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MID-TERM PERFORMANCE EVALUATION OF USAID/SERBIA SUSTAINABLE LOCAL DEVELOPMENT PROJECT (SLDP)

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MID-TERM PERFORMANCE EVALUATION OF THE USAID/SERBIA SUSTAINABLE LOCAL DEVELOPMENT PROJECT (SLDP)

Final Report

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ACRONYMS

ALMP	Active Labor Market Program
AO	Assistance Objective
BFC	Business Friendly Certification
BOS	Belgrade Open School
CBA	Cost-Benefit Analysis
CBYS	Capacity Building & Youth Specialist
CDCS	Country Development Cooperation Strategy
COP	Chief of Party
COR	Contracting Officer's Representative
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
DG	Democracy and Governance
EGO	Economic Growth Office
EU	European Union
GDP	Gross Domestic Product
GoS	Government of Serbia
IMC	Inter-Municipal Cooperation
IMCA	IMC Area
IPA	Instrument for Pre-Accession Assistance (European Union)
IR	Intermediate Result
LED	Local Economic Development
LG	Local Government (applies to a city or a municipality)
LSG	Local Self-Government
M&E	Monitoring and Evaluation
MEMSP	Ministry for Environment, Mining, and Spatial Planning
MoE	Ministry of Education
MoLESP	Ministry of Labor Employment and Social Policy
MoT	Ministry of Telecommunications
MoU	Memorandum of Understanding
MYS	Ministry of Youth and Sport
NALED	National Alliance for Local Economic Development
NES	National Employment Service
NES BOs	National Employment Service Branch Offices
NGO	Non-Governmental Organization
PAR	Public Administration Reform
PMP	Performance Monitoring Plan
PPP	Public Private Partnership
Project	The Sustainable Local Development Project
PUC	Public Utility Company
RDA	Regional Development Agency
RSD	Republic of Serbia Dinar (currency in Serbia)
SCTM	Standing Conference of Towns and Municipalities
SLAP	System for Local Authority investment Pipeline (hosted by SCTM)
SOW	Statement of Work
STTA	Short-Term Technical Assistance
TA	Technical Assistance
ToT	Training of Trainers

USAID	United States Agency for International Development
VET	Vocational Education and Training
WeBSEDF	Western Balkans Sustainable Energy Direct Financing Facility
WP	Work Plan
YO	Youth Office

EXECUTIVE SUMMARY

EVALUATION PURPOSE

This is a report on the mid-term evaluation of the Sustainable Local Development Project (SLDP), funded by the United States Agency for International Development (USAID) Mission in Serbia, and implemented by Chemonics International Inc. under contract AID-169-00-10-00102. The evaluation was conducted during the period June – July, 2013, by a team assembled by Mendez, England & Associates (ME&A) with headquarters in Bethesda, Maryland. The team consisted of one international and two local experts – all with experience in evaluating and/or working on economic growth projects in the region.

The purpose of the evaluation was to provide USAID with a rigorous, evidence-based analysis of SLDP's mid-term performance. Specifically, the evaluation was intended to:

1. Examine the relevance, effectiveness, efficiency, emerging impact, and sustainability of SLDP's activities implemented to date
2. Determine whether SLDP has achieved planned results
3. Identify gaps in SLDP's performance against targets
4. Provide recommendations on closing these gaps in the final years of the project

The evaluation will inform the Mission of whether the project is on track to meet the goals it established. It will also inform future decisions regarding the project's focus and funding by the Mission, and the Economic Growth Office, in particular.

PROJECT BACKGROUND

SLDP is a five-year project that began in December 2010. It was designed to contribute to both USAID economic growth and good governance goals by supporting municipalities, business advocacy organizations, and civil society organizations (CSOs) to move beyond municipality-by-municipality solutions in favor of cooperative, inter-municipal approaches to improving public services and invigorating their economies. The current contract ceiling is \$20.3 million, a decrease from the initial \$21.7 million due to the overall USAID/Serbia budget decrease.

In October 2012, the project refined its approach by focusing on inter-municipal cooperation (IMC) initiatives that will be proximately related to adding jobs by expanding the private sector in the eight IMC areas. The project's scope of work (SOW) has been regrouped from five to three components, with a focus on activities that are economically feasible; add jobs and increase business sector revenues; and help youth to become more competitive on the labor market. The three components include: 1) IMC Programming; 2) Public Administration Reform; and 3) Youth Development and Participatory Mechanism. A key tool supporting all three components is the Investment Incentive Subcontract and Grant program. The project complements technical assistance and trainings with Subcontracts and Grants to support essential inter-municipal business-related service provision, expand public/private sector partnerships, and increase youth employability and public participation.

EVALUATION QUESTIONS

The Evaluation Questions, as per the SOW, included:

1. How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?
2. How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?
3. To what extent do members of IMC clusters see value in working together with other

- municipalities to advance regional economic development?
4. To what extent have project activities increased youth participation and employment through trainings and internships?

EVALUATION METHODOLOGY

The Evaluation Team obtained comprehensive quantitative and qualitative data from a broad range of stakeholders and project counterparts and combined techniques that balance each other: quantitative vs. qualitative data analysis, individual vs. group responses, analyses of available surveys and reports, triangulation of data, etc. The evaluation questions served as the basis of the Evaluation Design Matrix (see Annex 3) developed by the Evaluation Team to determine the types of data needed to answer each question and the appropriate methods to collect this data and analyze it. The matrix correlates evaluation questions with the evaluation criteria of Relevance, Efficiency, Effectiveness, (emerging) Impact and Sustainability. This planning tool was complemented by a detailed Evaluation Discussion Guide (see Annex 3), which expands the key questions into sub-questions. The team also administered two types of questionnaires for focus groups that provided valuable insights for the evaluation. During the course of the evaluation, the team was able to collect a total of 67 questionnaires that were completed by the focus group participants and interviewees.

EVALUATION LIMITATIONS

The following challenges and limitations were encountered in the course of this evaluation:

1. Relatively low response rates of some categories of interviewees and disproportionate participation in one-on-one interviews
2. Mid-term performance. Given the short time for which most SLDP initiatives have been in effect and the generally lagging nature of improvements to economic performance on the basis of local government reforms, the project's effect may not register for some time.
3. The resource and time constraints of the evaluation limited the depth and scope of the data collection.
4. Some of the key informants were not available due to summer vacations.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

As agreed with USAID/Serbia, the key findings, conclusions and recommendations are provided in the main body of the report. The table containing the full set of conclusions supported by findings, and recommendations is provided in Annex 16. Below is a summary of the main findings and the corresponding conclusions and recommendations.

EVALUATION QUESTION 1. How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?

Findings

1. There were considerable delays in project implementation due to ineffective management, delays in reporting, and changes in project's focus. The existing monitoring system does not ensure effective reporting on all Performance Monitoring Plan (PMP) indicators.
2. SLDP made progress against most of the indicators, especially, in the second half of 2012 and in 2013. SLDP has been particularly effective in meeting governance-related targets, but not as successful in reaching targets related to economic development. The Evaluation Team could not find, and was not provided with, any verifiable data on progress that could be clearly attributed to SLDP, against Indicator 1 (number of business-sector jobs created in participating municipalities), and Indicator 2 (dollar value of increase in inflowing domestic and foreign investment). Initially, SLDP calculated jobs and investments based on overall improvements within partner municipalities. This was done through reports of the Local Development Offices, which captured the overall progress in respective municipalities, including all employment and investment data. However, the

SLDP team stated: "As the project did not directly work on increasing investment, it was not possible to measure or attribute any investment to SLDP activities." Performance on Indicator 38 (number of development projects based on input from businesses) has achieved only 23.5%. Performance on Indicator 36 (number of youth that get a job or start a business within six months of completing the educational programs) has achieved a striking 4.4% of the target but all of it was achieved over the past year. The project is on track with internships (51% of the target), and although internships do not constitute employment, the rate of the post-internship employment of former interns by participating enterprises has been high (37-42%), which contributes to employment generation.

3. Most of SLDP grant and subcontract funding disbursed by June 2013, was utilized for support of investment (37%) and employment (28%). 30% of the disbursed funding for sub-contracts was utilized to support investment, and 27% for citizens' participation and good governance. However, the amount of funds allocated through grants and subcontracts to date is low (only 32% and 18% of the project total, respectively).
4. A number of interviewed stakeholders stated that they were not informed about SLDP'S activities or progress made to date. Insufficient information sharing, communication, and consultation with other donor-funded projects were also mentioned by the representatives of those projects.

Conclusions

1. Inefficiencies in project implementation, combined with multiple changes of SLDP's focus and volatility in project implementation, had an adverse effect on the project's performance.
2. Progress of SLDP on key performance indicators related to investment and employment generation, was limited but has shown some improvement in 2013. Due to the problems with attribution of progress to SLDP's activities on some indicators (particularly 1 and 2), the Evaluation Team cannot conclude that the targets on these indicators have been met as a result of SLDP's intervention.
3. Grants and subcontracts allocated by SLDP are relevant to the development needs of stakeholders and are consistent with the expected project results (particularly attraction of investment and generation of employment). However, the amount of funds allocated through grants and subcontracts to date is disproportionately low.
4. The level of communication, information sharing, and visibility of SLDP has been insufficient. SLDP has missed some opportunities for collaboration and leveraging of resources with other donor-funded projects.

Recommendations

1. Improve effectiveness and efficiency of SLDP implementation and reporting with clear deadlines and an efficient and transparent monitoring system. Consider using MS Project or similar software for monitoring and reporting progress.
2. Improve definition of PMP indicators related to investment and employment generation. Make a particular effort to improve performance on investment-related Indicator 38 (number of development projects based on input from businesses) and employment-related Indicator 36 (number of youth that get a job or start a business within six months of completing the educational programs). Ensure that they are included in the proposed revised PMP. Ensure that progress on New Criteria Projects (NCP) activities related to Indicator 1 and 2 is reported and monitored in the way that is directly attributable to SLDP.
3. Accelerate allocation and disbursement of funds for grants/subcontracts. Ensure that grants are

more focused on contributing to performance against the revised PMP on investment and jobs and support NCPs and other economic development initiatives in IMCAs.

4. Improve communication and information sharing with SLDP stakeholders, as well as with other donor-funded projects (particularly through the project's website and face-to-face contacts). Observing agreed deadlines for joint activities is of particular importance in cooperation with other donor-funded projects.

EVALUATION QUESTION 2. How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?

Findings

1. The concept of IMC, as originally formulated in the project design, provides a potentially sustainable and effective mechanism if applied flexibly (based on real cooperation needs), with a potentially considerable impact on local economic development. The interviewed stakeholders indicated that some of the joint inter-municipal activities implemented to date through SLDP were successful and created new partnerships, which are sustainable and are already used for new project opportunities. For example, IMC Uzice led by RDA Zlatibor, is working on further strengthening of thematic working groups to address common problems related to water, waste management, tourism, etc.
2. During 2013, SLDP developed new criteria for its projects. Based on these criteria, it has so far selected eight New Criteria Projects (NCPs). Twelve more NCPs are to be selected and implemented in the second half of SLDP. The NCPs (those already defined, and those in the pipeline), alongside with some other economic development initiatives, are designed to make a considerable contribution to achieving SLDP targets for jobs and investment. With effective utilization of grant and subcontract funding and, if managed effectively, they could help SLDP to catch up on some indicators where it has been under-performing. Action plans have been prepared for selected NCPs, but these need to be further developed and more detailed (e.g. to specify activities for envisaged on-the-job training for each NCP). However, the new definition of the SLDP criterion related to IMC, as proposed in 2013, is vague and could be applied to any 'business opportunity that may benefit more than one municipality'. Such a broad definition does not necessarily imply actual *cooperation* between municipalities on formulating and implementing joint projects. Indeed, it can also include economic development initiatives in one municipality which would be 'of some benefit' to the others. The interviewed IMC cluster members also indicated that the newly defined project selection criteria have not yet been clearly communicated to all relevant stakeholders.
3. Indicators 1 and 2 (respectively, Indicators 1 and 3 in the revised PMP, proposed in 2013) are still associated with risk in terms of performance against targets. Although the proposed targets for these two indicators have been reduced in the revised PMP due to the reduction in budget and scope, all three indicators are associated with risk in terms of achievement and attribution. The new targets are: for Indicator 1 - 2,000 jobs (the original target was 2,750 jobs); and for Indicator 3 - \$120 million (the original target was \$275 million). Both indicators 1 and 2 are the two key indicators related to jobs and investment; however, SLDP has shown no progress by the time of this report on these indicators that can be attributable to the project's activities. Indicator 8 (increased youth competitiveness in the job market), as it is defined, does not measure proven competitiveness – it is merely designed to count all youth entering programs aimed at increased employability and is based on the *assumption* of increased youth competitiveness. Indicator 36 reflects accurately youth competitiveness in the job market by showing the number of youth who obtained employment within 6 months of SLDP intervention; however, SLDP is proposing to discontinue measuring it.

Conclusions

1. The IMC activities implemented by SLDP to date (and based on the original formulation of IMC principles) have been effective and are likely to have a high impact on local economic development.
2. The NCPs selected in 2013 and other economic development initiatives in IMC areas (IMCAs) lay a sound foundation for SLDP's contribution to economic growth, are feasible, and can achieve the expected results, provided they are managed effectively and efficiently. The new criteria for selection of new projects are clear, except for the new definition of IMC, which is too vague and broad. The concept of IMC (as formulated by SLDP in the set of 'new criteria' in 2013) is not defined in the same terms as initially intended in SLDP's design and may not necessarily imply actual cooperation between municipalities on defining and implementing projects together.
3. The revised PMP is relevant and appropriate to measure progress of SLDP in the second half of its lifetime. However, even the revised PMP contains some unresolved issues with indicators.

The overall conclusion under Evaluation Question 2 is that the likely contribution of SLDP inter-municipal economic development projects to economic growth through increased jobs and investment will be significant, provided that the planned NCPs and economic development initiatives are implemented efficiently and on time. Success of implementation of NCPs in the second half of the project is also contingent on effective and coherent management of SLDP's components, improved communication with stakeholders, expedient allocation and disbursement of grants and subcontracts, and a more efficient system for monitoring progress against clearly defined (revised) PMP indicators.

Recommendations

1. Continue support for all participating IMCs. Revisit the possibility of support to some of the private sector initiatives that have been terminated in the latest phase of SLDP but are still part of MoUs (e.g., continue with IMC tourism initiatives, energy efficiency audit, building on a Diaspora database to attract investment into the regions of origin, etc.) if they are seen as a priority for economic growth in the IMC area.
2. In the revised PMP, clarify the new criterion used to define IMC and ensure that it implies the requirement for actual cooperation between municipalities on project implementation, rather than simple implementation of projects by a single municipality, with potential 'spill-over' benefits for other municipalities. Improve clarity in communication of the new criteria for NCPs to the stakeholders, particularly through the project's website.
3. Retain in the revised PMP indicators 36 (number of youth that get a job or start a business within six months of completing the educational programs) and 38 (number of development projects based on input from businesses), and ensure that implementation of NCPs helps to catch up and achieve targets for these two indicators. Do not include the new proposed Indicator 8 (number of youth with increased competitiveness in the labor market) in the revised PMP, as it is extremely vague and does not help to measure real outcomes of training and internships. Instead, reinforce achievement efforts on Indicator 36, which measures proven youth competitiveness confirmed by the fact of employment and is directly attributable to SLDP. Expected results on Indicator 2 (increased business revenues) should be better formulated as directly attributable to SLDP and objectively verifiable. Establish a clear data collection and reporting mechanism with a baseline (especially on Indicators 1, 2 and 3) in cooperation with IMC clusters.

EVALUATION QUESTION 3. To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?

Findings

1. Members of IMC clusters see high potential for synergies and economies of scale in IMC, especially when it comes to development of agricultural and industrial projects where value chains span a few municipalities/regions. Such readiness was voiced also for collaboration between municipalities that do not have a common border but have a common objective or project.

Conclusions

1. The interviewed members of existing IMC clusters value working together with other municipalities and intend to continue this work in the future.

Recommendations

1. The IMC concept should be applied in a flexible, fluid, 'ad hoc' manner to provide solutions to identified common problems and needs. It would be useful to trace progress on how IMC partners continue to collaborate beyond the scope of SLDP. Inter-municipal centers of excellence and innovation could provide a mechanism for collaboration on economic development initiatives (e.g. in ICT, denim apparel, tourism).

EVALUATION QUESTION 4. To what extent have project activities increased youth participation and employment through trainings and internships?

Findings

1. The 2013 PMP youth employment targets, although quite modest (170 youth employed within six months after the intervention) have not been reached and will not be reached by the end of 2013. 82 youth are currently newly employed as a result of total employment promotion programs (entrepreneurship support and internships) implemented through the SLDP. Although not targeting the most disadvantaged on the labor market - youth with low educational attainment were not eligible to apply to any of the offered programs - the measures have been well designed for the set target group. The intended reach of the program was quite low, in terms of the number of program entrants, but the employment outcome of these entrants is quite favorable as there is a 40% retention rate of interns, although there was no legal obligation to employ from the part of the enterprise.
2. A few specific activities aligning the youth workforce development initiative with the designed NCP are initiated. The youth workforce development component is still in a state of 'transition'. The project does not have working relations with the Employment Department of the Ministry of Labor Employment and Social Policy (MoLESP), as indicated in the telephone interview with MoLESP. Also, the National Employment Service (NES) was not involved in the process of project's or Active Labor Market Program's (ALMP) design. None of the five NES Directors interviewed (nor any of the other interviewees interviewed within the scope of the youth workforce development and participation component), were involved in the process of defining the IMC NCPs, nor were they informed about the decision made.

Conclusions

1. While one can argue that youth participation has been increased by the mere participation of youth in capacity development and networking activities, no tangible results attest to the effectiveness or projected impact of these activities.
2. Youth employment has been promoted through several successful yet small-scale initiatives that are likely to have a positive impact; however, they are not reaching the unemployed youth with most need for employment support. However, the youth workforce development agenda is not sufficiently mainstreamed into core SLDP activities and lacks a participatory approach.

Recommendations

1. SLDP should devote attention not only to 'Local Champions' but also to the more labor market disadvantaged youth, those of low educational attainment, lacking the skills needed on the labor market. Particular attention should be devoted to vocational skills training programs, responding to the needs identified by the Labor Gap analysis or otherwise as needs on the labor market. These programs must be competency-based and certified so as to assure transferability and recognition of acquired competencies.
2. Invest additional efforts to mainstream youth workforce development, through building closer relations with the Employment Sector of the MoLESP and NES, both at the local and central level, and involve them in the identification of workforce development needs and design of interventions.

1.0 INTRODUCTION

1.1 EVALUATION PURPOSE

The mid-term evaluation of the Sustainable Local Development Project (SLDP), funded by the United States Agency for International Development (USAID) Mission in Serbia, and implemented by Chemonics International Inc., was conducted during the period June – July, 2013, by a team assembled by Mendez, England & Associates (ME&A). The team consisted of one international and two local experts – all with experience in evaluating and/or working on economic growth projects in the region. The purpose of the evaluation was to provide USAID with a rigorous, evidence-based analysis of SLDP's mid-term performance. Specifically, the evaluation was intended to:

1. Examine the relevance, effectiveness, efficiency, emerging impact and sustainability of SLDP activities implemented to date
2. Determine whether SLDP has achieved planned results
3. Identify gaps in SLDP's performance against targets
4. Provide recommendations on closing these gaps in the final years of the project

The evaluation will inform the Mission of whether the project is on track to meet the goals it established. It will also inform future decisions regarding the project focus and funding by the Mission, particularly by the Economic Growth Office.

1.2 EVALUATION QUESTIONS

The evaluation questions formulated in the Scope of Work (SOW) were:

1. How successful was the inter-municipal cooperation (IMC) clusters' work in increasing economic development as measured by increased jobs and investment?
2. How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?
3. To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?
4. To what extent have project activities increased youth participation and employment through trainings and internships?

2.0 PROJECT BACKGROUND

SLDP is a five-year project that began in December 2010. It was designed to contribute to both USAID economic growth and good governance goals by supporting municipalities, business advocacy organizations, and civil society organizations (CSOs) to move beyond municipality-by-municipality solutions in favor of cooperative, inter-municipal approaches to improving public services and invigorating their economies. The contract ceiling is \$20.3 million, decreased from the initial \$21.7 million due to the overall USAID/Serbia budget decrease.

SLDP's original SOW comprised the following components: 1) Inter-Municipal Cooperation; 2) Local Government Administration; 3) Public Participation; 4) Youth Development; and 5) Business Enabling Environment.

By December 2011, a year after SLDP was contracted, the project had established eight IMC areas throughout Serbia, primarily through a competitive selection process. These eight IMC area partnerships are led by the cities of Vranje, Nis, Novi Pazar, Kraljevo, Uzice, Novi Sad, Zrenjanin, and Subotica, and

encompass a total of 32 municipalities. In February 2012, due to funding limitations, USAID/Serbia instructed Chemonics not to expand the number of IMC areas beyond these 8 (12 were originally planned). In October 2012, the project refined its approach by focusing on IMC initiatives that will be proximately related to adding jobs by expanding the private sector in the eight IMC areas.

The project's SOW has been regrouped from five to three components, with a focus on activities that are economically feasible, add jobs, increase business sector revenues, and help youth to become more competitive on the labor market. The three components include: 1) IMC Programming; 2) Public Administration Reform; and 3) Youth Development and Participatory Mechanism. The project complements technical assistance and training with Subcontracts and Grants to support essential inter-municipal business-related service provision, expand public/private sector partnerships, and increase youth employability and public participation. The Investment Incentive Subcontract and Grant Program is the key tool supporting all three components.

USAID/Serbia expects SLDP interventions not only to increase jobs and investment, but to also increase the efficiency and transparency of local government operations. The project is expected to complement the efforts of activities supported by other donors, as well as to introduce innovative models. The expectations are that the project activities will ensure that local level reforms are not only a product of municipal governments, but also incorporated into national level reforms.

3.0 EVALUATION METHODS AND LIMITATIONS

3.1 EVALUATION METHODS

To conduct the evaluation, the team used a mixed methods approach, which combined techniques that balance each other: quantitative vs. qualitative data analysis, individual vs. group responses, analyses of available surveys and reports, triangulation of data, etc. By using such methodology, the Evaluation Team was able to obtain comprehensive quantitative and qualitative data from a broad range of stakeholders and project counterparts.

The team undertook a comprehensive review of information and reports pertaining to SLDP since 2011, including studies, semi-annual reports, work plans, New Criteria Projects (NCPs), programming documents, contract documentation, Performance Monitoring Plan (PMP), grant project documentation, relevant reports and surveys produced by USAID and other donor organizations, studies produced by SLDP, etc. The list of reviewed documents is provided in Annex I. This information was analyzed and the results were tailored to answer the four evaluation questions.

The answers to evaluation questions are summarized as conclusions that are derived from, and supported by, findings. These include the key factual information, main results of the desk research and the field phase, and provide the interpretation of the results of the data analysis about the project performance to date, as well as its likely impact and sustainability. Recommendations build on the findings and conclusions and provide suggestions with respect to performance, sustainability and impact of SLDP in the second half of the intervention.

The evaluation questions served as the basis of the Evaluation Design Matrix (see "Getting to Answers Matrix", Annex 3), which was developed to determine the types of data needed to answer each question and the appropriate data collection and analysis methods to be used. The matrix correlates evaluation questions with the evaluation criteria of Relevance, Efficiency, Effectiveness, (emerging) Impact and Sustainability. This planning tool was complemented by a detailed Evaluation Discussion Guide (Annex 3),

which expands the key questions into sub-questions. In addition, the team administered two types of questionnaires for group meetings and focus groups.

During the course of field visits, the Evaluation Team was able to collect a total of 67 questionnaires based on a 'Likert scale'¹ completed by a range of focus group participants and interviewees², including representatives of the Local Self-Governments (LSG), Local Economic Development (LED) and Regional Development Agency (RDA) Offices, National Employment Service Branch Offices (NES BOs), Youth Offices (YOs), local schools, businesses, etc.

In addition, the team conducted semi-structured interviews, focus groups and group discussions with various categories of stakeholders, including the SLDP team, Government of Serbia (GoS) entities, other donors and donor programs, business representatives and selected youth and CSOs, IMC cluster members, USAID/Serbia's Mission Director, USAID/Serbia's Economic Growth Office Director, and the project's Contracting Officer Representative (COR). The full list of interviews and group meetings is provided in Annex 4: Sources of Information.

3.2 EVALUATION CHALLENGES AND LIMITATIONS

The following challenges and limitations were encountered during the course of this evaluation:

1. Relatively low response rates of some categories of interviewees and disproportionate participation in one-on-one interviews
2. Mid-term performance. Given the short time for which most SLDP initiatives have been in effect and the generally lagging nature of improvements to economic performance on the basis of local government reforms, the project's effect may not register for some time.
3. The resource and time constraints of the evaluation limited the depth and scope of the data collection
4. Some of the key informants were not available due to summer vacations.

4.0 CONCLUSIONS SUPPORTED BY FINDINGS

This section synthesizes and interprets the empirical facts based on the data collected during the desk and field phases of the evaluation, and makes judgments supported by one or more specific findings. As agreed with the USAID/Serbia Mission, all conclusions (each supported by one or more findings) are structured around the evaluation questions formulated in the SOW, and are based on the evaluation criteria of Relevance, Effectiveness, Efficiency, Impact and Sustainability.

4.1 EVALUATION QUESTION I

How successful was the IMC cluster's work in increasing economic development as measured by increased jobs and investment?

¹ Likert scale is a method of ascribing quantitative value to qualitative data, to make it amenable to statistical analysis. A numerical value is assigned to each potential choice and a mean figure for all the responses is computed.

² Youth employment programs' beneficiaries have responded to a different questionnaire, the results of which may be seen in Annex 7.

This question pertains to a number of evaluation criteria, namely, project relevance, effectiveness and efficiency. The success of SLDP to date, measured against these criteria, has been mixed. In this section, we provide a number of conclusions supported by findings from the fieldwork and desk research that address various aspects of this question.

Conclusion 1.1: The objectives of SLDP were and are still relevant but the causal logic (underlying development hypothesis) of the intervention was insufficiently coherent and focused.

The Assistance Objectives of SLDP – “More competitive market economy” and “Strengthened democratic structures in Serbia” - were relevant at the design stage and remain relevant. The relevance of IMC is also considered by the Evaluation Team to be high.

However, the causal model of the intervention was insufficiently coherent, combining broad economic growth and democratic governance objectives with an excessively cumbersome SOW and without a clear ‘vision’. This was reflected in an insufficiently focused and streamlined project structure (originally five poorly coordinated components) and caused difficulties in implementation from the outset. The PMP was based on the requisite SOW and included 41 indicators, which created excessive complexity and made it difficult to implement and monitor the project.

Supporting Findings

The Assistance Objectives of SLDP are aligned with USAID and GoS strategies and priorities for Serbia and are still relevant.

SLDP’s design did not include a logical framework as the project was formulated before 2011, which was before the USAID’s requirement to provide a logical framework as part of the Project Appraisal Document. At the time, the Country Development Cooperation Strategy (CDCS) Results Framework was the basis of the project formulation. In addition to two Assistance Objectives and the Intermediate Results (IRs), which is the norm according to the USAID Project Design Guidance, the causal model formulated in the SOW also included the following complex purpose and objectives:

- Project Purpose: *“Provide technical assistance to improve the capacity of Serbian municipalities to create and implement policies, procedures, and projects that will contribute to area-based development and responsive and transparent municipal governance. In selected municipalities, USAID project for Sustainable Local Development will support the improvement of the economic development with initiatives targeting inter-municipal cooperation, public asset management, improved tax collection, improved local government administration and governance, public participation, youth development, and other relevant advocacy activities for a better business enabling environment and sustainable municipal development.*
- Project Objective: *“The Activity will have as an objective 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 and to reduce opportunities for corruption within the municipal public sector. The long-term objective of the Activity 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.”*

Based on the requirements of the SOW, the PMP developed by the Contractor, contained three IRs, five Sub-IRs and 41 indicators. As reported by the SLDP team, the Contractor and a number of stakeholders, the formulated democratic government objectives were not clearly correlated with the planned economic development activities, which resulted in the lack of coherence between the original five project components. The SLDP team stated that before October 2012, when five components were regrouped into three, each component had operated on a ‘silo’ or ‘stovepipe’ basis as separate, unrelated sets of activities, without much coordination between them.

Conclusion 1.2: Inefficiencies in project implementation, combined with multiple changes of SLDP’s focus and volatility in project implementation, had an adverse effect on the project performance.

Supporting Findings

There were significant delays in SLDP’s implementation from the outset, as reported by many IMC cluster members, participants of the focus groups, and the Contractor.

Below is the summary of the delays analyzed in the USAID Contract Performance Review (2011-2012):

- *“The initial start of the project was partially delayed. Maxima Consulting d.o.o. slowed the project implementation during Year 1 and in Year 2, delaying initial work with the inter-municipal clusters.”*
- *“The marginal Quality of the Year One work plan delayed the final submission by two months, which resulted in a substantial delay of implementation. The PMP was developed in February 2011, the revision was submitted and approved on May 10, 2011, almost six months into the contract implementation. Often, the reports are submitted with a one or two week delay for USAID approval.”*
- *“A year and a half into the implementation, the project was still behind schedule in meeting eight performance indicators, while proposing to postpone or temporarily suspend activities that related to seven indicators. General trend of reporting is that the Contractor often slips from what is specified in the contract, and often asks for an extension at the last minute.”*
- *“The de-scope of work and realignment of the budget was initiated with the Contractor in February 2012, culminating in a 10 month long modification process. It was only seven months after the Contractor was informed that this needed action that the new revised scope of work was verbally agreed and the modification was initiated.”*

Project effectiveness and efficiency were also impeded by the reported “volatility and shift of focus” of SLDP and the delays in decision-making and project implementation before October 2013, which resulted in frustration and confusion, as reported by the project counterparts. However, communication and dialogue with stakeholders seems to continue to be a weakness of SLDP: a number of interviewed stakeholders (particularly IMC members) expressed their frustration and lack of understanding of ‘what is happening on the project’. Some delays in allocation of grant funding have not been explained to the beneficiaries. Grant applicants stated that they had to wait for an approval of their grant application for weeks, and even after the approval there were delays in the start of implementation without any explanation by SLDP of the reasons for the delays. An example of delays in the grant allocation process which have not been explained to stakeholders is illustrated in Annex 12.

At the beginning of the project, SLDP IMC activities were promoted as support for “large infrastructure projects” in the letters of invitation and emails sent to municipalities. This created confusion among the stakeholders, as the Project was not designed to support direct investment in large infrastructure. The first Chief of Party (COP) who made a strong emphasis on IMC resigned early in the project. The second COP promoted a ‘sectoral’ approach, with a strong emphasis on public-private partnerships (PPPs) and IMC. Stakeholders complained that there was insufficient interaction between the COP and the Mayors, and further delays in implementation were reported. With the arrival of the third COP, the focus of SLDP activities shifted to demand-driven private sector development and investment. The project stakeholders and the SLDP team reported considerable delays in decision-making due to these changes of direction and focus.

A number of interviewed organizations indicated that the initial IMC selection process was not clearly explained to the stakeholders, which negatively affected the perception of SLDP by some municipalities and reduced their sense of trust, ownership and motivation to cooperate. In the original SOW, USAID specified two lead cities - Novi Sad and Nis, given that they are the next largest economic centers outside of Belgrade. Discussions between Nis and Novi Sad and potential IMC partner municipalities were facilitated by SLDP. Following this, there were two tranches of additional IMC formations, which were

competitive processes. SLDP sent out requests for letters of interest to all municipalities (through the Standing Conference). Based on certain criteria, in part following USAID's priorities regarding including minority or disadvantaged areas in the south and southwest, the project selected potential clusters. SLDP then worked with the potential candidates to firm up cluster formation. These were then approved by USAID.

Due to the replacement of COPs and related changes in SLDP's focus, some activities, which are part of Memorandums of Understanding (MoUs) and were supported by SLDP at the beginning, were subsequently terminated – reportedly, without any consultation with the IMC members. For example, the initial strong support for tourism-related activities was discontinued by SLDP after the planning stages, without the promised follow-up and implementation: e.g., in Vrnjacka Banja, where SLDP provided assistance for the development of a regional tourism plan, tourism development around Zlatibor and Nova Varos, a tourism master-plan pro-actively developed in Novi Becej), etc. Another activity that has been discontinued, but is perceived as extremely important, is the creation of the Diaspora database, as it provides the means for municipalities to get in touch with Diaspora from their region. Successful Serbians from abroad are willing to invest into their region and prefer this to a general notion of investing in Serbia. The example of Tutin was provided by the interviewees, where the mayor recognized this potential and attracted investments from the Diaspora in Turkey thanks to which a "village was transformed into a town."

