit to the IMM Fair in Cologne.
- Regional Agricultural Competitiveness Analysis as Precondition and Tool for FDI Attraction - Nis, Doljevac, Gadzin Han, Leskovac, Merosina.
- ICT Cluster Academy.
- SME/Innovation - developing ties between the science and business communities.
- Innovation Study Tour to the UK - Developing innovation and knowledge based economy through partnership between education, business, civil society and government sector - in cooperation with the British Council (part of a multi-IMC area activity with Kraljevo and Novi Sad).
- Asset management and brownfield re-development.
- Establishment of Food Processing Support Center (FPSC) (Building a Sustainable Model of Management and Operation of Food Processing Support Center).
- Agricultural demand analysis.
- Technical documentation for water supply system.
- Agricultural supply analysis.
- Assessment of FDI location potentials.
- Bankruptcy and Liquidation - Supporting the city of Nis to shape its role, as a main creditor, in the bankruptcy case of the Nis Brewery.

### Results:

- Local Economic Development (LED) practitioners learned how to present local potentials and attract foreign direct investment, retain and expand existing businesses, manage LED, evaluate the potential of brownfields, and to prioritize and redevelop these sites.

### Inter-Municipal Cooperation Partners

#### NIS CITY

Population: 255,479  
Unemployment: 36%

Economic Base: Electronic industry, machine industry, textile, agriculture, transport

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#### LESKOVAC CITY

Population: 156,252  
Unemployment: 43%

Economic Base: Chemical industry, agriculture, food industry, textile, wood processing industry

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#### MEROSINA MUNICIPALITY

Population: 14,812  
Unemployment: 55%

Economic Base: Agriculture

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#### GADZIN HAN MUNICIPALITY

Population: 10,464  
Unemployment: 43%

Economic Base: Agriculture, food industry

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#### DOLJEVAC MUNICIPALITY

Population: 19,561  
Unemployment: 59%

Economic Base: Agriculture, food processing industry

- This IMC area is by far the leading IMC region in attracting new investments in the last three years. A total of \$64.4 million of foreign and domestic investments were completed in Merosina, Leskovac, and Nis, and additional \$116 million is expected in the next one to three years, based on contracts signed between investors and local governments of Nis, Leskovac, and Doljevac.
- Regulatory and administrative barriers to business growth in the IMC area analyzed by NALED and 21 recommendations advanced for improvement. Expert assistance provided to Merosina to implement recommendations.
- ICT Cluster Academy was launched in Nis, to equip young and unemployed people with the knowledge and skills required by IT sector employers. 24 graduates completed the first year, and more than 50 percent of them have already found jobs.
- Project assisted in the establishment of the Food Processing Support Center. A new web-portal “Grow South” was launched to help grow the regional agribusiness sector.
- A pilot plan for new product development was opened at the Food Technology Park in Leskovac, to enable food processors to develop new and improved products in a cost-efficient way, and to increase their competitiveness and boost sales. 20 new products were developed and five existing ones improved. Sales of newly developed products reached \$94,000 per month. Revenues of six TFP SMEs were increased by 8 percent, and employment, by 23 percent from 2013 through 2015.
- Investor teasers prepared to assist the public sale of the remaining social enterprises.
- Representatives of furniture companies from the IMC area learned about efficient marketing strategies, latest sales trends, international furniture sector best practices, and participated in the IMM international furniture fair in Cologne.
- Nis and Doljevac were assisted to develop and present public-private partnership (PPP) action plans to investors; A guide was published for development of successful PPPs, and PPP toolkits (local infrastructure development, energy efficiency, parking services) were completed.
- Three Public Utility Companies (PUC) instituted a standardized financial and technical performance reporting to municipalities, with the goal to improve PUC efficiency, thus enabling local governments to focus more on overall economic development and job creation.
- Twelve young interns employed on the Project-supported Youth Business Serbia program; three business start-up ideas received favorable credit; 16 youths found jobs after participating in the project's two-month on-the-job training program.

## D. Vranje-led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in June 2011. Since March 2013, the IMC and the project implemented the “Invest on Corridor 10” new criteria program.

### IMC Area Activities:

- Furniture sector assistance
- Footwear sector assistance
- Investment promotion – comprehensive FDI coaching program; business missions/study tours to Italy and the Czech Republic and FDI Mission to Global Connect Conference in Stuttgart in presenting investment opportunities.
- Development of pre-feasibility studies for selected industrial zones.
- Regional Industrial Workforce Continuous Development Center Vranje Operational Model Study.
- Preparation of the main design for infrastructure in the Vranje Industrial Zone "Bunuševac".
- Preparation of technical documentation for interior traffic road in the Industrial Zone.
- Asset management and brownfield re-Development.
- Assisting city of Vranje and Municipality of Bujanovac in reviewing BFC standards.
- Development of the Regional Waste Management Plan for Pčinja Region
- Creation of technical documentation for installment of effluent meters in city of Vranje and the municipalities of Presevo, Bujanovac, and Vladicin Han.
- Tailored technical assistance provided, allowing Bujanovac to obtain land for a planned economic faculty
- Expert assistance and on-the-job training provided for preparation of cross-border cooperation (CBC) projects (Bulgaria-Serbia).
- Regulatory and administrative barriers to business growth in the IMC area analyzed by NALED and 21 recommendations advanced for improvement. Expert assistance provided to Vladicin Han to implement recommendations.
- Youth development activities.

### Results:

- Tailored technical assistance provided, allowing Bujanovac to obtain land for a planned economic faculty.
- Shoe producers improved their production, assortment, and marketing and participated at "GDS" and "Tag It!" international shoe trade fairs.
- Detailed infrastructure development designs and a cadaster topographic plan for a new regional industrial zone

### Inter-Municipal Cooperation Area Partners

#### VRANJE CITY

Population: 87,228  
Unemployment: 29%

Economic Base: Textile, furniture producing, leather and shoe industry, machine industry

#### BUJANOVAC MUNICIPALITY

Population: 43,302  
Unemployment: 36%

Economic Base: Agriculture, food processing, wood processing

#### PRESEVO MUNICIPALITY

Population: 34,904  
Unemployment: 47%  
Economic Base: Wood processing industry

#### VLADICIN HAN MUNICIPALITY

Population: 23,703  
Unemployment: 52%

Economic Base: Fruit processing, wood processing, production of paper packaging

- “Bunusevac” delivered, enabling further development of the IZ and attracting new investors.
- 10-year Regional Waste Management Plan (RWMP) for Pcinja region developed (\$40,000 grant); the plan anticipates the development of transfer stations in Bujanovac and Presevo and expanding the existing landfill “Meteris,” located in Vranje.
  - Expert assistance and on-the-job training provided for preparation of cross-border cooperation (CBC) projects (Bulgaria-Serbia). \$235,000 of EU CBC funds was awarded for improvement of competitiveness of regional furniture manufacturers.
  - Regulatory and administrative barriers to business growth in the IMC area analyzed by NALED and 21 recommendations advanced for improvement. Expert assistance provided to Vladicin Han to implement recommendations.
  - Local Economic Development (LED) practitioners learned how to present local potential and attract foreign direct investments, retain and grow existing businesses, manage LED, evaluate the potential of brownfields, and to prioritize and redevelop these sites.
  - Investor teasers prepared to assist the public sale of the remaining social enterprises.
  - Regional Wastewater Treatment System along the South Morava River: The project developed technical documentation for the construction of waste-water measuring points at sewer outfalls and installment of effluent meters in each IMC municipality. 10-year Regional Waste Management Plan for the Pcinja region was also developed.
  - Completed and presented public-private partnerships (PPP) toolkits for local infrastructure development, energy efficiency and parking services. In partnership with NALED, published a Guide for development of successful PPPs.
  - Italian shoemaker GEOX and local vocational school sign MoU aligning school curriculum with private sector needs thus improving students’ skills for the labor market. Published guide to improve cooperation between vocational schools and private sector.
  - Three youth teams awarded business start-up grants (€1,200 each) as part of project-supported CSO “Group 484” activities.

## E. Kraljevo-led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in December 2011. Since March 2013, the IMC and the project implemented the “**Kraljevo IMC Competitiveness through Innovation**” new criteria program.

### IMC Area Activities:

- Increase the business-oriented focus of the 3D ImPuls Center to ensure the Center’s sustainability and increase innovation through wider exploitation of this unique resource by SMEs by making the business community more aware of the Center’s resources and establishing contacts with new customers. The assistance included two study tours (to the Czech Republic and the U.K.), website development, and procurement of equipment.
- Technical assistance for a large furniture producer in Kraljevo.
- Investment promotion – FDI mission to the Czech Republic and a comprehensive FDI coaching program.
- Facilitation of the Serbian FDI Mission to the Global Connect Conference in Stuttgart to present investment opportunities and attract investments.
- Development of pre-feasibility studies for selected industrial zones.
- Development of a business plan Technology Park in Cacak – “Competitiveness through Innovation” - which includes an action plan for the first year of operation and organizational model for the Park.
- Assistance to the City of Kraljevo and the Municipality of Vrnjacka Banja to comply with business-friendly certification requirements.
- Regional Agricultural Competitiveness Analysis as Precondition and Tool for FDI Attraction- Raska.
- Innovation in agricultural production - possibilities for introducing nontraditional crops that have market potential in Raska and Vrnjacka Banja.
- Asset Management and Brownfield Re-Development – assessment, gap analysis, study visit to Uzice as a mentor city for asset management, TA to selected local governments to resolve key proprietary challenges needed for implementation of the activities that have a spatial component.

### Results:

- Multimedia laboratory within Kraljevo’s ImPuls 3D printing and innovation center furnished to help entrepreneurs acquire new skills, improve knowledge, reduce production costs, and apply innovation. With business development assistance from SLDP, the number of client orders increased from 25 in 2013 to 63 in 2014.

### Inter-Municipal Cooperation

#### Area Partners

#### KRALJEVO CITY

Population: 124,554

Unemployment : 34%

Economic Base: agriculture, trade, processing industry

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#### CACAK CITY

Population: 114,809

Unemployment: 28%

Economic Base: agriculture, industry, trade, tertiary sector of the economy

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#### GORNJI MILANOVAC MUNICIPALITY

Population: 44,438

Unemployment: 23%

Economic Base: industry, mining, manufacturing

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#### VRNJACKA BANJA MUNICIPALITY

Population: 27,332

Unemployment: 36%

Economic Base: tourism

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#### RASKA MUNICIPALITY

Population: 24,680

Unemployment: 42%

Economic Base: agriculture, tourism

- Representatives of furniture companies from the IMC area learned about efficient marketing strategies, latest sales trends, and international furniture sector best practices and participated at international IMM Cologne furniture fair.
- Local Economic Development (LED) practitioners learned how to present local potential and attract foreign direct investment, retain and grow existing businesses, manage LED, and evaluate the potential of brownfields, and to prioritize and redevelop these sites.
- To help Kraljevo attract investors, a pre-feasibility study including detailed conceptual design was prepared for the local industrial zone (IZ); the study indicates what the city has to do to make the IZ investor-ready.
- An innovation study tour was organized for business clusters and science/technology centers. Participants learned of best practices in connecting academic and business communities to enhance business innovation and expand the private sector; completed analysis of opportunities for linking R&D institutions with SME sector.
- Investor teasers prepared to assist the public sale of the remaining social enterprises.
- Raska was assisted to develop and present to investors a public-private partnership (PPP) action plan for construction of a recycling yard; PPP toolkits for local infrastructure development, energy efficiency and parking services were created; a Guide for development of successful PPPs was published.
- Created database of investors and brownfield locations in Kraljevo and Vrnjacka Banja to advance steps to BFC achievement.
- Eight young interns were employed within the Project-supported “Youth Business Serbia” Program; two business start-up ideas received favorable credit terms from Erste Bank (lower interest rate and no collateral).
- After participating in the project’s two-month on-the-job training program, 30 youths have found jobs.

## F. Zrenjanin–led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in December 2011. Since March 2013, the IMC and the Project implemented the “**Diversification of Agriculture – New Jobs for Rural Youth**” new criteria program.

### Inter-Municipal Cooperation

#### Area Partners

#### IMC Area Activities:

- The Horticulture Incubator Program in all three municipalities.
- Regional Agricultural Competitiveness Analysis as Precondition and Tool for FDI Attraction - Kikinda, Novi Beč ej, Zrenjanin
- Development of pre-feasibility studies for selected industrial zones.
- Assistance in Business-Friendly Certification.
- Agricultural Demand Analysis.
- Asset Management Activity - Rulebook on Administration for Asset Inventorying and Management and a Rulebook on Disposal of Municipal Property; organized study visit to Uzice as a Mentor City for asset management; TA to selected local governments to resolve key property challenges.
- Promotion of inter-municipal cooperation (IMC) and initiatives in Banat Region.
- Assistance to RDA Banat in project preparation for EU funds.

#### ZRENJANIN CITY

Population: 122,714  
Unemployment: 22%

Economic Base: agriculture, food processing, textile, metal and chemical industry

#### KIKINDA MUNICIPALITY

Population: 59,329  
Unemployment: 27%

Economic Base: agriculture, food processing, metal and chemical industry

#### NOVI BECEJ MUNICIPALITY

Population: 23,847  
Unemployment: 40%

Economic Base: agriculture, tourism

#### Results:

- More than 60 unemployed youth trained in farm management, while 31 began vegetable production in greenhouses provided for best training participants; thus far, more than 45 tons of produce have been sold on the local market or exported, generating \$40,000 for young farmers.
- Assistance to RDA Banat in project preparation for EU funds resulted in funding of 225,000 euros approved for the “Education to Easier Employment (E3)” project.
- Local Economic Development (LED) practitioners learned how to present local potential and attract foreign direct investment; retain and expand existing businesses; manage LED; evaluate potentials of brownfields, and prioritize and redevelop these sites; training and project-organized participation at Global Connect investment fair helped Zrenjanin attract Italian and Russian investments to its industrial zone.
- Zrenjanin was also assisted to develop and present to investors a public-private partnership (PPP) action plan for the modernization of the Rusanda spa center; a Guide for development of successful PPPs was published; PPP toolkits for local infrastructure development, energy efficiency and parking services were created.
- Database of investors and brownfield locations was created in Kikinda and Novi Becej, as steps toward achieving Business-Friendly Certification.
- To help Novi Becej attract investors, a pre-feasibility study including detailed conceptual design was prepared for the local industrial zone (IZ); the study indicates what the municipality has to do to make the IZ investor-ready.

- 10 municipal representatives were trained to prepare terms of reference for infrastructure projects.
- 18 youth service providers were trained in career guidance and counseling and started providing services to youth in the Zrenjanin-led IMC area.
- To curb unemployment, the Zrenjanin Youth Office was assisted to publish a “Guide for Future Students.”

## G. Subotica-led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in November 2011. Since March 2013, the IMC and the project implemented the “**Subotica IMC Agribusiness Expansion**” new criteria program.

### IMC Area Activities:

- Expanding the services of the Laboratory for Testing Quality of Agriculture Products and Export Certification.
- Inter-municipal Agricultural Educational Center in Sombor – design and equipment.
- Regional Agricultural Competitiveness Analysis as a Precondition and Tool for FDI Attraction - Subotica, Sombor, Kanjiža - analyzed three indicators that have the most influence on the level of competitiveness and attractiveness for investors: existing resources, sector competitiveness and other comparative advantages.
- Support to establishment of the Kanjiža logistics center - Kanjiža was assisted to develop a public-private partnership (PPP) action plan.
- Investment promotion – The project organized a Serbian Business Mission to Czech Republic and a comprehensive FDI coaching program.
- Participated in the Serbian FDI Mission to the Global Connect Conference.
- Development of pre-feasibility studies for the industrial zone in Kanjiža.
- Assistance in Business Friendly Certification.
- Agricultural Demand Analysis, with recommendations for accessing new markets.
- Agricultural Supply Analysis – mapping the needs of food processors in Subotica, Sombor, and Kanjiža.
- Protection of Geographic Indication - Study on protected products in accordance with the regulation of the Institute for Intellectual Property and Ministry of Agriculture, Water Management and Watery – Apple produced on Suboticko-Horgoska sand.
- Database of investors and brownfield locations was created in Sombor as a step toward achieving Business-Friendly Certification; Sombor was awarded the BFC certificate on December 4, 2012.
- Three public-private partnerships toolkits (for local infrastructure development, energy efficiency and parking services) were presented at a regional “Public Private Partnerships” Conference in Novi Sad
- “Business Enabling Environment – Brownfield” training conducted on evaluating the potential of brownfield locations, their prioritization and redevelopment
- Regional Development Agency for Eastern Serbia (RARIS) conducted (\$39,000 national-level grant) an analysis of available non-financial services for small and medium sized enterprises and made recommendations on how they could be standardized and improved
- In partnership with the Serbian Intellectual Property Office and the Ministry of Agriculture, a workshop was organized to explain and promote geographic branding to regional agricultural producers and processors

### Inter-Municipal Cooperation Partners

#### SUBOTICA CITY

Population: 140,358  
Unemployment: 23.53%

Economic Base: agriculture, food processing industry, tertiary sector of the economy, tourism

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#### SOMBOR CITY

Population: 85,569  
Unemployment: 26.88%

Economic Base: agriculture, food processing industry, tourism

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#### KANJIZA MUNICIPALITY

Population: 24,995  
Unemployment: 30.50%

Economic Base: agriculture

- The study „Diversification of the agricultural production” and its recommendations were presented to representatives of IMC agriculture and rural development working group members, producer associations, regional educational and health institutions, and local governments
- To promote regional competitiveness and innovation through improved broadband infrastructure, a conference was held with high officials from the relevant Ministry, Provincial and local governments
- National Association of Youth Workers (NAPOR) held five trainings for Local Youth Office workers from Sombor to strengthen their role, services and capacities
- 4 young entrepreneurs selected for business mentorship; 4 companies applied to receive 8 interns, with possibility for employment; in the second round 9 interns were engaged by 5 companies
- Within the Youth Business Serbia program, four business start-up ideas were selected and recommended to receive favorable credit terms from Erste Bank (lower interest rate and no collateral)

### Results:

- To facilitate export of regional food products, \$95,000 worth of laboratory equipment was purchased for the Subotica Public Health Institute, and staff were trained to perform complex analysis of pesticide residue, food safety and quality; the Institute was assisted to receive official government accreditation for its new food testing services. In the period October 2015 – March 2016, 82 pesticide residue analyses have been conducted.
- Detailed designs delivered, reconstruction completed and IMC Area Agriculture Education Center in Sombor opened. This helped municipality attract \$8.5 million in investment from Ferrero Group, an Italian confectioner. In 2014 and 2015, the Agriculture Education Center in Sombor delivered 115 training events and presentations, with an estimated participation of 8,700 persons, mostly farmers.
- Kanjiza was assisted to develop a public-private partnership (PPP) action plan for setting up a logistics and distribution center for agricultural goods and present it to investors; PPP toolkits (for local infrastructure development, energy efficiency and parking services) were prepared and a guide for development of successful PPPs was published.
- Local Economic Development (LED) practitioners learned how to present local potential and attract foreign direct investment; retain and grow existing businesses; manage LED; evaluate potentials of brownfields; and prioritize and redevelop these sites.
- To help Kanjiza attract investors, a pre-feasibility study, including detailed conceptual design, was prepared for the local industrial zone (IZ); the study indicated what the municipality needed to do to make the IZ investor-ready.
- A database of investors and brownfield locations was created in Sombor to advance steps toward Business-Friendly Certification; Sombor was awarded this certification in 2012.
- Published guide to improve cooperation between vocational schools and private sector that examines labor market supply and the demand and labor needs of key sectors.
- Eleven young interns employed on the Project-supported Youth Business Serbia Program; two business start-up ideas received favorable credit from Erste Bank (lower interest rate and no collateral).

## H. Novi Sad-led Inter-Municipal Cooperation (IMC) Area

The IMC area was formed in July 2011. Since March 2013, the IMC and the Project implemented the “Metro Novi Sad: First Place for Business” new criteria program.

### IMC Area Activities:

- Development of an Innovative Cluster-Wide Product to increase competitiveness of the Vojvodina Metal Cluster (VMC) members by involving them in the production of the first innovative, cluster-wide product to increase their sales, exports, preserve existing jobs, and create new ones.
- VMC Innovation and Business Development Center – InnoBuddy.
- Investment promotion – FDI coaching program and Business Mission to Italy targeted at presenting investment opportunities and attracting investments (with Confindustria).
- Facilitation of Serbian FDI Mission to Global Connect Conference in Stuttgart in presenting investment opportunities and attracting investments
- ICT Cluster Academy.
- Innovation Study Tour to the UK - Developing innovation and knowledge based economy through partnership between education, business, civil society and government sector - in cooperation with British Council (part of multi-IMC area activity with Nis and Kraljevo)
- Metal sector value chain development – recommendations on how to build the VMC into an organization that would provide services to a network of metal companies in northern Serbia, helping them become more competitive and eventually, able to operate in the international market for metal fabrication.
- Preparation of the technical documentation for the new industrial zone in Beocin.
- Preparation of the technical documentation for the new industrial zone in Temerin.
- Preparation of Feasibility Study for Regional Fiber Optic Network.
- Technical assistance for reaching Business Friendly Certification standards.
- Career Guidance - technical support for educational institutions and youth offices for their role of the implementation of Career Guidance Strategy.
- Development of Youth Business Serbia Program

### Results:

- The project provided technical documentation for the Beocin Industrial Zone, legal advice and support for establishment of partnership between Lafarge and Beocin, to create a new business park on land owned by the municipality, to meet the demand of new investors for adequate

## Inter-Municipal Cooperation Area Partners

### NOVI SAD CITY

Population: 381,388  
Unemployment: 18.90%

Economic Base: tertiary sector of the economy, processing industry

### SREMSKI KARLOVCI MUNICIPALITY

Population: 8,839  
Unemployment: 46.14%

Economic Base: agriculture, tertiary sector of the economy

### BEOCIN MUNICIPALITY

Population: 16,086  
Unemployment: 34.29%

Economic Base: industry, tourism, mining

### TEMERIN MUNICIPALITY

Population: 28,275  
Unemployment: 30.80%

Economic Base: industry, craftsmanship, agriculture

business space and generate new jobs in the region. Thanks to the documentation and the public-private partnership agreement between LaFarge (a cement factory), the local self-government of Beocin and the project, two new investors came to the business park: Mars Group (metal processing) and Agrogrnja (agribusiness).