The interviewed IMC members stated that there is significant scope for successful private sector inter-municipal initiatives, involving a variety of local value chains (food processing, food specialties and crafts, wine production, river cruises, hospitality, catering, cycling, horse-riding, festivals, conferences, etc.), which can work around the tourism agenda. Such private sector initiatives spanning a few IMC areas require an integrated approach to value chain development with some infrastructure support and are reported to have significant potential for job creation and investment. The World Travel and Tourism Council (WTTC) estimated that in 2009, overall revenues attributable to tourism amounted to 232 billion Serbian Dinars (RSD) and provided 128,000 jobs, representing 7.4% of Gross Domestic Product (GDP) and 6.7% of all jobs. The WTTC estimates that by 2020, the total impact of tourism could triple to 631 billion RSD and create over 30,000 additional jobs³. A recent example is Kusturica's settlement Mecavnik, in the municipality of Priboj, where tourism investment resulted in new employment for 300-400 people, with significant benefits for the surrounding villages.

Conclusion 1.3: Progress of SLDP on key performance indicators related to investment and employment generation was limited but has shown some improvement in 2013. There have been problems with attribution of progress on some key indicators to SLDP activities, which does not allow us to conclude that the targets on these indicators have been met as a result of SLDP's intervention.

At the time of this report, a draft of a new PMP was submitted to USAID but was not yet approved. Therefore, this evaluation analyzed SLDP's performance against the original PMP indicators that were valid at the time of the report.

The Evaluation Team analyzed the overall project budget, project performance against the PMP indicators, budget allocation, and quality of the existing grants/subcontracts. The team concluded that the project is on target with its youth internships program, which is a distinct achievement of SLDP, as many of the interns were retained by the host companies.

³ <http://serbia.usaid.gov/program-updates/success-stories.892.html>

However, SLDP is underperforming in terms of generating youth employment measured by the number of youth employed within 6 months after the project intervention (Indicator 36). SLDP has also failed to provide any evidence of progress on generating business sector jobs (Indicator 1). There is no direct correlation between these two indicators. On the one hand, if business sector jobs were generated, a certain proportion of these vacancies would be filled by young workers, anyway (not necessarily as a result of training provided by SLDP). At the same time, youth employment can be promoted in a pro-active way, and youth could receive targeted support to enhance their employability and capacity to find jobs on the open competitive market, regardless of employment generated through SLDP interventions.

SLDP has achieved rather limited progress in ensuring an increase in investment but has shown some improvement over the past six months.

Supporting Findings

The two most important indicators in the existing PMP related to generation of investment and jobs are Indicator 1 (the number of business-sector jobs created in participating municipalities); and Indicator 2 (dollar value of increase in inflowing domestic and foreign investment).⁴ Unfortunately, SLDP has not provided any verifiable data on progress against these most important indicators that could be clearly attributed to SLDP⁵. The project shows progress against most of the other indicators for which SLDP collected information and provided data; a positive trend of improvement is obvious in the last year of project implementation, as discussed further in this section. Table 1, below, summarizes SLDP's performance related to employment and investment.

Table 2. Indicators on Employment and Investment

PMP indicators	Total	Expected by June 2013	Actual	% of total
Indicators related to employment and jobs creation				
Indicator 1: Number of business-sector jobs created in participating municipalities	2750	1000	Not available ⁶	Not available
Indicator 35: Number of youth undertaking internships with business and local government.	240	90	123	51.25%
Indicator 36: Number of youth that get a job or start own business within 6 months of completion of the educational programs	500	170	22	4.40%
Indicators related to investments				
Indicator 2: Dollar value of increase in inflowing (domestic and foreign) investment	275 mil	100 mil	Not available ⁷	Not available
Indicator 4: (USAID Indicator 1.3.1) : Number of business-friendly municipalities	20	14	18	90%
Indicator 5: (USAID indicator 1.3.1.1): Number of public services established or improved in municipal clusters in support of business development	20	10	12	60%
Indicator 7: (USAID Indicator 1.3.1.2): Number of PPPs created in delivery of public services	10	3	1	10%

⁴ A detailed analysis of SLDP's performance against the original PMP indicators is provided in Annex 7.

⁵ "The Project's attribution to realized investments in partner municipalities is low and difficult to measure.

⁶ (in March 2012 reported 2396)

⁷ (in March 2012 reported \$135,787,215)

PMP indicators	Total	Expected by June 2013	Actual	% of total
Indicator 16: Number of municipalities that continue LED activities in Year 4 and 5, as project steps back	30	0	0	n/a
Indicator 17: Number of inter-municipal projects leveraging the use of GoS, EU or other donor funding	20	10	18	90%
Indicator 37: Number of improvements in achieving BFC standards as a result of the Program intervention	37	20	7	18.92%
Indicator 38: Number of development projects based on input from businesses	34	18	8	23.53%
Indicator 39: NALED's Business Friendly Certification recognized by national and international institutions	1	1	1	100%
Indicator 41 Number of improvements made by local governments, based on "Out of the Maze" campaign recommendations.	12	6	2	16.67%

Performance of SLDP Related to Employment Indicators

Initially, SLDP calculated new jobs based on the overall improvements/changes within partner municipalities, with LED Offices from partner municipalities providing data on new employment. The SLDP semi-annual progress report, covering the period October 1, 2011- March 31, 2012⁸, reported the total increase of 2,396 jobs in the SLDP targeted municipalities; the second SLDP Annual Report⁹ (October 2012) showed increases of 3,357 new jobs, as a result of investments in these municipalities. These figures suggest that SLDP exceeded the target for Indicator 1 of 2,750 new business-sector jobs created. However, the report stated that *"SLDP is not designed to provide significant technical and financial assistance in investment attraction. Therefore, we can say that the project's attribution to realized investments (and consequently, to creation of new jobs as a result of these investments) in partner municipalities is low and difficult to measure."* This means that SLDP could not attribute job creation to its activities in the previous period. Currently, no information on SLDP's progress on job creation is available.

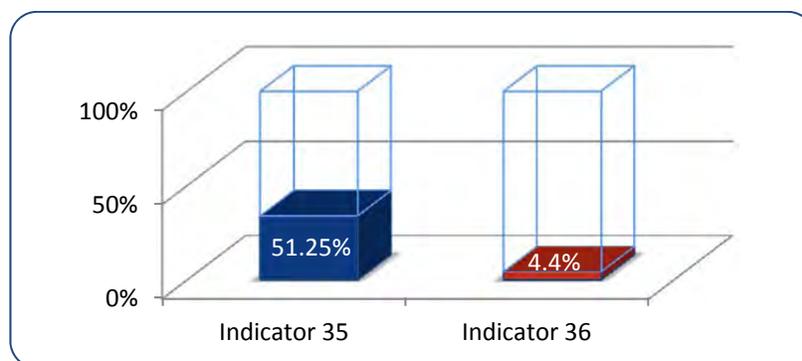
Performance on Indicator 35 (number of youth undertaking internships with business and local government) is now on track, with over 50% achievement. SLDP has demonstrated a positive trend in the past year: in March 2012, there were only six youth undertaking internships, while this number increased to 123 in March 2013 (total planned 240). Although internships do not constitute employment, the retention rate of internships facilitated by SLDP has proven to be high (37 – 42%), as discussed in findings under Question 4, which ultimately contributes to employment generation results.

Performance on Indicator 36 (number of youth that get a job or start own business within six months of completion of the educational programs) still represents high risk with only 4.4% achievement to date (Figure 1, next page). However, SLDP has shown a positive trend over the past year, increasing performance on this indicator from 0 in 2012 to 22 in 2013. This trend needs to be continued, as this is the most important objectively verifiable indicator for generating sustainable employment.

⁸ The Annex A- Accrual as of March 31, 2012 of the SLDP Semi-annual Progress Report October 1, 2011- March 31, 2012

⁹ ANNUAL ASSISTANCE OBJECTIVES AND INTERMEDIATE RESULTS REPORT #2 from October 4, 2012 (Reporting Period: October 1, 2011 – September 30, 2012)

Figure 1. Performance on Employment

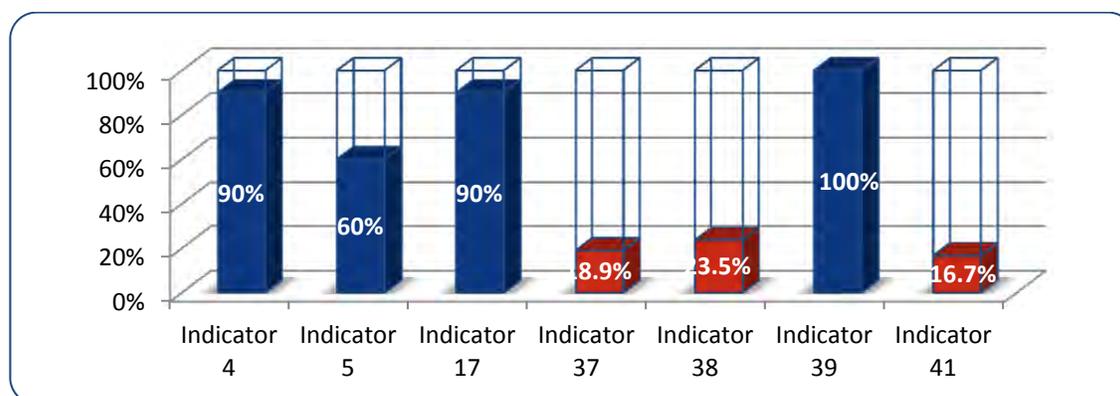


Performance of SLDP Related to Investment Indicators

Initially, SLDP calculated and reported data on total investments in these municipalities (not only investments generated through SLDP); this information was collected through the LED Offices. SLDP's semi-annual Progress Report (October 1, 2011- March 31, 2012) showed a total of \$135,787,215 in private and public sector investments in partner municipalities; the Annual Report 2 (October 2012) counted a total of \$164 million of investments from private and public sectors¹⁰. However, the project team stated that “during this period SLDP did not directly work on increasing investment, and it was not appropriate to measure or attribute any investment to project activities.” No data on Indicator 2, which is key for assessing progress on generation of investment, is available.¹¹

Analysis of other indicators shows mixed progress. SLDP is exceeding targets on Indicators 4, 5, 17 and 39, but under-achieving on Indicators 37, 38 and 41, as illustrated in Figure 2.

Figure 2. SLDP's Mixed Performance



¹⁰ The latest SLDP Semi Annual Report 4 (March 2013) did not provide any information on performance of SLDP in regard to generating investments and creating jobs.

¹¹ The SLDP Semi-annual Progress Report October 1, 2011- March 31, 2012 provides that “a total of \$135,787,215 in private and public sector investments” in the respective IMC areas was recorded. Following this, the Annual Report 2 stated “a total of \$164 million of investments from private and public sectors are reported in the respective municipalities”. However, the SLDP report highlights that the Project's attribution to realized investments in partner municipalities is low and difficult to measure. The latest report did not provide information on performance related to generation of investment.

Improved Performance of SLDP in 2013

Although the project is still under-achieving on a number of relevant indicators, a positive trend related to these indicators in the past six months is evident as demonstrated by Table 2, below.

Table 2: Performance Improvement in 2013

PMP indicators	Total	Reported in 2012	Expected by June 2013	Actual	% of total
Indicator 6 Number of public services established or improved in municipal clusters in support of business development	20	3	10	12	60%
Indicator 17 Number of inter-municipal projects leveraging the use of GoS, EU or other donor funding	20	6	10	18	90%
Indicator 28 Number of initiatives undertaken by officials to dialogue with the public)	58	8	30	33	56.90 %
Indicator 29 Number of locally elected and appointed officials, CSO members, media and the business community trained	1000	390	850	1181	118.10%
Indicator 37 Number of improvements in achieving BFC standards as a result of the Program intervention	37	0	20	7	18.92
Indicator 38 Number of development projects based on input from businesses	34	4	18	8	23.53 %
Indicator 41 Number of improvements made by local governments, based on “Out of the Maze” campaign recommendations	12	0	6	2	16.67 %

For example:

- Performance on Indicator 6 (number of public services established or improved in municipal clusters in support of business development) increased from 3 in 2012, to 12 public services in 2013 that are being supported by the project.
- For Indicator 17 (number of inter-municipal projects leveraging the use of GoS, EU or other donor funding), in 2012 there were only six projects, while in 2013 the number of projects leveraging the use of GoS, EU or other donor funding increased by 12.
- On Indicator 37 (number of improvements in achieving Business Friendly Certification (BFC) standards as a result of the program intervention), in 2012 there was no evidence of achieving BFC standards, while in 2013 there have been seven improvements documented.
- On Indicator 38, the number of projects has increased from four in 2012 to eight in 2013.
- Indicator 41 (number of improvements made by local governments, based on “Out of the Maze” campaign recommendations), is only at 16.67%, but all improvements occurred in 2013.
- SLDP has been especially successful in achieving governance-related indicators (citizens’ participation, etc.). For example, Indicator 28 (number of initiatives undertaken by officials to dialogue with the public) recorded only eight initiatives in 2012, while that number increased four times in 2013, reaching 33. Indicator 29 (number of locally elected and appointed officials, CSO members, media and the business community trained) recorded significant progress from 390 trained in 2012 to 1,181 trained in 2013.

In absence of data on the key indicator related to investment (Indicator 2), it is difficult to make conclusions about performance of the project in this respect. Although the analysis of available indicators that could be associated with investments shows a positive trend, SLDP is underperforming on securing development projects based on input from businesses, which are crucial for the success of SLDP. For example, since the start of SLDP, a total of 8 projects were identified and supported, representing only 23.53 % of 34 projects planned for Indicator 38. Annex 7, Table 6, provides further details on indicators related to employment and investment).

Conclusion 1.4: There were inefficiencies in allocation of SLDP grant/subcontract funding. This is partially due to the weak grants tracking system and inefficiencies in the decision-making process.

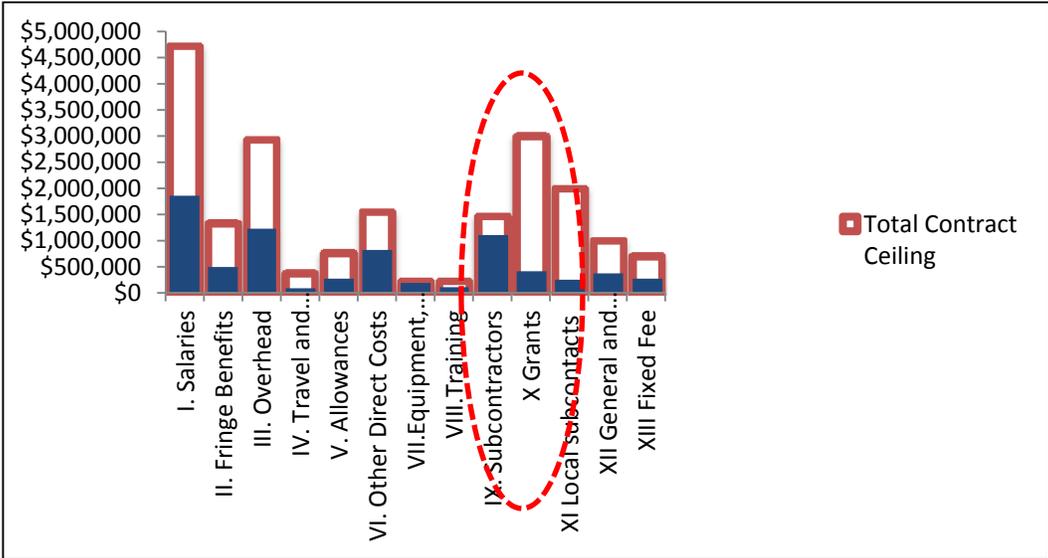
Project efficiency and effectiveness have been adversely impacted by the lack of clarity of the grant application process and delays in grant approval and disbursement of funds. This has caused frustration and dissatisfaction, has undermined trust of some project partners, and has weakened the commitment to cooperate with SLDP.

Supporting Findings

The SLDP team reported that at the beginning of the project, the IMC MoUs were signed without proper analysis of the local development needs and demand, and it was considered “that it was just good to meet and talk.” The SLDP team emphasized that significant changes have been introduced in the latest period of the project, with a demand-driven approach to LED.

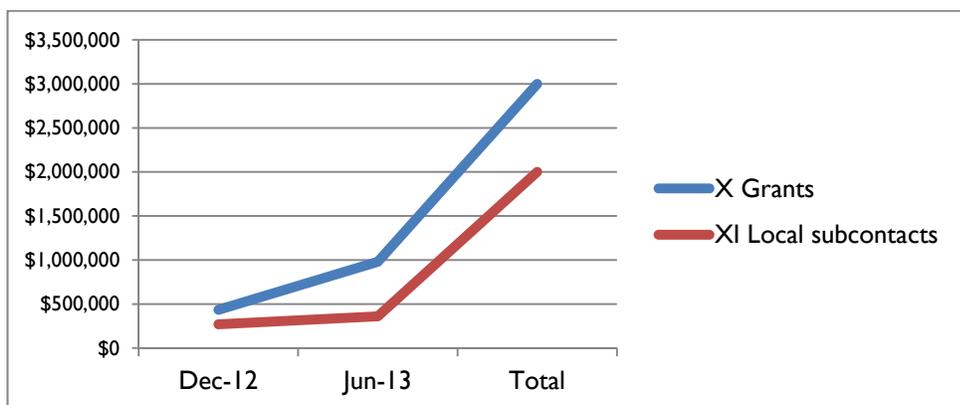
Interviewees and participants of the focus groups indicated that there were delays in the grant project implementation. Some of these delays were outside of the control of the project (i.e. delays due to local elections), some were in the process of approval of grant proposals, some were perceived by interviewees as unjustified (e.g. disbursement of funds for an approved grant), and some reasons of the delays were not communicated to the stakeholders (e.g. delay in approval of the laboratory in Subotica, which is illustrated in Annex 12). This resulted in a proportionately low rate of disbursement of funds through the grant and subcontracting mechanisms in the first half of the project, namely grants (14%) and local subcontracts (13%), as per the SLDP report in December 2012 approved by USAID in April 2013. The graph below shows actual budget expenditure by December 2012, the latest data available to the Evaluation Team (Figure 3). The red oval highlights that allocation of grants and local subcontracts was disproportionately low, compared to the rate of other SLDP expenditure.

Figure 3: SLDP Budget Expenditure by December 2012



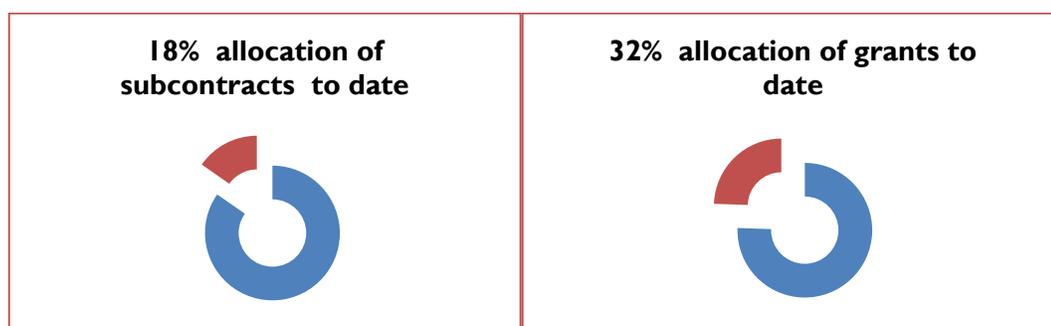
However, there has been some evidence of improvement in grant disbursement over the first half of 2013 (Figure 4).

Figure 4: Improvement of the Efficiency of Grant and Subcontract Allocation in the First Half of 2013



As a result of this increase, the current proportions of the total allocation amounts are 32% for grants and 18% for subcontracts (Figure 5), but this is still insufficient given that SLDP is half-way through its implementation and the remaining grant and subcontracting funding has to be disbursed effectively before 2014 in order to allow time for implementation and reporting on funded activities by the end of the project. This increase in grant spending in 2013 is a good indicator in terms of reaching the projected allocation target, but only three grants have actually been disbursed this year (of a much higher monetary value). Before 2013, the average grant was worth approximately \$37,500, while the average in 2013 is almost three times higher, at just over \$99,000. At the same time, it should be noted that the grant funding in 2013 is supporting activities that are fully in line with the NCP approach and are to be implemented in all 8 IMC areas which explains the increased cost. Nevertheless, given the remaining period for project implementation and the ambitious NCPs¹² (discussed in Conclusions under Evaluation Question 2), it is of crucial importance that the Call for Grant Proposals (Applications) is launched as soon as possible and the remaining planned grants are disbursed.

Figure 5. Allocation of Subcontracts and Grants to by the Middle of the Project Lifetime



The diagrams above show that by the middle of the project lifetime, respectively only 18% and 32% of subcontracts and grants have been disbursed (shown in red) – this proportion is low, given that SLDP has

¹² Eight New Criteria Projects have been selected by SLDP in 2013 to generate jobs through private sector expansion

less than 50% of time to allocate the rest and implement the related activities. This is the result of the delays at the stages of grant approval as well as disbursement of funds.

The most successful grant projects were delivered by Smart Kolektiv and Group 484 for an internship program (as discussed further under Question 4).

The Evaluation Team examined the grant tracking system of SLDP to ascertain whether it is efficient. Unfortunately, the latest tracking document for allocation of subcontracts made available to the Evaluation Team (Table 7. SLDP Subcontracts tracker June 28, 2013 in Annex 8) does not include a timeline or clear deadlines for the relevant stages of the process. This relates to one of the stakeholders' complaints that in some cases, the process from the project application to the start of implementation is disproportionately lengthy and needs to be managed and monitored more effectively.

This shows the need for improvements in the process for grant/subcontract approval and funding, with a transparent and effective monitoring system showing milestones and deadlines, which should be communicated and available to the beneficiaries from the outset.

Conclusion 1.5: Grants and subcontracts allocated by SLDP are relevant to the development needs of the stakeholders and are consistent with the expected project results (particularly attraction of investment and generation of employment).

Supporting Findings

The Evaluation Team analyzed the quality and potential impact of the grants and subcontracts funded by SLDP and concluded that they have high relevance and potentially high impact on economic development measured by jobs and investment. Most of the grant funding was utilized for direct or indirect support of investment generation (this is approximately 37% through initiatives like BFC or promotion of IMC initiatives in Banat) and employment (approximately 28% through grants for support to youth internships).

Analysis of youth grants

Youth grants were particularly successful in terms of achieving SLDP objectives. As a result of the work performed by the National Association of Youth Workers, a total of 22 YO Coordinators were certified. Such professionalization of the YO Coordinator position should lead to better support to the youth who need it. Nine of these 22 YO coordinators have been replaced after the elections. The YO representatives interviewed mainly stressed their role in providing career guidance to youth. None of them mentioned their participation in the decision-making processes or in liaising with YOs. At the same time, the youth organization networking performed by Serbian Youth Umbrella Organization has been facing many challenges and cannot be considered successful. No concrete evidence of YOs impacting decision-making can be drawn.

Both interventions designed and implemented by Smart Kolektiv and Group 484 are characterized by intensive individualized work with the clients. This is the single *most important success factor* in implementing Active Labor Market Programs (ALMPs) as it assures the measure is tailored to the particular individual's needs. It will only be possible to measure the impact of these interventions and the actual employment outcomes in the coming year. Nevertheless, the 37% retention rate of the interns (27 out of 73 in the first two cycles which have been completed) of Smart Kolektiv's program and the 42% retention rate (10 out of 24 that have been monitored) of Group 484's interns are *impressive results*, considering there was no contractual obligation of the enterprise to employ these interns past their internship.

The business start-up and mentorship programs follow the approaches of international best practice in youth entrepreneurship. The major benefit of the work performed by Belgrade Open School (BOS), in promoting an inter-municipal approach to career guidance is that it increases impact with fewer resources. The fact that these mobile teams are not only inter-municipal but also inter-sectorial (including NES, Schools, YO and the private sector) makes them effective and efficient. BOS estimates that approximately

1,400 youth have benefited from these services. Given that the starting point in career guidance is zero in many rural areas covered by the mobile teams, the impact is unquestionable. However, impact in terms of employability will be assessed only after these students have completed their schooling.

Most of the funding for subcontracts was also utilized to support investment (30% of all subcontracts were allocated for business certification and creation of business enabling environment), and citizens' participation and good governance (circa 27% was allocated for projects for Good Governance Matrix Assessment or Citizens' Satisfaction Survey). The detailed analysis of grants and subcontracts is provided in Annex 8.

Conclusion 1.6: The numerous studies and capacity building activities undertaken by the project are relevant; however, follow-up activities have been insufficient for ensuring sustainability and converting inputs/outputs into outcomes/impact.

Supporting Findings

SLDP has undertaken a number of studies, surveys, and training activities (see Annex 14). These are an important part of SLDP activities and many of them have been instrumental in leveraging other funding, e.g., the dairy sector analysis and marketing strategy in Novi Pazar and the feasibility study for road access in the industrial zone in Vranje. The city of Uzice, together with the Regional Development Agency for Zlitor, will finance the Cost Benefit Analysis (CBA) for the establishment of a university in Uzice, following the feasibility study done by SLDP. In Nis IMC, the study "An analysis on the supply-enhancing and growth potentials for establishment of an inter-municipal agriculture logistic center" served as the basis for the Green Zone Project (in terms of specific activities). However, many interviewed stakeholders reported that the follow-up of some studies and capacity building activities has been limited.

The project conducted a survey on citizen awareness of various aspects of IMC programming in 32 partner municipalities with a sample size of 6,400. The survey focused on citizens' awareness and understanding of: 1) inter-municipal partnerships as a concept; and 2) partnerships between the public, private and civil sectors in local governance and economic development. The survey also measured citizen satisfaction with local government services and perceptions related to youth development. However, there has been no follow up on the survey results; according to the latest SLDP semi-annual report, the Project will not conduct another survey in the final Project year of 2015¹³.

SLDP initiated a number of activities on energy efficiency in Vojvodina, such as related studies and capacity building. Increasing energy efficiency (especially in the Metal Cluster supported by SLDP) is an important factor of investment attractiveness and regional competitiveness. Energy efficiency activities were launched in the first half of SLDP in cooperation with stakeholders, with the view that the knowledge developed in the initial stage would be applied in practice in the subsequent stage of SLDP's support and would lead to improved efficiency and productivity in the private sector, as well as significant cost-saving in the public sector. Implementation of the next stage, i.e. performing a full energy efficiency audit based on the completed capacity building and relevant studies, would allow private sector enterprises (especially in energy-intensive sectors like metal processing) to make significant savings and increase investment in production. Completion of an energy efficiency audit also has significant potential to leverage additional funding for the IMC area (e.g. through Western Balkans Sustainable Energy Direct Financing Facility (WeBSEDF)¹⁴ and other financial support facilities available for energy efficiency^{15,16}). The IMC

¹³ Semi-Annual Report, Annex A- Accruals (October 1, 2012 – March 31, 2013), page 6

¹⁴ EBRD extended in 2012 the WeBSEDF by endowing it with additional € 50 million. The funding provided in this second phase of the Facility will have an initial commitment period of 3 years and is expected to finance between 12 and 18 individual projects. Furthermore, the range of eligible projects will be expanded to include energy efficiency projects in the public sector, financed by local **private companies** (ESCO contracts). Individual loans will continue ranging between € 2 million and € 6 million

stakeholders in Vojvodina expressed their strong concern that SLDP has not continued energy efficiency improvement efforts through further grant allocation for an energy efficiency audit, as agreed with SLDP before. They expressed the view that any effects of capacity building become 'redundant' within a few months of training, if the knowledge is not applied through implementation, and the broader outcome is not achieved. Further SLDP assistance, even on a small scale (e.g. development of an Energy Efficiency Best Practice Manual for industrial application within the Metal Cluster) could have a significant impact, particularly within the project that promotes *sustainable* local economic development.

SLDP has performed and is planning a number of studies and reports (a more detailed list of studies is provided in Annex 15), some of which have been described by the interviewees as very useful, especially feasibility studies based on demand for investment. However, there seems no clear or structured system to track, analyze and follow up on many of the recommendations produced by SLDP in its short-term technical assistance (STTA) reports, surveys and studies. So far, no *tracer studies* to follow up on activities of trainees who participated in various project capacity building and employment training events have been undertaken. Such tracer studies are very useful for ensuring impact and sustainability of performed activities and identifying additional or corrective actions which may be required.

Conclusion 1.7: The level of communication, information sharing and visibility of SLDP has been insufficient. SLDP has missed some opportunities for collaboration and leveraging of resources with other donor-funded projects.

Supporting Findings

A number of stakeholders interviewed stated that they were not aware of SLDP's activities or progress made to date. A total of six interviewees declined to fill in the questionnaire after having examined it, claiming they were not sufficiently involved in the project to provide relevant judgments; an additional six respondents returned blank questionnaires or responded 'I do not know' to all of the questions. This means that out of a total of 73 representatives of SLDP's partner institutions interviewed, 12 (over 16%) did not feel sufficiently informed to even attempt to evaluate the project's effects and likely impact in any of the areas of intervention.

Communication and consultation with stakeholders has also been an issue in the first half of 2013, as highlighted by many interviewees, particularly with regard to the selection of NCPs. As further discussed in responses to Evaluation Question 4, none of the five NES Directors interviewed by the Evaluation Team were involved in the process of defining NCPs. Contrary to the project's claim that the MoLESP is one of its most active partners, MoLESP stated in the telephone interview that SLDP does not have a working relationship with its Employment Department.

Insufficient information sharing with other donor-funded projects was mentioned by those projects, particularly openness and reciprocity in exchange of documentation, updated information on grants/subcontracts, and availability of project reports on the website. Interviewees indicated that there were some missed opportunities to ensure synergy and impact with other donor-funded projects. Reportedly, there was an informal agreement with "EU Progres" but the resulting contribution of SLDP was less than promised. According to EU Progres representatives that were interviewed by the Evaluation Team, in 2011 SLDP did not abide by the mutually agreed deadlines, provided wrong specifications for the procurement of water equipment, 'forgot' to conduct an environmental impact assessment where it was a requirement, etc.

Although SLDP has recently instituted a closer coordination with EU Progres, the perception of the

¹⁵ http://www.wbif.eu/uploads/lib_document/attachment/253/WB_Energy_Efficiency.pdf

¹⁶ <http://www.wbif.eu/Financing+Energy+Efficiency>

representatives of the latter is that information sharing could be more reciprocal and consistent. For example, EU Progres shares its reports, minutes of the Steering Committee meetings and other internal project documentation by email and through its website, whereas SLDP still does not, in spite of the verbally expressed intention to do so (according to the interview with EU Progres).

4.2 EVALUATION QUESTION 2

How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?

This question relates to the emerging impact and sustainability of SLDP. The Evaluation Team analyzed the NCPs that will be the centerpiece of SLDP's implementation in the second half of the project (both already selected and those in the pipeline), including the NCP, the available Action Plans and STTA reports. The overall conclusion under Evaluation Question 2 is that the likely contribution of SLDP inter-municipal economic development projects to economic growth through increased jobs and investment is significant, provided that the planned NCPs and economic development initiatives are implemented efficiently and on time. Success of implementation of NCPs in the second half of the project is also contingent on effective and coherent management of SLDP components, improved communication with stakeholders, expedient allocation and disbursement of grants and subcontracts, and a more efficient system for monitoring progress against clearly defined (revised) PMP indicators.

This section presents some more key conclusions supported by the Evaluation Team's findings, to provide an answer to Evaluation Question 2.

Conclusion 2.1: IMC provides a potentially sustainable and effective 'fluid' mechanism if applied flexibly and 'ad hoc' (based on real cooperation needs), with potentially considerable impact on improvement of local economic development. IMC activities implemented by SLDP to date have been effective and are likely to have a high impact on local economic development.

Supporting Findings

Most stakeholders interviewed by the Evaluation Team indicated that IMC activities implemented by SLDP to date have been effective. The clusters of municipalities and partners who took part in SLDP initiatives have now also applied together (as a consortium) for other types of funding and have an intention to collaborate in the future. Some of the municipalities have never cooperated before and now feel confident that they will continue such cooperation in the future, which is likely to have a high impact on local economic development.

The respondents to Questionnaire 1 (Annex 5) indicated that they are fairly optimistic about SLDP's performance, sustainability, and impact in the second half of the project, particularly in Novi Sad and Novi Pazar (average score 3.7 out of 5). However, they expressed the need to improve communication and interaction with SLDP in the second half of the project, as well as to be more consulted and involved in its activities.

Conclusion 2.2: The NCPs selected in 2013 and other economic development initiatives in IMCAs lay a sound foundation for SLDP's contribution to economic growth, are feasible, and can achieve the expected results. The new criteria for selection of new projects are clear, except the new definition of IMC which is too vague and broad. The concept of IMC (as formulated by SLDP in the set of 'new criteria' in 2013) is not defined in the same terms as initially intended in SLDP's design and does not necessarily imply actual cooperation between municipalities on defining and implementing projects together.

Supporting Findings

In the first half of the project lifetime (prior to October 2012), SLDP aimed to support public, private and civic actors in a given IMC for specific sustainable local development goals, though not necessarily directly through new employment and investment growth. Management and implementation changes occurred in SLDP after October 2012 when the third COP took over the project. The project components have been regrouped from five to three, and SLDP ensures coordination between these components by integrating their priorities in all NCPs. SLDP introduces changes to increase synergies in planning and implementing the Work Plan objectives and tasks, with more focus on activities that are economically feasible and add jobs. Following these changes, a revised PMP was proposed to measure primarily volume of business sector revenues, investments, job creation, as well as employment of directly assisted youth.

Eight IMC projects (one in each partnership) have been selected, with the aim to generate jobs through private sector expansion, particularly through:

- Attraction of foreign direct investments (FDI)
- Business expansion and retention
- Support to innovation

The criteria for the selection of New Projects developed by SLDP are analyzed below.

Analysis of the Criteria for New Project Selection

SLDP has formulated ten criteria for selection of new projects for implementation in the second half of the project lifetime (these criteria are listed in Annex 9). Overall, the Evaluation Team considers the new criteria to be clear and sound: they emphasize the project's focus on economic development (job creation, business investment, proven market demand), and encourage innovation.

The exception is criteria 9 related to IMC which is more vague and seem to erode the very concept of IMC that was an innovative and essential dimension of SLDP, as intended in the original project design. Criteria 9 reads:

- *“Either in and of itself or by replicating the knowledge it imparts, a proposed activity should have some benefit for an IMCA or at least more than one of its constituent municipalities.”*

The requirement for project activities ‘not to alienate’ any part of the IMC community and to provide ‘some benefit’ for an IMC area (IMCA) is not the same as actual inter-municipal cooperation with active participation of IMC cluster members in the design, joint implementation and monitoring of activities.

Arguably, any economic development activity in any single municipality is likely to have ‘spill-over effects’ and ‘externalities’ which would have some benefit for other municipalities or a whole region. If this becomes SLDP's approach, the project would not differ from any other private sector development effort of previous USAID projects that were aimed at investment and employment generation.

Inter-municipal cooperation (IMC) is a generic term for all joint provision of services between municipalities, who are normally (but not necessarily) neighbors. Inter-municipal cooperation can help municipalities increase effectiveness and efficiency and achieve economies of scale in the delivery of services.

Having said that, the Evaluation Team notes that SLDP does implement activities that benefit a number of IMCAs not necessarily related to provision of municipal services (e.g. the recent training and coaching activities for groups of municipalities) and supports business networking and science-industry linkages that may span IMCAs and are beneficial for LED. In the view of the Evaluation Team, it would be appropriate, however, to avoid confusion in terminology and not refer to such activities as IMC.

Analysis of the New Criteria Projects

Based on the “new project criteria” discussed in the previous section (also provided in Annex 9), SLDP selected eight NCPs, defined as “business opportunities identified and implemented in the project’s supported IMCAs,” which engage the business, civil and public sectors in order to create new jobs. In total, 20 NCPs are planned to be selected and implemented in the second half of SLDP. The eight new projects selected for implementation are likely to contribute to economic development as specified in the revised PMP, as follows:

Table 3: New Criteria Projects

NCP	Objectives	Relevance and contribution to PMP indicators
1. Kraljevo IMC Competitiveness through Innovation project	Innovation in selected sectors, science-business linkages	The project will directly contribute to Indicators 1, 2, and 3; and could contribute to Indicator 8
2. Nis IMC: “Grow South”	Business networks, increasing value-added production and sales	The project will directly contribute to Indicators 2 and 3; And could contribute to indicators 1 and 8
3. Novi Pazar IMC “Novi Pazar: Entrepreneurship that Sells.”	Support to exporting firms (financial and non-financial). Increase total exports of assisted sectors by 10% by end of June 2015. Workforce development.	The project will contribute to Indicators 1 and 2; is likely to contribute to Indicator 3. Possible contribution to indicator 8.
4. Novi Sad IMC “Metro Novi Sad: First Place for Business.”	Innovative employment solutions – add 1,500 jobs by 2015. Sub-projects: i) Industrial Park Development in Beocin, Temerin, and Novi Sad; ii) Brownfield Site Development; iii) Innovation in Metal Sector and Cluster; iv) Universalize the ICT Sector; v) Turn Young People on to Jobs that have meaning.	The project is directly focused on Indicator 2 and Indicator 8. The project is likely to contribute to the Indicator 1 and Indicator 3.
5. Subotica IMC: Subotica IMC Agribusiness Expansion”	i) Expansion of agriculture sector into new markets and increase the need for employees in agriculture sector and ii) Decrease the migration from rural to urban areas	The project is directly contributing to the Indicator 2; will likely contribute to Indicator 1 and possibly to Indicator 3.
6. Uzice IMC “Uzice IMC Regional Value Chain”	Increase purchases of IMC area products and services by the Anchor Tourism Industry by 10% by end of June 2015.	The project is directly contributing to Indicators 1 and 8; likely to contribute to indicator 2 and indicator 3; and is contributing to Indicator 5.
7. Vranje IMC: Invest in Corridor 10	Investment attraction program to create employment opportunities in the IMC area+. Create at least 1,500 new jobs in the IMC area through at least five new inflowing investments in green- or brown-field sites by end of June 2015.	The project directly contributes to Indicator 1 (and Indicator 8), Indicator 2 and Indicator 3.
8. Zrenjanin IMC: “Diversification of Agriculture – New Jobs for Rural Youth.”	i) Diversification of agriculture production through crop intensification by adding new high-value crops – vegetables to existing cropping systems as a way to improve the overall productivity of a farm and creation of new farms and ii) Promotion and strengthening vegetable production and food processing in rural areas in order to provide employment to rural youth	The project is directly contributing to Indicator 8 (and Indicator 1). The project is likely to contribute to indicator 2. Possible contribution to the Indicator 3

The NCPs constitute the backbone of economic development activities for each of the IMCAs in the second half of SLDP (the details of the eight selected NCPs are provided in Annex 9).

The contribution of SLDP to the economic growth objectives is also planned through on -the-job training

for 200 workers through subcontracts for each NCP. These services are intended to commence in August 2013, although no specific activities for this intervention have been designed at the time of this report. The design of measures, selection of providers “located in USAID SLDP partner municipalities and active in sectors relevant to the Economic Program,” delivery of on-the-job training and verifying employment outcomes, are time consuming. In order for the trainees to have maximum benefit and for the SLDP to reap the results of its work, it is necessary to ensure that the work on workforce development is planned in parallel with the implementation of the NCPs and preparation of other activities supporting the selected sectors. This would make it possible to achieve synchronization of job openings and job readiness of the supported unemployed to fill these vacancies.

Planned Grant/Subcontracting Support

For each NCPs and economic development activities in the respective IMCs, a tentative amount of \$200,000 USD has been allocated. It is not specified whether this amount will be provided through grants or subcontracting, or a combination of both. If these activities are financed only through grants, it will increase disbursement of grants to nearly 80% (\$1 million has been disbursed to date; with an additional \$1.6 million for NCPs this will amount to \$2.7 million out of total \$3 million available for grants). The NCPs are expected to be implemented before the end of 2014.

The level of funding to support other economic development activities (for example Regional Industrial Workforce Development Centre in Vranje or ICT Cluster Academy in Novi Sad) has not been defined yet. It is expected that these activities will be financed within the current IMC economic development allocation. General work plans, with indicative timeframes, have been developed for the NCPs. However, in order to ensure coordination and multiplier effect, there needs to be a detailed activity plan in place for each of the NCPs, with defined synergies between activities. For example, activities related to brown field development in Subotica IMC could be linked to the analysis of opportunities in specific sectors relevant for the establishment of agricultural laboratories and the establishment of an agricultural education center.

For most of the analysis and studies, experts have been identified and deployed (e.g. analysis and marketing of the denim sector, footwear sector, furniture, etc.), as planned for July and August 2013. The actual work on the analysis is expected to be completed in the second half of this year. The studies should serve as the basis for concrete activities in the respective sectors (e.g. status of the current situation in a sector and activities to increase competitiveness; access to new markets, etc.). It is not specified how these activities will be financed (through SLDP or other funds). Projects Microfinance in Agriculture in Nis IMC, support to skills development in IMC Vranje, and support to establishing agriculture business incubator are in the pipeline but the required budgets and timeframes are not defined. Request for Proposals (RFPs) for these projects have been developed or returned for additional revision. Financing of these projects will involve sub-contracts and grants.

Conclusion 2.3: The revised PMP is relevant and appropriate to measure progress of SLDP in the second half of its lifetime. However, some issues with indicators need to be addressed.

Supporting Findings

After the SOW’s revision in FY2013, the main implementation mechanisms have been defined as economic development concepts (programs) for eight IMCAs. The current PMP structure includes 41 indicators: 4 impact-level indicators and 37 output and outcome-level indicators. The revised PMP structure proposes 12 indicators: 3 impact-level indicators and 9 output and outcome-level indicators. The proposal for PMP revision rightly highlights a number of risks related to implementation as well as monitoring and reporting progress that will need to be mitigated in order to attain the goals and objectives of the project, and these measures are critical factors for reliability of PMP data.

The revised PMP includes the following priority indicators related to employment and investment:

- **Indicator 1:** Number of business-sector jobs created in participating municipalities as result of project's activities

- **Indicator 2:** Volume of business revenues in sectors supported by the project
- **Indicator 3:** Direct private and public sector investments in the project-supported IMCAs

The Evaluation Team examined all available SLDP reports up till April 2013 and found that it has been problematic for SLDP to demonstrate attribution of any progress on Indicator 1 and Indicator 2 (proposed Indicator 3 in the revised PMP) to the project activities.

Although the proposed targets for these two indicators have been reduced in the revised PMP due to the reduction in budget and scope, all three indicators are associated with high risk in terms of achievement and attribution. The new targets are: for Indicator 1 - 2,000 jobs (the original target was 2,750 jobs); and for Indicator 3 - \$120 million (the original target was \$275 million).

There is no convincing explanation in the revised PMP regarding how reliable data can be collected and, particularly, impact attribution made on new Indicator 2: Volume of business revenues in sectors supported by the project. The indicator is defined as “Dollar value of annual revenues of businesses in IMCAs, sectors and sub-sectors of economy that participate in and benefit from the project-supported activities.” It is well known how challenging it is to obtain accurate statistical data on actual revenues of private businesses in Serbia. It would be even more difficult to collect reliable financial data to demonstrate the increase in revenue directly attributable to SLDP. This would require accurate baseline data on business revenues or measurements against a control group to provide a clear definition of the proportion of business revenue increase that is directly attributable to SLDP’s activities, as opposed to business revenue that occurred due to other internal and external factors, or would occur without the project’s intervention.

SLDP is proposing to introduce Indicator 8 to measure youth's increased competitiveness on the labor market instead of measuring employment outcomes of program beneficiaries six months past completion of the program (Indicator 36, which is discarded in the revised PMP). As explained by SLDP, Indicator 8 is in fact defined as a mere count of all youth entering programs aiming at enhancing their employability. If this amendment is adopted, SLDP will fail to document the impact of the programs (training, internships, etc.) offered. It has been suggested by SLDP that this will be compensated for by the indicator on job creation as it will also include youth jobs created. However, job creation and enhanced employability (competitiveness) measured through actual employment are not the same. These two indicators provide impact measures for entirely different sets of activities and it is recommended that both are kept in place while SLDP continues reporting on the number of youth entering the programs designed to increase their employability.

Indicator 5, number of business-friendly municipalities, has already almost fully met the target (status of 90% achieved, with 18 out of 20 planned municipalities to be certified or re-certified). SLDP should consider replacing/complementing this indicator with another that would better reflect SLDP’s progress in the second half of its lifetime.

Conclusion 2.4: Regional SLDP presence has been important for implementation and coordination of project activities

Supporting Findings

SLDP plans to terminate the regional coordinator position after October 2013, without a clear phase-out strategy in place. There is a legitimate assumption that the existing local partners should become drivers for local action after the completion of SLDP and that LED offices, RDAs, and mayors’ offices would be the champions who will work with SLDP and interact with the SLDP team in Belgrade to identify the needs and coordinate implementation of activities. However, based on the findings of the field visit, the Evaluation Team has its reservations about the viability of this approach due to the lack of evidence that, at this stage, IMCs are ready to interact with SLDP effectively without the coordinators’ hands-on support.

The interviewed representatives of IMCs indicated that the presence of regional SLDP coordinators has been very important for co-ordination of SLDP activities. They acknowledged the importance of 'ownership' and 'champions' for future LED and cooperation. The interviewed RDA representatives suggested that they would be happy to take on the IMC coordination role, but indicated that they still need significant capacity building, particularly related to project formulation. As there is currently no 'exit' strategy in place, the interviewed stakeholders consider it a risk that the reduced level of communication and regular face-to-face interaction with the project representatives might have a negative impact on the effectiveness of SLDP.

4.3 EVALUATION QUESTION 3

To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?

Conclusion 3.1: Overall, the interviewed members of existing IMC clusters value working together with other municipalities and intend to continue this work in the future.

Supporting Findings

Most stakeholders interviewed by the Evaluation Team indicated that the groups of municipalities and partners who participated in SLDP, have continued cooperation and already applied for other types of funding together with an intention to continue collaboration in the future. Members of IMC clusters see high potential for synergies and economies of scale in cooperation, especially when it comes to development of agricultural and industrial projects where value chains span a few municipalities/regions. There is potential for collaboration in ICT, denim apparel production, tourism and other sectors. Based on the results of the Questionnaires administered during group meetings and focus groups (Annex 5) and based on a Likert scale, the average score on Evaluation Question 3 in the group meetings was 3.9 out of 5 (close to 'significant'). 12% per cent of respondents responded 'I do not know'. The Evaluation Team recognizes that these findings could be skewed due to the self-selection bias (i.e. those interviewed may not represent the opinions of those IMC members who declined to be interviewed or were not available). Some interviewed stakeholders (IMC members, RDAs) expressed the view that for more developed regions, the IMC concept may be more inherent than for the others where no 'natural economic flow' exists between municipalities, and where IMCs are 'not necessarily a natural construct'. Therefore, the IMC concept needs to be applied flexibly and be based on concrete opportunities with clear benefits for all cluster members.

Conclusion 3.2: Horizontal cooperation among IMCs is a valuable learning opportunity but has been insufficiently utilized

Supporting Findings

Success of implementation of IMC could be facilitated through the balanced combination of persuasion (promotion of success stories in implementation of IMC and opportunities) and incentives (such as small grants mechanism for IMC partnerships and priority projects)¹⁷. SLDP has both tools at its disposal, although neither was sufficiently utilized. SLDP supported the establishment and functioning of eight IMC clusters, some of which were instrumental in attracting new investments, using SLDP resources as seed funding. These extremely positive examples could be attributed to SLDP (examples: investments in the dairy sector in Sandzak; the IMPuls center in Kraljevo and Technological park in Cacak; and new investments in the Vranje business zone, among others).

¹⁷ Adapted from "Inter-Municipal Cooperation in Europe" by Rudie Hulst (Editor), André van Montfort (Editor), Springer, 2007

SLDP has been modest in facilitating horizontal knowledge sharing. Some of the recent experience includes: cooperation of ICT clusters in Nis and Novi Sad in submitting a joint proposal for setting up an ICT Academy that will be financed by SLDP grant; and IMC Uzice, which is mentoring smaller municipalities in asset inventorying as required by the Law on Public Property. The denim apparel sector in Novi Pazar has also potential for cooperation with value chains in other municipalities. However, IMCs do not have any established communication mechanisms to share experiences and lessons learned with other IMCs, and do not have access to SLDP documents and studies. During interviews and field visits, IMC members had limited information and knowledge from other regions, which they could have replicated.

Conclusion 3.3: SLDP was successful in strengthening the legal framework for IMCs.

Supporting Findings

SLDP was successful in supporting reform of the legal framework for IMCs and this was accomplished through support to reform of some of the key laws including the Law on Local Self Government, the Law on Public Enterprises, and the Labor Law. Practical experience, best practice, and lessons learned from the establishment of IMCs enabled SLDP experts to provide inputs for the revision of the Law on Local Self-Governance. SLDP experts were members of the national working group. This was one of the most important achievements of the SLDP, especially in light of sustainability of the IMCs.

4.4 EVALUATION QUESTION 4

To what extent have project activities increased youth participation and employment through trainings and internships?

Only a brief account in direct response to the evaluation question is provided here. For the detailed conclusions and recommendations on Question 4 please refer to Annex 11.

Conclusion 4.1: While one can argue that youth participation has been increased by the mere participation of youth in capacity development and networking activities, no tangible results attest to the effectiveness or the likely impact of these activities.

Supporting Findings

No direct targets have been set with respect to increasing youth participation. Most activities of the project simply supported ongoing Ministry of Youth and Sport (MYS) activities - youth organizations (YOs) coordinators certification, and the development of YOs - which will continue to be financed from the budget of the Republic of Serbia. The YO representatives interviewed mainly stressed their role in providing career guidance to youth. None mentioned their participation in decision-making processes or in liaising with YOs. Not a single YO representative took part in the evaluation meetings. Such absolute lack of attendance is very indicative of the perceived benefit of the project, although this may also be due to the recent termination of SLDP's support to this sector. No evidence of YOs impacting decision-making can be provided, although the interviewed stakeholders perceived there has been an increase in youth participation to a certain extent. The Questionnaire 2 (Annex 5) shows the total score of 3.4 out of 5 on Likert scale, which is above average. At the same time the proportion of respondents who do not know the answer to the questions about SLDP activities, is rather high (24%).

Conclusion 4.2: Youth employment has been promoted through several successful, yet small-scale initiatives that are likely to have positive impact, but they are not reaching the unemployed youth with most need for employment support.

Supporting Findings

The 2013 PMP youth employment targets, although quite modest (170 youth employed within six months after the intervention) have not been reached and will not be reached by the end of 2013. 82 youth are currently newly employed as a result of all the employment promotion programs (entrepreneurship support and internships) implemented through SLDP.

Although not targeting the most disadvantaged on the labor market (youth with low educational attainment were not eligible to apply for any of the offered programs), the measures have been well designed for the set target group. Both interventions designed and implemented by Smart Kolektiv and Group 484 are characterized by intensive individual work with the clients, which is the single most important success factor in implementing ALMPs, as it assures the measure is tailored to the particular individual's needs. This approach is lacking in the standard NES ALMP implementation.

As a result, not many youth could be reached by these measures (also due to financial restrictions). However, the selection and matching of interns and enterprises, young entrepreneurs and mentors, and the attention devoted to the training and assistance for pre-business plan development assured that the candidates recommended for financial assistance were well informed and prepared for the challenges of business start-up. It will only be possible to measure the impact of these measures and the actual employment outcomes in the coming year. At the same time, the high retention rate of interns by enterprises after the internship period (as discussed in the section on youth grants on p. 13) is a distinct achievement of SLDP in terms of generating youth employment.

The business start-up and mentorship programs follow the approaches of international best practice in youth entrepreneurship development, including raising initial awareness on what entrepreneurship is and what it takes to start and manage a business, so that young people can realistically consider self-employment as a career option. Should a young person decide to explore this career option further or start his/her own business, the second step envisages the provision of a package of measures focusing on support services, including training, advice, and access to finance. In almost all youth entrepreneurship promotion programs, assistance is discontinued after the start-up phase.

Although the original RFP clearly envisages cooperation with key central and local counterparts in designing vocational training programs, no such measures that could also be offered to lower-skilled unemployed youth on a larger scale have been designed or implemented.

Conclusion 4.3: The youth workforce development agenda is not sufficiently mainstreamed into core SLDP activities and lacks a participatory approach.

The youth workforce development component of the SLDP has suffered and continues to suffer from a lack of strategic guidance and integration with the core project activities. In addition, key national and local stakeholders are not sufficiently involved. The project is still failing to build its own youth employment promotion agenda and act upon it.

Supporting Findings

As mentioned elsewhere in the report, before 2013, activities within this component have been largely isolated from the core of SLDP activities. Strategic guidance was lacking and the component within itself lacked a sense of coherence. Even in the areas where a logical sequence of activities informing one another was possible (such as designing on-the-job or institution-based training for identified skills gaps in the workforce by the labor force gap analysis) were not pursued. Currently, the approach also in the employment component is shifting so as to ensure logical coherence with the core 'New Criteria' IMC projects. All youth workforce activities are to be designed so as to support the selected sectors. However, although this change was introduced in January 2013, few concrete activities have commenced in that area. The youth workforce development component is still in a state of 'transition'.

The project does not have working relations with the Employment Department of the MoLESP, although it is reported that this is one of the most active partners. This reduces alignment of goals of SLDP activities with the national priorities and approaches in this area. Instead, close relations are maintained with a NES coordinator. This is a practical operational arrangement but important opportunities may be missed. The NES was not involved in the process of the project's or Active Labor Market Program's (ALMP) design so all activities the NES participated in, were designed with no input from the NES. An NES representative stated that: "The employment aspect of the project is side-tracked and under-budgeted. Therefore, the key

national stakeholders did not convene around this project in terms of increasing employment." It is particularly worrying that none of the five NES Directors interviewed were involved in the process of defining the NCPs, nor were they even informed about the decision made.

4.5 CROSS-CUTTING ISSUES

As stated in the evaluation SOW, "SLDP also supports the Mission's cross-cutting themes of anti-corruption, youth/human capacity development, access to information, regional imbalances, regional/cross border cooperation and public- private partnerships". The evaluation team's findings on cross-cutting issues are provided in Annex 14.

5.0 KEY RECOMMENDATIONS

This section includes only the key recommendations structured around the Evaluation Questions. The full set of conclusions with supporting findings and recommendations is provided in Annex 16.

Evaluation Question 1: How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?

- 1.1 (This recommendation relates to Conclusion 1.2). Improve effectiveness and efficiency of SLDP implementation and reporting with clear deadlines, and an efficient and transparent monitoring system. Consider using MS Project or similar software for monitoring and reporting progress.
- 1.2 (This recommendation relates to Conclusion 1.3). Improve definition of PMP indicators related to investment and employment generation. Make a particular effort to improve performance on investment-related Indicator 38 (number of development projects based on input from businesses) and job-related Indicator 36 (number of youth that get a job or start a business within six months of completing the educational programs). Ensure that they are included in the proposed revised PMP. Ensure that progress on NCP activities related to Indicator 1 and 2 is reported and monitored in the way that is directly attributable to SLDP.
- 1.3 (This recommendation relates to Conclusion 1.7). Improve communication and information sharing with SLDP stakeholders, as well as with other donor-funded projects (particularly through the project's website and face-to-face contacts). Observing agreed deadlines on joint activities of SLDP with other donor-funded projects is of particular importance in cooperation with those projects (e.g. conducting timely feasibility studies for investment projects, etc.).

Evaluation Question 2: How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?

- 2.1 Continue support for all participating IMCs. Revisit the possibility of support to some of the private sector initiatives that have been terminated in the latest phase of SLDP but are still part of MoUs (e.g., continue IMC tourism initiatives, energy efficiency audit, build on a Diaspora database that could be utilized to mobilize the Diaspora to invest in their regions of origin, as the successful example of Tutin demonstrated).
- 2.2 In the revised PMP, clarify the terminology applied to IMC to ensure that it implies the requirement for actual cooperation between municipalities on project implementation, rather than implementation of activities by a single municipality, with potential benefits for other municipalities. Improve clarity in communication of the new criteria for NCPs to the stakeholders, particularly through the project's

website

- 2.3 Retain in the revised PMP indicators 36 (number of youth that get a job or start a business within six months of completing the educational programs) and 38 (number of development projects based on input from businesses) and ensure that implementation of NCPs helps to catch up and achieve targets for these two indicators. Do not include the new proposed Indicator 8 (Number of youth with increased competitiveness in the labor market) in the revised PMP, as it is extremely vague and does not help to measure impact of training and internships. Instead, reinforce achievement efforts on Indicator 36, which measures proven youth competitiveness confirmed by the fact of employment and directly attributable to SLDP. Attribution of results to SLDP on new Indicator 2 (increased business revenues) should be better formulated as directly attributable to SLDP and objectively verifiable. Establish a clear data collection and reporting mechanism with a baseline (especially on Indicators 1, 2 and 3) in cooperation with IMC clusters.

Evaluation Question 3: To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?

- 3.1 The IMC concept should be applied in a flexible, fluid, 'ad hoc' manner to provide solutions to identified common problems and needs. It would be useful to trace progress on how IMC partners continue to collaborate beyond the scope of SLDP. Inter-municipal centers of excellence and innovation could provide a mechanism for collaboration on economic development initiatives (e.g. in ICT, denim apparel production, tourism, etc.).

Evaluation Question 4: To what extent have project activities increased youth participation and employment through trainings and internships?

- 4.1 SLDP should devote attention not only to 'Local Champions' but also to the more labor market disadvantaged youth, those of low educational attainment lacking the skills needed on the labor market. Particular attention should be devoted to vocational skills training programs, responding to the needs identified by the Labor Gap analysis or otherwise as needs on the labor market. These programs must be competency-based and certified in order to assure transferability and recognition of acquired competencies.
- 4.2 Invest additional efforts to mainstream youth workforce development, through building closer relations with the Employment Sector of the MoLESP and NES, both at the local and central level and involve them in the identification of workforce development needs and design of interventions.

ANNEXES

ANNEX I: STATEMENT OF WORK

PERFORMANCE EVALUATION STATEMENT OF WORK - SUSTAINABLE LOCAL DEVELOPMENT PROJECT

PURPOSE (SLDP)

USAID/Serbia is conducting a mid-term performance evaluation of USAID's Sustainable Local Development Project (SLDP), implemented by Chemonics International Inc. and its subcontractors, under contract AID-169-00-10-00102. This five-year project began in December 2010. The contract ceiling is \$20.3 million, decreased from the initial \$21.7 million due to the overall USAID/Serbia budget decrease. The USAID Contracting Officer's Representative is Susan Kutor.

BACKGROUND (SLDP)

SLDP was designed in 2010 to contribute to both USAID economic growth and good governance goals by supporting municipalities, business advocacy organizations, and civil society organizations (CSOs) to move beyond municipality-by-municipality solutions in favor of cooperative, inter-municipal approaches to improving public services and invigorating their economies.

USAID/Serbia expects SLDP interventions not only to increase jobs and investment, but to increase the efficiency and transparency of local government operations. USAID/Serbia expects the project to create mechanisms for public input during the inter-municipal decision-making process, and increase opportunities for youth to become more engaged in the economic and political life of their communities. The Project is expected to complement the efforts of activities supported by other donors, as well as to introduce innovative models. The expectations are that the Project activities will ensure that local level reforms are not only a product of municipal governments, but also incorporated into national level reforms.

SLDP also supports the Mission's cross-cutting themes of anti-corruption, youth/human capacity development, access to information, regional imbalances, regional/cross border cooperation and public-private partnerships.

SLDP's original scope of work (SOW) comprised the following components:

- Inter-Municipal Cooperation;
- Local Government Administration;
- Public Participation;
- Youth Development; and
- Business Enabling Environment.

By December 2011, a year after SLDP was contracted, the Project had established eight inter-municipal cooperation (IMC) areas throughout Serbia, primarily through a competitive selection process. These 8 IMC area partnerships, led by the cities of Vranje, Nis, Novi Pazar, Kraljevo, Uzice, Novi Sad, Zrenjanin, and Subotica, and encompass a total of 32 municipalities. In February 2012, due to funding limitations, USAID/Serbia instructed Chemonics not to expand the number of IMC areas beyond these 8 (12 were originally planned). Through a lengthy revision/realignment process, the Project scope of work was regrouped into the following 3 components:

Component I: IMC Programming - The Project provides assistance to clusters of municipalities, businesses and civil society organizations/associations to form a minimum of eight (8) IMC areas that are able to plan, execute and manage inter-municipal economic development activities, share various local services and collaboratively address common economic and social issues.

Component 2: Public Administration Reform - Through this component, the Project builds the capacities of local governments to carry out a number of municipal related functions. The Project supports the representatives of municipal assemblies and Mayors to establish formal mechanisms for soliciting the views of local residents on key issues including the local budget, the selection of capital investment projects, and the development of local land use and inter-municipal economic development plans.

Component 3: Youth Development and Participatory Mechanism - Through this component, the Project provides support to youth development through trainings, internships and long-term employment opportunities. The Project provides assistance to empower youth at the inter-municipal level and to engage them in positive and innovative activities fostering the development of area-based networking and partnership with local governments, businesses, and CSOs.

Investment Incentive Subcontracts and Grants: A key tool supporting all three components is the Investment Incentive Subcontract and Grant program. The project complements technical assistance and trainings with Subcontracts and Grants to support essential inter-municipal business-related service provision, expand public/private sector partnerships, and increase youth employability and public participation.

Relationship to the Mission Strategy

The Project's strategy, Work Plan and PMP are consistent with USAID Serbia's Amended Country Strategy FY 2011 – 2015; the activities support Assistance Objective (AO) 1: More Competitive Market Economy and Assistance Objective 2: Democratic Structures in Serbia Strengthened. Under AO1 SLDP is expected to contribute to the following intermediate result: 1.3 Efforts of local stakeholders better integrated to improve area-based development; and to the following sub-intermediate results: 1.3.1 Increased efficiency of area-based development partnerships; and 1.3.2 Improved services and financial management of local government. Under AO2, SLDP contributes to intermediate results 2.1 Government Operations Improved; and to the sub-intermediate result 2.1.1 Efficient, transparent and accountable provision of government services enhanced. (See Attachments for the results framework schematic, including the indicators used to capture these results.)

OBJECTIVE (SLDP)

The evaluation will provide rigorous, evidence-based, and independent analysis on the performance of Chemonics at the mid-term of the project and review SLDP's activities and results from January 2011 to the present.

Specifically, the purpose of the evaluation is to capture SLDP's progress in achieving its objectives by examining the relevance, effectiveness, efficiency, innovation, and sustainability of activities implemented to date; to identify gaps in performance against targets; and to provide recommendations on closing these gaps in the final years of the project.

Evaluators will not simply provide an accounting of performance against targets but will provide an independent analysis on why or why not targets were realized, met, or significantly surpassed. Of particular interest to the USAID Mission is an analysis of the reasons behind any gaps between expected and actual performance, including an identification of the likely source(s) of these gaps (project management, changes in operating environment, success factors, etc.).

This analysis will inform the Mission of whether the project is on track to meet the goals it established and will inform future decisions regarding the project focus and funding by the Mission, particularly by the Economic Growth Office.

DETAILED STATEMENT OF WORK (SLDP)

Evaluators shall examine how the activities conducted were suited to the priorities and policies of the targeted municipalities and IMCs, CSOs, and business advocacy organizations. Importantly, this evaluation will look at SLDP activities not in isolation, but within the context of broader donor programs in Serbia, emphasizing linkages, complementarities and synergies with other similar or complementary interventions. The evaluators will provide lessons learned that capture particular experiences that may be relevant for USAID at the sub-regional (Western Balkan) or wider Europe and Eurasia (E&E) level, such as replicable innovations or broader lessons that may be applicable in other contexts as well.

Evaluation Questions

In examining SLDP, the evaluators shall provide detailed answers to the following questions:

1. How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?
2. How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?
3. To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?
4. To what extent have project activities increased youth participation and employment through trainings and internships?

Methodology

The evaluation team shall start its work with a paper review of all the documents cited in the "Sources" section below. The evaluation team will first complete a desk study that will be used to establish an understanding of SLDP's activities and environment before arrival in Serbia. Based on this desk study, the team shall prepare a work plan that will be sent to the Mission prior to arrival in-country. The evaluation team will then present this work plan at the in-brief meeting at the Mission upon arrival. The workplan shall include a design matrix that demonstrates how the team plans to answer each evaluation question (data collection methods, sources, methods of analysis, limitations, etc.). The methodology will include a mix of tools appropriate to evaluation's research questions.

Key informant interviews are suggested as a secondary data source for this evaluation. In addition to these approaches, the Mission is looking for additional suggestions for assessing the performance of the contractor. The contractor will provide a detailed explanation of the proposed methodology for carrying out the work. The methodology will be comprised of a mix of tools appropriate to the evaluation's research questions.

These tools may include a combination of the following:

- Review SLDP documentation (e.g., SOW, approved work plans, and quarterly reports); Review of the business enabling environment in Serbia and its constraints ;
- Organize focus group discussions with project beneficiaries;
- Conduct stakeholder interviews (business associations, GOS representatives); Identify case studies of successful initiatives.

USAID reserves the right to approve/suggest additional questions. The evaluation shall be backed up by the relevant data and information gathered from meetings with program partners and all the relevant recommendations and data available.