- A “Business Enabling Environment – Brownfield” training was conducted on evaluating the potential of brownfield locations and their prioritization and redevelopment. The project created a database of investors and brownfield locations in Beocin and Novi Sad as part of the process of Business Friendly Certification – NALED; Novi Sad was awarded this certification in June 2012 and entered into the re-certification process in the summer of 2016.
- Local Economic Development (LED) practitioners learned how to present local potentials and attract foreign direct investments, retain and grow existing businesses, manage LED, evaluate potentials of brownfields, and prioritize and redevelop these sites.
- The project enabled Vojvodina Metal Cluster (VMC) members to become more competitive by providing the Cluster with customer relationship management software and modern equipment (a CNC plasma cutting table). VMC members can now lower their production costs, connect more efficiently with potential foreign buyers, and quickly process inquiries from new clients. From 2013 through 2015, 28 VMC members increased their revenue by 11.6 percent (\$9 million) and hired 3.2 percent more employees (63 employees).
- An ICT Cluster Academy was launched in Novi Sad to equip young and unemployed people with the knowledge and skills required by IT sector employers; 45 graduates completed the first year, and more than 25 percent of them have already found jobs.
- Architectural design prepared for the regional Educational Training Center for Professional and Working Skills in Novi Sad, to train graduates in skills in high business demand.
- 25 young interns employed within the Project-supported Youth Business Serbia Program; two business start-up ideas received favorable credit terms from Erste Bank (lower interest rate and no collateral)
- After participating in the project's two-month on-the-job training program, 15 youths have found jobs.



## ANNEX C – FINAL PERFORMANCE MONITORING REPORT

This Annex provides status of the project's performance indicators as of July 31, 2016. It covers the project implementation for the period December 22, 2011 – July 31, 2016. The structure of the PMP for the Sustainable Local Development Project and the current status of the indicators are presented in the table below:

Table 1. Status of SLDP Indicators

	#	Indicator	target		actual
Impact Level	1	Number of business-sector jobs created in participating municipalities as a result of Project's IMC activities	Y1	-	-
			Y2	-	-
			Y3	300	479
			Y4	700	3,975
			Y5	1,000	928
			Y6	-	1,576
			LOP	2,000	6,958
	2	Dollar value of direct investment, both realized and those that are committed  (M=million)	Y1	-	-
			Y2	-	-
			Y3	\$40M	\$0.00M
			Y4	\$80M	\$218M
			Y5	\$118M	\$241M
			Y6	\$30M	\$60.9M
			LOP	\$268M	\$520M
	3	Dollar value of increased revenues of companies in sectors supported by the project  (M=million)	Y1	-	-
Y2			-	-	
Y3			-	\$0.00M	
Y4			\$1.3M	\$1.3M	
Y5			\$21.1	\$21.1M	
Y6			- <sup>1</sup>	\$2.9M	
LOP			-	\$25.3M	
Outcome / Output Level	4	Number of inter-municipal economic development projects implemented, which meet the critical path milestones	Y1	-	-
			Y2	-	-
			Y3	8	12
			Y4	8	20
			Y5	4	21
			Y6	(7) <sup>2</sup>	13
			LOP	20	26
	5	Number of business-friendly municipalities	Y1	2	0
			Y2	-	8
			Y3	10	11
			Y4	5	6
			Y5	0	-
			Y6	-	-
			LOP	17	25

<sup>1</sup> Targets for increased business revenues are not set for FY 2016. In previous years, business revenues were counted as part of the overall economic impact of the project, together with investments.

<sup>2</sup> Indicator #4 counts active IMC projects in a year. By the end of FY2015, SLDP supported 21 IMC projects. The target set for FY 2016 includes 7 projects that were already started in previous years. In addition, SLDP initiated 5 new projects in FY 2016, related to wood processing sector. The list of active IMC projects in FY 2016 is available below, under section on Indicator #4.

#	Indicator	target	actual	
6	Number of municipalities that have established or improved management practices.	Y1	-	-
		Y2	9	7
		Y3	8	6
		Y4	8	15
		Y5	7	3
		Y6	(16)	19
		LOP	32	31
7	Number of public-private Partnerships established with project support	Y1	-	-
		Y2	1	-
		Y3	2	3
		Y4	2	2
		Y5	2	2
		Y6	-	-
		LOP	7	7
8	Number of youth with increased competitiveness in the labor market	Y1	-	-
		Y2	130	225
		Y3	320	702
		Y4	330	307
		Y5	270	-
		Y6	-	-
		LOP	1,050	1,234
9	Number of major infrastructure inter-municipal projects assisted in applying for the EU and GOS financing	Y1	-	-
		Y2	1	-
		Y3	1	2
		Y4	1	4
		Y5	2	3
		Y6	-	-
		LOP	5	9
10	Number of locally elected and appointed officials, CSO members, media, and the business community trained	Y1	-	-
		Y2	955	955
		Y3	250	655
		Y4	300	857
		Y5	250	341
		Y6	-	69
		LOP	1,750	2,877
11	Corporate social responsibility initiatives supported	Y1	-	-
		Y2	-	-
		Y3	-	2
		Y4	2	-
		Y5	2	2
		Y6	-	-
		LOP	4	4
12	Number of initiatives involving dialogue between the public, private and civil sectors	Y1	0	-
		Y2	21	21
		Y3	10	12
		Y4	14	13
		Y5	13	18
		Y6	3	6
		LOP	61	70

## Detailed Report on the Status of Indicators

Indicator	End of Project target	End of Project status
<b>1. Number of business-sector jobs created in participating municipalities as a result of the Project's IMC activities</b>	2,000	<b>6,958</b>

**Definition:** Business sector jobs created in partner cities/municipalities as a result of project efforts to develop and implement business opportunities and to engage private and public sectors. The indicator will capture the following:

- (a) Jobs created as a result of the private sector investments and jobs created as a result of increased revenues of the private sector, due to project assistance.
- (b) Jobs found by young people assisted by the project. The project will provide intensive assistance to approximately 1,050 young people, and it is expected that 450 of them will be hired by the end of project implementation.

**Status:** A total of 6,958 new jobs were created since the beginning of the project, which fall into the following subcategories:

- 5,772 new jobs were created by new investments attracted and implemented in the project partner municipalities in the period 2013-2016.
- 529 new jobs were recorded in 69 project partner companies in the period 2013-2016.
- 657 youths who participated in the project-sponsored activities found new employment in the period 2012-2016.

### Comments and Project's contribution:

- Foreign direct investment attraction coaching, business retention and expansion training, brownfield redevelopment, and asset management guidance helped partner IMC areas to attract and implement \$211.8 million of investments from 2013 to 2016 and create 5,772 new jobs. Another \$308.7 million of direct investment projects are in various stages of preparation and, once finalized, they will bring approximately 14,000 new jobs in the years to come.
- An increase in employment of 529 was recorded in 69 Serbian companies. The project's assistance was tailored to their needs of partner companies for improving production and marketing capacities.
- The project was also focused on increasing employability of young people and, through provision of training and internship programs, contributed to the employment of 657 youths.

Indicator	End of Project target	End of Project status
<b>2. Direct private and public sector investments into project-supported IMC areas</b>	\$268 million	<b>\$520.5 million</b>

**Definition:** The indicator measures all investments undertaken with the project's support associated with inter-municipal economic development projects and improved local economic development capacities. The investments are based on signed contracts between local governments and investors.

Greenfield and brownfield investment, and investments into expansion of capacities of any parts in value chains supported by the project will be counted. Both investments from the private and public sectors will be counted.

**Status of new investments:** Since the beginning of the Project: \$520,534,313, including \$211,849,532 of realized private and public investments (\$192,779,212 from private and \$19,070,320 from public sector), and \$308,684,782 of committed investments, based on new contracts signed between the project partner municipalities and investors.

**Comments and Project's contribution to investments:**

To estimate the level of project contribution to investments in partner cities and municipalities, the project made three categories, each with a proposed percentage of attribution:

- 20 percent attributable to the project, for investments that took place before the FDI coaching; where municipal LED offices played significant role and where the project worked on building municipal capacity for LED.
- 50 percent, for investments that took place in the previous three-year period, or for which the investors made commitments by signing land lease or land purchase contracts, where the project contributed by providing necessary technical documentation for industrial zones, where LED office staff attended FDI coaching, or where other indirect support was provided to the sectors of economy where the investments took place.
- 100 percent, for investments that are committed and realized during and after the project's direct assistance for increasing municipal FDI capacities (FDI coaching) and targeted sectors, and where the project's contribution and quality of assistance has been highly valued by municipal LED offices.

Details about investments are available in *the table at the end of the annex*.

Indicator	End of Project target	End of Project status
<b>3. Volume of revenues of companies in sectors supported by the project.</b>	\$ - <sup>3</sup>	<b>\$25.3 million</b>

**Definition:** The indicator measures the change in annual revenue of businesses in IMC areas, sectors and sub-sectors of economy that participate in and benefit from the Project-supported activities. Businesses are legal entities registered in the Republic of Serbia. They can belong to categories of entrepreneurs, agriculture producers, small and medium enterprises, or large enterprises, as defined by local categorization.

**Increase of business revenues: \$25,325,000** since the beginning of project implementation.

As of the end of the Project implementation (August 2016), the official statistical data on 2015 business revenues are not yet available on the web site of the Agency for Business Registries (Agencija za privredne registre – APR). Data presented in this report are based on inputs collected from SLDP partner firms and associations, such as the Vojvodina Metal Cluster and the Technology

<sup>3</sup> Targets for increased business revenues are not set for the FY2016. In previous years, business revenues were counted as part of the overall economic impact of the Project, together with investments.

and Food-Processing Park in Leskovac. A total of 45 companies provided data and reported a total of growth of revenues by \$2.9 million in the calendar year of 2015. The collected data are available at the end of this annex.

**Comments and Project's contribution:**

Project experts worked with 69 individual companies and with nine sector clusters or associations of producers, assisting them in improving their production, expanding their product offer, modernizing promotional activities and materials, and establishing contact with potential buyers abroad. Targeted sectors were: textile-denim (9 companies in Novi Pazar and the ProDenim and ASSTEX associations), metal processing (28 companies, members of the Vojvodina Metal Cluster), ICT (9 companies, NiCAT- Nis Cluster of Advanced Technologies and the Vojvodina ICT Cluster), furniture (8 companies), footwear (8 companies), food-processing (7 companies and Technology and Food-processing Park in Leskovac).

Indicator	End of Project target	End of Project status
<b>4. Number of inter-municipal economic development projects implemented that meet the critical path milestones</b>	20	26

**Definition:** An inter-municipal economic development project is defined as a business opportunity identified and implemented in project-supported IMC areas that engage the private, public, and civil sectors to create jobs. (For more on the indicator definition see Revised PMP, dated April 15, 2013)

**Status:** Within eight New Criteria Programs, there are 21 IMC economic development projects in different stages of implementation.

**Comments:** The list of IMC economic development projects is as follows:

Vranje-led IMC:

- Project 1. Investment attraction
- Project 2. Increasing sales and exports of footwear sector SMEs
- Project 3. Action planning for positioning Serbia as a solid wood furniture-exporting country

Nis-led IMC:

- Project 4. Building capacity of the Nis Food Processing Support Center
- Project 5. Leskovac Technology and Food Processing Center
- Project 6. Investment attraction in Nis-led IMC area
- Project 7. ICT Academy
- Project 8. Action planning for positioning Serbia as solid wood furniture exporting country

Uzice-led IMC:

- Project 9. Value chain development between tourism industry buyers and potential vendors in the IMC area
- Project 10. Investment attraction in the IMC area
- Project 11. Action planning for positioning Serbia as solid wood furniture-exporting country

Subotica-led IMC:

- Project 12. A laboratory for agriculture products in Subotica
- Project 13. An agricultural training center in Sombor
- Project 14. Investment attraction (FY 2014)

**Zrenjanin-led IMC:**

- Project 15. Establishing Agriculture Business Incubator  
 Project 16. Investment attraction (FY 2014)

**Novi Pazar-led IMC:**

- Project 17. Increasing sales and exports of denim sector SMEs  
 Project 18. Increasing sales and exports of furniture sector SMEs  
 Project 19. Increasing sales and exports of footwear sector SMEs  
 Project 20. A collection center for herbs and forest fruit products  
 Project 21. Action planning for positioning Serbia as solid wood furniture exporting country

**Novi Sad-led IMC:**

- Project 22. Market expansion of Vojvodina Metal Cluster  
 Project 23. Investment attraction  
 Project 24. ICT Academy

**Kraljevo-led IMC:**

- Project 25. Support to Impuls Center Kraljevo and Technology Park Cacak  
 Project 26. Action planning for positioning Serbia as solid wood furniture exporting country

Indicator – completed in FY2015	End of Project target	End of Project status
<b>5. Number of business-friendly municipalities</b>	17	<b>25</b>

**Definition:** Number of municipalities with NALED's business friendly certificate at the end of the project implementation, including the following:

- At least 17 participating local governments assisted in achieving business-friendly standards by the project. This means that the project provided technical assistance and the LG successfully responded to at least one NALED's recommendation, resulting in meeting at least one additional BFC criterion.
- At least 17 local governments in Serbia are certified and/or re-certified after project completion. Certification and re-certification attained through NALED's Business-Friendly Certification program.