Sources

Potential sources the evaluation team may reference or contact to prepare the deliverables include:

- SLDP team for all relevant project's studies, STTA reports, grants and subcontracting documentation;
- Appropriate Government of Serbia entities, other donors and donor programs, business representatives and selected youth and civil society organizations; and
- USAID/Serbia and Montenegro's Mission Director, Economic Growth Office Director, and the project's COR for all relevant performance, approved project work plans, quarterly and semi-annual reports, the project's performance management plan (PMP) and assistance
- objective reports.

To support the team's initial literature review, USAID/Serbia will provide electronic copies to the contractor of all documents to be reviewed (listed above) in preparation for the desk study. USAID prefers to share these documents via Google drive.

Deliverables:

The evaluation team will produce the following deliverables:

Work Plan and Design: A draft Work Plan and Evaluation Design shall be completed by the lead evaluator before departing the US and presented to the COR. The evaluation design will include a detailed evaluation design matrix (including the key questions, methods and data sources used to address each question and the data analysis plan for each question), draft questionnaires and other data collection instruments or their main features, known limitations to the evaluation design, and a dissemination plan. The final design requires COR approval. Unless exempted from doing so by the COR, the design will be shared with country-level stakeholders as well as with the implementing partners for comment before being finalized. The work plan will include the anticipated schedule and logistical arrangements and delineate the roles and responsibilities of members of the evaluation team.

The work plan shall at least include the following:

- The overall methodology for carrying out the evaluation;
- Design matrix broken down by question;
- A draft schedule of targeted meetings and list of potential interviewees;
- Data collection and analysis plan; and
- Identification of potential major constraints.

Draft Evaluation Report: A draft report of the findings and recommendations shall be submitted to the USAID COR prior to the team's debrief with the Mission. The written report must clearly describe findings, conclusions, and recommendations. USAID will provide comments on the draft report within two weeks of submission.

PowerPoint Presentation and Debriefing with USAID: The team will present the major findings of the evaluation to USAID/Serbia through a PowerPoint presentation after submission of the draft report and before the team's departure from country. The debriefing will include a discussion of achievements and issues as well as any recommendations the team has for possible modifications to project approaches, results, or activities. The team will consider USAID comments and revise the draft report accordingly, as appropriate, based on the content of the Debriefing.

Final Report: The team will submit a final report that incorporates the team's responses to Mission comments and suggestions no later than 15 days after USAID/Serbia provides written comments on the team's draft evaluation report (see above). The report will be submitted in English, electronically. The report will be disseminated internally by USAID for comments and shared with the implementing partner being evaluated.

Agency criteria to ensure quality in the evaluation final report are presented in Attachment I. The contractor shall use all of these criteria in the preparation of the final report.

The evaluation final report must include:

- Introduction and executive summary (2-5 pages in length summarizing the purpose and background of the project being evaluated, main evaluation questions, methods, findings, conclusions, and recommendations and lessons learned, as applicable);
- Background (the local context and the activities being evaluated, the main evaluation questions);
- Methodology and the limitations to the evaluation (explained in detail, with particular attention to the limitations associated with the evaluation methodology - e.g., selection bias, recall bias, unobservable differences between comparator groups, etc.);
- Findings and conclusions; and
- Recommendations and lessons learned (if applicable). Report shall not exceed 25 pages (not counting annexes).
- The annexes to the report shall include: The Evaluation Scope of Work;
- Any “statements of differences” regarding significant unresolved difference of opinion by funders, implementers, and/or members of the evaluation team;
- All tools used in conducting the evaluation, such as questionnaires, checklists, and discussion guides;
- Sources of information, properly identified and listed; and
- Disclosure of conflicts of interest forms for all evaluation team members, either attesting to a lack of conflict of interest or describing existing conflict of interest.

Other requirements:

Weekly Meetings: The evaluation team will be in regular contact with the Mission’s evaluation COR throughout the period of performance. In addition, the team will be required to schedule formal weekly meetings with the Mission’s evaluation COR and Economic Growth Office staff to update them on the progress of the evaluation and to ask any clarifying questions on the project as the evaluation progresses. These meetings can be held by phone, if agreed upon by the Mission. All the records from the evaluation (e.g. interview transcripts or summaries) must be provided to the evaluation COR. All quantitative data collected by the evaluation team must be provided in an electronic file in easily readable format agreed upon with the COR. The data must be organized and fully documented for use by those not fully familiar with the project or the evaluation. USAID/Serbia & Montenegro will retain ownership of the survey and all datasets developed. The evaluation report and summaries shall be submitted to the Development Experience Clearinghouse (DEC) within three months of completion by the COR at <http://dec.usaid.gov>.

Level of Effort

USAID has allocated 33 work days, (6-day work week) for the evaluation team to conduct their work and provide a Final Report. A 6 day work week is authorized while in Serbia. A notional time table is provided below. This timetable is illustrative – the dates may differ and the evaluation team should allocate LOE per task as needed.

Task / Deliverables	Estimated Duration / LOE (Days)			
	Team Lead	Technical Specialists (x2)	Translator / Admin Assistant	Driver
Preparation and Research (prior to arrival in country, includes draft of an initial work plan)	5	10	-	-
Travel to Serbia	2		-	-

Task / Deliverables	Estimated Duration / LOE (Days)			
	Team Lead	Technical Specialists (x2)	Translator / Admin Assistant	Driver
Team planning, work plan review and meeting with USAID in Belgrade	1	2	1	1
Evaluation of SLDP (including field visits, assumes 6 day work week and 3 days off)	12	24	15	12
Discussion, analysis, draft evaluation report in country, debriefing and delivering the draft evaluation report to USAID	2	4	2	-
Departure from Serbia	1			
Team revises draft report and submits final to USAID (out of country)	10	20		
Totals	33	60	18	13

EVALUATION TEAM STRUCTURE/COMPOSITION (SLDP)

The evaluation team shall consist of five full-time members: three technical specialists, interpreter / administrative assistant, and driver. While it would be especially valuable that each of the technical specialists have extensive and documented experience in conducting performance evaluations, it is highly preferred that at least the team lead have this experience.

The proposed Evaluation team must be familiar with USAID's Evaluation Policy: (<http://transition.usaid.gov/evaluation/USAIDEvaluationPolicy.pdf>)

Evaluation Team Leader/Private Sector Analyst (Senior Level)

S/he will serve as the team leader and will be ultimately responsible for the management of the team, the coordination of team activities, and the submission of the final report. S/he will serve as the expert in economic growth and will ultimately be responsible for evaluating the performance of the Project's activities related to increasing investment, revenues, and employment through area-based networks and partnerships.

- Must have extensive and documented experience in business enabling environment and competitiveness projects;

- Must have technical knowledge in trade and regional investment issues;

Must have significant knowledge of regional and other markets relevant to Serbia;

Must meet minimum level of academic and the work experience qualifications for Senior Level; Significant experience in designing, managing and/or evaluating private sector enabling projects including identifying/evaluating public-private-partnerships is highly preferred;

- Experience in program performance evaluation and knowledge related to business development, Global Development Alliances (GDAs) and economic growth in the Balkans and/or Eastern Europe is highly preferred.

Evaluation Team Member/Decentralization and Governance Analyst (locally hired, Mid Level)

S/he will serve as the local expert in local governance and decentralization and will support the team lead in team coordination and management.

- Must have extensive and documented experience in conducting performance evaluations and at least 10 years of relevant development experience in the area of local governance and decentralization;
- Must have experience evaluating activities related to local governance and decentralization (e.g.,

inter-municipal cooperation), local development, local associations, strategic planning at the local level, and municipal service delivery;

- Must meet minimum level of academic and the work experience qualifications for Mid Level;
- Experience in Serbia or the Balkans/Eastern Europe; Experience in managing evaluation teams highly preferred;
- Experience in conducting assessments and evaluations of government and non-government institutions performance and familiarity with different funding mechanisms highly preferred.

Evaluation Team Member/Workforce Development Specialist/Youth Analyst (locally hired, Mid Level)

S/he will serve as the expert in youth development and will support the team lead in team coordination and management.

- Must have extensive workforce development experience as well as experience in youth participation programming designed to expand youth employment through entrepreneurship;
- Must meet the minimum level of academic and the work experience qualifications for the Mid- Level;
- Experience in program performance evaluation and knowledge related to youth business development, youth participation and youth services in the Balkan region highly preferred;
- Documented experience in conducting performance evaluations highly preferred.

Local Interpreter/Administrative Assistant

S/he will provide mainly interpreting services, but will also need to serve as the lead in logistical, administrative, clerical and translation support to the team throughout the evaluation.

- Must have experience in translating technical language related to local governments, business advocacy, civil society and management.

Local Driver

As the most of the evaluation team's work is envisioned in the field, they will require transportation services. Local driver with vehicle must be capable of providing additional logistical support, if needed (i.e., hotel booking, etc).

STATEMENT OF WORK – ATTACHMENT I

CRITERIA TO ENSURE THE QUALITY OF THE EVALUATION REPORT

- The evaluation report should represent a thoughtful, well-researched and well-organized effort to objectively evaluate what worked in the project, what did not and why. Evaluation reports shall address all evaluation questions included in the scope of work.
- The evaluation report should include the scope of work as an annex. All modifications to the scope of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline need to be agreed upon in writing by the technical officer.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an Annex in the final report.
- Evaluation findings will assess outcomes and impact on males and females.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings should be presented as analyzed facts, evidence and data and not based on anecdotes, hearsay or the compilation of people's opinions. Findings should be specific, concise and supported by strong quantitative or qualitative evidence.
- Sources of information need to be properly identified and listed in an annex. Recommendations need to be supported by a specific set of findings. Recommendations should be action-oriented, practical and specific, with defined responsibility for the action.

[END STATEMENT OF WORK – ATTACHMENT I]

ANNEX 2: DISCLOSURE OF CONFLICTS OF INTEREST FORMS

ANNEX : DISCLOSURE OF ANY CONFLICTS OF INTEREST

Name	Lana Hopkinson
Title	International Team Leader
Organization	ME&E
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number <i>(contract or other instrument)</i>	AID-169-00-10-00102
USAID Project(s) Evaluated <i>(Include project name(s), implementer name(s) and award number(s), if applicable)</i>	Usaid/Serbia Sustainable Local Development Project, Chemonics International Inc. under contract AID-169-00-10-00102
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts:</p> <p><i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> <i>1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.</i> <i>2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.</i> <i>3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.</i> <i>4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.</i> <i>5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.</i> <i>6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.</i> 	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	July 30, 2013

ANNEX VI: DISCLOSURE OF ANY CONFLICTS OF INTEREST

[The Evaluation Policy requires that evaluation reports include a signed statement by each evaluation team member regarding any conflicts of interest. A suggested format is provided below.]

Name	Tomislav Novovic
Title	Local Decentralization and Governance Analyst
Organization	ME&A
Evaluation Position?	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team member
Evaluation Award Number <i>(contract or other instrument)</i>	AID-I69-00-10-00102
USAID Project(s) Evaluated <i>(Include project name(s), implementer name(s) and award number(s), if applicable)</i>	Usaid/Serbia Sustainable Local Development Project, Chemonics International Inc. under contract AID-I69-00-10-00102
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts:</p> <p><i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> <i>1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.</i> <i>2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.</i> <i>3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.</i> <i>4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.</i> <i>5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.</i> <i>6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.</i> 	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	30.07.2013

ANNEX VI:DISCLOSURE OF ANY CONFLICTS OF INTEREST

[The Evaluation Policy requires that evaluation reports include a signed statement by each evaluation team member regarding any conflicts of interest. A suggested format is provided below.]

Name	Dragana Marjanovic
Title	Local Workforce Development and Youth Specialist
Organization	ME&A
Evaluation Position?	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	AID-169-00-10-00102
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Usaid/Serbia Sustainable Local Development Project, Chemonics International Inc. under contract AID-169-00-10-00102
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts:</p> <p><i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	30.07.2013.

ANNEX 3: DATA COLLECTION INSTRUMENTS

This Annex includes the data collection instruments used by the evaluation team during the field phase.

It presents the Design Matrix (“Getting to Answers Matrix”) and the questionnaires administered at the end of group discussions and focus group meetings.

Design Matrix (Getting to Answers Matrix)

Evaluation Questions	Evaluation Criteria Applicable					Type of Answer Required	Data Collection Plan			
	Relevance	Effectiveness	Efficiency	Sustainability	Emerging Impact		Data Sources (Project Staff, Municipalities, BSOs, CSOs, Donors, Project documentation, USAID documents, other studies /reports)	Data Collection Methods (Documentation review, Key Informant Interviews, Focus groups, Expert Panels, , Case Studies)	Data analysis methods -Qualitative (QL): analysis of interview transcripts, contextual analysis, triangulation –Quantitative (QN) – statistical analysis, cross-tabulation, etc.)	Possible Limitations (availability of data, availability of interviewees, etc.)
Key Questions						Normative (N) (comparison, judgment) Descriptive (D) (facts, description) Cause and Effect (C&A)				
1. How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?	+	+	+			<ul style="list-style-type: none"> ○ Normative /C&E 	<ul style="list-style-type: none"> ○ Municipalities ○ BSOs ○ CSOs ○ Youth Organizations ○ Project Documentation ○ IMC clusters' documentation ○ Country reports, studies, particularly studies focusing on employment and investment trends in Serbia ○ SLDP staff 	<ul style="list-style-type: none"> ○ Key informant interviews ○ Focus group meetings ○ Documentation review ○ Triangulation ○ Snowballing 	<ul style="list-style-type: none"> ○ QN ○ QL 	<ul style="list-style-type: none"> ○ Availability of consistent and reliable statistical data on employment and investment trends ○ Availability of key informants ○ Resource limitations ○ Difficulty of attributing increase of jobs and investment to project achievements (attribution gap)

<p>2. How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?</p>				+	+	<ul style="list-style-type: none"> ○ Descriptive/C&E 	<ul style="list-style-type: none"> ○ Available data from SLDP, USAID and national authorities ○ Donors' and international organizations' reports and studies ○ Monitoring Reports of the Project. ○ IMC cluster members 	<ul style="list-style-type: none"> ○ Semi-structured interviews with USAID, SLDP, national authorities, implementing partners, and beneficiaries of SLDP assistance ○ Focus groups ○ Documentation review 	<ul style="list-style-type: none"> ○ QN ○ QL 	<ul style="list-style-type: none"> ○ Difficulty of attributing increase of jobs and investment to project achievements (attribution gap) ○ Sustainability of some of the project achievements may be questionable beyond the project lifetime
<p>3. To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?</p>		+		+	+	<ul style="list-style-type: none"> ○ Descriptive 	<ul style="list-style-type: none"> ○ IMC cluster members ○ Project documentation 	<ul style="list-style-type: none"> ○ Semi-structured interviews ○ Focus groups ○ Documentation review 	<ul style="list-style-type: none"> ○ Mainly QL 	<ul style="list-style-type: none"> ○ Availability of municipal stakeholders ○ Possible lack of institutional memory due to recent changes in local governments in Serbia (elections)
<p>4. To what extent have project activities increased youth participation and employment through trainings and internships?</p>	+	+	+	+		<ul style="list-style-type: none"> ○ C&E 	<ul style="list-style-type: none"> ○ Youth organizations ○ Youth representatives ○ Project documentation ○ Other studies 	<ul style="list-style-type: none"> ○ Semi-structured interviews ○ Focus groups ○ Project documentation review 	<ul style="list-style-type: none"> ○ QN ○ QL 	<ul style="list-style-type: none"> ○ Lack of consistency and reliability of data on youth participation and employment ○ Possible response bias ○ Availability of statistical data

Evaluation Questions	Evaluation Criteria					Type of Answer Required	Data Collection Plan			
	Relevance	Effectiveness	Efficiency	Sustainability	Emerging Impact		Data Sources (Project Staff, Municipalities, BSOs, CSOs, Donors, Project documentation, USAID documents, other studies /reports)	Data Collection Methods (Documentation review, Key Informant Interviews, Focus groups, Expert Panels, Case Studies)	Data analysis methods -Qualitative (QL): analysis of interview transcripts, contextual analysis, triangulation –Quantitative (QN) – statistical analysis, cross-tabulation, etc.)	Limitations (availability of data, availability of interviewees, etc.)
Questions Related to Cross-Cutting Issues						Normative (N) (comparison, judgment) Descriptive (D) (facts, description) Cause and Effect (C&A)				
5. What are SLDP's likely outcomes and impacts on males and females and why?				+	+	o C&E Descriptive /	o Municipalities o BSOs o CSOs o Youth Organizations o Project Documentation o Women's associations	o Key informant interviews o Focus group meetings o Documentation review	o QL	o Attribution gap o Data availability
6. How has SLDP contributed to anti-corruption measures and what would make the changes sustainable?		+		+		o Descriptive C&E /	o Municipalities o BSOs o CSOs o Project Documentation o External reports and studies o EU and other donor organizations	o Key informant interviews o Focus group meetings o Documentation review •	o QL	o Availability of reliable data o Lack of institutional memory on the side of SLDP partners o Lack of motivation and feedback by actors on issues of anti-corruption o Possible response bias

7. How has SLDP contributed to reduction of regional imbalances?		+		+		<ul style="list-style-type: none"> ○ Descriptive 	<ul style="list-style-type: none"> ○ Municipalities ○ SIEPA, RDAs ○ BSOs ○ CSOs ○ Project Documentation ○ External reports ○ Regional Development projects 	<ul style="list-style-type: none"> ○ Key informant interviews ○ Focus group meetings ○ Documentation review 	<ul style="list-style-type: none"> ○ QL ○ QN 	<ul style="list-style-type: none"> ○ Attribution gap ○ Availability of reliable statistical data ○ Possible response bias • 	
8. How has SLDP facilitated development of public-private partnerships (PPP) and cross-border co-operation?			+		+		<ul style="list-style-type: none"> ○ Descriptive 	<ul style="list-style-type: none"> ○ Municipalities ○ BSOs ○ CSOs ○ Youth Organizations ○ Project Documentation ○ Cross-border cooperation projects and reports 	<ul style="list-style-type: none"> ○ Key informant interviews ○ Focus group meetings ○ Documentation review 	<ul style="list-style-type: none"> ○ QL ○ QN 	<ul style="list-style-type: none"> ○ Availability of reliable data ○ Availability of reports on PPP
9. How has SLDP complemented activities supported by other donors? (Donor complementarity and coordination)?		+			+		<ul style="list-style-type: none"> ○ Descriptive 	<ul style="list-style-type: none"> ○ Project Documentation ○ Project staff ○ Donor organizations 	<ul style="list-style-type: none"> ○ Key informant interviews ○ Focus group meetings ○ Documentation review 	<ul style="list-style-type: none"> ○ QL 	<ul style="list-style-type: none"> ○ Donor availability ○ Availability of data •
10. To what extent has SLDP succeeded in introducing innovative models of sustainable development? (Innovation)		+			+		<ul style="list-style-type: none"> ○ Normative 	<ul style="list-style-type: none"> ○ Municipalities ○ BSOs ○ CSOs ○ Youth Organizations ○ Project Documentation ○ Project staff ○ IMC cluster members 	<ul style="list-style-type: none"> ○ Key informant interviews ○ Focus group meetings ○ Documentation review 	<ul style="list-style-type: none"> ○ QL ○ QN 	<ul style="list-style-type: none"> ○ Availability of reliable data ○ Difficulty in defining 'innovation' in sustainable local development

Evaluation Discussion Guide

1. Key Evaluation Questions (as per SOW)	Sub-Questions by Evaluation Criteria				
	Relevance	Effectiveness	Efficiency	Emerging Impact	Sustainability
<p>1. How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?</p>	<ul style="list-style-type: none"> What is the present level of relevance of the IMC clusters and their work on economic development (measured by increased jobs and investments)? <ul style="list-style-type: none"> Is this intervention consistent with the national policies and the priorities? Does it support USAID development priorities in the concerned field? Does the project still respond to the needs of the target groups? As presently designed, is the support to IMC clusters and their work on economic development relevant and needed? <ul style="list-style-type: none"> Is the project intervention in this respect clear and logical and does it address clearly identified needs? Are risk management arrangements in place? If yes, are the risks and assumptions holding true? Is sustainability an integral part of the design i.e. is there a phase out/hand over strategy? Is the current support to 	<ul style="list-style-type: none"> What was the level of achieved investments and jobs created through the work of the IMC's cluster? <ul style="list-style-type: none"> Was any investment achieved as result of the IMC clusters' work on economic development? How many jobs were created through the work of the IMC clusters' work on economic development? Are there clear evidences that can associate increased in investments and jobs creation to the IMC clusters' work on economic development? Did the project achieve planned outputs and targets in this respect? Are there evidences and reports that can support it? How well was this achieved? <ul style="list-style-type: none"> Are there any factors, which prevent target groups accessing the outputs of the project? 	<ul style="list-style-type: none"> How well was the implementation of the IMC clusters' support on local economic development managed? <ul style="list-style-type: none"> To what extent were the project activities that supported IMC clusters' activities to local economic development implemented as scheduled? If there were delays how can they be rectified? Were all activities under the project scope? Were funds committed and spent to support IMC clusters in pursuing local economic development in line with the implementation timescale? If not, why not? How well were activities monitored by the project and are corrective measures taken if required? What was the management structure that was supporting implementation of the activities related to the IMC clusters support to local economic development? If appropriate, how flexible was the project in adapting to the specific situations of the IMC 	<ul style="list-style-type: none"> Is there any apparent impact of the IMC clusters economic development activities on job creation? Are there direct links between the IMC clusters' economic development activities and direct investments? <ul style="list-style-type: none"> Evidence to measure the impact of the project? What else could be expected as direct impact of this work of the IMC clusters? Is the process of local economic development through employment and investments proceeding in the respective regions? Were the project targets established on this level (support of the IMC clusters to employment and investments) realistic and achievable? Are they likely to be met? Are any external factors likely to jeopardize the impact of this component of the project? To what extent does/will the IMC clusters' involvement in local economic development has any indirect positive and/or 	<ul style="list-style-type: none"> What is the level of sustainability of the IMC clusters especially with regard to their involvement in local economic development activities? <ul style="list-style-type: none"> What was/ is the level of ownership of the IMC clusters by participants and will it continue after the end of external support? How far is the project embedded in institutional structures that are likely to survive beyond the life of the project? Are the IMC clusters being properly developed (technically, financially and managerially) for continuing to deliver the benefits/services related to investments and employment? What is the level of sustainability of investments and job created? <ul style="list-style-type: none"> Are the jobs created through the project supported activities sustainable? Is the level of investment growing?

	<p>IMC's cluster work in increasing economic development sufficiently supported by all stakeholders?</p> <ul style="list-style-type: none"> - Have key stakeholders been involved in the design process? - Is this support clearly defined and do they support institutional strengthening and local ownership? - Was the timescale for the project realistic to achieve its outcome? 		<p>clusters, and their needs in addressing local economic development?</p> <ul style="list-style-type: none"> - What mechanism was established to enable better coordination of the project supported activities related to the IMC clusters work on local economic development with other similar interventions? to encourage synergy and avoid overlaps? • How well are results achieved? <ul style="list-style-type: none"> - Have all planned results within the project related to the IMC clusters' support to local economic development been delivered to date? And in a logic sequence? What was the quality of results to date? - Are the project results related to the IMC clusters' support to local economic development likely to contribute to further investments and job creations? Do they contribute to decrease regional imbalances? - Are they correctly reflected through the indicators in the reports? 	<p>negative impacts? (i.e. environmental, social, cultural, gender and economic)</p> <ul style="list-style-type: none"> - Did the activities within the scope of the IMC clusters' support to investment and job creation take timely measures for mitigating the unplanned negative impacts? What was the result? 	
<p>2. How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?</p>	<ul style="list-style-type: none"> • What is the present level of relevance of the identified SLDP inter-municipal economic development projects for economic growth? <ul style="list-style-type: none"> - Are the selected projects relevant for job creation and investments? Are they support implementation of the national measures for job 	<ul style="list-style-type: none"> • What was the implementation ratio of the level of achieved investments and jobs created through the work of the IMC's cluster? <ul style="list-style-type: none"> - Was any investment achieved as the result of the SLDP inter-municipal projects? - How many jobs were created through the SLDP 	<ul style="list-style-type: none"> • How well has the implementation of the SLDP inter-municipal projects been managed? <ul style="list-style-type: none"> - To what extent were the SLDP projects implemented as scheduled? If there were delays how can they be rectified? Were all activities under the project scope? - What was the 	<ul style="list-style-type: none"> • Is there any apparent impact of the SLDP inter-municipal projects on job creation? • Is there any apparent impact of the SLDP inter-municipal projects on investments? <ul style="list-style-type: none"> - Evidence to measure the impact of the SLDP projects? - What else could be 	<ul style="list-style-type: none"> • What is the level of sustainability of the SLDP projects' results upon the completion of external funding? <ul style="list-style-type: none"> - What was/ is the level of ownership of the SLDP projects by participants and will it continue after the end of external support? - Have any structure been established and what is the

	<p>creation and investments?</p> <ul style="list-style-type: none"> - Are the selection criteria for the SLDP inter-municipal projects relevant? - Do the selected projects still respond to the needs of the target groups? • As presently designed, are the SLDP inter-municipal projects relevant and needed for economic growth (specifically for job creation and investments)? - Is the support provided through the project and selected SLDP inter-municipal projects clear and logical and does it address clearly identified needs? - Are risk management arrangements in place? If yes, are the risks and assumptions holding true? - Is sustainability an integral part of the SLDP inter-municipal projects design i.e. is there a phase out/hand over strategy? • Are the selected SLDP inter-municipal projects sufficiently supported by all stakeholders? - Have key stakeholders been involved in the design process of the SLDP inter-municipal projects? - Is this support clearly defined? - Is there any evidence that these projects will bring institutional strengthening? - Was the timescale for the projects realistic to 	<p>inter-municipal projects?</p> <ul style="list-style-type: none"> - Are there clear evidences that can associate increased in investments and jobs creation to the SLDP projects? - How successfully implemented were the SLDP inter-municipal economic development projects? Are there evidences and reports that can support it? • How well was this achieved? - Are there any factors, which prevent target groups accessing the results of the project? - Do projects contribute to decrease regional imbalances? 	<p>implementation structure for the SLDP projects? What was the ratio between the management costs and activities?</p> <ul style="list-style-type: none"> - Is there coordination between the SLDP projects and other activities in this field? - How cost-effectively are results achieved? - Have all planned results within the SLDP inter-municipal projects been delivered on time and in a logical sequence? - Are the results of the SLDP projects likely to contribute to further investments and job creation? - Are they correctly reflected through the indicators in the reports? 	<p>expected as a direct impact of this work of the IMC clusters?</p>	<p>level of sustainability?</p> <ul style="list-style-type: none"> - How far is the LSDP inter-municipal projects embedded in institutional structures that are likely to survive beyond the life of the project? - What is the level of sustainability of developed capacities, etc.? • What is the level of sustainability of investments and job created? - Are the jobs created through the project supported activities sustainable? - Is the level of investment growing?
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	achieve its results?				
3. To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?	<ul style="list-style-type: none"> How relevant are the objectives and activities of the SLDP of inter-municipal cooperation, as perceived by the members of IMC clusters 	<ul style="list-style-type: none"> Do IMC cluster members see any increase in effectiveness in achieving the goals of regional economic development due to the IMC cluster work? 	<ul style="list-style-type: none"> Do IMC cluster member report any improvement of efficiency and cost-effectiveness (e.g. resource allocation, cost reduction) due to working together with other municipalities? 	<ul style="list-style-type: none"> How do IMC cluster members perceive the benefits and emerging impact of working together with other municipalities? 	<ul style="list-style-type: none"> How do IMC cluster members estimate sustainability of the collaborative mechanisms established by SLDP, beyond the lifetime of the project?
4. To what extent have project activities increased youth participation and employment through trainings and internships?	<ul style="list-style-type: none"> How were these activities aligned with national strategies? How did they address the local needs? Do they respond to the identified problems of youth participation and employment? Is there a need for youth organization development? Why? Is there a need for such employment measures? Do the developed measures respond to the findings of the Labor Force Gap Analysis? How do the IMCA Youth Readiness WGs relate to already existing local structures, such as Local Employment Councils? To what extent has each of the implemented initiatives been the best response to the identified development challenge? Have there been continuous relevance checks and re-alignments? 	<ul style="list-style-type: none"> Are the targets being achieved? Is there demonstrable positive effect of creating local youth organization networks? What is the employment rate of the youth benefiting from employment programmers by gender and age categories? Are the employment programmers effective in surpassing the youth labor force skill gap? Are they effective in providing a first work experience? How effective and transparent is the selection process for entrepreneurship support? Is self-employment the best option for these youth? Has the provided assistance been sufficient? Is the Project addressing the needs of the most disadvantaged youth? 	<ul style="list-style-type: none"> What is the average cost per YO Coordinator certification? What is the benefit of this? What roles of YOs are supported? (vulnerable youth, outreach, career guidance, etc.) What is the average cost per beneficiary per designed measure? Are the designed employment measures yielding better results in terms of cost per beneficiary and employment outcome compared to standard NES measures? How prominent are the creaming and replacement effects? How does the published Career Guide compare/compliment the new Guide developed by the NES? Was a new publication justified in this respect? 	<ul style="list-style-type: none"> Is there demonstrable positive effect of creating local youth organization networks? Is there evidence of the supported youth organizations taking a more active role in the political life of the communities? What is the projected employment retention rate of the youth benefiting from the employment programmers? What is the projected number of beneficiaries of the outreach career guidance teams as opposed to the current number of students benefiting from career guidance? Are there emerging local initiatives to promote youth employment the result of the work of the IMCA Youth Readiness WG? Who and how many youth should benefit from 	<ul style="list-style-type: none"> Is there commitment from the LSG to retain the certified YO coordinators? Are the YO which are being trained committed to continue working in the YO? Have all of the YOs involved secured funding from the LSG for the future period? Do the local youth office organizations perceive the value of creating networks and take ownership of the process? Will costs be entailed to maintain these networks in the future? Are resources aligned? How do the national labor institutions perceive the employment measures implemented (career guidance, internships, entrepreneurship/mentorship)? Are they likely to continue supporting the initiatives? Do the members of the IMCA Youth Readiness

	<ul style="list-style-type: none"> Where the implementing partners appropriately selected? Did they provide added value in resolving the identified development problems? 	<p>Creaming?</p> <ul style="list-style-type: none"> Would other measures have been more effective? Is the published Career Guidance guide widely used? Are the IMCA Youth Readiness WGs effective? Do they meet regularly? What are the conclusions of their meetings? What actions do they take? 		them?	<p>WGs see the value in their work? Do they take ownership? Are costs entailed for their future functioning? Is the LSG likely to provide financial support?</p> <ul style="list-style-type: none"> How can successful measures be scaled up and replicated?
2. Evaluation Questions on Cross-Cutting Issues	Sub-Questions by Evaluation Criteria				
	Relevance	Effectiveness	Efficiency	Emerging Impact	Sustainability
5. What are SLDP's likely outcomes and impacts on males and females and why?	<ul style="list-style-type: none"> Were the specific needs of male and female considered during the design phase of the project? Was/ is the project relevant to gender equality? Does the work of the IMC cluster on local development bring equal opportunities for male and female? How many men and women were employed through the IMC clusters work on economic development? 	<ul style="list-style-type: none"> Where the results of the project equally beneficial for male and female? What is the number of men and women employed through the project? Are the investments achieved through the project treating equally men and women 	<ul style="list-style-type: none"> Was gender equality considered during the implementation of the project (e.g. management structure, etc.)? Were the activities of the SLDP project monitored from a gender sensitive perspective? Were the gender sensitive indicators available during the implementation of the project? 	<ul style="list-style-type: none"> Has the project contributed to the improved situation of male and female in the respective regions? Did the project provide recommendations for the improvement of the situation of male and female in the respective regions of Serbia? 	<ul style="list-style-type: none"> What is the level of sustainability of positive changes achieved within the project for male and female?

<p>6. How has SLDP contributed to anti-corruption measures and what would make the changes sustainable?</p>	<ul style="list-style-type: none"> • Is the SLDP project relevant in addressing anti-corruption issues? • Was the anti-corruption considered during the design phase? • Was the project instrumental in addressing national priorities in the area of anti-corruption? 	<ul style="list-style-type: none"> • Are the results of the project contributing to anti-corruption? 	<ul style="list-style-type: none"> • What was part of the project funds allocated to anti-corruption measures? 	<ul style="list-style-type: none"> • Has the project contributed to the establishment of more transparent governance system in Serbia? • Has the project contributed to implementation of anti-corruption measures? 	<ul style="list-style-type: none"> • What is the level of sustainability of positive changes achieved through the project to anti-corruption?
<p>7. How has SLDP contributed to reduction of regional imbalances?</p>	<ul style="list-style-type: none"> • Is the SLDP project relevant for addressing regional imbalances? • Is the project in line with the national policies and priorities in this area? 	<ul style="list-style-type: none"> • Are the results of the project contributing to more equitable regional development? 	<ul style="list-style-type: none"> • What was the amount of the project funds allocated for addressing regional development disparities? 	<ul style="list-style-type: none"> • Are the results achieved through the project for balanced regional development sustainable after the completion of the project? • What was the contribution of the project to balanced regional development in terms of: <ul style="list-style-type: none"> - investments and their level to balanced regional development; - sustainable job creation 	<ul style="list-style-type: none"> • Are the results achieved through the project for balanced regional development sustainable after the completion of the project?
<p>8. How has SLDP facilitated development of public-private partnerships (PPP) and cross-border cooperation?</p>	<ul style="list-style-type: none"> • Is the SLDP project relevant for public-private partnerships (PPP) and cross-border cooperation? 	<ul style="list-style-type: none"> • Were the results of the project supportive to PPP and CBC? Was project effective in this respect? 	<ul style="list-style-type: none"> • What was direct involvement of the project on PPP and CBC? • What was the allocation of the project funds in this respect? 	<ul style="list-style-type: none"> • Was there any direct contribution of the project to the PPP and CBC? • Has the project provided any long term support for institutionalization of CBC and PPP? 	<ul style="list-style-type: none"> • What is the level of sustainability of the PPP and CBC partnerships established through the project?
<p>9. How has SLDP complemented activities supported by other donors? (Donor complementarity and coordination)?</p>	<ul style="list-style-type: none"> • Was the project designed through the consultations with other development partners? • Was the project relevant in terms of donor coordination? 	<ul style="list-style-type: none"> • Has the project been effective in coordinating activities with other development partners? • Have the results of the project achieved through a maximum cooperation with other partners and 	<ul style="list-style-type: none"> • Were the activities of the project implemented in close cooperation with other on-going activities of other development partners in this area? 	<ul style="list-style-type: none"> • Was the project instrumental in improving donor coordination in the area of local development? • Is the positive impact of the project on improved cooperation and 	<ul style="list-style-type: none"> • Was any formal cooperation mechanism established (e.g. development partner forums, or alike) ?

		donors?		communication among the development partners evident?	
10. To what extent has SLDP succeeded in introducing innovative models of sustainable development? (Innovation)	<ul style="list-style-type: none"> Was the project designed to promote innovative models and approaches to local development? Was the intervention logic adjusted to better reflect innovative approaches and models for local economic development? 	<ul style="list-style-type: none"> Have the results of the project introduced innovative models? What were innovative models promoted through the project? 	<ul style="list-style-type: none"> Was the project efficient in pursuing innovative models? What was the quality of innovative models promoted through the project? 	<ul style="list-style-type: none"> Are the innovative models (e.g. employment, investment, youth support) likely to be sustainable and develop further after the end of the project? 	<ul style="list-style-type: none"> Could innovative models tested through the project be replicated in other regions in the country or wider? Was there an attempt to institutionalize innovative models?

1ST Questionnaire for Focus Groups (Municipalities, Bsos/Csos)

SLDP performance: please respond to the following questions, by marking the relevant response.

Question	Not at all	Insignificantly	Some-what	Significantly	Very significantly	I do not know
1. How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?	1	2	3	4	5	0
2. To what extent are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?	1	2	3	4	5	0
3. To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?	1	2	3	4	5	0
4. To what extent have project activities increased youth participation?	1	2	3	4	5	0
5. To what extent have project activities increased youth employment through trainings and internships?	1	2	3	4	5	0
6. To what extent has SLDP addressed the issue of gender inequality ?	1	2	3	4	5	0
7. To what extent has SLDP contributed to anti-corruption measures?	1	2	3	4	5	0
8. To what extent has SLDP contributed to reduction of regional imbalances?	1	2	3	4	5	0
9. To what extent has SLDP facilitated development of public-private partnerships (PPP)?	1	2	3	4	5	0
10. To what extent has SLDP facilitated development of cross-border co-operation?	1	2	3	4	5	0

11. To what extent has SLDP complemented activities supported by other donors? (Donor complementarity and coordination)?	1	2	3	4	5	0
12. To what extent has SLDP succeeded in introducing innovative models of sustainable development? (Innovation)	1	2	3	4	5	0

GENERAL COMMENTS / SUGGESTIONS

2nd Questionnaire for Focus Group - Youth Employment Beneficiaries

SLDP performance in increasing youth employability

1. Please mark each type of employment support you have received through the SLDP project

- 1) Job search training
- 2) Internship placement
- 3) Business planning and management training
- 4) Financial start-up support
- 5) Business mentorship

2. Please mark what your current employment situation is?

- 1) Not employed, in formal education or training
- 2) Actively searching for a job
- 3) Wage employee
- 4) Wage employee with same internship enterprise
- 5) Self-employed
- 6) Not employed, but not searching for a job

SLDP performance: please respond to following questions, by marking the adequate response.

Question	Not at all	Insignificantly	Somewhat	Significantly	Very significantly	I do not know
1. How well suited is the type of employment assistance provided to the needs of the general youth population in your local	1	2	3	4	5	0

Question	Not at all	Insignificantly	Some-what	Significantly	Very significantly	I do not know
community?						
2. How useful was the provided employment assistance to you personally in terms of gained experience and knowledge?	1	2	3	4	5	0
3. To what extent has it, or do you think it will directly contribute to increasing your chances of finding employment/starting up your own business?	1	2	3	4	5	0
4. To what extent are the skills you have acquired transferable in the general business environment ?	1	2	3	4	5	0
5. How would you rank the services provided as compared to other employment services you may have received, such as from the National Employment Service?	1	2	3	4	5	0, no other exper.
6. To what extent do you feel the selection process of youth to be involved in the measures was transparent and fair?	1	2	3	4	5	0
7. To what extent do you feel there was a gender balance in the selection process of youth to be involved in the measures?	1	2	3	4	5	0
8. To what extent do you feel the support provided is full-rounded and complete?	1	2	3	4	5	0

GENERAL COMMENTS / SUGGESTIONS

ANNEX 4: SOURCES OF INFORMATION

List of Interviews and Group Meetings

No	Date	Time	Location	Organization	Participants	Email	Type of meeting
1.	6 June	10:00	Belgrade	SLDP	Tamara Dundjerovic, Tatijana Pavlovic Krizanic, Danijela Jovic, Dusan Petrovic	tdundjerovic@lokalnirazvoj.rs tpkrzanic@lokalnirazvoj.rs djovic@lokalnirazvoj.rs dpetrovic@lokalnirazvoj.rs	Structured interview
2.	10 June	14:00	Belgrade	USAID	MiodragBogdanovic Alison Case (over phone) NenadMoslavac Suzan Fritz Ivan Vukojevic	mbogdanovic@usaid.gov , acase@usaid.gov , nmoslavac@usaid.gov , sfritz@usaid.gov , ivukojevic@usaid.gov	In-briefing
3.	11 June	15:00	Belgrade	UNDP	JelenaTadzic	Jelena.tadzic@undp.org	Interview
4.	11 June	16:00	Belgrade	BOS	MiloradBjeletic Iva Fila Ivanov	Milorad@bos.rs Iva@bos.rs	Semi-structured interview
5.	12 June	10:00	Belgrade	SLDP	Howard Ockman Ana Martinovic Dusan Petrovic	hockman@lokalnirazvoj.rs amartinovic@lokalnirazvoj.rs dpetrovic@lokalnirazvoj.rs	Semi-structured interview
6.	12 June	12:30	Belgrade	Smart Kolektiv	Neda Stankovic	neda@smarkolektiv.org	Semi-structured interview
7.	12 June	13.30	Belgrade	NARD	Sonja Manojlovic	Sonja.manojlovic@narr.gov.rs	Interview
8.	12 June	15:00	Belgrade	Ministry of Sport and Youth	VesnaVidojevic	Vesna.vidojevic@mos.rs.gov	Semi-structured interview
9.	13 June	10:00	Belgrade	SEIO	Ana Ilic Branko Budimir	ailic@seio.gov.rs bbudimir@seio.gov.rs	Interview
10.	13 June	11:00	Belgrade	Group 484	Zorica Zivojinovic	zz@grupa484.org.rs	Semi-structured interview
11.	13 June	13:00	Belgrade	USAID	Susan Kutor	skutor@usaid.gov	Briefing
12.	13 June	14:00	Belgrade	USAID	NenadMoslavac	nmoslavac@usaid.gov ,	Briefing/Interview

13.	13 June	16:00	Belgrade	NALED	Violeta Jovanovic Jelena Bojovic	Violeta.jovanovic@naled-serbia.org Jelena_bojovic@naled-serbia.org	Briefing/interview
14.	14 June	11:00	Nis	LED office	Milan Randjelovic Filip Nikolic Milena Stevanovic	Milan.randjelovic@gu.ni.rs , magis80@gmail.com Filipnikolic76@gmail.com	Briefing/interview
15.	14 June	14:00	Nis	USAID	Dijana Spalevic	dspalevic@lokalnirazvoj.rs	Briefing
16.	14 June	11:00	Belgrade	Maxima consulting	Nenad Maksimovic - Max	max@maximaconsulting.rs	Semi-structured interview
17.	14 June	14:00	Belgrade	USAID	Alison Case Miodrag Bogdanovic	Acase@usaid.gov mbogdanovic@usaid.gov	Briefing
18.	14 June	16:00	Belgrade	EU Delegation	Danka Bogetic	Danka.BOGETIC@eea.s.europa.eu	Interview
19.	15 June	10:00	Belgrade	KOMS	Marija Bulat	marija.bulat@koms.rs	Semi-structured interview
20.	17 June		Kraljevo	Prof. Zlatan Soskic Prof. Snezana Ciric Kostic	Kraljevo Impuls Center Advisor (Faculty of Mechanical Eng.)	soskic.z@mfkv.kg.ac.rs cirickostic.s@mfkv.kg.ac.rs	Semi-structured interview
21.	17 June		Kraljevo	Ms. Mirjana Prodanovic	Head of LER Kraljevo	projektni.centar@gmail.com	Semi-structured interview
22.	17 June		Kraljevo	Ms. Gordana Radicevic Ms. Valentina Krstic	LER Vrnjacka Banja	dulebanja@gmail.com	Semi-structured interview
23.	17 June		Kraljevo	Mr. Miladin Ristanovic Mr. Vlajislav Papic	Technology Park Cacak Head of LER Cacak	Ntp.cacak@gmail.com socacak@eunet.rs	Semi-structured interview
24.	17 June		Kraljevo	Mr. Djordje Vukasinovic	LER Gornji Milanovac	Djordje.vukasinovic@gornjimilanovac.rs	Semi-structured interview
25.	17 June	11:00	Zrenjanin	SLDP	Vesna Kopanja	vkopanja@lokalnirazvoj.rs	Briefing/interview
26.	17 June	11:00	Vranje	NES BO Vranje	Zoran Antic Dragana Nakic	Zoran.antic@nsz.gov.rs Dragana.nakic@nsz.gov.rs	Semi-structured interview

27.	17 June	12:00	Vranje	Education Secretariat Agricultural High School Agricultural High School Technical High School, Vladicin Han	Dobri Stevanovic Jadranka Stosic Svetlana Velickovic Aleksandar Stevanovic	dobri.stevanovic@gmail.com bakiibeka@gmail.com svetlanavel@ptt.rs alex.stevanovic@ymail.com	Focus Group
28.	17 June	13:00	Zrenjanin	IMC - Kikinda	Natasa Zaric Jelena Rodic Borislav Cucic	Natasa.zaric@kikinda.org.rs Jelena.rodic@kikinda.org.rs Borislav.cucic@kiniknda.org.rs	Focus group
29.	17 June	14:00	Vranje	YO Vranje YO Bujanovac	Tijana Jovanovic Dragan Milic	Kzm.vranje@gmail.com Bujanovac.kzm@gmail.com	Semi-structured interview
30.	17 June	15:00	Zrenjanin	RCC RDA	Diniku Vojin Dragana Dorozan Darko Vukic	Vojin.diniku@komora.net dragana.dorozan@rcrbanat.rs darko.vukic@rcrbanat.rs	Semi-structured interview
31.	18 June	09:00	Nis	NES BO Nis	Biserka Tosic Natasa Popovic	Biserka.tosic@nsz.gov.rs Natasa.popovic@nsz.gov.rs	Semi-structured interview
32.	18 June	10:00	Nis	NES BO Nis	Aleksandra Djordjevic	Aleksandra.djordjevic@nsz.gov.rs	Semi-structured interview
33.	18 June	10:30	Nis	Beneficiaries of Smart Kolektiv program	Danica Stojkovic Marija Krstic Lidija Ilic Nikola Cvetkovic Aleksandra Djuric	+381 64-2852402 +381 64-4954681 +381 61-3254134 +381 60-6544564 +381 60-0590622	Focus group
34.	18 June		Novi Pazar	RDA SEDA	Samir Kacapor Almir Sacirovic Dzemil Huseinovic	Samir.kacapor@seda.org.rs Almir.sacirovic@seda.org.rs Dzemil.huseinovic@seda.org.rs	Semi-structured interview
35.	18 June	11:00	Subotica	Agricultural producers	Working group Biserka Petrekanic Anica Marcic Marica Stantic Vilmos Fogas Szecsi Gusztav Tibor Nadj Eva Skutera Svetalana Cvetkovic Tamara Nadj	petrekanicb@gmail.com mrezasu@gmail.com mrezasu@gmail.com zz.prima@mailbox.hu - natibor50@gmail.com s.eva@kanjiza.rs ler@subotica.rs	Group discussion

					Samra Kunic	ler@subotica.rs ler@subotica.rs	
36.	18 June	12:00	Subotica	LED office Sombor, Subotica, Kanjiza	Mihael Plac Strahinja Pekez Simonida Pavicevic Robert Fajstamer	Mihael.plac@gmail.com spekez@sombor.rs ler@subotica.rs Robert@icr.rs	Focus group
37.	18 June	12:00	Nis	Tagor, SK partner enterprise	Aleksandra Petrovic	aleksandra.petrovic.88@gmail.com	Semi-structured interview
38.	18 June	12:15	Nis	Beneficiaries of Smart Kolektiv programme	Dusan Tasic Dejan Mancic Nikola Petrovic Aleksandra Petrovic	t-asa-90@hotmail.com +381 64-4167029 +381 63-8685276 aleksandra.petrovic.88@gmail.com	Focus group
39.	18 June	13:00	Nis	Youth Business Serbia	Milivoje Jovanovic	infonis@biznismladih.srbije.org	Semi-structured interview
40.	19 June	11:00	Belgrade	NES Directorate	Dejan Nikolic	Dejan.nikolic@nsz.gov.rs	Semi-structured interview
41.	19 June	11:00	Zrenjanin	Municipality of Zrenjanin	Dusko Radisic, Stana Babic Zoran Eremic	duskoradisic@gmail.com stana.babic@grad.zrenjanin.rs zoran.eremic@grad.zrenjanin.rs	Focus group
42.	19 June		Uzice	RDA Zlatibor	Slavko Lukic	office@rrazlatibor.co.rs	Semi-structured interview
43.	19 June		Uzice	LER Nova Varos PUC Nova Varos	Zivko Kolasinac Mile Drobnjakovic	Zivko.kolasinac@nova.varos.rs Mile.drobnjakovic@novavaros.rs	Semi-structured interview
44.	19 June	13:00	Zrenjanin	Youth office National Employment office	Goran Tomic Branislav Hostic Mihael Ivan Aleksandra Strbac	kancelarijazamlade@grad.zrenjanin.rs	Focus group
45.	19 June	14:00	Zrenjanin	SCO BSO	Vesna Piscevic Dalibor Bubnjevic	bidzr@yahoo.com daliborbzr@sbb.rs	Semi-structured interview
46.	20 June	11:00	Novi Sad	SLDP coord. Sremski karlovci, Temerin, Beocin	Igor Relic Zoran Pekec Desanka Jovicic	relicsremkarl@yahoo.com zpekez@ictemerin.com desanka.jovicic@beocin.rs	Focus group
47.	20 June	12:00	Novi Pazar	NES BO Novi Pazar	Nihat Bisevac Aida Bojadzic	Nihat.bisevac@nsz.gov.rs Aida.bojadzic@nsz.gov.rs	Semi-structured interview
48.	20 June	13:00	Novi Sad	LED office Novi Sad	Milenko Malesev Zoran Ivosevic	Milenko.malesev@novisad.rs Zoran.ivosevic@kler.novisad.rs	Semi-structured interview
49.	20 June	14:00	Novi Sad	BSO	Ilija Ambo Nadica Jovanovic Predrag Pivarski	Ilija.ambo@amber.rs nadica.jovanovic@amber.rs	Semi-structured interview

					Vojin Senk	pivarski.predrag@nsinfo.co.rs vojin_senk@uns.ac.rs	
50.	20 June	14:00	Novi Pazar	Textile and leather design school Technical school	Nebojsa Samcevic Sabina Hocanin	samcevic.pedagog@gmail.com saabina-81@hotmail.com	Semi-structured interview
51.	20 June	15:00	Novi Pazar	YO Novi Pazar	Dzermaludin Paucinac Samir Drazanin Azrudin Pecanin	mladi@novipazar.org.rs samir_coki@hotmail.com pecanin@gmail.com	Focus Group
52.	21 June	08:30	Uzice	NES BO Uzice	Radoljub Šunjevarić	Radoljub.sunjevaric@nsz.gov.rs	Semi-structured interview
53.	21 June	10:00	Uzice	YO Prijepolje	Admir Veljovic Boris Derckonjic Atko Rovcanin	kancmladprijepolje@gmail.com veljovich@gmail.com derikonjic.boris@gmail.com atko_rovcanin@hotmail.com	Focus Group
54.	21 June	10:45	Uzice	The Uzice Center for Human Rights and Democracy	Gordana Savic	gradjaniefokusu@gmail.com	Semi-structured interview
55.	21 June	11:00	Novi Sad	Energy Efficiency CSO PALGO	Branislav Bandic Jovan Petrovic Dusko Medic	branislav.bandic@aens.rs jovanpet@uns.ac.rs dusko.medic@gmail.com	Semi-structured interview
56.	21 June	13:00	Novi Sad	VIP	Biljana Vrzic	biljana.vrzic@vip.org.rs	Semi-structured interview
57.	21 June	13:30	Kraljevo	NES BO Kraljevo	Vladan Sekularac Aleksandra Bozovic Vladimir Rakovic	Vladan.sekularac@nsz.gov.rs Aleksandra.bozovic@nsz.gov.rs Vladimir.rakovic@nsz.gov.rs	Semi-structured interview
58.	21 June	14:30	Kraljevo	Beneficiaries of Smart Kolektiv programme	Viktorija Artinovic Filip Radojicic	Viktorija.artinovic@kg.ac.rs Damek.srbija@gmail.com	Focus Group
59.	21 June	14:30	Novi Sad	Provincial Secretariat for LG	Branislav Bugarski Vesna Piperski	branislav.bugarski@vojvodina.gov.rs vesna.piperski@vojvodina.gov.rs	Semi-structured interview
60.	21 June	11:00	Vranje	LED office Bujanovac	Fazila Adzemovic	Kler-bujanovac@hotmail.com	Semi-structured interview
61.	21 June	12:30	Vranje	LER office Vranje	Jasmina Petrovic Tijana Milovanovic	ekrazvoj@vranje.org.rs ekrazvoj@vranje.org.rs	Semi-structured interview

62.	24 June	14:00	Belgrade	MoLESP, ALMP Dept. Employment Sector	Dragica Ivanovic, Head of ALMP Dept. Employment Sector		Telephone interview
63.	24 June	15:30	Belgrade	SLDP office	Ana Martinovic Tamara Dundjerovic Tatijana Pavlovic Krizanic Danijela Jovic Daca Dusan Petrovic Maja Todorovic	amartinovic@lokalnirazvoj.rs tdundjerovic@lokalnirazvoj.rs tpkrzanic@lokalnirazvoj.rs djovic@lokalnirazvoj.rs dpetrovic@lokalnirazvoj.rs mtodorovic@lokalnirazvoj.rs	Group discussion
64.	25 June	16:00	Belgrade	Chemonics International	Mina Day (skype interview)	mday@chemonics.com	Interview
65.	26 June	11:30	Belgrade	USAID	Susan Kutor	Skutor@usaid.gov	Conference call
66.	28 June	9.30	Belgrade	EU Progress	Graeme Tyndall	<a graeme@unops.org"="" href="mailto:">"graeme@unops.org	Interview

Documents Reviewed

Document Title and Source
1. SOW for SLDP, USAID
2. Checklist for Assessing USAID Evaluation Reports Version 1.0 March 7 , USAID
3. USAID Evaluation Policy, 2011
4. SLDP Internal documentation <ul style="list-style-type: none"> - Management structure change memorandum - Revised performance monitoring plan - New organisational chart - SLDP C1 – List of partners and beneficiaries - SLDP C2 – List of partners and beneficiaries - SLDP C3 – List of partners and beneficiaries - SLDP Staff list
5. SLDP Work Plan FY 2012 – Annexes <ul style="list-style-type: none"> - Annex A: Project Technical Team Roles and Responsibilities - Annex B: Anticipated STTA Support - Annex C: Strategic Framework - Annex D: GANNT Chart (work plan activities and timelines) - Annex E: Cluster Selection Assessment - Annex F: Map of Existing Clusters - Annex G: IMC Visual - Annex H: Work Plan Activities by Cluster - Annex I: Grants Subcontracts Project Initiatives Pipeline - Final Master document
6. SLDP Work Plan FY 2013 – Annexes <ul style="list-style-type: none"> - Annex 1: Component 1 Gantt chart - Annex 2: Component 2 Gantt chart - Annex 3: Component 3 Gantt chart
7. IMC – New Criteria project Concept Summaries of areas; <ul style="list-style-type: none"> - Action plan - Kraljevo IMC - Action plan – Novi Pazar IMC - Action plan – Uzice IMC - Action plan – Nis IMC - Action plan – Vranje IMC - Action plan – Novi Sad IMC - Action plan – Subotica IMC - Action plan – Zrenjanin IMC
8. SLDP Financial report

- Original Proposal Budget summary
- Revised Budget proposal - 2013

9. SLDP List of Studies, Analyses and Guides

- National Employment Service – Labor skills gap assessment
- Final Report Youth Entrepreneurship for SLDP
- Public Participation Manual – local level, First quarter 2012 “Its important to participate”
- Report on Citizen Awareness of IMC and Satisfaction Survey
- Networking of R&D with SME Analysis, IMC Kraljevo
- Marketing plan – Dairy Sector, Pester
- Value Chain - Dairy Sector, Pester
- Gap analysis business science (May 2012-13)
- Divesitification of agricultural production – Subotica led IMC
- Demand Assessment on Establishment of Integrated University in Uzice

10. STTA – Final reports

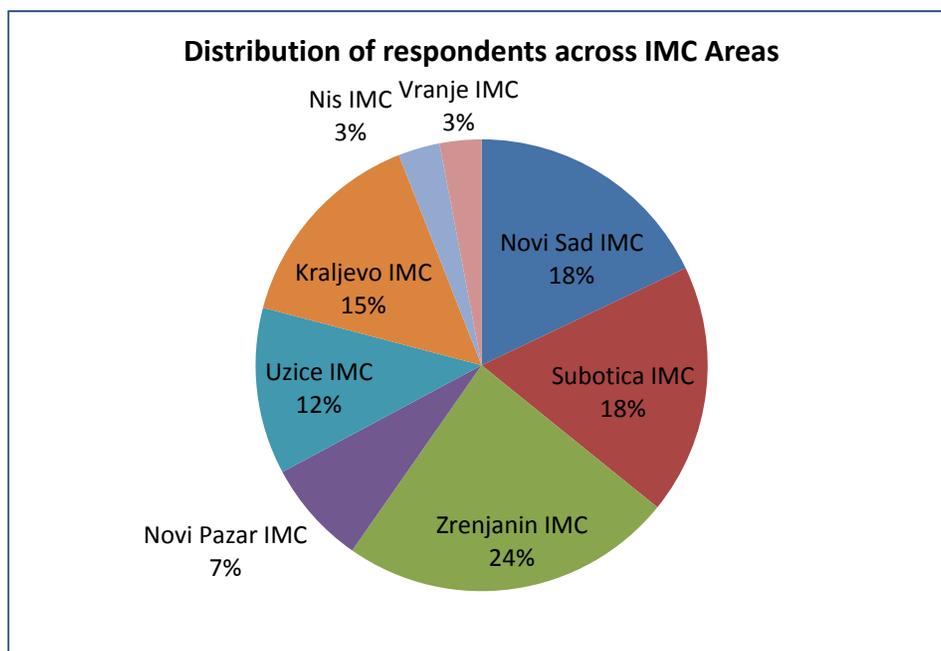
- Support IMC - Iskra Maksimovic
- Ponikve airport – Tomas Vlasak
- Investment property Nis, IMC – Dusan Kulka
- FDI coaching preparation – Dusan Kulka
- Draft – Joint Investment Promotion Coaching Program
- Business, Science, Engineering sector - Tanja Popovicki
- IMC - Pedja Cerovic
- Agrobusiness Nis, IMC – Senad Hopic
- Analysis on establishment of Agriculture logistics center, Nis IMC – Senad Hopic
- Public utility companies performance monitoring - Laza Krnjeta
- Analysis on processed foods products – Bruce Von Stein

11. Gap Analysis of Business, Science and Engineering Sectors in Serbia

- Annex 1 – Accredited faculties
- Annex 2 – Accredited institutes
- Annex 3a – Innovation organizations
- Annex 3b – Innovation companies
- Annex 4 – The list of meetings held
- Annex 6 – Methodology and list of documents

ANNEX 5: QUESTIONNAIRE I - ANALYSIS

A total of 67 questionnaires based on a Likert scale have been filled in by the focus group participants and interviewees during the course of the Evaluation Team's field visits¹⁸, including representatives of the LSG, LED and RDA Offices, NES BOs, YOs, local schools, businesses etc. These have been distributed across the 8 IMC areas as presented in the pie chart below. Given the number of interviewees and the sampling bias, e.g. self-selection (many of the invited representatives did not partake in this evaluation exercise, as discussed in the Report, this may be due also to dissatisfaction with the Project), the results presented here may not be considered statistically significant. Nevertheless, they may be viewed as indicative.



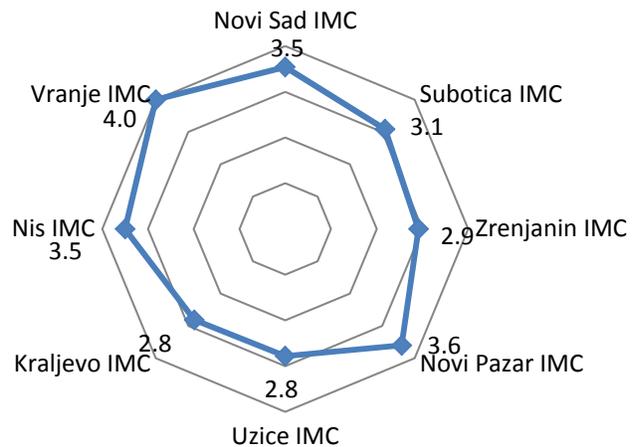
60% of respondents who completed questionnaires, were from Vojvodina. A total of 6 interviewees had declined to fill in the questionnaire after having examined it, claiming they were not sufficiently involved in the Project to provide relevant judgments and an additional 6 respondents returned blank questionnaires or responded 'I do not know' to all of the questions. This means that out of a total of 73 representatives of SLDP's partner institutions interviewed 12 (over 16%) did not feel sufficiently informed to even attempt to evaluate the Projects effects and likely impact in any of the areas of intervention. A five-grade scale was offered in response to each question (1 indicating no change has occurred as a result of the project and 5 indicating the changes are very significant).

The results are presented by IMC area. Analysis has also been performed on the regional level and with a distinction between the IMCs that have been prescribed by the Project and those that have responded to the Call for Applications, having recognized themselves the value in creating such inter-municipal clusters.

¹⁸ Youth employment program's beneficiaries have responded to a different questionnaire, the results of which may be seen in Annex 6: Questionnaire 2 - Analysis.

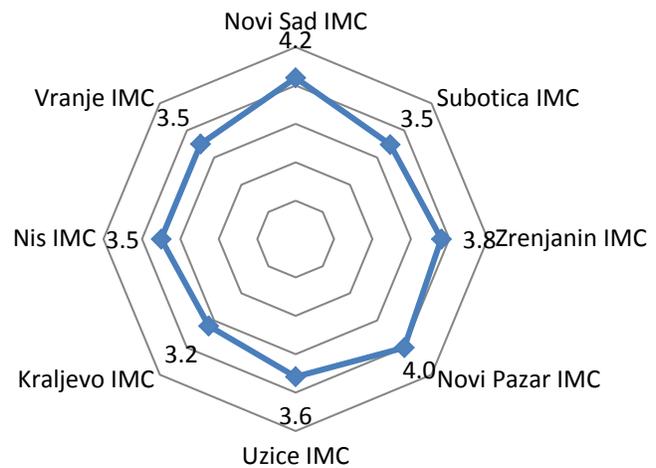
1. How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?

Average score: 3.1
'I do not know' responses: 20 (30%)



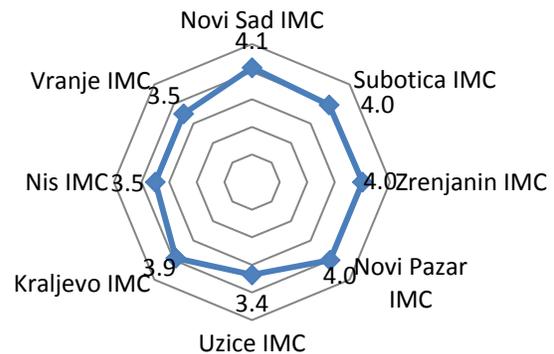
2. To what extent are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?