**Status:** Completed in FY 2015. 25 municipalities were assisted by the Project in BFC process since the beginning of the Project implementation.

**Comments and Project's contribution**

The Project provided direct technical assistance for achieving BFC standards and FDI coaching to 25 partner municipalities.

Indicator	End of Project target	End of Project status
<b>6. Number of municipalities that have established or improved management practices.</b>	32	<b>31</b>

**Definition:** The number of local governments that manage assets more sustainably, practice good governance techniques, and have integrated business-related service initiatives into IMC development plans and projects.

In practice, any municipality that made at least three of the following improvements will be counted:

- 1) improved asset management (if a local government replicated Uzice best practices through mentoring)
- 2) improved management and monitoring of public utility companies
- 3) inventory, prioritization, and commercialization of brownfield investments
- 4) improvements made by municipalities in accordance with the BFC standards (if there is at least one improved capacity, measured by the BFC criteria)
- 5) established/supported business related services/procedures (including agribusiness) (if a local government supported the establishment of a mechanism that helps business sector to grow).

**Status:** A total of 31 local governments were assisted in their efforts to improve at least three of the above listed management practices. Gornji Milanovac is the only municipality that has consistently been uninterested in participating in project activities designed to improve management practices. The municipality participated only in one TA activity, which focused on strengthening capacities of the LEDO and municipal officials in investment attraction and retention through SCTM training and distance learning training.

#### Comments and Project's Contribution:

The project team worked on improving capacity of municipalities to effectively manage services and capital investment projects of inter-municipal significance. Main focus was on increasing IMC competitiveness through effective asset management, utilizing local economic development mechanisms and tools and advancing legal framework that spurs inter-municipal cooperation. The progress of IMC capacities during the project implementation is presented in the table below:

Year of Implementation	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
	# of IMCs						
<b>CAPACITY</b>							
IMC partnership has been formed	4	8	8	8	8	8	8
Capacities of local self-governments formed in the area of:							
Asset Management		2	6	8	8	8	8
Public Utility Company Management		1	3	7	7	7	7
Better managed inventory, prioritization, and commercialization of brownfield investments			3	7	7	7	7
Support provided to IMCs where LGs participate in BFC certification		5	8	8	8	8	8
Established/supported business-related services/procedures (including agribusiness)		8	8	8	8	8	8
Infrastructure projects developed:			1	5	5	6	6
Participatory initiatives and events that involve dialogue between the public, private, and civil sectors organized		5	8	8	8	8	8
Activities that increase the level of youth employability implemented		7	8	8			
New Criteria Program initiated to support priority business sectors			8	8	8	8	8
NCP activities increased capacity and competitiveness of local private sector				8	8	8	8
NCP implementation has measurable results in terms of new employment				1	8	8	8
Public-private partnerships established			1	2	3	3	3
FDI attraction capacities are improved			8	8	8	8	8
New direct investments implemented			4	6	7	7	7
Business sector innovations were supported by the project and improved sector competitiveness				5	7	7	7

Indicator – Completed in FY2015	End of Project target	End of Project status
7. Number of PPPs created in the delivery of public services	7	7

**Definition:** A Public-Private Partnership (PPP) is a cooperative venture between the public and private sectors that meets clearly defined public needs through an appropriate allocation of responsibilities, resources, risks and rewards among the partners. A PPP must involve some measurable private partner contribution to the cooperative venture in terms of cash contributions, monetized in-kind contributions, and/or non-cash leverage.

**Status:** Completed in FY 2015. Seven PPPs were initiated since the beginning of the project.

**Comments and Project's Contribution:**

Seven PPPs were reported: A PPP model of ProDenim association in Novi Pazar to jointly utilize ozone jean-finishing equipment; PPP between the Municipality of Beocin and LaFarge company, aimed at infrastructure development and expanding of the Beocin industrial zone; two PPPs were established within Youth Development component through partnerships with banks for subsidized start-up loans; three PPPs within the Youth Horticulture Incubator Programs in Zrenjanin-led IMC.

Indicator Completed in FY2015	End of Project target	End of Project status
8. Number of youth with increased competitiveness in the labor market	1,050	1,234

**Definition:** Young men and women, age 15 to 30, participating in one of the two project-supported activities, aimed at increasing their competitiveness on the labor market:

- (a) At least 250 youth internships piloted and successfully implemented, where at least 30 percent of targeted interns are involved in the IMC new criteria programs.
- (b) At least 800 youth program participants in project-supported educational programs.

**Status:** Since the beginning of the project, a total of 782 youths participated in project-supported educational programs, and 452 internships were implemented with project support.

**Comments and Project's Contribution**

The most successful Youth Development Component activities were as follows:

- Grant assistance to the CSO Smart Kolektiv - internship and entrepreneurship opportunities for young people across the Nis, Novi Sad, Kraljevo, and Subotica-led IMC areas (covering 17 municipalities).
- CSO Group 484 trained youth to find employment and start their own businesses in 12 municipalities in the Novi Pazar, Vranje, and Uzice-led IMC areas.
- On-the-job training (OJT) implemented with Cromer Group, during which 166 interns were placed in 36 companies across 14 municipalities.
- ICT Cluster Academies in Nis and Novi Sad, where during a six-month training program, 65 unemployed young people acquired skills in demand in the labor market, preparing them for jobs in the IT industry; 41 participants found new employment after completing the ICT Academy program.

Indicator – Completed in FY2015	End of Project target	End of Project status
<b>9. Number of major infrastructure inter-municipal projects assisted in the process of applying for the EU and GOS financing.</b>	5	9

**Definition:** A major infrastructure project is defined as "heavy investments, i.e. basic infrastructure, water and waste water systems, solid waste management, or road infrastructure." It also includes business enabling infrastructure, such as brownfields, greenfields, power supply, and gas infrastructure. The project will provide technical support to at least five such projects on inter-municipal level, in order to improve status of their technical preparedness and increase probability of their financing.

**Status:** The project assisted nine infrastructure inter-municipal projects in the process of applying for EU and GOS financing.

#### **Comments and Project contribution:**

##### **In the Vranje-led IMC Area:**

1. *Environmental protection of the South Morava River.* Based on technical documentation developed by the project, the EU/Progres program purchased effluent meters. Vranje constructed a water effluents measurement station and has begun using the meters in Vranjska Banja, while Presevo, Bujanovac, and Vladicin Han have not yet constructed measurement stations. However, Vranje has signed a contract with KfW for €15.2 million on the construction of a waste water facility; the contract was signed in November 2013. The project has been entered into the SLAP database.

2. *"Meteris" regional landfill with recycling facilities.* With the assistance of project experts and the EU Progres program, a Regional Solid Waste Management Plan was developed and obtained an approval from the Ministry of Environmental Protection. Bujanovic added the transfer station project to the SLAP database in March 2015 as part of this Regional Solid Waste Management Project.

3. *Bunusevac Industrial Zone bypass road.* The project funded the development of a topographic plan for a bypass road that has been entered into the SLAP database. The EU Progres program funded the major construction plan. At the time of reporting, the city officials of Vranje work on completing the documentation. Construction works have not started.

4. *Bunusevac Industrial Zone.* The project funded detailed infrastructure designs. Designs of roads, water supply and fire protection system, sewerage, rain drainage, electricity supply, and telecommunication were developed. Project documentation for the IZ was delivered to Vranje in June 2014, and the project has been entered into the SLAP database. This document presented a basis for the development of the complete infrastructure on this 32 ha site, where GEOX built its factory and another two investors started their investments.

5. *Cukarka Industrial Zone.* In Presevo, the project completed a pre-feasibility study for an industrial zone. While developing the pre-feasibility study, the project discovered that an unsolved land property issue threatens the whole activity. The Ministry of Economy has appropriated approximately \$95,000 to the Municipality of Presevo for the construction of a power network to Cukarka IZ. The project had previously provided legal advice and on-the-job assistance to Presevo on resolving the abovementioned proprietary hurdles related to transfer of the ownership on land from the 'mesna zajednica' (sub municipal level of government) to the Municipality of Presevo.

**In the Nis-led IMC Area:**

6. *Water Supply System "Pusta reka."* A feasibility study was completed to help the Doljevac Municipality plan a secure and continuous supply of potable water for the entire population in the prescribed quantity and quality. Based on the study, the municipality will submit a project proposal to the Serbian Government to reconstruct the regional water supply system. The project has been entered onto the SLAP database.

**In the Subotica-led IMC Area:**

7. *Agricultural Educational Center in Sombor.* The project supported the development and reconstruction of the Center, which was delivered in February 2014. The technical control assessment of project documentation was completed in March 2014. The Agricultural Training Center reconstruction was completed in August 2014, and the Center has been completely furnished and equipped. In the period 2014-2015, the Center organized 115 training courses and presentations, with an estimated participation of 8,700 people, mainly local farmers.

**The Novi Sad-led IMC Area has two industrial zones assisted by the project:**

8. *Beocin Business Park.* The Project supported the development of a new industrial zone in Beocin. The geotechnical report and technical analysis with preliminary cost estimate were completed in January 2014, and detailed designs were developed for all project components: roads, water supply system, sewage system, rain drainage, low pressure gas distribution network and telecommunication. The total value of project documentation is \$58,000; this documentation was developed by SAFEGE engineering company. Construction work on the Industrial Zone is eligible for support by Province of Vojvodina or GoS state funds, and the city is actively engaged in soliciting this support. This project was entered into the SLAP database in October 2014. Thanks to the documentation and the public-private partnership agreement between LaFarge (cement factory), the local self-government of Beocin and the project, two new investors came to the business park: Mars Group (metal processing) and Agrogrnja (agribusiness).

9. *Temerin Industrial Zone.* A location permit has been issued for an access road. A Geotechnical Report and Geodetic Survey were developed, and a preliminary design and a feasibility study was been completed and submitted to the Technical Revision Committee of the Vojvodina Province Government. After three months, the Serbian Ministry of Construction, Transport and Infrastructure provided comments and suggestions that need to be adopted and included in the preliminary design and feasibility study. A new version of the study and preliminary design was prepared and submitted in December 2014. After final adoption of the new study and preliminary designs, the main design and design of temporary traffic signals were completed at the end of March 2015. The project was entered into the SLAP database in February 2015.

Indicator – Completed in FY2015	End of Project target	End of Project status
10. Number of locally elected and appointed officials, CSO members, media and the business community trained	1,750	2,877

**Definition:** Locally elected and appointed officials, members of CSOs, media and business community participate in any project-sponsored training and/or have their skills/knowledge improved through the technical assistance provided by the project.

**Status:** Since the beginning of Project implementation, total participation in Project-sponsored trainings has been 2,877. Out of that number, 1,258 were female participants (44 percent).

Indicator – Completed in FY2015	End of Project target	End of Project status
11. Number of corporate social responsibility initiatives supported	4	4

**Definition:** Number of CSR initiatives supported, demonstrating a sustainable mechanism(s) to monitor and improve local business environment.

Corporate Social Responsibility (CSR) is a company's sense of responsibility toward the community and environment (both ecological and social) in which it operates. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders, and all other members of the public sphere who may also be considered as stakeholders. Companies express this citizenship through, for example (1) their waste and pollution education processes and (2) by contributing educational and social programs.

**Status:** Four CSR initiatives completed since the beginning of the project's implementation.

#### Comments and Project's contribution

1) ERSTE Bank established a credit line for youth entrepreneurs and distributed approximately 100,000 euros under special conditions that include lower interest rates with no collateral or guarantees needed. Additionally within this program, called "Super Step," the bank provides advice and mentorship for business planning.

During 2013, the project worked to create internship and entrepreneurship opportunities for young people across the Nis, Novi Sad, Kraljevo, and Subotica-led inter-municipal cooperation areas (covering 17 municipalities). Together with implementing partner and SLDP grantee Smart Kolektiv (SK), the project supported youth to acquire business skills and gain internship and entrepreneurship experience thus enabling young people to successfully enter the labor market.

This internship and entrepreneurship assistance program, carried out in partnership between Smart Kolektiv, Erste Bank, and the National Employment Service, with support from the Ministry of Youth and Sports, demonstrates that cooperation between the public and the private sectors is a winning combination for tackling youth unemployment in Serbia.

2) Unicredit Bank provided financial assistance and actively participated in the activities organized by the CSO Group 484 and the project in 2012 and 2013. This initiative aimed at training and helping youths find employment and establish companies with mentorship guidance by local and international experts who transferred know-how acquired in the foreign labor market. Within the program, Group 484 provided entrepreneurship assistance for 19 youth teams who worked on developing business ideas, 15 of which received in-kind start-up grants. The program covered 12 municipalities in the Novi Pazar, Vranje, and Uzice-led inter-municipal cooperation areas. Unicredit Bank awarded 12 grants, each valued at 1,200 euros, and the project provided three grants of the same value.

3-4) The concept of ICT Academy was successfully piloted in Nis and Novi Sad ICT Clusters, where member companies invested resources into an educational base for young interns and trainees, as well as their company membership dues for the two business associations, the Vojvodina ICT Cluster and the Nis Cluster of Advanced Technologies (NiCAT). These two CSR initiatives resulted with 65 students successfully graduated from the program, and 41 of them found new employment.

Indicator	End of Project target	End of Project status
<b>12. Number of initiatives involving dialogue between the public, private and civil sectors</b>	61	<b>70</b>

**Definition:** This indicator measures initiatives to dialogue with the public, including those not oriented toward job creation. However, as this is an important indicator of LG transparency and accountability, the project will continue to report and follow significant attempts to dialogue with the public (conferences, public hearings, etc.). There is a challenge in capturing all initiatives to dialogue with the public, for example, in-office visits are very hard to gather due to limited project and LG resources.

**Status:** 70 initiatives since the beginning of project implementation.

## Overview of Investments in the Project Partner Cities and Municipalities (and Level of the Project's attribution)

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment				
						Actual		Committed		Created		Expected		
						Private	Public	Private	Public	Private	Public	Private	Public	
	Vranje	Ditre Italia	Italy	Furniture production	greenfield			13,800,000					410	
		Orion	Russia	Mechanical industry	greenfield								200	
		Immofinanz Group	Austria	Trade	greenfield			TBD					TBD	
		SLDP's contribution to Vranje: (FDI coaching; technical documentation for IZ Bunusevac; TA to furniture sector; grant to Confindustria; support to workforce development in accordance to the needs of the investor)	100%					13,800,000					610	
	Vranje	Land preparation in Industrial Zone Bunusevac, for the needs of Geox investment	EU/GoS Ministry of Finance	Infrastructure for Industrial Zone	other		869,565							
		SLDP's level of attribution	50%				434,783							
	Vranje	GEOX	Italy	Shoe production	greenfield	15,000,000							1,250	
		SLDP's level of attribution	50%			7,500,000							625	
	Vranje	ORION	Russia	Metal sector	greenfield			8,400,000					200	
		SLDP's level of attribution	50%					4,200,000					100	
	Beočin	J & J	France/Serbia	Metal industry	greenfield	2,000,000				50			100	

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		(TA for creation of business-friendly environment)	20%			400,000				10		20	
	Beočin	Prima Energy	Slovakia	Solar power plant	greenfield	1,800,000				2		10	
		SLDP's level of attribution: (FDI coaching; technical documentation for New industrial zone; TA for creation of business friendly environment)	50%			900,000				1		5	
	Beočin	Delta tehnik	Serbia	Mechanical industry	brownfield	300,000				30		5	
		SLDP's level of attribution: (TA for creation of business friendly environment)	20%			60,000				6		1	
	Beočin	Hengert	Serbia	Agribusiness	brownfield			50,000				10	
		SLDP's level of attribution: (FDI coaching; technical documentation for New industrial zone; TA for creation of business friendly environment)	50%					25,000				5	
		Technical project for industrial zone equipping	USA		other		50,000						
		Ino Backa	Serbia	Real estate	greenfield			2,000,000				10	
		SLDP's level of attribution: (FDI coaching; technical documentation for New industrial zone; TA for	50%					1,000,000				5	

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		creation of business friendly environment)											
	Beočin	DOO Mars	Serbia	Mechanical industry	greenfield			1,000,000					25
		SLDP's level of attribution: (FDI coaching; technical documentation for New industrial zone; TA for creation of business friendly environment; TA for business retention and expansion)	100%					1,000,000					25
	Doljevac	Fenix sting	Serbia	Food processing	greenfield			800,000					50
		SLDP's level of attribution: (LED office capacity building)	20%					160,000					10
	Doljevac	LEONI Wiring Systems Southeast	Germany	Electric cable production	greenfield			21,000,000					1,500
		SLDP's level of attribution: (Nis LED Office guidance, mentoring and practical assistance, all through IMC; FDI coaching; technical documentation for regional waterworks)	100%					21,000,000					1,500
	Novi Sad	K314	Italy	Electric equipment production	brownfield					25			75
		SLDP's contribution was indirect and consisted of:	50%							13			37

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		(LED office capacity building; FDI coaching; support to Training Center; support to ICT academy)											
	Novi Sad	Code Centric	Germany	Software development	brownfield					8			
		SLDP's contribution was indirect and consisted of: (LED office capacity building; FDI coaching; support to Training Center; support to ICT academy)	50%							4			
	Novi Sad	Danlaps	Germany	Software development	brownfield					10			
		SLDP's contribution was indirect and consisted of: (LED office capacity building; FDI coaching; support to Training Center; support to ICT academy)	50%							5			
	Novi Sad	TMNS Empiry	Netherlands	Software development	brownfield					15			
		SLDP's contribution was indirect and consisted of: (LED office capacity building; FDI coaching; support to Training Center; support to ICT academy)	50%							7			

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
	Subotica	Calcedonia, Gordon doo	Italy		greenfield	15,000,000						1,000	
		Assistance to Subotica: LED office capacity building; FDI coaching; Brownfield development training; equipping agriculture laboratory; inter- municipal cooperation with Kanjiza and Sombor; e-learning on LED with SCTM; technical guidance for PPPs	50%			7,500,000						500	
	Subotica	Lidl, Quontera	Austria	Trade	greenfield			10,000,000				n/a	
		Technology Park for automotive industry, Dunkermotoren	Germany	Automotive parts	greenfield	1,700,000				150			
		Swarovski d.o.o.	Austria	jewelry, home, and fashion accessories	greenfield	15,000,000				600			
		SLDP contribution:	50%			8,350,000		5,000,000		375			
	Subotica	Jovanovic and sons	Serbia	Poultry, food production	greenfield			4,700,000				150	
		Contitech Fluid Serbia	Germany	Tire production	greenfield			17,000,000				550	
		SLDP contribution:	100%					21,700,000				700	
	Novi Bečej	Agro-incubator	Local government, USAID	Agriculture	greenfield	10,000			60,000	12		8	
		Omnipack	Serbia	Plastic	brownfield	20,000				20		25	
		Brodogradnja MCI	Serbia	Nautical	brownfield	30,000				25		20	
		Biser Kumane DOO	Serbia	Chemical	privatization	150,000				100		10	
		Industrija mesa Matijević doo	Serbia	Food production	other	100,000				10		10	
		Knez petrol	Serbia	Oil trade	other	150,000				5		5	

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		NEXUS line	Serbia	Textile	other	250,000				100		45	
		Agroglobe	Serbia	Agribusiness	brownfield	10,000				5		2	
		Dijamant agrar	Croatia- Serbia	Agribusiness	other	200,000				40		35	
		Pharmaceutical Balkans DOO Novi Bečej	Ukraine	Pharmaceuticals	other	7,000,000				2		130	
		SLDP contribution:	100%			7,920,000				319		290	
	Merošina	Mlin Timotijevic d.o.o.- Merošina	Serbia	storage		70,000				1			
		Jugoterm-proizvodna hala za novu liniju čeličnih panelnih radijatora- Aleksandrovo	Serbia	Metal processing		1,300,000						10	
		privredno društvo za transport robe AS PREVOZ-TRANSPORT d.o.o. Bučić Merošina	Serbia	Transport		50,000				1			
		DANI TRANSPORT DOO Merošina	Serbia	Transport		41,000				1			
		Altina d.o.o.	Serbia	Production		100,000				12		2	
		Messer Tehnogas	Serbia	Production		30,000				1			
		SUPER PELLETS DOO NIŠ - OGRANAK SUPER PELLETS DOO MEROŠINA	China	Wood processing		50,000						20	
		STR BUCA I JOCA	Serbia	Food processing		50,000				11			
		SLDP contribution to Merosina: LED office capacity building; FDI coaching; asset management)	100%			1,691,000				27		32	
	Zrenjanin	Sitip	Italy	Textile				12,000,000				300	
		Gomex	Serbia	Trade		500,000		900,000		40		75	

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		Jolly textil	Turkey	Textile						70		120	
		Fulgar East	Italy	Textile		800,000				60			
		Aviv Arlon	Israel	Retail park		30,000,000				30		570	
		Rakic plast	Serbia	Plastic bags				200,000				5	
		Kraun	Russia	Food processing				1,200,000				180	
		Technostrutture	Italy	Mechanical industry		900,000				160			
		Triumpf	Serbia	Food processing/honey				300,000				15	
		Idea	Croatia	Trade				500,000				50	
		Jugodom	Serbia	Trade				300,000				20	
		Agrounija	Serbia	Agricultural equipment				200,000				10	
		Aksa	Serbia	Trade		150,000				10			
		LK Armature	Sweden	Metal industry		150,000				3			
		ACE	Serbia	Services		200,000				12			
		Levi 9	Serbia	Services		100,000				30			
		Peritnina Ptuj	Slovenia	Food processing		200,000				40			
		SLDP contribution to Zrenjanin: LED office capacity building; FDI coaching; asset management; PPP concepts; agriculture development; BFC standards)	100%			33,000,000		15,600,000		455		1,345	
	Niš	Johnson Electric	Hong Kong	Production	greenfield	15,000,000				500		550	
		Mikkelsen electronics	Denmark	Production	brownfield	1,000,000				22		78	
		Niš ekspres	Serbia	Logistics	greenfield	500,000							
		LIDL	Germany/ Serbia	Trade	greenfield	1,000,000		9,000,000				100	
		DIS	Serbia	Trade	brownfield	5,000,000				100			
		Teren/Cons	Italy/Serbia	Energy sector	other	2,000,000							
		LMB SOFT doo	Germany/ Serbia	Electronics	greenfield	1,000,000		500,000		100			