Average score: 3.7
'I do not know' responses: 8 (12%)



3. To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?

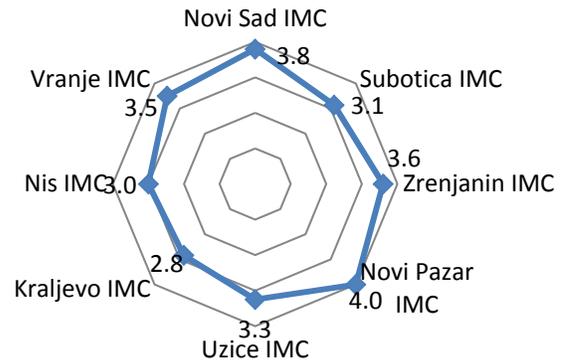
Average score: 3.9
'I do not know' responses: 8 (12%)



4. To what extent have project activities increased youth participation?

Average score: 3.4

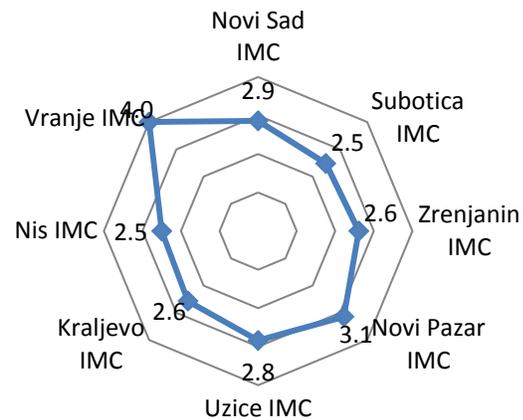
'I do not know' responses: 16 (24%)



5. To what extent have project activities increased youth employment through trainings and internships?

Average score: 2.7

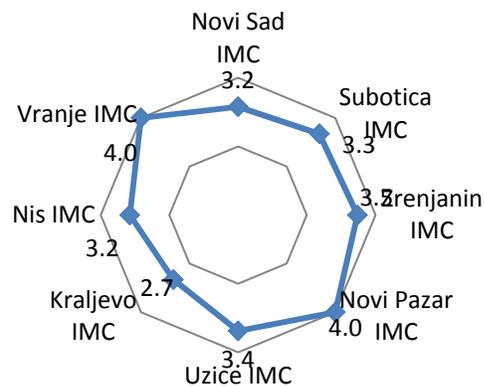
'I do not know' responses: 25 (37%);



6. To what extent has SLDP addressed the issue of gender inequality ?

Average score: 3.3

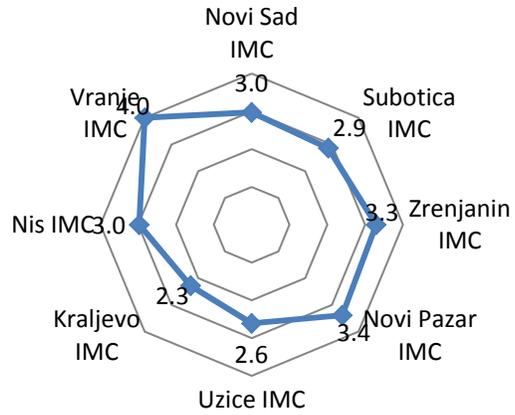
'I do not know' responses: 18 (27%)



7. To what extent has SLDP contributed to anti-corruption measures?

Average score: 2.9

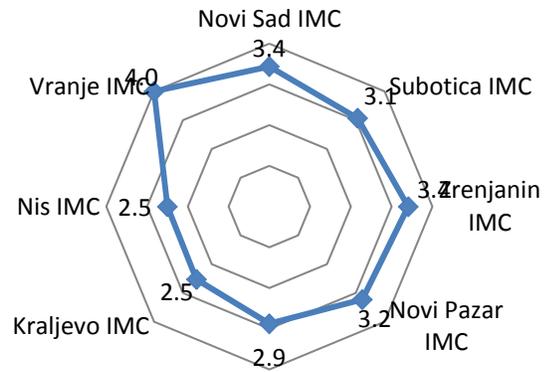
'I do not know' responses: 30 (45%)



8. To what extent has SLDP contributed to reduction of regional imbalances?

Average score: 3.1

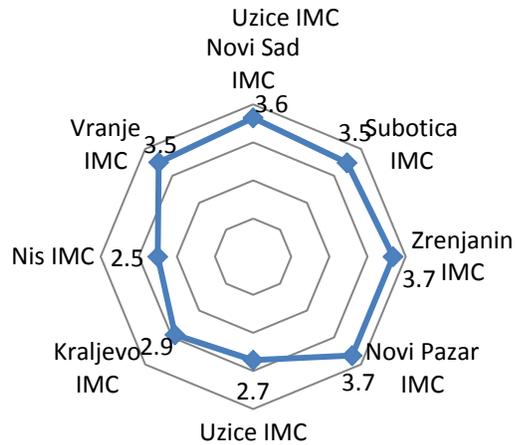
'I do not know' responses: 15 (22%)



9. To what extent has SLDP facilitated development of public-private partnerships (PPP)?

Average score: 3.4

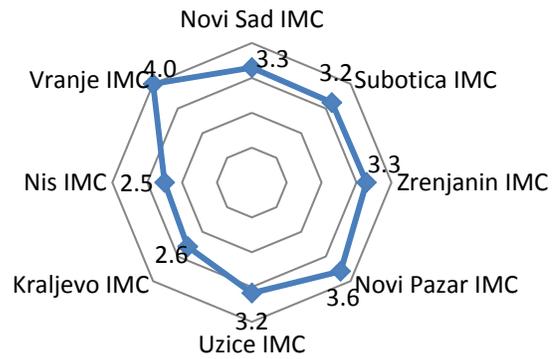
'I do not know' responses: 12 (30%)



10. To what extent has SLDP facilitated development of cross-border co-operation?

Average score: 3.2

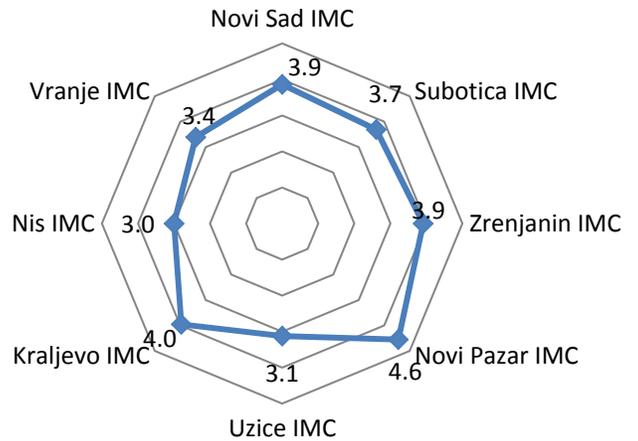
'I do not know' responses: 13 (19%)



11. To what extent has SLDP complemented activities supported by other donors? (Donor complementarity and coordination)?

Average score: 3.8

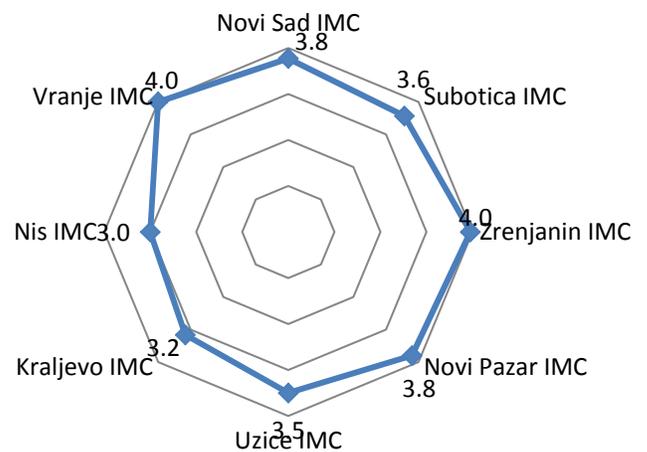
'I do not know' responses: 17 (25%)



12. To what extent has SLDP succeeded in introducing innovative models of sustainable development? (Innovation)

Average score: 3.6

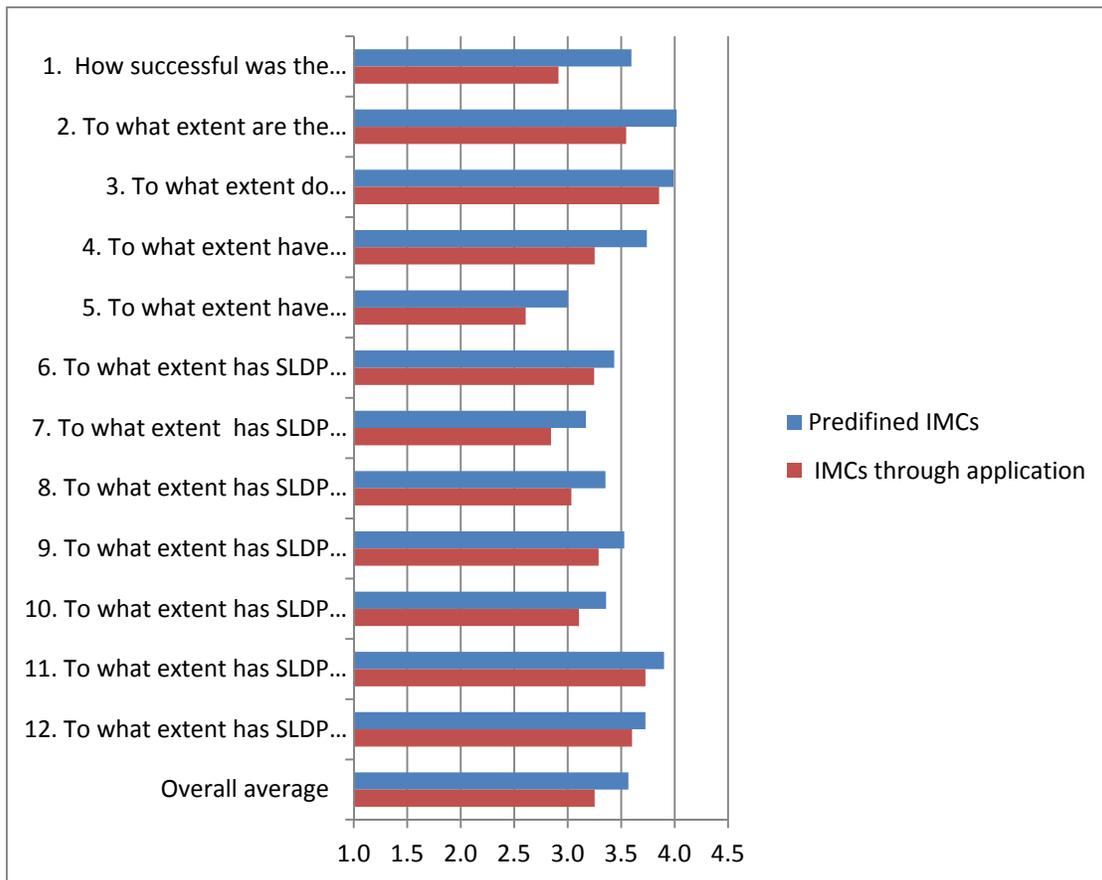
'I do not know' responses: 11 (16%)



Responses to individual questions compared across regions



Responses to individual questions compared across IMC area establishment



ANNEX 6: QUESTIONNAIRE 2 - ANALYSIS

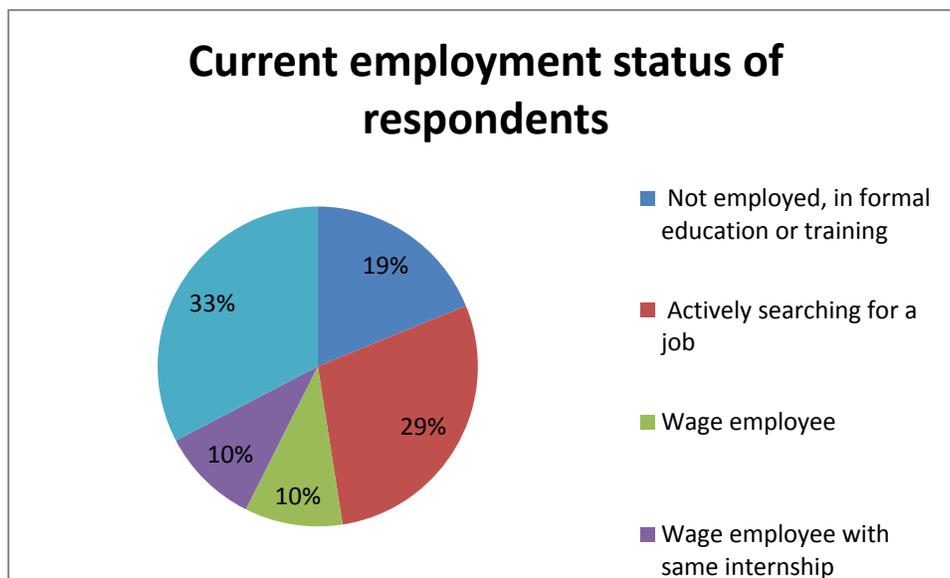
A total of 21 youth benefiting from Smart Kolektiv's and Group 484 employment programs have responded to this questionnaire. 13 of these have responded to the questionnaire after participation in the organized focus groups or after interviews, while 8 questionnaires have been received thanks to the courtesy of Group 484, who had gathered these beneficiaries for another purpose and was kind enough to facilitate the administration of the questionnaire.

Table 3. Type of support received by respondents or received by respondents

Type of support received by respondents	
Job search training	33%
Internship placement	52%
Business planning and management training	38%
Financial start-up support	33%
Business mentorship	52%

As evident from the table above, various types of support were provided. Roughly they can be divided in support in securing employment and entrepreneurship support. Individuals could and usually did benefit from more than just one type of support. In fact, among the Group 484 recipients it is interesting to note that the majority of respondents benefitted from both internships and support in business-start up. Please see the detailed conclusions and findings on Question 4 in Annex II on the importance of targeting measures and profiling beneficiaries in order to maximize impact.

Figure 3 . Current Employment Status of Respondents



The respondents currently have varying employment statuses, but what is most important, even those not in an employment relation are active job seekers (the inactivity of youth is a significant problem).

Table 4. Respondents average score per question

Respondents average score per question	
1. How well suited is the type of employment assistance provided to the needs of the general youth population in your local community?	3.5
2. How useful was the provided employment assistance to you personally in terms of gained experience and knowledge?	3.5
3. To what extent has it, or do you think it will directly contribute to increasing your chances of finding employment/starting up your own business?	3.5
4. To what extent are the skills you have acquired transferable in the general business environment ?	3.8
5. How would you rank the services provided as compared to other employment services you may have received, such as from the National Employment Service?	3.8
6. To what extent do you feel the selection process of youth to be involved in the measures was transparent and fair?	4.0
7. To what extent do you feel there was a gender balance in the selection process of youth to be involved in the measures?	3.6
8. To what extent do you feel the support provided is full-rounded and complete?	4.0

The average scores, ranked from one to five (one is least favorable, that is 'not at all', and five is the most favorable, that is 'very significantly') can be viewed in the table above for each of the questions. Overall, the evaluation of the services provided is quite positive.

**ANNEX 7: QUESTION I - PERFORMANCE AGAINST PMP INDICATORS –
DETAILED ANALYSIS**

This analysis is based on the indicators established in the Performance Monitoring Plan submitted in February 2011 and revised in April 2011 and in the Semi-Annual Progress Reports (*1st Semi-annual Progress Report for the period April 1, 2012- September 30, 2011*; *2nd Semi-annual Progress Report for the period October 1, 2012- March 31, 2012 including Annex A: Accruals as of March 31, 2012*; *3rd Semi-annual Progress Report for the period April 1- September 30, 2012 including Annex A: Accruals as of September 30, 2012* and *4th Semi-annual Progress Report for the period October 1, 2012- March 31, 2013 including Annex A: Accruals as of March 31, 2013*). It assesses the structure of SLDP by looking at five specific areas in which the project was operating.

Table 5. SLDP Performance” provides a summary of SLDP performance against all existing PMP indicators. The indicators highlighted in yellow, have also been included in the proposed revised PMP.

Table 5. SLDP Performance

PMP indicators	Total	Expected by June 2013	Actual	% of total
Indicator 1 Number of business-sector jobs created in participating municipalities New PMP Indicator 1	2750	1000	Not available ¹⁹	Not available
Indicator 2 Dollar value of increase in inflowing (domestic and foreign) investment New PMP Indicator 3	275 mil	100 mil	Not available ²⁰	Not available
Indicator 4 (USAID Indicator 1.3.1) Number of business-friendly municipalities New PMP Indicator 5	20	14	18	90%
Indicator 5: Number of major infrastructure inter-municipal projects fully prepared and listed in SLAP.	5	3	3	60%
Indicator 6 Number of public services established or improved in municipal clusters in support of business development	20	10	12	60%
Indicator 7 (USAID Indicator 1.3.1.2): Number of PPPs created in delivery of public services New PMP Indicator 7	10	3	1	10%
Indicator 10: Number of local mechanisms supported with USG assistance for citizens to engage their sub-national government	24	8	22	91.67%
Indicator 11: Number of municipalities receiving USG assistance with regulatory	30	30	17	56.67%

¹⁹ (in March 2012 reported 2396)

²⁰ (in March 2012 reported \$135,787,215)

and/or administrative simplification				
Indicator 12: Number of municipalities participating in inter-municipal development partnerships	37	37	37	100%
Indicator 13: Number of municipal clusters formed	12	12	8	66.67%
Indicator 15: Number of cluster champions identified	12	12	8	66.67%
Indicator 16: Number of municipalities that continue LED activities in Year 4 and 5, as project steps back	30	0	0	n/a
Indicator 17: Number of inter-municipal projects leveraging the use of GoS, EU or other donor funding New PMP Indicator 9	20	10	18	90%
Indicator 18: Number of functions established within clusters and consortia that contribute to sustainable development"	24	24	44	183.33%
Indicator 20: Number of partner municipalities implementing mechanisms to improve management practices, including a performance-based monitoring system New PMP Indicator 6	21	15	16	76.19%
Indicator 24: Number of municipalities where users report improvements in local government services "	30	9	Baseline established	
Indicator 25: Number of advocacy initiatives in support of improved legal/regulatory framework undertaken by SCTM, NALED, local governments or other partner stakeholders"	9	6	9	100%
Indicator 26: Number of development initiatives (policies, procedures, projects) based on input from citizens "	36	20	6	16.67%
Indicator 28: Number of initiatives undertaken by officials to dialogue with the public New PMP Indicator 12	58	30	33	56.90%
Indicator 29: Number of locally elected and appointed officials, CSO members, media and the business community trained New PMP Indicator 10	1000	850	1181	118.10%
Indicator 31: Number of NGOs supported in their ""watchdog"" activities	40	20	10	25%
Indicator 33: Number of municipalities where at least one project is implemented, taking into	24	14	23	95.83%

account or supports participation of under-represented groups (primarily women, youth and ethnic minorities)				
Indicator 34: Number of youth enrolled in project-supported educational programs New PMP Indicator 8 (merged with Indicator 35)	800	300	606	75.75%
Indicator 35: Number of youth undertaking internships with business and local government. New PMP Indicator 8 (merged with Indicator 34)	240	90	123	51.25%
Indicator 36 Number of youth that get a job or start own business within 6 months of completion of the educational programs	500	170	22	4.40%
Indicator 37 Number of improvements in achieving BFC standards as a result of the Program intervention	37	20	7	18.92
Indicator 38 Number of development projects based on input from businesses	34	18	8	23.53%
Indicator 39 NALED's Business Friendly Certification recognized by national and international institutions	1	1	1	100%
Indicator 40 Corporate social responsibility initiatives supported New PMP Indicator 11	4	2	0	0%
Indicator 41 Number of improvements made by local governments, based on "Out of the Maze" campaign recommendations	12	6	2	16.67%

The first eleven indicators are marked as Program Indicators, specifying that they are related to USAID's Intermediate Results (IR) and program elements. SLDP suspended 10 indicators from the adopted PMP²¹; explanation for each of the suspended indicators was provided in the progress reports

a) PROGRAM INDICATORS (Including indicators related to USAID's Intermediate Results (IRs) and Program Elements)

²¹ **Indicator 8:** Number of municipalities with improved services and financial management of local governments; **Indicator 9** Number of sub-national government receiving USG assistance to increase their annual own-source revenues; **Indicator 14** Number of consortia established; **Indicator 19** Number of municipalities which applied revenue-enhancement diagnostic tool, and, based on diagnostic reports, developed Fiscal Performance Enhancement Action Plans; **Indicator 21** Voluntary Distance Learning Credentialing Program developed; **Indicator 22** Number of prospective local government managers in the credentialing program; **Indicator 23** Number of graduated local government managers; **Indicator 27** Percent of citizens reporting increase in local government transparency, **Indicator 30** Number of LGs with mechanisms for public participation in the budget drafting process and **Indicator 32** Number of LGs that either implement or otherwise address NGO watchdog recommendations (GGM)

SLDP did not provide evidence and information regarding progress in meeting targets related to business-sector job creation (during its implementation, SLDP is planning to create approximately 2,750 new jobs; while the target for 2013 is to create 1,000 new jobs) and increase in inflowing investments (during its implementation, SLDP is planning to attract approximately \$275M of domestic and foreign investments; while the target for 2013 is to ensure \$100M of investments).

The Annual AO and IR Report #2 (September 2012) , provided the following explanation of the problem with attribution issues on Indicator 1 and 2 :

" (PMP Indicator#1 and PMP Indicator#2) A total of \$164 million of investments from private and public sectors are reported by participating municipalities since their signing MOUs with the Project. As a result of these investments, 3,357 jobs were created.

Note: The Project provides limited technical assistance to local governments to remove administrative obstacles and meet business friendly standards. The Project is also working with partners to strategically focus on regional development opportunities, such as tourism and agriculture. However, the Project is not designed to provide significant technical and financial assistance in investment attraction. Therefore, we can say that the Project's attribution to realized investments in partner municipalities is low and difficult to measure. "

However, the latest progress report (April 2013) highlights that changes in SLDP's strategic orientation "will affect the definition and targets for these two indicators and it is envisaged that modified indicators will "reflect New Criteria Projects' results, which will be attributable to the Project."²²

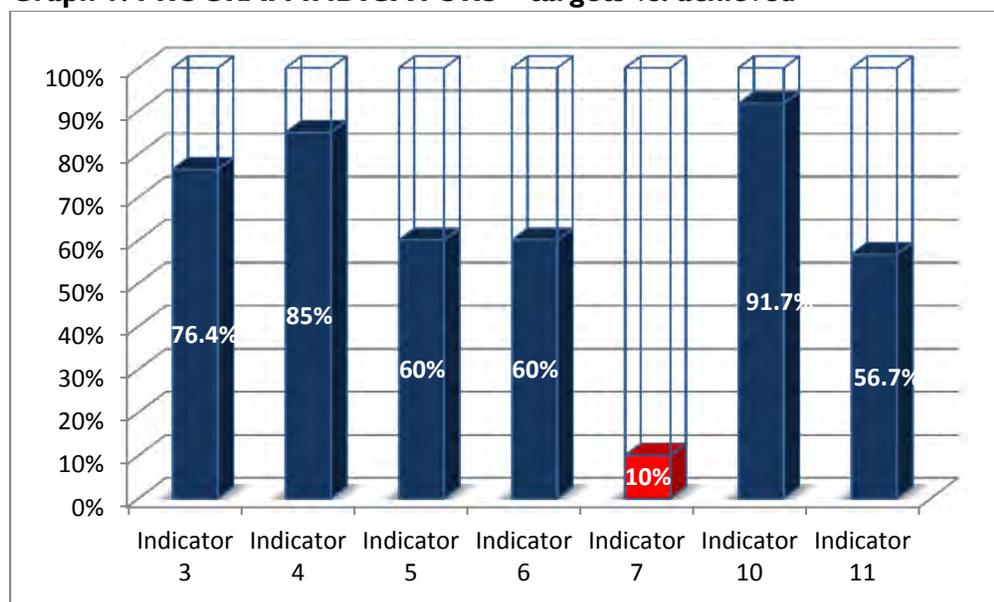
SLDP was successful in meeting almost all targets under the Program Indicators. Especially successful were: strengthening of capacity competencies of institutions and organizations (140 planned and 120 already included); supporting certification of business friendly municipalities (planned 20 and certified 17 with support of SLDP); and establishment of mechanisms for citizens' participation (planned 24 and achieved 22).

SLDP was targeted to support the preparation of five major inter-municipal infrastructure projects and progress is on track with one project completed, two on-going, and one more identified and support agreed upon.

SLDP underperformed in meeting the target of involving 10 PPPs in the delivery of public services. Only one PPP between the Municipality of Beocin and the LaFarge company was established in 2013. However, work on this component will proceed since SLDP provided a grant to National Alliance for Local Economic Development (NALED) to facilitate the establishment of new PPPs in 2013

²² 4th Semi-annual Progress Report for the period October 1, 2012- March 31, 2013 including Annex A: Accruals as of March 31, 2013

Graph I: PROGRAM INDICATORS – targets vs. achieved



List of Program Indicators and Targets

Indicator 1. Number of business-sector jobs created in participating municipalities

Target: Total of 2,750 business sector jobs created in target cities

Indicator 2. Dollar value of increase in inflowing (domestic and foreign) investment

Target: Total of \$275M value of investment associated with projects undertaken with SLDP support

Indicator 3. Number of institutions and organizations undertaking capacity and competency strengthening as a result of USG assistance

Target: Total of 140 institutions planned

Indicator 4. Number of business-friendly municipalities

Target: Total of 20 business friendly municipalities certified (cumulative)

Indicator 5. Number of major infrastructure inter-municipal projects fully prepared and listed in SLAP Information System²³

Target: Total of 5 major infrastructure projects

Indicator 6. Number of public services in municipal clusters supporting business development

Target: Total of 20 public services supported

Indicator 7. Number of PPPs delivering public services

Target: Total of 10 PPPs delivering public services

Indicator 10. Number of local mechanisms supported with USG assistance for citizens to engage their sub-national government

Target: Total of 24 local mechanisms supported for citizens engagement

Indicator 11. Number of municipalities receiving USG assistance with regulatory and/or administrative simplification

Target: Total of 30 municipalities supported by USG

²³ www.slap.skgo.org

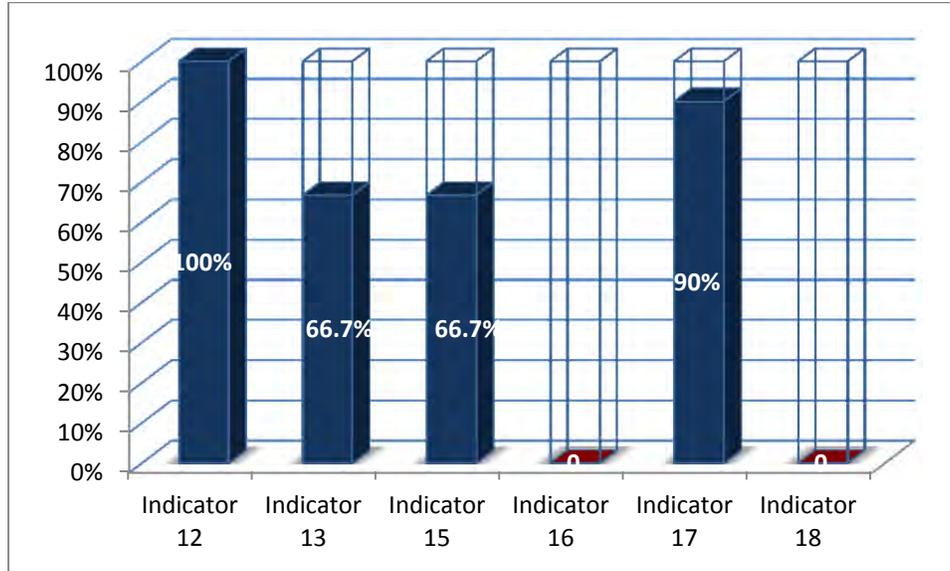
INDICATORS SPECIFIC TO COMPONENT I: INTER-MUNICIPAL COOPERATION

SLDP successfully met all indicator targets under Component I: Inter-Municipal Cooperation.

A total of 37 planned municipalities are included in the IMC partnership and are organized around eight inter-municipal clusters with eight cluster champions (the PMP set the target of 12 IMC clusters and 12 cluster champions).

The project was successful in leveraging the use of GoS and EU or other donor funding as its five-year target of supporting 20 projects was nearly achieved in 2013, during the third year of the project, by supporting 18 projects.

Graph 2: INTER-MUNICIPAL COOPERATION INDICATORS – targets vs. achieved



Initially, SLDP was supporting establishment of IMC working groups and other bodies, which were undertaking certain functions to support economic development (e.g. working groups for tourism, etc.) However, this support has been discontinued.

List of Indicators and Targets Specific to Component I: Inter-Municipal Cooperation

Indicator 12. Number of municipalities participating in inter-municipal development partnerships

Target: Total of 37 municipalities

Indicator 13. Number of municipal clusters formed

Target: Total of 12 municipal clusters formed

Indicator 15. Number of cluster champions identified

Target: Total of 12 cluster champions identified (a local government, civil society organization, youth organization, and regional development agency)

Indicator 16. Number of municipalities that continue LED activities in Year 4 and 5, as project steps back

Target: Total of 30 municipalities continue LED activities in Y4 and Y5

Indicator 17. Number of inter-municipal projects leveraging the use of GoS, EU or other donor funding

Target: Total of 20 projects leveraged the use of GoS, EU and other donor funding

Indicator 18. Number of functions established within clusters and consortia that contribute to sustainable development

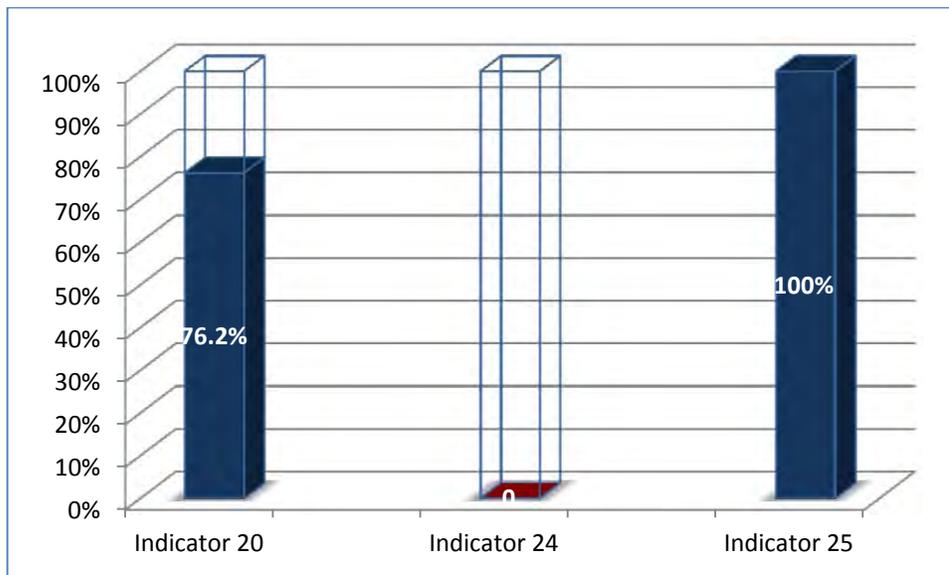
Target: Total of 24 functions established

INDICATORS SPECIFIC TO COMPONENT 2: LOCAL GOVERNMENT ADMINISTRATION

SLDP was successful in facilitating and supporting regulatory reforms (undertaken by Standing Conference of Towns and Municipalities (SCTM), NALED, local governments and other stakeholders) in aspects related to the project’s scope. Specifically, SLDP has already achieved all nine planned cases of regulatory reform. Management practices, including a performance based monitoring system, were introduced in 16 out of 21 planned activities.

To measure the satisfaction of citizens/users of municipal services, SLDP established a baseline (the Baseline Citizen Awareness and Satisfaction Survey) which was conducted during March -June 2012. According to the so-called “new project SOW”²⁴ and proposed PMP revision, SLDP will not conduct another survey in the final project year in 2015.

Graph 3: INDICATORS SPECIFIC LOCAL GOVERNMENT ADMINISTRATION: planned and achieved



List of Indicators and Targets Specific to Component 2: Local Government Administration

Indicator 20. Number of partner municipalities implementing mechanisms to improve management practices, including a performance-based monitoring system

Target: Total of 21 municipalities work on improvement of management practices

Indicator 24. Number of municipalities where users report improvements in local government services

Target: 30 municipalities with positive answers

Indicator 25. Number of advocacy initiatives in support of improved legal/regulatory framework undertaken by SCTM, NALED, local governments or other partner stakeholders

Target: Nine initiatives for improvement of legal and regulatory frameworks

INDICATORS SPECIFIC TO COMPONENT 3: PUBLIC PARTICIPATION

Indicators under Component 3: Public Participation showed that SLDP was highly successful in delivering trainings for locally elected and appointed officials, CSO members, media and members of the business

²⁴ selected according to the New Project Criteria, adopted by SLDP and approved by USAID

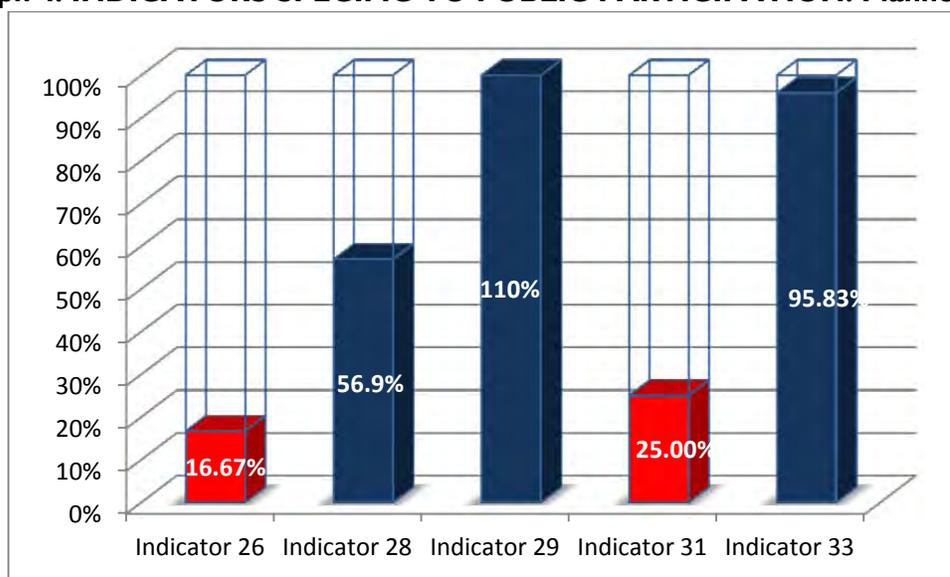
community. Of a planned 1,000 trainings during the course of the entire project, SLDP provided 1,181 to selected representatives as of April 2013. Although very impressive, this indicator does not capture the implementation of knowledge gained through trainings.

SLDP supported 23, out of a planned 24, municipalities to implement projects addressing the needs and supporting the participation of under-represented groups (primarily women, youth and ethnic minorities).

SLDP is lagging in achieving the targets associated with Indicator 26: Number of Development Initiatives (policies, procedures, projects) Based on Input from Citizens because currently only six initiatives out of the 36 total planned are implemented.