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		Clean Earth Capital	USA	Real estate	greenfield			60,000,000					
		(Vulkan ) Krasnij treugoljnjik	Russia	Rubber	brownfield	4,000,000		1,000,000		280			
		Robna kuća Beograd (Verano Motors/Marfin fond)	Serbia	Trade	brownfield			10,000,000				200	
		Volvo Service Center	Serbia	Services	other			1,000,000				15	
		Stop Shop/Immofinanz	Austria	Trade	greenfield			10,000,000				150	
		Yura Corporation	South Korea	Electrical equipment production	other							400	
		Kirey	Italy	IT		100,000				10			
		MeV Corporation Hpm	Italy/Serbia	Mechanical industry									
		Johnson Electric (2 <sup>nd</sup> phase)	Hong Kong	Production	greenfield			50,000,000				2,400	
		Ladas	Greece	Food processing	brownfield	1,500,000		1,000,000				150	
		Ergomade	Denmark/ Serbia	Furniture	greenfield			1,500,000				45	
		Aster textile	Turkey	Textile	greenfield			5,000,000				2,000	
		TerenCons	Italy	Hydro power plant	greenfield			3,500,000					
		SLDP contribution to Nis: FDI coaching; study tour to Czech Republic; TA for removal of administrative barriers for development of business sector; training on brownfield development; PPP concepts; asset management; inter- municipal cooperation with Leskovac, Merošina, Gadžin Han i Doljevac; support to regional food	100%			35,600,000		152,500,000		1,020		6,088	

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		producers; Italian "road show" - investment attraction mission.											
	Niš	Benetton	Italy/Serbia	Production	brownfield	35,000,000		8,000,000		1,700		300	
			20%			7,000,000		1,600,000		340		60	
	Priboj	Heating plant, biomass (Austrian partner left negotiations, and local government plans the project solely from public resources)	Serbia	Energy sector	brownfield				2,500,000				
		SLDP contribution to Priboj: LED office capacity building; FDI coaching; asset management; International STTA provided in marketization of the largest brownfield potentials)	50%						1,250,000				
	Leskovac	Elektrifikacija polja – Rehabilitacija sistema za navodnjavanje I odvodnjavanje	Serbia	Infrastructure	greenfield		556,387		556,000				
		Bim-tex	Serbia	Manufacturing	brownfield	1,774,646				40			
		Falke	Germany	Manufacturing	greenfield	9,207,770	2,400,000			503		110	
		4M doo	Serbia	Furniture	other	117,030				15			
		Jura	South Korea	Electrical equipment production	greenfield	3,000,000	10,500,000			1,500		1,000	
		Jeanci	Turkey	Textile	brownfield	3,000,000	65,000			320		1,000	
		Bland doo	Serbia	Wood production	other	56,896				16			
		SZTR Mita	Serbia	Wood production	other	106,034				40			
		Bebi snovi	Serbia	Furniture	other	212,703				40			
		Auto Stop Interiors	Greece	Textile	brownfield	1,000,000		2,000,000		51		100	

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		SLDP contribution to Leskovac: FDI coaching; Analyses of the opportunities for new investments on land lots used by three companies in financial difficulties; TA for BFC certification; assistance to Food Technology Park; inter-municipal cooperation with Nis , Merošina, Gadžin Han i Doljevac; support to regional food producers.	100%			18,535,079	13,521,387	2,000,000	556,000	2,525		2,210	
	Leskovac March 2015 - March 2016	Fungo Jug	Serbia	Food processing	other	10,000							
		Drvoprerada Kocić	Serbia	Wood processing	other	500,000							
		Drvoprodukt Pešić	Serbia	Wood processing	other	8,000							
		Zdravlje Actavis	Serbia	Pharmaceuticals	other	3,000,000							
		Maki Plast	Serbia	Construction	greenfield	550,000							
		Grafopen	Serbia	Services	other	25,000							
		Jugotrans	Serbia	Transport	other	50,000							
		Orion	Serbia	Trade	brownfield	558,490							
		Bavka	Serbia	Hotels	greenfield	200,000							
		Braća Apostolović	Serbia	Wood processing	other	18,650	6,000			6			
		Bata Đ	Serbia	Wood processing	other		6,000			6			
		Vin	Serbia	Wood processing	other		6,000			6			
		Mita	Serbia	Wood processing	other		5,000			5			
		Matex	Serbia	Textile	other		5,000			5			
		Vule Komerc	Serbia	Agribusiness	greenfield	380,000							
		IGM Mladost	Serbia		brownfield	660,000							

#	City/ Municipality	Company or project name	Company's country of origin	Company's type of activity or type of project	Type of Investment	Investments (€)				# Jobs Created as Result of Investment			
						Actual		Committed		Created		Expected	
						Private	Public	Private	Public	Private	Public	Private	Public
		Moravac ZZ	Serbia	Agribusiness	greenfield	850,000							
		Enmon doo	Serbia	Trade	greenfield	2,000,000							
		Grande Adriatic Food	Serbia	Food processing	greenfield	192,300							
		Bones Group DOO	Serbia		greenfield	91,090							
		Statovac komerc DOO	Serbia		greenfield	140,500							
		Guma Promet DOO	Serbia	Electric power production	greenfield	734,600							
		Metal Galant Gradnja DOO	Serbia	Construction	other	1,606,444							
		DOO Pobeda Predejane	Serbia	Electric/solar plant	greenfield	291,300							
		Strela Klajić	Serbia			216,000							
		SLDP contribution:	100%			12,082,374	28,000			28			
	Kanjiza	Geneza Ltd. - logistic center	Serbia	Trade/logistics	brownfield	1,500,000							
		Keramika Plus Kanjiža	Serbia	Production/ceramic tile	brownfield	1,000,000							
		SLDP contribution to Leskovac: FDI coaching; Business Retention and Expansion; inter- municipal cooperation with Subotica and Sombor on agriculture capacities.	50%			1,250,000							
	Novi Pazar	Panama Nuovo	Serbia	Shoe production	brownfield	150,000				12			
		Reconstruction of district heating system	Serbia	Public heating	other				380,000				
		SLDP contribution:	100%			150,000			380,000	12			
	Sombor	Ferrero Group	Italy	Food processing	greenfield	7,950,000						50	
		SLDP contribution:	100%			7,950,000						50	
	Vladicin Han	Teklas automotive	Turkey	Automotive parts	greenfield			11,350,000				400	
		Nectar	Serbia	Food processing	greenfield	7,000,000							
		SLDP contribution:	100%			7,000,000		11,350,000					



## Status of Revenue and Employment in Businesses Supported by the Project

#	MB	PIB	Name of the company	IMC	City	Industry	Business revenues 2013 - baseline (000 RSD)	Growth of revenues 2013-2015 (000 RSD)	Growth of revenues 2013-2015 (%)	Employment 2013 - baseline	Growth of Employment 2013-2015	Growth of Employment 2013-2015 (%)	Data source
1	20165260	104436502	Prima Nova	NI	Leskovac	Food	3,880,195	289,838	7.5%	332	138	41.6%	TFP Leskovac
2	20274182	104953265	Moravka Pro	NI	Leskovac	Food	1,117,910	19,472	1.7%	109	9	8.3%	TFP Leskovac
3	17017802	100412047	DCP Hemigal	NI	Leskovac	Food	318,914	31,268	9.8%	99	0	0.0%	TFP Leskovac
4			Arena	NI	Leskovac	Food	180,403	- 10,261	-5.7%	13	4	30.8%	TFP Leskovac
5	20408081	105535248	Tomaco Line	NI	Leskovac	Food	135,336	5,573	4.1%	45	-4	-8.9%	TFP Leskovac
6	7968167	101909967	Jugprom	NI	Leskovac	Food	1,143,862	369,001	32.3%	125	0	0.0%	APR
7	20414626	105597453	Bonta Italiane	NI	Leskovac	Food	50,663	34,702	68.5%	6	24	400.0%	APR
			<b>Subtotal, FTP Leskovac Food Sector:</b>				<b>6,827,283</b>	<b>739,593</b>	<b>10.8%</b>	<b>729</b>	<b>171</b>	<b>23.5%</b>	
8	20338709	105197730	4Br Tref	NP	Novi Pazar	Footwear	100,744	- 20,162	-20.0%	25	17	68.0%	APR
9	20788372	107367352	Florida 1994	NP	Novi Pazar	Footwear	61,449	28,202	45.9%	35	5	14.3%	APR
10	56273468	103175414	Boša	NP	Novi Pazar	Footwear	34,793	233	0.7%	12	1	8.3%	company
11	51484991	102166801	Antilop	NP	Novi Pazar	Footwear	15,998	7,003	43.8%	8	-3	-37.5%	APR
12	6854834	100547808	Stefi-Komerc	VR	Vranje	Footwear	87,361	87,379	1.0	83	97	1.2	APR
13	20794089	107397833	Euro Scarpa	NP	Novi Pazar	Footwear	84,197	- 29,295	-0.3	19	-4	-0.2	APR
14	17127829	100546908	Minex	VR	Vranje	Footwear	68,402	1,623	0.0	131	1	0.0	APR
15	20424168	105633379	Ceco Line	NP	Novi Pazar	Footwear	35,048	- 20,796	-0.6	9	16	1.8	APR
			<b>Subtotal, Footwear Sector:</b>				<b>487,992</b>	<b>54,187</b>	<b>11.1%</b>	<b>322</b>	<b>130</b>	<b>40.4%</b>	
16	N/A	N/A	Atlas	UE	Užice	Furniture	387,215	30,273	7.8%	120	47	39.2%	company
17	7953712	101859133	Tami-Trade	NI	Niš	Furniture	182,805	- 16,431	-9.0%	74	-2	-2.7%	APR
18	7416601	102132199	Dallas	NP	Novi Pazar	Furniture	138,717	- 103,774	-74.8%	1	0	0.0%	APR
19	N/A	101255820	GIR	KV	Kraljevo	Furniture	655,235	250,992	38.3%		45		APR
20	20160942	104408450	Dasa Nameštaj	NP	Novi Pazar	Furniture	129,846	14,535	11.2%	61	1	1.6%	APR
21	6121543	101787466	Hersa	NP	Novi Pazar	Furniture	41,993	2,520	6.0%	24	1	4.2%	APR
22	6123694	100745603	Avis Export-Import	NP	Novi Pazar	Furniture	99,266	481	0.5%	25	1	4.0%	APR
23	17390112	101345500	Stil-Jasen	NP	Novi Pazar	Furniture	114,930	13,928	12.1%	38	0	0.0%	APR
			<b>Subtotal, Furniture Sector:</b>				<b>1,750,007</b>	<b>192,524</b>	<b>11.0%</b>	<b>343</b>	<b>93</b>	<b>27.1%</b>	

#	MB	PIB	Name of the company	IMC	City	Industry	Business revenues 2013 - baseline (000 RSD)	Growth of revenues 2013-2015 (000 RSD)	Growth of revenues 2013-2015 (%)	Employment 2013 - baseline	Growth of Employment 2013-2015	Growth of Employment 2013-2015 (%)	Data source
24	17343530	100616033	Lmb Soft	NI	Niš	ICT	217,556	57,766	26.6%	71	11	15.5%	APR
25	7360746	100666575	Harder Digital Sova	NI	Niš	ICT	121,381	85,609	70.5%	63	8	12.7%	NiCAT
26	20054751	103946100	Fazi	NI	Niš	ICT	51,898	35,853	69.1%	18	0	0.0%	APR
27	6957749	101153402	Proxima	NI	Niš	ICT	12,735	432	-3.4%	3	0	0.0%	APR
28	17156748	100339185	Irvas International	NI	Niš	ICT	7,782	4,370	56.2%	8	-1	-12.5%	APR
29	20684585	106806493	Photon Optronics	NI	Niš	ICT	22,569	16,760	-74.3%	32	5	15.6%	NiCAT
30	20683309	106799256	Ates Soft	NI	Niš	ICT	70,042	18,046	-25.8%	33	-22	-66.7%	APR
31	20480424	105876353	Eton Digital	NI	Niš	ICT	53,934	13,292	24.6%	46	2	4.3%	APR
32	7389965	100617132	Feniks Bb	NI	Niš	ICT	84,724	15,920	18.8%	31	3	9.7%	APR
			<b>Subtotal, ICT Sector (NiCAT):</b>				<b>642,621</b>	<b>177,572</b>	<b>27.6%</b>	<b>305</b>	<b>6</b>	<b>2.0%</b>	
33	8023646	101633239	Novkabel	VMC	Novi Sad	Metal	3,231,910	22,097	0.7%	588	4	0.7%	APR
34	8579954	100239404	Dip	VMC	Novi Sad	Metal	994,789	3,061	0.3%	39	2	5.1%	APR
35	8790523	102937888	Unimet	VMC	Novi Sad	Metal	611,399	313,613	51.3%	248	7	2.8%	APR
36	8144249	102299763	Termovent Sc	VMC	Novi Sad	Metal	615,674	204,651	33.2%	136	7	5.1%	APR
37	8061840	101449599	Termovent Sc - Livnica	VMC	Novi Sad	Metal	628,701	75,188	12.0%	201	14	7.0%	APR
38	8059098	101444473	Sila Ad	VMC	Novi Sad	Metal	529,400	33,959	6.4%	186	6	3.2%	APR
39	8066205	101642135	Des U Restrukturiranju	VMC	Novi Sad	Metal	282,299	219,442	77.7%	192	3	1.6%	APR
40	20241039	104797507	Vos-System	VMC	Novi Sad	Metal	226,824	71,698	31.6%	25	4	16.0%	APR
41	20096152	104114596	TehnoLink	VMC	Novi Sad	Metal	251,163	61,058	24.3%	23	1	4.3%	APR
42	20695455	106867044	Agroferocoop	VMC	Novi Sad	Metal	211,844	52,857	-25.0%	15	0	0.0%	APR
43	8176094	100582258	Sigma	VMC	Novi Sad	Metal	161,788	7,684	-4.7%	30	11	36.7%	APR
44	8677590	101092034	Berko	VMC	Novi Sad	Metal	162,109	25,376	15.7%	18	-1	-5.6%	APR
45	8554129	101092987	Narcissus	VMC	Novi Sad	Metal	104,731	6,681	-6.4%	17	0	0.0%	APR
46	8247978	101047429	Utva Milan Premasunac	VMC	Novi Sad	Metal	97,885	1,903	1.9%	64	-4	-6.3%	APR
47	8682445	101162202	Tehnoradionica	VMC	Novi Sad	Metal	96,773	2,295	-2.4%	45	-7	-15.6%	APR
48	20240989	104845575	Idas	VMC	Novi Sad	Metal	90,370	34,471	38.1%	37	8	21.6%	APR

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49	8291462	101800686	Mini-Inženjering	VMC	Novi Sad	Metal	66,849	- 5,591	-8.4%	16	1	6.3%	APR
50	20688521	106830765	FSD	VMC	Novi Sad	Metal	40,169	1,981	4.9%	7	8	114.3%	APR
51	8655146	100450341	Elmer Profesional	VMC	Novi Sad	Metal	24,494	506	2.1%	3	-1	-33.3%	APR
52	51937457	101418594	Dukareli	VMC	Novi Sad	Metal	41,721	16,177	38.8%	36	-1	-2.8%	APR
53	8290164	101438266	Gumil Komerc	VMC	Novi Sad	Metal	26,682	330	1.2%	17	2	11.8%	APR
54	20241586	104813419	Citronix	VMC	Novi Sad	Metal	27,052	- 10,965	-40.5%	3	1	33.3%	APR
55	20211725	104685001	Casting Trade	VMC	Novi Sad	Metal	8,357	640	7.7%	2	0	0.0%	APR
56	61587055	101417614	Pyrotherm	VMC	Novi Sad	Metal	7,217	3,257	45.1%	4	0	0.0%	APR
57	8433747	101100841	Diex & Val	VMC	Novi Sad	Metal	3,304	1,906	57.7%	3	0	0.0%	APR
58	8359156	100263437	Termining	VMC	Novi Sad	Metal	1,545	2,585	167.3%	0	2		APR
59	8160112	101454555	Energomont	VMC	Novi Sad	Metal	549	2,031	3.7				
60	8270112	101424898	Livprodukt	VMC	Novi Sad	Metal	20,485	- 19,444	-0.9	5	-4	-0.8	APR
<b>Subtotal, Metal Sector (VMC):</b>							<b>8,566,083</b>	<b>990,413</b>	<b>11.6%</b>	<b>1,960</b>	<b>63</b>	<b>3.2%</b>	
61	20558245	106222660	Maxers	NP	Novi Pazar	Textile	272,900	- 54,203	-19.9%	93	13	14.0%	APR
62	17047574	101788602	Mikan	NP	Novi Pazar	Textile	169,626	- 18,758	-11.1%	49	17	34.7%	APR
63	17101714	101788442	Denis	NP	Novi Pazar	Textile	79,933	- 13,193	-16.5%	83	-6	-7.2%	APR
64	20167998	104526369	Exelit	NP	Novi Pazar	Textile	15,384	11,083	72.0%	9	8	88.9%	APR
65	N/A	N/A	SKKR His Exact Jeans	NP	Novi Pazar	Textile	15,080	13,418	89.0%	28	0	0.0%	company
66	17270290	100748226	Join	NP	Novi Pazar	Textile	98,387	57,409	58.4%	37	18	48.6%	APR
67	20714301	106960194	Big Boys	NP	Novi Pazar	Textile	7,589	- 4,407	-58.1%	5	-4	-80.0%	APR
68	20482265	105897036	Classic Jeans	NP	Novi Pazar	Textile	74,714	45,779	61.3%	43	26	60.5%	APR
69	17005634	101788821	Zemax	NP	Novi Pazar	Textile	49,566	6,989	14.1%	26	-6	-23.1%	APR
<b>Subtotal, Textile-Denim Sector:</b>							<b>783,179</b>	<b>44,117</b>	<b>5.6%</b>	<b>373</b>	<b>66</b>	<b>17.7%</b>	
<b>GRAND TOTAL (RSD currency, 000):</b>							<b>19,057,165</b>	<b>2,198,406</b>	<b>11.5%</b>	<b>4,032</b>	<b>529</b>	<b>13.1%</b>	
<b>GRAND TOTAL (USD currency, 000):</b>							<b>212,218</b>	<b>24,035</b>					

Note: The business revenue of four denim producers in Novi Pazar were increased by \$1.29 million in 2013 and that figure is not presented in the table above. With this number, the total growth of revenue in SLDP-supported companies is \$25.3 million during the life of project.

**ANNEX D. INDEX OF PROJECT REPORTS AND PRODUCTS**

<b>Reports and Assessments</b>
Serbia SLDP Annual DO IR Report No. 1 – September 2011
Serbia SLDP Annual DO IR Report No. 2 – September 2012
Serbia SLDP Annual DO IR Report No. 3 – September 2013
Serbia SLDP Annual DO IR Report No. 4 – September 2014
Serbia SLDP Annual DO IR Report No. 5 – September 2015
Serbia SLDP Semi-Annual Report No. 1 – October 2011
Serbia SLDP Semi-Annual Report No. 2 – April 2012
Serbia SLDP Semi-Annual Report No. 3 – October 2012
Serbia SLDP Semi-Annual Report No. 4 – April 2013
Serbia SLDP Semi-Annual Report No. 5 – October 2013
Serbia SLDP Semi-Annual Report No. 6 – April 2014
Serbia SLDP Semi-Annual Report No. 7 – October 2014
Serbia SLDP Semi-Annual Report No. 8 – April 2015
Serbia SLDP Semi-Annual Report No. 9 – October 2015
Serbia SLDP Semi-Annual Report No. 10 – April 2016
Study of the Impact of NFE in Youth Work – April 2014
Privatization: Five Case Studies and Key Conclusions – November 2014
Privatization: Case Study Summary – November 2014
Mapping Study on EU Practices in Recognition of NFE for Employability
Local Products and Regional Tourism Value Chain – February 2014
Agriculture Competitiveness Analysis – February 2015
Serbia's Real Sector Performance Report – December 2014
Guide for Networking of Young People at Local and Regional Level – August 2012
Demand Study for Spa Tourism Improvement Project – April 2014
Program Manual for ICT Academy – October 2014
How to Build a Good PPP Project – February 2014
Best Practices in Sector Support for SME Development – July 2016
Action Plan for Supporting Export of High Added Value Products of the Serbian Wood Industry – July 2016

<b>Final Grantee Reports</b>		
<b>Grantee</b>	<b>Report</b>	<b>Date</b>
NAPOR	Building System of Non-Formal Education Services	October 2014
NALED	Establishing Public-Private Partnership as a Key Pillar to the Sustainable Development	February 2014
TFP Leskovac	Establishment of Product Development Research Center (Pilot Plant) at TFP Leskovac	July 2015
Amber Software	Feasibility Study for Regional Fiber Optic Network for Temerin, Beocin and Sremski Karlovci	July 2012
SEDA	Feasibility Study on Biomass Utilization in Sandzak Region	September 2012
ICT Cluster Vojvodina	ICT Cluster Academy Serbian Case Project Guideline	October 2014
Berman Group	Industrial Zone Concept Development Plan for Vranje IMC	March 2012
Vojvodina Metal Cluster	Innovative Cluster-Wide Product Grant Final Report	June 2015

SCTM	LEDER Local Economic Development Educational Response - Grantee Final Report	August 2014
Center for Development of Jablanica & Pcinja District	Pcinja District Regional Waste Management Plan	September 2012
Confindustria Serbia	Feasibility Study of the Regional Industrial Workforce Continuous Development Center Vranje	May 2014
RDAS	Economic Potentials of Sandzak Region – Food Industry	June 2014
RDAS	Economic Potentials of Sandzak Region – Furniture Industry	June 2014
RDAS	Economic Potentials of Sandzak Region – Shoe Industry	June 2014
RDAS	Economic Potentials of Sandzak Region – Textile Industry	June 2014
Group 484	Together for Domestic Development – Evaluation Report on the Project Results and Achievements	July 2013
RDA Zlatibor	Uzice IMC Regional Value Chain-PHASE 2	July 2015
SCTM	E-learning Course on Local Economic Development - Sectoral Approach to Industrial Recovery and Job Creation	June 2016