Support to NGO watchdog activities is behind schedule; however, this is justified by the fact that SLDP changed its original approach by moving from the NGO's away from a watchdog role and towards a partner in the IMC processes

Graph 4: INDICATORS SPECIFIC TO PUBLIC PARTICIPATION: Planned and Achieved



List of Indicators and Targets Specific to Component 3: Public Participation

Indicator 26. Number of development initiatives (policies, procedures, projects) based on input from citizens

Target: Total of 36 initiatives implemented

Indicator 28. Number of initiatives undertaken by officials regarding dialogue with the public

Target: Total of 58 initiatives

Indicator 29. Number representatives trained from locally elected and appointed officials, CSO members, media and members of the business community

Target: Total of 1,000 representatives of stakeholders trained

Indicator 31. Number of NGOs supported in "watchdog" activities

Target: Total of 40 NGOs supported

Indicator 33. Number of municipalities where at least one project is implemented, taking into account participation of under-represented groups (primarily women, youth and ethnic minorities)

Target: Total of 24 municipalities that are implementing projects

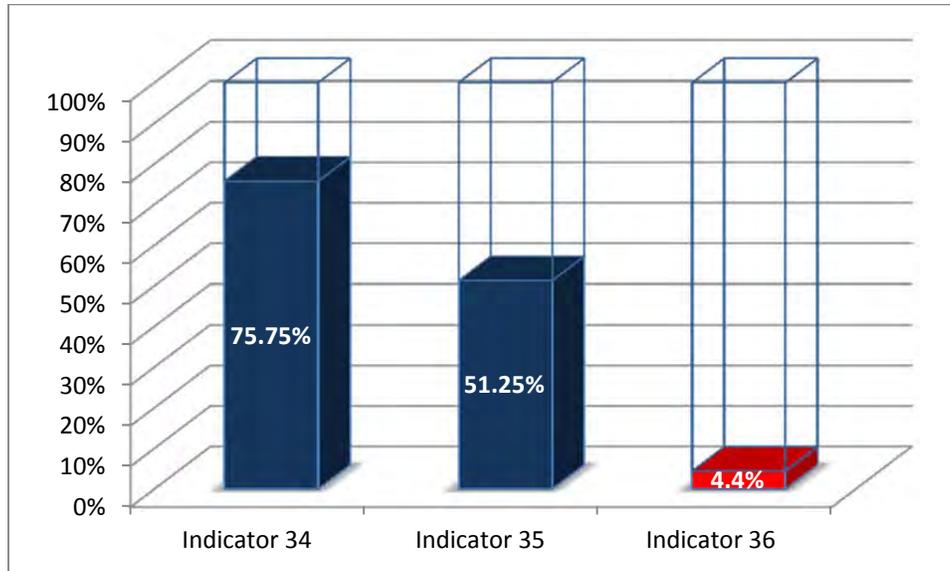
INDICATORS SPECIFIC TO COMPONENT 4: YOUTH DEVELOPMENT

The SLDP was successful in enrolling youth in project-supported education programs, providing trainings to 606 out of a planned 800 for the SLDP lifetime.

In terms of support to youth internships with business and local governments, the project is on track with 123 interns, out of 240 total planned.

The SLDP project is targeting to have 500 youth that get a job or start a business within six months of completing the educational programs; however, SLDP is behind this target with only 22 youth that getting a job or starting a business after completion of educational program.

Graph 5: INDICATORS SPECIFIC TO YOUTH DEVELOPMENT: Planned and Achieved



List of Indicators and Targets Specific to Component 4: Youth Development

Indicator 34. Number of youth enrolled in project-supported educational programs

Target: Total of 800 youths enrolled in project supported educational programs

Indicator 35. Number of youth undertaking internships with businesses and local governments. (Joint effort of Components 4 and 5)

Target: Total of 240 youth undertaking internships

Indicator 36. Number of youth that get a job or start a business within six months of completing the educational programs. (Joint effort of Components 4 and 5)

Target: Total of 500 youth get jobs or start own business

INDICATORS SPECIFIC TO COMPONENT 5: BUSINESS ENABLING ENVIRONMENT

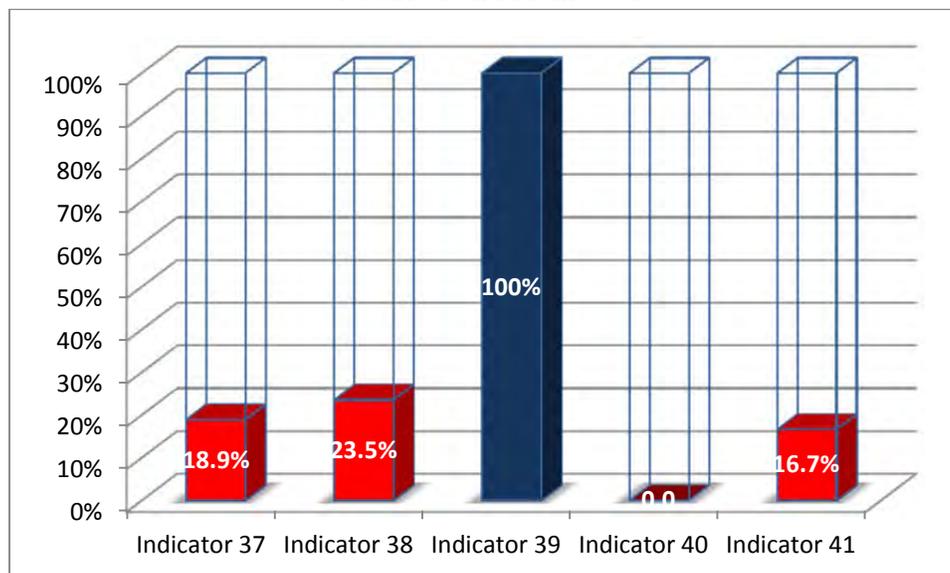
Achievement of targets within this component is behind the planned schedule.

SLDP supported seven out of the planned 37 improvements in achieving business friendly certification standards. The number of improvements made by local governments, based on the “Out of the Maze” campaign recommendations is currently 2 but was planned for 12.

There is no progress in achieving targets for corporate social responsibility (CSR) (Indicator 40) because although SLDP uses CSR as an indicator, it has not reported any activities related to the topic.

SLDP has identified eight new criteria projects out of the 34 planned based on input from businesses.

**Graph 6: INDICATORS SPECIFIC TO BUSINESS ENABLING ENVIRONMENT:
Planned and Achieved**



List of Indicators and Targets Specific to Component 5: Business Enabling Environment

Indicator 37. Number of improvements in achieving Business Friendly Certification (BFC) standards as a result of the program intervention

Target: Total of 37 improvements

Indicator 38. Number of development projects based on input from businesses

Target: Total of 34 projects based on input from businesses

Indicator 39. NALED's Business Friendly Certification recognized by national and international institutions

Target: One institution recognized NALED's Business Friendly Certification

Indicator 40. Corporate social responsibility initiatives supported

Target: Total of 4 corporate social responsibility initiatives supported

Indicator 41. Number of improvements made by local governments, based on “Out of the Maze” campaign recommendations.

Target: Total of 12 improvements made and adopted based on "Out of the Maze" recommendations

SLDP Performance on generation of investment and jobs

Table 6. Indicators on employment and investment

PMP indicators	Total	Expected by June 2013	Actual	% of total
Indicators related to employment and jobs creation				
Indicator 1 Number of business-sector jobs created in participating municipalities	2750	1000	Not available ²⁵	Not available
Indicator 35: Number of youth undertaking internships with business and local government.	240	90	123	51.25%
Indicator 36 Number of youth that get a job or start own business within 6 months of completion of the educational programs	500	170	22	4.40%
Indicators related to investments				
Indicator 2 Dollar value of increase in inflowing (domestic and foreign) investment	275 mil	100 mil	Not available ²⁶	Not available
Indicator 4 (USAID Indicator 1.3.1) : Number of business-friendly municipalities	20	14	18	90%
Indicator 5 (USAID indicator 1.3.1.1): Number of public services established or improved in municipal clusters in support of business development	20	10	12	60%
Indicator 7 (USAID Indicator 1.3.1.2): Number of PPPs created in delivery of public services	10	3	1	10%
Indicator 16: Number of municipalities that continue LED activities in Year 4 and 5, as project steps back	30	0	0	n/a
Indicator 17: Number of inter-municipal projects leveraging the use of GoS, EU or other donor funding	20	10	18	90%
Indicator 37 Number of improvements in achieving BFC standards as a result of the Program intervention	37	20	7	18.92%
Indicator 38 Number of development projects based on input from businesses	34	18	8	23.53%

²⁵ (in March 2012 reported 2396)

²⁶ (in March 2012 reported \$135,787,215)

PMP indicators	Total	Expected by June 2013	Actual	% of total
Indicator 39 NALED's Business Friendly Certification recognized by national and international institutions	1	1	1	100%
Indicator 41 Number of improvements made by local governments, based on "Out of the Maze" campaign recommendations.	12	6	2	16.67%

ANNEX 8: QUESTION I - ANALYSIS OF SLDP GRANTS AND SUBCONTRACTS

Recipients

The main beneficiaries of SLDP grants were NALED with 98,075 USD, SMART Colective 95,000 USD, Group 484 with 97,826 USD and SCTM with 95,804 USD.

In terms of sub-contracting, a few Belgrade-based organizations benefited the most: NALED with 111,050 USD, SMART Colective 67,549 USD and Adeco 28,302 USD.

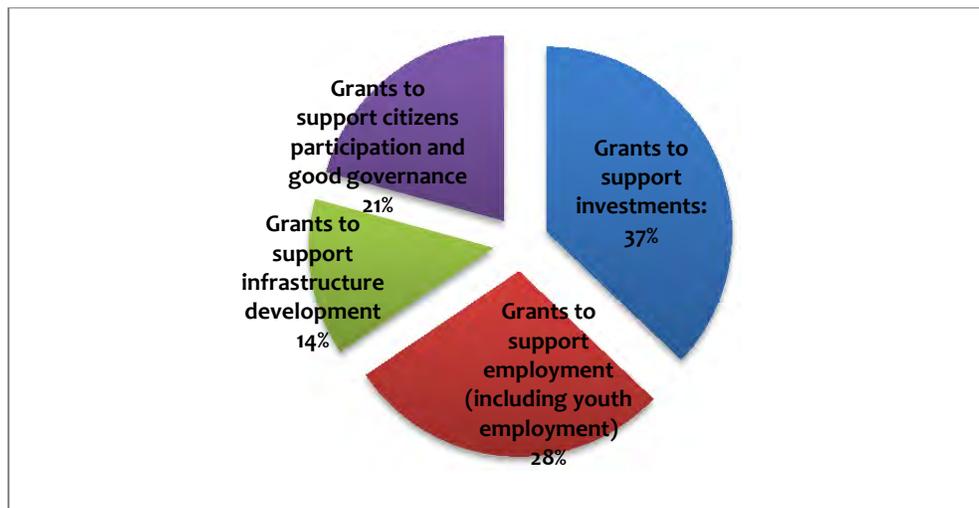
Detailed analysis of SLDP Grants

The evaluation team has analyzed the grants that have been allocated since the beginning of the project. For the purposes of this analysis, all grants were grouped according to their objectives and potential impact in four categories:

- Grants to support **investment**: 374,860 USD
- Grants to support **employment** (including youth employment): 287,743 USD
- Grants to support **infrastructure** development: 138,567 USD
- Grants to support **citizens' participation and good governance**: 209,841 USD

Most of the funds for grants were utilized to support (directly or less directly) investment (37%) and employment (28%).

In terms of the number of projects, most of the projects were in the area of support to good governance and citizens' participation (total of nine projects), while in other three areas there were fewer projects (four or five in each area).



i) Grants in support of investment

National include all 8 IMCA's	RARIS: REGIONAL DEVELOPMENT AGENCY EASTERN SERBIA	No.01IMCRAL01 -Standardization of non-financial business support in 8 IMCs	39,222
Kraljevo-led IMCA	Association Initiative for Local Development IMPULS	No.01IMCDKV01-Procurement of equipment for promotion of advanced design methodologies	38,157
National include all 8 IMCA's	BIG Business Info Group doo	02IMCDSER03 - "Nova Ekonomija" (The New Economy)	103,602
8 IMCs	NALED National Alliance for Local Economic Development	No. 01IMCDSER01 -Establishing Public-Private Partnerships as a Key Pillar to the Sustainable Development	98,075
National include all 8 IMCA's	SCTM Standing Conference of Towns and Municipalities	02IMCDSER02 - LEDER - Local Economic Development - Educational Response	95,804
Total			374,860

ii) Grants in support of employment (including youth employment)

3 IMCs Zrenjanin, Vranje and Novi Pazar.	BOS- Belgrade Open School	No.01CSOSN06- Development of Career Guidance and Counseling Services through the Mechanisms for Inter Municipal Cooperation	38,714
National include all 8 IMCA's	Smart Kolektiv	No.01CSOSN05- Youth Internship and Entrepreneurship	95,000
National include all 8 IMCA's	NAPOR- NATIONAL ASSOCIATION OF YOUTH WORKERS	No.01CSOSN01-Quality Youth service –step toward sustainable local development	56,203
3 IMCAs Nis Novi Pazar Uzice	Group 484	No.01CSOSN03- Developing Competitive Young Workforce through Cooperation with Professional Diaspora	97,826
Total			287,743

iii) Grants to support infrastructure development

Vranje-led IMCA	HIDROBIRO	No.01IMCDVR03-Creation of technical documentation for installment of effluent meters in city of Vranje and municipalities Presevo, Bujanovac and Vlacin Han	15,459
Novi Sad-led IMCA	AMBER SOFTWARE	No.01IMCDNS01 -Preparation of Feasibility Study for Regional Fibre Optic Network	49,394
Vranje-led IMCA	Center for the Development of Jablanica nad Pcinja	No.01IMCDVR02 -Development of the Regional Waste Management Plan for Pcinja region	39,459
Novi Pazar-led IMCA	SEDA- The Sandzak Regional Development Agency	No.01IMCDNP01-Study on Regional Biomass Utilization	34,256
Total			138,567

iv) Grants in support of citizens' participation and good governance

National include all 8 IMCA's	KOMS -SERBIAN YOUTH UMBRELLA ORGANIZATION	No.01CSOSN02 -UMBRELLA - Youth participation at local level	13,334
IMC Vranje	Initiative for integrations - Inicijativa za integracije	No.01CSOS-001VR- Guide for more transparent Local Self governments	20,618
IMC Novi Sad	PALGO Center and School of Journalism_Novi Sad	Introducing new cross-sector communication mechanism for greater accountability of local governments	21,166
IMC Uzice	Association Uzice Center for Human Rights and Democracy (UCHRD)	No.01CSOS-001UE-Citizen in Focus	20,561
IMC Zrenjanin	Bid Zrenjanin	No.01CSOS-001ZR-To be or not to be responsible, that is the question	19,070
IMC Novi Pazar	Sandzak Committee for Protection of Human Rights and Freedoms	No.01CSOS-001NP-The Role and Importance of Civil Society for Development of Democracy at the Local Level	21,076
IMC Kraljevo	European Movement in Serbia - Kraljevo	No.01CSOS-001ZR- ICM Resource Center for Development of Participatory Democracy	20,701
IMC Nis	PROACTIVE & Educational Center	No.01CSOS-001NI- The Power of Citizens	20,724
National include all 8 IMCA's	BCIF: Balkan Community Initiatives Fund	No.01CSOSN04- Coordination and Support to Focal point CSOs for increased public participation in policy decision making processes at local and inter-municipal levels	52,592
Total			209,841

v) Analysis of the youth grants

As a result of the work performed by the National Association of Youth Workers, a total of 22 YO Coordinators have been certified. Such professionalization of the YO Coordinator position should lead to better support to the youth needing it. Nine of these 22 YO coordinators have been replaced after the elections. The YO representatives interviewed mainly stressed their role in providing career guidance to youth. None of them mentioned their participation in the decision making processes nor in liaising with youth organizations. At the same time, the youth organization networking performed by Serbian Youth Umbrella Organization has been facing many challenges and cannot be considered successful. No concrete evidence of youth organizations impacting decision making can be drawn.

Both interventions designed and implemented by Smart Kolektiv and Group 484 are characterized by intensive individualized work with the clients, which is the single *most important success factor* in implementing ALMPs, as it assures the measure is tailored to the particular individual's needs. It will only be possible to measure the impact of these interventions and the actual employment outcomes in the coming year. Nevertheless, the 37% retention rate (27 out of 73 interns in the first two cycles which have been completed) of the interns of Smart Kolektiv's program and the 42% (10 out of 24 that have been monitored) retention rate of Group 484's interns are **impressive results**, considering there was no contractual obligation of the enterprise to employ these interns past their internship.

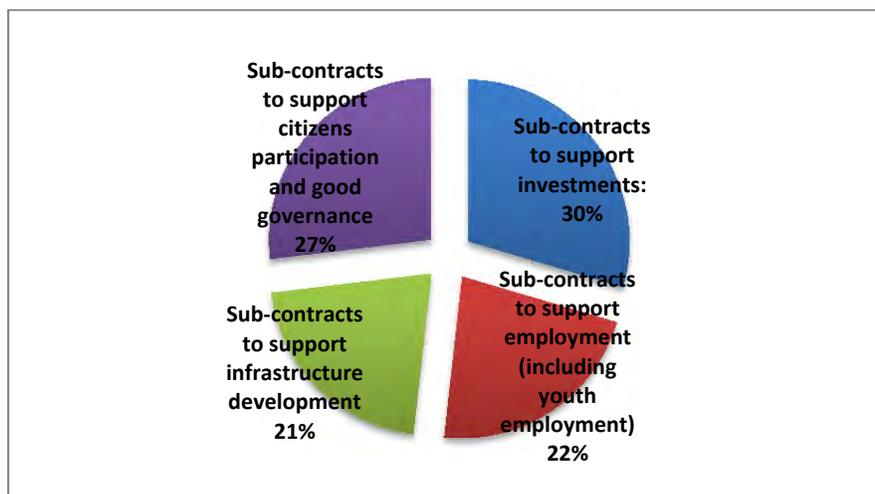
The business start-up and mentorship programs follow the approaches of international best practice in youth entrepreneurship. **The major benefit of the work performed by BOS, in promoting an inter-municipal approach to career guidance is that it increases impact with fewer resources.** The fact that these mobile teams are not only inter-municipal but also inter-sectorial (including NES, Schools, YO and the private sector) **makes them effective and efficient.** BOS estimates that approximately 1400 youth have benefited from these services. Given the starting point in career guidance is zero in many rural areas covered by the mobile teams, the impact is unquestionable. Impact in terms of employability will only be able to be assessed once these students have completed their schooling.

Detailed analysis of sub-contracts

The evaluation team analyzed sub-contracts that were signed as of the start of the project; for this analysis sub-contracts were grouped based on their actual purpose and possible impact in a four large areas :

- Sub-contracts to support investments: 117,748 USD
- Sub-contracts to support employment (including youth employment) 88,492 USD
- Sub-contracts to support infrastructure development 84,880 USD
- Sub-contracts to support citizens participation and good governance 107,176 USD

Most of the funds were utilized for sub-contracts that (directly or less directly) support investment (30%) and citizens participation and good governance (27%). In terms of number of contracts, most of them (five) were in the area of support to good governance and citizens' participation.



Coverage	Subcontractor	Contract Activity	Total RSD	Total Cost	Status
Sub-contracts to support employment (including youth employment)					
IMC Vranje IMC Nis	NALED	Out of Maze cluster level Campaign	3,032,993.25	40,080.48 USD	Completed
National (all IMCs)	NALED	Enhancement of Business Friendly Certification BFC	5,655,559.14	70,969.57 USD	Completed

Coverage	Subcontractor	Contract Activity	Total RSD	Total Cost	Status
IMC Zrenjanin	RDA BANAT	Promotion of Inter-Municipal cooperation (IMC) and initiatives in Banat Region	560,000.00	6,698.57 USD	Completed
Total				117,748.62 USD	
Subcontracts to support investments					
National	Adecco	Youth internships	1,200,912.00	13,041.24 USD	Completed
National	Adecco	Youth internships	1,281,655.80	15,260.90 USD	Completed
National	Adecco	Youth internships	1,588,310.00	18,686.00 USD	In progress
6 IMCs Nis, Novi Pazar, Kraljevo, Novi Sad, Subotica and Uzice	Smart Kolektiv	Internship program	3,465,351.35	41,503.46 USD	Completed
Total				88,491.60 USD	
Subcontracts to support citizens' participation and good governance					
IMC Vranje	Geodux d.o.o	Geodetic survey and preparation of the cadaster topographic plan of a bypass road to the industrial zone Bunusevac in Vranje.	447,750.00	5,267.65 USD	Completed
IMC Uzice	Centre for Education Policy	Development of a Demand Assessment on Establishment of Integrated University in Uzice	3,155,600.00	37,124.71 USD	Completed
IMC Nis	IWA Consalt & Setec	Preparation of a feasibility study for the reconstruction and completing the construction of the water supply system "Pusta reka" and exploring the possibility of linkages with other regional systems.	3,611,440.00	42,487.53 USD	In progress
				84,879.89 USD	
Sub-contracts to support infrastructure development					
National (all IMCs)	GFK	Customer Satisfaction Survey	4,316,131.30	50,109.14 USD	Completed
National (all IMCs)	CESID	Good Governance Matrix Assesment GGM	1,901,804.36	24,926.46 USD	Completed
National (all IMCs)	Cromer	Project weekly highlights and success stories	329,266.77	3,795.14 USD	Completed

Coverage	Subcontractor	Contract Activity	Total RSD	Total Cost	Status
IMC Vranje IMC Nis&IMC Novi Sad	Smart Kolektiv	Concept of corporate social responsibility CSR	2,265,986.60	26,046.00 USD	Completed
National (all IMCs)	Spot Marketing Agency	Web site design and set up Delivery of a completely functional website	165,500.00	2,299.59 USD	Completed
				107,176.33 USD	

Some project partners in selected IMCs feel discouraged and demotivated by the related lack of progress and the perceived “change of plans”. Some have expressed reluctance to assist the evaluation or to deal with SLDP until they see tangible results in the areas that they consider their local development priorities. It is indicative that in Vojvodina all invited project partners attended the scheduled meetings with the evaluation team, however, in the south and southwest of Serbia, attendance was mixed, as detailed below:

- Kraljevo IMC: all invitees attended
- Novi Pazar: only SEDA attended; even the former IMC Coordinator who resides in NP, did not attend. Representatives of Sjenica and Tutin explaining it by their busy schedule.
- In Nis only NIS LER participated in the meeting.
- Vranje: only Vranje LER attended, not Vladicin Han (a formal reply was received that they did not have transport)
- Bujanovac: only Bujanovac LER participated. Presevo sent a formal reply saying they did not have time for the meeting
- Uzice: only RDA Uzice and LER Nova Varos attended; the other invitees did not attend or send any explanation.

A copy of the tracking table for subcontracts that was made available to the evaluation team by SLDP is provided below.

Table 7. SLDP Subcontracts tracker June 28, 2013

Number	New Criteria Project	Subject	Status								Comment
			SOW prepared	COR Consent	RFP prepared	RFP Published	Due Date for Questions	Due date for proposals	Proposals Evaluation	Contract	
013	Novi Sad	Main Design - Beocin Industrial Zone	x	x	x						Pending IEE ²⁷ and location permit
016	Subotica	Laboratory Equipment - Subotica	x		x						Pending IEE
017	Novi Sad	Main Design - Temerin Industrial	x		x						Pending IEE and location permit

²⁷ SLDP is to draft IEE, - the related delays are within the control of the Project

Number	New Criteria Project	Subject	Status								Comment
			SOW prepared	COR Consent	RFP prepared	RFP Published	Due Date for Questions	Due date for proposals	Proposals Evaluation	Contract	
		Zone Road									
018	Subotica	Gas Installation - Subotica	x		x						Pending IEE
020	Vranje	Main Design - Vranje Industrial Zone	x		x						Pending IEE and location permit
019	Kraljevo	Website, app + promotion	x		x	x	x	x	x		
021	Subotica	Sombor Training Center Architectural design- main design	x								Pending IEE
	Subotica	Sombor Training Center - equipping	x								Pending IEE

ANNEX 9: QUESTION 2 - NEW CRITERIA PROJECTS (NCP)

Selection of these projects was based on the following pre-defined criteria²⁸:

1. The proposed activity must have a proximate causal relation to job creation, meaning that it must be gauged to result in the creation of jobs if it is successful. Its success can be long-term, even after the end of the Project and it can be complex and multi-faceted.
2. The proposed activity must be plausible, which means that the initiative can be successful here in Serbia without violating cultural or environmental integrity.
3. The proposed activity must be feasible (meaning expected benefit exceeds cost) in our collective best judgment. Its feasibility should be tested by basic market research and assumptions of return on investment that are credible.
4. The proposed activity must be implementable by our partners and the Project, assuming we have the capacity to contribute the requisite technical expertise and our partners have the capacity to understand it.
5. The proposed activity will be more favorably evaluated if it is original and innovative.
6. The more each and every Project component has a key role to play in realizing the proposed activity, the better the proposal. The Project's professionals will define suitable roles for the component topics in order to integrate a proposed activity with all of the Project goals.
7. The proposed activity should accept the possibility of participation by other donors (leveraging), and not allow a failure of others to participate disqualify the activity. In other words, a proposed activity should have internal capability of success with local assets, and outside leveraging funds should be looked at as additionally valuable, but not initially necessary.
8. The proposed activity does not alienate any part of the IMC territorial community.
9. Either in and of itself or by replicating the knowledge it imparts, a proposed activity should have some benefit for an IMCA or at least more than one of its constituent municipalities.
10. The proposed activity will be more favorably evaluated if it falls within local government strategic plans or is based on formerly recognized business needs.

A brief overview of the supported New Criteria Projects is included below.

I. Kraljevo IMC Competitiveness through Innovation project

The overall objective of the project is to “create business environment that fosters transformation of new ideas into products capable of creating new jobs and economic growth”

The project will promote at least 50 innovations that lead to new SME sales in the marketplace by end of June 2015.

The Kraljevo IMPuls program is a fine model and launching pad for building a culture of dialogue and innovative collaboration between SMEs and the academia. The expensive equipment of ImPulse needn't be the only basis for constructive innovation dialogue and consulting, of course. The presence of willing SMEs and willing scientists/engineers is critical, and in the IMPuls program, good champions are already on board. Using sector competitiveness tools, the Project will help SMEs in the metal, textiles, food processing and wood-processing sectors explore new markets and identify product and operational gaps

²⁸ It is doubtful that any single project will meet all of these criteria; however, this set of criteria will guide creative thought processes about projects and their possibilities to meet a set of criteria considered ideal. (Source: SLDP)

that prevent serving those new markets. The Project will then work to create collaborative dialogue between scientists/engineers and SMEs to find innovative solutions to the gaps identified.

2. Nis IMC: “Grow South”

The overall objective of the project is to support establishment of business networks by enhancing cooperation in agriculture production, processing, distribution and marketing in order to increase sale of high value of agriculture products.

The project will work to increase the Nis IMC’s dollar value of processed food products sold by at least 15% by end of June 2015.

The Project’s activities will center on growing the IMC’s food processing sector by expanding the markets and capacities of existing processors, attracting new processors to the IMC territory, and helping producers organize themselves into efficient value chain vendors to the region’s processors.

3. Novi Pazar IMC “Novi Pazar: Entrepreneurship that Sells.”

The overall objective of the project is to enhance competitiveness of export oriented SMEs in order to generate new jobs and boost regional economy.

The project is determined to increase total exports of assisted sectors by 10% by end of June 2015.

The Project intends to bring foreign business consultants to work on competitiveness of local business in Novi Pazar area. As in all competitiveness work, the methodology calls for identifying gaps and weaknesses that prevent market expansion, and then providing solutions. Other technical assistance will be directed to supply-side flaws in the IMC, including a need for serious workforce development. Workforce development is linked to present and future business needs, investment-attraction that will target outside anchor firms or strategic operational partners for the business sectors with which we’ll work, and small and medium enterprises (SME) credit schemes from municipal funds.

4. Novi Sad IMC “Metro Novi Sad: First Place for Business.”

The overall objective of the project is to contribute decreasing long term unemployment through providing innovative employment solutions and develop IMC area as an advanced knowledge-based society, with more and better jobs and greater social cohesion.

The project will work to add 1,500 jobs to the IMC area as a result of activities supported by the project by end of June 2015.

The Project will work on discrete projects that will support the IMC landscape as a place for business. These include the following: i) Industrial Park Development in Beocin, Temerin, and Novi Sad; ii) Brownfield Site Development; iii) Innovation in Metal Sector and Cluster; iv) Universalize the ICT Sector; v) Turn Young People On to Jobs that have Meaning.

5. Subotica IMC: Subotica IMC Agribusiness Expansion”

The project has a two-fold overall objective: i) Expansion of agriculture sector into new markets and increase the need for employees in agriculture sector and ii) Decrease the migration from rural to urban areas

The project will work to increase sales (export and domestic) of agricultural products from the Subotica IMC by 10% by June, 2015.

Agribusiness is a key sector in the region, employing approximately 62,22% of the employed population in Subotica, and agricultural land covers 87,20% of the territory of Subotica, 82,65% of Sombor, 74,9% in Kaniza. Expansion of the agribusiness sector into new markets will increase the need for employees and will increase overall jobs in the IMC area. The Subotica IMC Agricultural Coordinating Committee has unveiled three projects, one in each city member, for substantially strengthening the supply side of the entire agribusiness sector. These projects are:

i) A logistic and modern distribution center for agricultural goods, to be constructed in Kanjiza; ii) An agricultural produce laboratory to be established in Subotica; and iii) An agricultural training center for new farmers and farmers who need new skills in Sombor.

6. Uzice IMC “Uzice IMC Regional Value Chain”

The project will work to increase purchases of IMC area products and services by the Anchor Tourism Industry by 10% by end of June 2015.

The project will use the solid tourism industry of the northern municipalities to pull the private sector resources in the southern municipalities to develop. Value chain development between tourism industry buyers and potential vendors in the IMC area will be the key focus of the technical work, and we anticipate that the value chains will encompass the dairy, fruit and vegetable, textile, furniture and services sectors.

In addition, the project will provide demanded technical assistance in different areas, as identified (e.g. investment in Priboj FAP Factory, University in Uzice, etc.).

Vranje IMC: Invest on Corridor 10

The overall objective of the project is to create employment opportunities in IMC area through strengthening of regional competitiveness for inflow of new investments

The project will work to create at least 1,500 new jobs in the IMC area through at least five new inflowing investments in green- or brown-field sites by end of June 2015.

This is an investment attraction program. The Project will supply a full range of necessary technical assistance, including consulting on investment promotion, targeting investors that fit the IMC's profile of assets, training local business and government to present the best sales package for the IMC area, and working to fill investor need gaps, such as for adequate trained labor and prepared investment sites. Vranje's Local Economic Development (LED) Office will be a leader by example and skills set, and individual municipalities will experience the synergies gained from working together to attract investment to the region.

Zrenjanin IMC: “Diversification of Agriculture – New Jobs for Rural Youth.”

The overall objective of the project is to work on: i) Diversification of agriculture production through crop intensification by adding new high-value crops – vegetables to existing cropping systems as a way to

improve the overall productivity of a farm and creation of new farms and ii) Promotion and strengthening vegetable production and food processing in rural areas in order to provide employment to rural youth

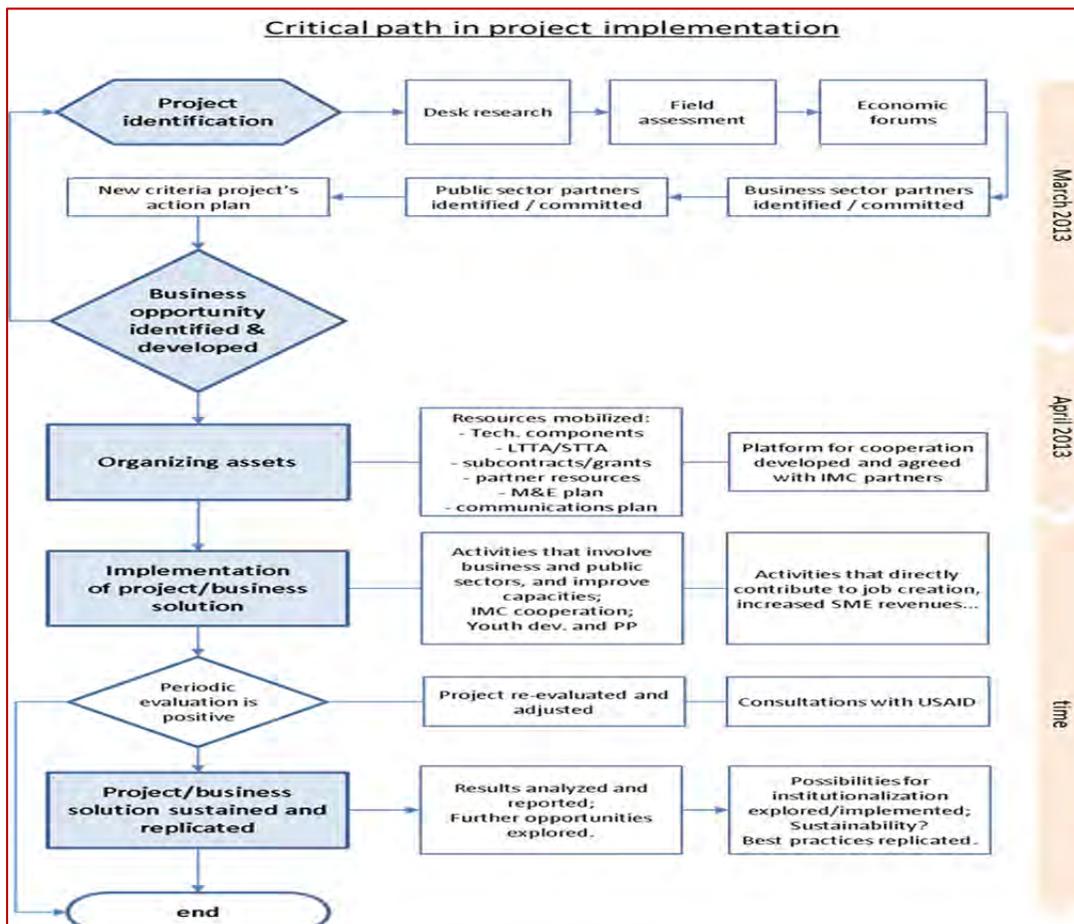
The aim of the project is to increase IMC production of vegetables ultimately marketed to processors, by 20% by end of June 2015.