<b>Toolkit of Technical Assistance</b>	
Materials for e-learning course for local government officials and staff, USAID SLDP and SCTM ( <a href="http://elearning.skgo.org">http://elearning.skgo.org</a> )	
Method and Procedure for Management of the Public Asset Registration, USAID SLDP, March-July 2012	
Improvement of Local Property Tax Administration in South East Europe, Guidelines on Local Property Tax Administration, NALAS, March 2009	
Guidelines for Local Government Financing, USAID, 2003	
How to Prepare a Good Quality Public-Private Partnership Project, USAID SLDP/NALED 2012	
Development of the Local Infrastructure through Public-Private Partnership Projects, USAID SLDP 2012	
Development of the Energy Efficiency Projects through Public-Private Partnerships, USAID SLDP 2012	
PPPs in Parking Services, USAID SLDP 2012	
Preparation of the Infrastructure Projects in Serbia, Guide for Local Governments, MSP-NE, 2012	
Toolkit for Preparation and Financing of the Local Projects, 2011	
Guidelines for Local Government Borrowing, NALAS, 2011	
Toolkit for Local Revenue Mobilization, RTI International	
Transformation of the PUCs in the Republic of Serbia, Standing Conference of Cities and Municipalities, 2007	
Strategies for Reform, Toolkit for Local Water Companies in Central and Southeast European Countries, July 2009	
Cost Estimation of Municipal Services in South East Europe, NALAS, July 2009	
Analysis of the functionality of local government web sites, USAID SLDP, February 2012	
Training Materials – Towards Improving PUC Performance, USAID SLDP, Kovilovo, 2011	
Strategy of Human Resource Development, City of Uzice, February 2010	
Training Program for the Local Government Officials, Ministry for State Administration and Local Self-Government, CARDS, 2009	

## ANNEX E. TABLE OF COOPERATING NGOS

NGO	NGO Description	Related Program Components	Strengths	Areas for Continued Cooperation
NAPOR	Established in 2009 and focused on promotion of youth rights and profesionalisation of youth work	Component 3: Youth Development and Participatory Mechanism – Grant Activity: Quality Youth service –step toward sustainable local development -	Gathers youth organisations in Serbia; leading organization in professionalization of youth work, setting standards, developing programs for youth work	Capacity buidling of youth organizations
Proactive	Established in 2010 in Nis, focused on decentralisation, participation of citizens, youth capacity building.	Component 3: Youth Development and Participatory Mechanism – Grant Activity: The Power of Citizens, implemented in FY2013	Experience in implementing activities that promote citizens participation	SLDP's cooperation with the organization was limited only to it's participation in the CSO's focal points program that was implemented through 9 grants issues to leading CSOs in SLDP-supported IMC areas. The activity was not expanded due to project's focus on job creation.
Sandzak Committee for Protection of Human Rights and Freedoms	Established in 1991 in Novi Pazar, focused on protection of individual and collective civil rights	Component 3: Youth Development and Participatory Mechanism – Grant Activity: The Role and Importance of Civil Society for Development of Democracy at the Local Level, implemented in FY2013	Extensive experience with protection of human rights in Sandzak region	SLDP's cooperation with the organization was limited only to it's participation in the CSO's focal points program that was implemented through 9 grants issues to leading CSOs in SLDP-

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				supported IMC areas. The activity was not expanded due to project's focus on job creation.
European Movement in Serbia - Kraljevo	Established in 1992, advocates for peaceful, democratic and full European integration of Serbia	Component 3: Youth Development and Participatory Mechanism – Grant Activity: ICM Resource Center for Development of Participatory Democracy , implemented in FY2013	Experience in project management and technical expertise with experience in implementation of development programs.	SLDP's cooperation with the organization was limited only to it's participation in the CSO's focal points program that was implemented through 9 grants issues to leading CSOs in SLDP-supported IMC areas. The activity was not expanded due to project's focus on job creation.
Initiative for integrations - Inicijativa za integracije		Component 3: Youth Development and Participatory Mechanism – Grant Activity: Guide for more transparent Local Self governments, implemented in FY2013		SLDP's cooperation with the organization was limited only to it's participation in the CSO's focal points program that was implemented through 9 grants issues to leading CSOs in SLDP-supported IMC areas. The activity was not expanded due to project's

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				focus on job creation.
Palgo Center	Established in 1998, active in the field of public administration, local government and public policies, a prominent civil society organization in this field of expert action in Serbia	Component 3: Youth Development and Participatory Mechanism – Grant Activity: Introducing new cross-sector communication mechanism for greater accountability of local governments, implemented in FY2013	A prominent think tank experienced in research, education, implementation of interdisciplinary studies and organization of international and regional conferences and round tables,	SLDP's cooperation with the organization was limited only to its participation in the CSO's focal points program that was implemented through 9 grants issues to leading CSOs in SLDP-supported IMC areas. The activity was not expanded due to project's focus on job creation.
Balkan Fund for Local Initiatives – now Trag Foundation	Founded in 1999, a local foundation that promotes active participation of citizens in social changes in Serbia.	Component 3: Youth Development and Participatory Mechanism – Grant Activity: Coordination and Support to Focal point CSOs for increased public participation in policy decision making processes at local and inter-municipal levels, implemented in FY2013	A local foundation working on local community development	SLDP's cooperation with the organization was limited only to its participation in the CSO's focal points program that was implemented through 9 grants issues to leading CSOs in SLDP-supported IMC areas. The activity was not expanded due to project's focus on job creation.
Smart Kolektiv	Established in 2004, the organization is focused on	Component 3: Youth Development and Participatory	Extensive experience in youth work and promotion of	SLDP's cooperation with the organization

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	promotion of CSR concept in Serbia. It operates through four key programmes: corporate social responsibility, social innovation, youth entrepreneurship and social marketing. It administrates the Business Leaders Forum Serbia.	Mechanism – Grant Activity: Youth Internship and Enterprenuership	entrepreneurship among young people.	was limited only to it's participation in the CSO"s focal points program that was implemented through 9 grants issues to leading CSOs in SLDP-supported IMC areas. The activity was not expanded due to project's focus on job creation.
Group 484	Founded in 1995 to provide support to immigrants and other vulnerable groups through self-employment, social cooperatives and associations.	Component 3: Youth Development and Participatory Mechanism – Grant Activity: Developing Competitive Young Workforce trhrough Cooperation with Professional Diaspora	A strong network accross Serbia and extensive experience in work with immigrants and vulnurable groups.	Improving opportunities for vulnerable groups
Belgrade Open School	An educationa civil society organization founded in 1993. BOS strengthens human resources, improves work of public institutions and organisations, develops and advocates public policies in order to develop better society based on freedom, knowledge and innovation.	Component 3: Youth Development and Participatory Mechanism – Grant Activity: Development of Career Guidance and Counseling Structure and Services through the Inter Municipal Cooperation in Serbia	A leader in non-formal education, development of innovative education programs for students, professors, public servants, experts, etc.	Modernization of education programs, fostering connections between business community and education institutions

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Serbian Unity Congres Serbia	A Serbian diaspora international organization that promotes Serbian and American culture. Working on various issues in Serbia such as restitution, rehabilitation, anti-corruption.	Component 1: Inter-Municipal Cooperation Programming. Grant Activity: Demand Study for Spa Tourism Improvement Project		
Sandzak Regional Development Agency - SEDA	Established as an Agency for SME Development in 2002 and transformed into RDA in 2009. Working in the area of regional economic development of Novi Pazar, Sjenica and Tutin.	Component 1: Inter-Municipal Cooperation Programming. Grant Activity: (1) Study on Regional Biomass Utilization, (2) Analysis to increase competitiveness of textile, footwear, furniture and food production.	Experienced in local economic development issues in Sandzak region and providing services to local SMEs. Substantial project management experience and cooperation with various donors.	Regional economic development and increasing competitiveness of Sandzak region.
RDA BANAT	An organization focused on socio-economic development in Vojvodina	Component 1: Inter-Municipal Cooperation Programming, Grant Activity: Promotion of Inter-Municipal cooperation (IMC) and initiatives in Banat Region	While the grant activity was successfully completed in early years of SLDP, the project had no additional cooperation with this organization	
National Alliance for Local Economic Development - NALED	Founded in 2006 as an association of businesses, local governments and civil society organizations working together on Serbia's economic development.	Component 2: Public Administration Reform. In addition to regular cooperation and coordination of activities, grant activities included: (1) Revamping Public-Private	Leader in promoting dialogue between the public and private sectors; excellent capacity to produce studies and analysis in support of policy measures; extensive experience in	Defining regulatory solutions to reform public administration and promote business activity, promoting dialogue with the

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	The largest and among most influential public-private association and leader in monitoring regulatory activity and measuring performance of public administration.	Partnerships as a Key Pillar to the Sustainable Development, (2) Effects of Privatization on Local Governments' Fiscal Balance - Case Studies. (3) Enhancement of Business Friendly Certification BFC	creating various initiatives to increase competitiveness and reduce administrative burden to businesses.	Government, assessment of performance of state administration, high-level studies and assessments, etc.
Vojvodina Metal Cluster	Established in 2011, with support of EU's RSEDP2 project, as a cluster of companies active in Vojvodina metal sector working on increasing competitiveness and creating innovation capacity. Functioning independently since 2013.	Component 1: Inter-municipal programming. Technical assistance included a combination of international consultant's work and grants to grow internal capacity of organization to work on competitiveness of the sector. Grant activities: (1) VMC Innovation and Business Development Centre, (2) Innovative Cluster-Wide Product	In-depth knowledge of the metal sector in Vojvodina, experience in working on innovative initiatives to boost competitiveness, experience in obtaining donors support	Work in increasing competitiveness of the metal sector.
Nis Cluster of Advanced Technologies	Gathering 29 successful companies doing business in the electrical and electro-mechanical industry as well as in the ICT industry with the	Component 3: Youth Development and Participatory Mechanism – Grant Activity: ICT Cluster Academy	Very active and successful cluster, excellent capacity to create initiatives and promote internationalization, increase competence, encourage innovation and R&D	Local economic growth in the area of advanced technologies, stimulating dialogue between science and businesses, harmonization

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	objective to increase opportunities for the region in the area of advanced technologies			of education programs with needs of businesses
Regional Development Agency Zlatibor	Established in 2002 as a Regional Center for SME Support, thought EU technical assistance, and transformed into RDA in 2008. The mission is to support sustainable socio-economic growth of Zlatibor region	Component 1: Inter-municipal programming. Grant Activity; (1) Uzice IMC Value Chain Phase I (analysis of prospects). (2) Uzice IMC Regional Value Chain - II phase	Among RDAs with highest capacity to design and implement projects in the area of economic development, in-depth knowledge of the region, extensive experience in implementing successful development projects	Local economic development of Zlatibor region
Standing Conference of Towns and Municipalities (SCTM)	Established in 1953, SCTM is focused on discussing common issues and formulating and representing joint interests of municipalities, advocating for the interests of municipalities and representing municipalities in the process of defining strategic directions and regulations, exchanging best practices among municipalities	Among the most important partners of the project. Cooperation mainly connected to Component 2 – Public Administration Reform but also spread to other project activities. Grant Activity : (1) LEDER- Local Economic Development Educational Response, (2) eLearning Course on Local Economic Development-Sectoral Approach to Industrial Recovery and Job Creations	Strong institutional capacity to represent interests of local communities, provide capacity building services to municipalities and support overall development of local administration	All areas of local economic development
Center for Advanced	An independent think-tank	Component 1: Inter-municipal	A prominent think-tank for	Advanced macroeconomic

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Economic Studies - CEVES	founded in 2004 and focused on advanced macroeconomic and policy analysis in Serbia and research of areas relevant for sustainable and inclusive economic growth	programming. Grant Activity: Serbia's Real Sector Performance: Exhibited Competitiveness by Size, Industry and Region	macroeconomic, social inclusion and employment research	analysis and research, identification of economic development and employment opportunities, formulation of national and sectoral development strategies
3D Impulse Center	A scientific research unit of the Faculty of Mechanical and Civil Engineering in Kraljevo, which deals with the application of digital technologies to develop new products. The laboratory was established by an EU project in 2011-2013	Component 1: Inter-municipal programming. Grant Activity: Procurement of equipment for the Lab and development of the web site	Unique technology and capacity to stimulate innovation and competitiveness by applying digital technologies for new product development.	Promotion of innovation and use of innovative technologies for product development