The Project will work with the existing processors and potential newcomers to examine the potential and adapt to processing vegetables in order to create a more diversified product portfolio. The key concept activities will focus on horizontal agriculture diversification at two levels, production and processing

Complementing this effort, the Project will support the creation of agriculture incubators, targeted at developing new farmers (basically youth). Such incubators will provide access to land, equipment, and infrastructure for farm start-ups. Also, existing agriculture associations and cooperatives, as well as exiting agricultural extension experts, will be involved in project activities to support new vegetable producers through counseling and mentoring. On the processing side, local government, with Project technical assistance, will drive the attraction of new investors (foreign and domestic) in food processing industry. Local counterparts and the project will also work with existing agricultural processors on diversification of their food offerings and on expansion of their vegetable processing business.

The Project intends to ensure that each NCP follows a clear implementation path, as illustrated below:

Figure 4. NCP implementation (Source: SLDP)



ANNEX 10: QUESTION 2 - NEW PMP INDICATORS

The structure of the new proposed PMP for the Sustainable Local Development Project is presented in the table below:

Level	Indicator	LOP target	USAID mission level
IMPACT	1. Number of business-sector jobs created in participating municipalities as a result of the Project's IMC activities	2,000	Yes
	2. Volume of business revenues in the Project supported sectors	\$ 120 million	Yes
	3. Direct private and public sector investments into the Project-supported IMC areas	\$ 120 million	Yes
OUTCOME / OUTPUT	4. Number of inter-municipal economic development projects implemented, which meet the critical path milestones	20	Yes
	5. Number of business friendly municipalities	17	Yes
	6. Number of municipalities that have established or improved management practices.	32	No
	7. Number of PPPs created in the delivery of public services	7	Yes
	8. Number of youth with increased competitiveness in the labor market	1,050	No
	9. Number of major infrastructure inter-municipal projects assisted in the process of applying for the EU and GOS financing.	5	No
	10. Number of locally elected and appointed officials, CSO members, media and the business community trained	1,750	No
	11. Number of corporate social responsibility initiatives supported	4	No
	12. Number of initiatives involving dialog between the public, private and civil sectors	58	No

Impact Indicators. According to the Project's contract, and based on additional consultations with USAID, the Project team proposes the following impact-level indicators:

1. Number of business-sector jobs created in participating municipalities resulting from the IMC activities
2. Volume of business revenues in sectors supported by the Project
3. Direct private and public sector investments into Project-supported IMC areas

Impact indicators assess the effects, or results, of project outputs on the development of clusters of municipalities where the program is active – measuring volume of business revenues and public and private sector investments in targeted areas (sectors and municipalities), number of jobs created as a result of these investments, including the employment of directly assisted youth, and change in management capabilities of local governments. These indicators are usually tracked less frequently, but with higher expectations in terms of targets.

Performance indicators (output and intermediate outcome level). The status of indicators that are designed to measure the Program performance will be tracked in almost “real time”. Each program component has the responsibility of data collection and reporting the status of activities, through these Indicators. The immediacy of monitoring of the activities will allow for prompt and structured reporting on the Project’s activities, as well as timely input for management decisions.

The Project will ensure the validity of the data with proper documentation, program records, reports or other evidence.

ANNEX II: QUESTION 4 - DETAILED CONCLUSIONS SUPPORTED BY FINDINGS

This annex further develops the key three conclusions (Conclusion 1 - Conclusion 3) as they related to the Evaluation Question 4, providing additional findings in their support. Also, three additional conclusions with corresponding findings are elaborated on.

Conclusion 4.1. While one can argue that youth participation has been increased by the mere participation of youth in capacity development and networking activities, no tangible results attest to the effectiveness nor projected impact of these activities.

Supporting findings

- A total of 22 YO Coordinators have been certified. Such professionalization of the YO Coordinator position should lead to better support to the youth needing it. The certification itself is not a condition to be YO Coordinator, but the MOS has managed to insert an occupational profile *Assistant for youth work* into the draft NQF - which is an important step towards this effect. Not due to fault from the Project's side, 9 of these 22 YO coordinators have been replaced after the elections. While there is perception that this is not wasted money as this capacity remains within youth sector, they will certainly not be in such a prominent position to put this knowledge to use.
- The YO representatives interviewed mainly stressed their role providing career guidance to youth. None mentioned their participation in decision making processes nor in liaising with youth organizations.
- Not one single youth organization representative took part in the meetings. Such absolute lack of turn-up is very indicative of the perceived benefit of the project (although this may also be due to the abortion of SLDP support to this sector).
- The youth organization networking has been facing many challenges and cannot be considered successful. It was most successful in Vojvodina, for two reasons. First, because the organizations are more developed and have a better understanding of the benefits of networking and second, because there is a regional counterpart to cooperate with - the Province Secretariat.
- No concrete evidence of youth organizations impacting decision making can be drawn. It is not likely to be noted soon, if support to youth organizations remains so broad and lacking focus.

Conclusion 4.2. Youth employment has been promoted through several successful, yet small-scale initiatives that are likely to have positive impact, but they are not reaching the unemployed youth with most need for employment support.

Although small-scale, the employment programs designed and implemented through the Project had **innovative** aspects to them and succeeded in producing added-value to their beneficiaries which otherwise available measures do not. As such they should be viewed as pilot initiatives. The **effectiveness** in this respect is high, and **impact** on the livelihood of involved participants is likely. Partnering with existing financial support mechanisms increases the **sustainability** likelihood of the designed interventions. However, while entirely in line with an entrepreneurship and 'Champions' favoring approach, they do not address the youth most in need of employment support. Additionally, the designed measures do not address the identified vocational skill-gap on the Serbian labor market, which is recognized as highly **relevant** and of highest priority.

Supporting findings

- Both the interventions designed and implemented by Smart Kolektiv and Group 484 are characterized by intensive individualized work with the clients, which is the single most

important success factor in implementing ALMPs, as it assures the measure is tailored to the particular individual's needs. This approach is lacking in standard NES ALMP implementation. As a result not many youth could be reached by these measures (also due to financial restrictions), but the selection and matching of interns and enterprises, young entrepreneurs and mentors and the attention devoted to the training and assistance pre business plan development assured the candidates recommended for financial assistance were well informed and prepared for the challenges of business start-up. It will only be possible to measure the impact of these measures and the actual employment outcomes in the coming year. Nevertheless, the 37% retention rate (27 out of 73 interns in the first two cycles which have been completed) of the interns of Smart Kolektiv's program and the 42% (10 out of 24 that have been monitored) retention rate of Group 484's interns are quite impressive results having in mind there was no contractual obligation of the enterprise to employ these interns past their internship. This proves that often the main barrier in youth employment is the lack of faith of enterprises in the working ethics and capacities of youth. Giving them a chance to meet their potential employee and verify their capacity at no risk and cost, enhances greatly the prospects of employers employing new entrants in the job market. It is a 'cheap' ALMP, producing good effects, but it is human resource intensive as it relies entirely on building relations with enterprises and conducting good fieldwork.

- The business start-up and mentorship programs follow the approaches of international best practice in youth entrepreneurship development including initial awareness raising on what entrepreneurship is and what it takes to start and manage a business, so that young people can realistically consider self-employment as a career option. Should a young person decide to explore this career option further or start his/her own business, the second step envisages the provision of a package of measures focusing on support services (e.g. training, advice, access to finance). In almost all youth entrepreneurship promotion programs, assistance is discontinued after the start-up phase. This implies that services to young entrepreneurs in business development and expansion are often neglected. However, as the first three years of business operation are a "probation period", entrepreneurship programs should include follow-up services to ensure business success beyond the enterprise creation phase, as is the intention with the funded start-ups.
- Youth was invited to participate to entrepreneurship training programs without sufficient targeting. Careful profiling is needed before a young person is encouraged to embark on such path. It is not possible to estimate the success in profiling up to date, as it is too early on to verify the supported business' survival rate. However, Start-up grants should not be offered to a youth who is entering self-employment merely in response to long-term unemployment and lack of employment opportunities. A tool, prepared by the ILO Youth Employment Programme that may be useful in this respect may be found in Annex 13. It provides a framework for estimating a young individual's readiness for and intent to enter self-employment. Youth is as such divided into four categories, according to a number of variables that determine these criteria, which can be helpful in determining what sort of support each individual will require.
- Examining the targets set in the PMP it is clear that, the quite modest, youth employment targets have not been reached and will not be reached by the end of 2013. 82 youth are currently newly employed as result of all employment promotion programs (entrepreneurship support and internships) implemented through the SLDP. The last round of internships is still ongoing/has not yet been monitored, which means that if the retention rate remains as high as it was in the previous cycles, it may be projected that an additional 25 youth will be employed. The target for 2013 is 170 youth employed six months past exit from measure. Given that the implemented measures are in closing phase (no new intake), that new initiatives have not been

designed and that it is likely dispersal will occur it could be projected that the achievement rate of this target will at most be 60%.

- In 2013 MYS continued the financial support to the program Youth Business Serbia implemented by Smart, NES and Erste Bank which was co-financed with SLDP in 2012.
- The internship program design has been recognized to have merit also by the NES, as well as, particularly, the training on business idea development (Smart Kolektiv) which has been highly praised also by the interviewed participants. Even more so, given the need for future outsourcing of NES services, such projects are a welcomed opportunity not only to pilot various ALMP designs but also to strengthen the capacities of future NES service providers and foster the cooperation between the NES and organizations with the capacity to deliver ALMPs. The flexibility in approach makes a key distinction between NES standard procedures and project guidelines, which allows for piloting new approaches. The experience in participating in such projects is extremely beneficial for the NES staff (given they are properly involved) as it is a chance for them to gain knowledge and supports institutional capacity development.
- The Project managed to mobilize enterprises to take on interns with no financial incentive. This shows that with an appropriate approach and intensive field work, such mobilization is possible (as opposed to the standard financial incentive offered in similar cases). The experiences of interns have varied across companies, but mainly there is a perception that the work performed and mentored corresponded to the position advertised. This was mainly due to the matching which has been recognized as key. The key success factor in attracting enterprises to partake in this program was the intensive work on presenting the benefit for them (having a chance to 'try out' a worker and shape his/her skills to the particular needs of the company at no cost and with no obligation), but also in the fact that an intermediary agency had been contracted to actually 'employ' the interns as the Serbian law does not recognize internships out of a working relation. Had the enterprises been obliged to hire these interns for the two month period, even with subsidized salaries, the interest would have been much less pronounced. A second legal solution was applying a voluntary work relation, which also worked very well. The obligation to provide close mentorship to the intern in fact increased the level of trust among the enterprises.
- The added-value of Group 484's approach to the business start-up support is in the team approach and fostered relations with Diaspora. This has been emphasized also by the NES counselors involved in the participant selection process. Generally, the international cooperation aspect of this project is very important and could be built on. Additional, perhaps unintended, effects of Group 484's efforts are in the activation of these young people and in developing an entrepreneurial spirit which was entirely lacking. What is more these young people were often depressed as they have been unemployed for a long time. A success was to teach young people who have been instructed not to think, how to think; understanding their community. These difficulties have been confirmed through interviews with youth representatives as well.
- The participants make a clear distinction between the quality of services received from the NES and from the partner organizations in counseling, motivating, business start-up training and mentoring. The NES only does this formally, while both Group 484 and SK have been very highly revered in this respect.
- None of the programs had a vocational training component. Although the original RFP clearly envisages cooperation with key central and local counterparts in designing vocational training programs, no such measures that could also be offered to lower-skilled unemployed youth on a larger scale have been offered.

The SLDP favors an approach of 'Promoting local Champions'. This implies support is given to the most educated and hence least disadvantaged among the unemployed youth. Youth with low educational attainment were not eligible to apply to any of the offered programs. While this may be effective in terms of decreasing regional discrepancy and decreasing migration to large

economic centers, it is not effective in decreasing overall youth unemployment, as it leaves the most labor market disadvantaged at the margins of support perpetuating the danger of them falling into long-term unemployment which has direct negative impact on their future employability and income. Vocational education trainings, if designed properly, can address vocational skills' gaps quite effectively, equipping otherwise disadvantaged unemployed with competencies required on the labor market.

Text box I. Targeting youth employment promotion measures

Youth are by definition disadvantaged on the labor market. As they have less work experience and are hence, less productive, employers have reservation in employing them. This is why employment programs, increasing youth's competitiveness, such as internships are particularly important. They provide employers a chance to 'try out' and verify the potential, work ethics and competencies of a young labor market entrant. In order to avoid 'creaming', the inclusion of unemployed having a relative advantage in comparison to others of the same category, and enhancing the impact of limited resources, these programs should be targeted only to youth with no prior work experience. Similarly, if the objective of programs supporting youth start-ups is to enhance youth employment, particularly in periods of economic recession, a condition for participation should be that the youth is unemployed in order to maximize the positive effect and prevent 'double-dipping'.

While it can be argued that increasing the competitiveness of young graduates on the local level and 'picking winners' to work in local companies and start their own business will have positive effects on the local economy in alleviating their out-migration, attracting investors and hence decreasing regional discrepancies, the employment challenge of the youth most labor market disadvantaged should not be ignored, as long term unemployment has adverse effects on employment outcomes and income throughout an individual's life. These in turn directly affect local economic development and may represent a significant burden to the State budget in terms of social benefit payments.

Among the youth, particularly disadvantaged are low educated and low skilled unemployed. Young women and members of minority populations are additionally more likely to be unemployed. Given the Project aims at addressing the labor market skills gap and having in mind the magnitude of the low-skilled youth unemployment rate²⁹, it should be considered designing employment promotion programs addressing these problems. On-the-job, competency based, vocational training programs designed to equip low skilled youth with the competencies required on the labor market are an efficient way to address the discrepancy between the formal education system and the actual needs of the labor market. An employment condition may or may not be imposed upon the enterprise acting as a training provider, but either way, employment is a likely outcome of such programs if designed and executed with care. Even if employment with the enterprise delivering training does not occur, if the competencies gained are certified and delivered within a demanded occupational profile, the employment likelihood of this otherwise un-skilled worker is significantly increased.

²⁹ According to the October 2012 Labor Force Survey conducted by the Republics Statistical Office, over 51% of youth not in education and seeking a job is unemployed. Out of these the vast majority, 65% have secondary education, 19% have higher education and 16 % have less than secondary education (completed or not completed elementary school).

Conclusion 4.3. The youth workforce development agenda is not sufficiently mainstreamed into core SLDP activities and lacks a participatory approach.

The youth workforce development component of the SLDP has suffered and continues to suffer from a lack of strategic guidance and integration with the core project activities. It is also lacking internal coherence and logical sequencing among the implemented activities within the Component. This, is seriously affecting the **effectiveness** and likely **impact** of the activities undertaken. Additionally, key national and local stakeholders are not sufficiently involved, affecting the interventions' **relevance** and **sustainability**. The project is still failing to build its own youth employment promotion agenda and act upon it.

Supporting findings

- Within the previous framework, the activities within this component (both the youth participation and youth employment fields) have been largely isolated from the core of SLDP activities. Strategic guidance was lacking and the component within itself lacked a sense of coherence. Even in areas where a logical sequence informing one another was possible (such as designing on-the-job or institution based training for skills identified as lacking in the workforce by the labor force gap analysis) were not pursued.
- Similarly there is a lack of cohesion and building on activities related to migration management, isolating the entire migration 'component' even more from the core of the Project. It has been suggested that there had been a lack of understanding of the importance and potential in managing migration and involving the Diaspora in local socio-economic development: "The project designer understood this importance and integrated it into the design but the implementers could not manage this as they do not understand the concept". The creation of the Diaspora data-base is perceived as extremely important as it provides the means for municipalities to get in touch with Diaspora from their region. Successful Serbians from abroad are willing to invest into their region and prefer this to a general notion of investing Serbia. The example of Tutin was made, where the mayor recognized this potential and attracted investments from the Diaspora in Turkey thanks to which a "village has been transformed into a town".
- Currently, the approach, also in the employment component, is shifting so as to assure logical coherence with the core 'New Criteria' IMC projects to be implemented. All youth workforce activities are to be aligned so as to support the selected sectors. However, although this shift in approach was initiated in January 2013, few concrete activities have commenced in that direction. The youth workforce development component is still in a state of 'transition'.
- The Component Leader does not have a clear budget at disposition, neither on project nor annual basis which is a precondition for effective planning and management.
- As indicated in the telephone interview with MoLESP, SLDP does not have working relations with the Employment Department of the MoLESP, which is problematic in terms of assuring relevance and alignment of strategic goals. Instead, close relations are maintained with a NES coordinator. This is a practical operational arrangement, but important opportunities may be missed. Also the NES was not involved in the process of project design so all activities the NES took part in were predetermined with no input from the NES. A NES representative stated that: "The employment aspect of the project is side-tracked and under-budgeted. Hence the key national stakeholders did not convene around this project in terms of increasing employment."
- There does not appear to be sufficient understanding of the project as a whole among the local stakeholders/partners either. The NES, YO, Mobile Career Guidance Teams in all of the project

sites visited, had very little knowledge of the other activities implemented through the SLDP, and the overall objective. All of the NES BO Directors had a vague recollection of being invited to a couple of initial introductory meetings, but were not further involved.

- It is particularly worrying that none of the five NES Directors interviewed (nor any of the other interviewees interviewed within the scope of the youth workforce development and participation component), were involved in the process of defining the IMC 'New Criteria' projects, nor were even informed about the decision made. One of the NES BOs Directors, after being informed about the selected priority area, expressed her regret she did not know this earlier as the selection of enterprises and youth participating in the last cycle of the internship program could have been guided by this.
- The NES has been involved in the implementation of measures, only to the extent of providing a service in advertising and helping the selection process. No feedback was offered to the involved counselors or the Directorate level coordinator, nor did they have a chance to follow-up on the entrants. As a result there is a lack of sense of ownership and there is no possibility for the NES to verify the results achieved and quality of program design. Hence there is no chance for recognized best practices to be applied by the NES in the future.
- A NES representative had a perception that the key decision makers did not participate to the organized meetings. The SLDP did not appear to manage to solicit their support, so although the meetings were constructive and the discussions meaningful, they were not acted upon as key figures were not present to initiate action. It was initially agreed that the NES BO representatives participate in these meetings, but they stopped attending.

Conclusion 4.4. Both the youth workforce development and participation component are relevant, but focusing on youth employment is justified. The IMC approach was rather artificially applied in most cases.

Both areas of intervention were highly **relevant** in the design phase of the Project and continue to be so. Nevertheless, given the shift of the Project's focus towards economic development and limited resources for this component, the decision to focus on the youth employment aspect of this work is justified. This is particularly so, considering that the activities undertaken in support of youth participation were neither **innovative**, nor Project exclusive. Donor funded technical assistance projects should bring innovation, piloting new initiatives and testing approaches in line with national strategies, which the Government of the Republic of Serbia cannot develop nor finance itself. Additionally, the previous insistence on an IMC aspect to the activities within this component, where it was present, was to a large extent imposed and artificial, making its **sustainability** unlikely.

Supporting findings

- Both aspects of the component and the designed activities are entirely aligned with the National Strategies and priorities.
- Given the current economic crisis, all interviewed stakeholders involved in the youth participation promotion activities and oversight agreed that youth employment should be a priority. One of them even stated: "There was too much emphasis and expansion of the youth participation activities and not enough effort in promoting and supporting youth employment, which is in fact the basis for youth activation and precondition for them to take a greater role in the society. Being employed gives them more power."
- The MYS was involved already in the design phase which was in that respect participatory. However, this was not the case with the MoLESP or NES.

- The activities supported by the project in terms of youth participation, to a large extent simply supported ongoing MYS activities (YO coordinators certification and the development of youth organizations), this activities will continue to be financed from the budget of the Republic of Serbia. When it comes to the activities overlooked by the MOS, although employment related, an exception are the mobile career guidance teams which have a clear innovative element and fill in a void. The career guidance activities directly feed into the National Strategy for Career Guidance developed and monitored by the MYS. The establishment and results of the IMC local mobile teams is reported on in terms of progress made in the Strategy implementation.
- BOS was directly approached by SLDP to implement this program. The need was identified through the trainings for employment counselors for the IMC members conducted in the earlier phase of the project.
- One key problem is that the NES, which is the only institution on local level across Serbia providing career guidance only works with unemployed, therefore high-school students cannot easily benefit from their expertise. This is why it was necessary to equip other institutions for this.
- The KOMS is working on creating regional networks among youth organizations independently of the SLDP support (these activities are supported by the MOS). Due to the interest of the SLDP networking across the IMC areas has commenced, but there were clear indicators from the organizations involved that they would prefer creating ties with organizations within the same municipality as a first step.
- The idea of inter-municipal cooperation was vaguely present in the discourse of all interviewees with the exception of the Mobile Career Guidance Teams (see the findings of conclusion 4.5. for benefits of the inter-municipal approach). Even so, the initiative to make these mobile teams inter-municipal was SLDP's initiative.

Conclusion 4.5. The Mobile Career Guidance Teams should be viewed as an innovative approach to providing services in a human and financial resource efficient way

The Mobile Career Guidance Teams should be viewed as an **innovative** approach to providing services in a human and financial resource **efficient** way. With additional effort from the side of the SLDP, the mechanism may become fully **sustainable**, as such services will remain to be **relevant** and needed in the medium-term.

Supporting findings

- The major benefit of inter-municipal work in this field is that it increases impact with fewer resources. Professional counselors are few and through this type of program they can provide their assistance also in remote areas that do not have this sort of HR capacity within their immediate community. In addition to this, the aspect of information share on available educational profiles and occupational profiles demanded in the entire IMC area is clearly important in providing vocational guidance and counseling.
- The fact that these mobile teams are not only cross-municipal but also cross sector, including NES, Schools, YO and the private sector makes them effective and efficient. They complement and help each other. This is particularly relevant in the sense of providing access to job shadowing for example, where NES contacts and private sector members have been very helpful. In Vranje for example over 30 students were placed in 17 institutions and companies for job shadowing experiences. BOS estimates approximately 1400 youth have benefited from these services. Given the starting point in career guidance is zero in many rural areas covered by the mobile teams, the impact is unquestionable. Impact in terms of employability will only be able to

be assessed once these students have completed their schooling, but in providing career guidance and information the needs of the labor demand are taken into consideration at the local level.

- There is full support of the LSG, they appear for every promotion and explicitly state their support. There have been a couple of examples of financial support already (in Sjenica: co-financing of a visit of agriculture high-school students to an agriculture fair; in Vranje IMC: financial support to the development of a career choice guide adapted to local needs and high schools).
- Most importantly the members are fully on-board recognizing the importance of what they are doing and showing genuine interest in additional professional development. They apply the knowledge gained their everyday work. Even if the IMC developed mobile teams cease to exist, the capacity development of the individual career counselors will be put to good use.
- A large problem in assuring sustainability and even functioning during project implementation is the lack of actual support of the Ministry of Education and frequent blocking of processes by them. In fact projects of this type are seen a way to overcome the lack of agility of this Ministry as many activities can be conducted with the schools directly.
- The Guide for career counselors is hugely distributed and has taken a life of its own as it is available on-line.
- A MYS official suggested, that if the mobile career guidance teams prove to be successful there is space for them in the system. Their outreach approach is needed. They should prove themselves so that they are mentioned in the 2014-2020 Strategy. It has been suggested that SLDP should lobby for this.
- If the capacities on local level are further strengthened in terms of career guidance and counseling, and more immediately, support is provided to high school psychologists to administer the battery of tests (in some IMC areas only the NES psychologist has access to these tests and should not be responsible for the testing of high-school students), the role of inter-municipal cooperation would be reduced to information sharing, including demanded profiles in neighboring municipalities, existing training opportunities, etc.

Conclusion 4.6. Efficiency of resource use in implementing youth workforce development and participation activities is multifaceted.

The evaluation of the **efficiency** of resource use is multifaceted. While the discontinuation of youth participation activities would normally suggest a significant increase of costs from a cost-benefit perspective, the fact that these activities were so closely aligned with the activities of the MYS and will be picked up by this Ministry means that these funds were not wasted and the achievements will be further built on. Partnering with Programs involving financial support mechanisms for business start-up, produced significant cost savings, but on the other hand the cost of training and individual support per employed is quite high. A final assessment of the efficiency and cost-benefit would only be possible after an **impact** assessment of the employment outcomes of all youth benefiting from any type of support.

Supporting findings

Five grants were issued in support of youth participation and workforce development, as presented in the table below.

Table 8. Youth participation and youth workforce development Grants

Partner organization	SLDP Grants in USD (estimated or actual)	Grantee or other contribution in USD	Key results
Serbian Youth Umbrella Organization	11,431.03	1,140.74	20 youth offices, 25 non-formal youth groups and 45 youth involved in networking and capacity development
National Association Of Youth Workers	49,024.76	12,337.76	22 Youth Office Coordinators certified; 250 youth soft skills through resulting YO activities
Group 484	97,826.10	34,270.00	232 youth trained; 48 internships; 10 youth employed (2nd cycle still not monitored) 17 business plans developed; 15 best initiatives granted: 12 by UniCredit bank and 3 by SLDP; over 30 youth employed
Belgrade Open School	38,714.00	5,366.00	Approx. 1400 young people with career education, informing & counseling activities
Smart Kolektiv/Adecco*	123,302.14	33,240.00	329 youth trained; 120 interns; 37 employed (3rd cycle still ongoing) 25 mentored; 96 trained in business idea development and additional business development and management skills; 8 business registered (owners of 3 of which were in an employment relation) ; 29 new jobs created (not necessarily filled by youth)
*was subcontracted to administer the intern's stipend regulate the their legal status			

- The termination of certain types of intervention (support to youth organizations) directly contributes to a proportionate increase of cost of intervention viewed from a cost-benefit perspective. These activities will, however, still be supported from the regular budget of the Republic of Serbia as they are defined in the MYS yearly plans. This on the other hand, raises the question of the reasoning in supporting these activities in the first place.
- While the certification of YO Coordinators is in line with the recommendations of the MYS, the high degree of politicization of these positions results in extremely high turnover and hence loss of gained human resources.
- The partnering with Smart Kolektiv and Group 484 who have already established partnerships with commercial banks providing for financial start-up support decreased the cost per youth beneficiary from SLDP's perspective. But, on the other hand the cost of training and individual support per employed is quite high. A final assessment of the efficiency and cost-benefit would only be possible after an impact assessment of the employment outcomes of all youth benefiting from any type of support.
- On the other hand, the selection of business start-up beneficiaries, for example has shown some limitations in actually creating new jobs. Two out of the four interviewed beneficiaries of the SK start-up program were not actually beginners (one had been working in the informal sector and is now registering his business, while the other is opening a company that will take over her family's well developed business) and the third was and remains employed at a University. Additionally, in some municipalities questions were raised as to the transparency of the grant awarding process.
- Allocating scarce resources to support the employment of the most competitive unemployed youth, constitutes *creaming*.

ANNEX 12: EXAMPLE – SUBOTICA LABORATORY - TIMELINE

This example illustrates delays in grant/subcontract approval process which have not been properly explained or communicated to the stakeholders.

Example: IMC area - Subotica, Sombor, Kanjiza – Project “Laboratory for food quality control and export licensing”

Selection of the inter municipal partnership - competitive procedure - Deadline for submission of applications is August 19th 2011

Advisory Panel – organized August 30th 2011

Final selection and USAID approval - September 2011

Assessment – 11th 12th and 13th October 2011

Red – election campaign, elections, the formation of local coalitions, election of mayors.

Yellow – delays which have not been clearly explained or communicated to the stakeholders

Activity	2011		2012										2013								
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	
MoU signing	23																				
Mobilize WG members																					
Public call for financing the project – Provincial Secretariat for LG published Deadline 15 th March 2012				15																	
Action Planning Workshop – Result Action plan for 2012					1- 2																
Support to preparation project for Provincial Secretariat – leveraging resources																					
Approved project for financing – Provincial Secretariat for LG and SLDP (STTA) - Study of diversification of agriculture production – with 2 business plans - Feasibility study for laboratory for food quality control and export licensing																					
Project implementation – with Provincial Secretariat for LG Result – Study for laboratory equipment prepared																					
Preparation of project proposal for the laboratory																					
Development of NCP																					
Officially submitted Concept Paper																					
Clarification on equipment specification																					
MoU signing with clear obligation of City of Subotica, Public Health Institute and SLDP																					

ANNEX 13: IDENTIFYING YOUNG PEOPLE'S NEEDS FOR ENTREPRENEURSHIP DEVELOPMENT SERVICES

When designing support services for young people interested in starting their own business, it is important to identify their specific needs. Potential young entrepreneurs are at different stages in terms of intention and readiness to start their own business. The level of readiness depends on acquired skills and exposure to the entrepreneurial environment, while the other dimension focuses on whether the young person really intends to start his/her own business. Based on these two dimensions, four broad categories of young entrepreneurs can be distinguished (see box 1). This framework can assist policy-makers to gain a better understanding of the specific needs of young people and identify appropriate strategies for the design of programs geared to improve youth entrepreneurship.

There are various reasons why young people decide to start a business. These revolve around household characteristics; personal attitudes, preferences and objectives; and specific interests and individual strengths. Understanding the reason that motivates young people to embark on setting up a business is crucial for the design of services and programs.

Entrepreneurship can be driven by economic need when there is no other alternative for generating an income. The level of necessity-driven entrepreneurship in a specific country is normally associated with factors such as low tax revenue as a percentage of Gross Domestic Product (GDP); low social security coverage; low levels of participation in both secondary and tertiary education; and high levels of income disparity among population groups. In contrast, opportunity-driven entrepreneurship is the result of the desire to pursue a perceived business opportunity that is not the only option for generating income. The level of opportunity-driven entrepreneurship is associated with a belief in having the skills to start a business, knowing someone who started a business, seeing good business opportunities in the future and high levels of business support services. This is why opportunity-driven entrepreneurship tends to be more dominant in high-income countries.³⁰

³⁰ U. Schoof, *Stimulating youth entrepreneurship: Barriers and incentives to enterprise start-ups by young people*, ILO SEED Working Paper No. 76, Geneva, 2006

Box 2: Identifying young people needs for entrepreneurship development services

High

Readiness

Group A: Enterprise able

Current status: employee or student with either business experience or business qualifications.

Personal characteristics: likely to have been exposed to enterprising role models and/or had an enterprise education experience.

Service needs: requires general information and advice about business start-up.

Group B: Enterprising

Current status: preparing to be self-employed, or already is self-employed. May have business qualifications.

Personal characteristics: likely to have self-employed parents, or prior work experience in the same industry as well as enterprise education/training.

Service needs: likely to require specialized information and business advice and/or mentoring, and the opportunity to network with other enterprising young people.

Group C: Pre-enterprise

Current status: employee or student.

Personal characteristics: unlikely to have been exposed to enterprising role models and/or have an enterprise education experience.

Service needs: likely to require exposure to information about being enterprising and what it takes to start a business.

Group D: Enterprise aware

Current status: interested in being self-employed or already is in self-employment.

Personal characteristics: likely to have self-employed parents, prior work experience and/or enterprise education/training. May already have a business idea.

Service needs: likely to require skills development and information and advice about business start-up or management.

Low

Intention

High

Source: U. Schoof, *Stimulating youth entrepreneurship: Barriers and incentives to enterprise start-ups by young people*, ILO SEED Working Paper No. 76, Geneva, 2006 available at <http://www.ilo.org/dyn/empent/docs/F2125512235/WP76-2006-Rev.pdf>

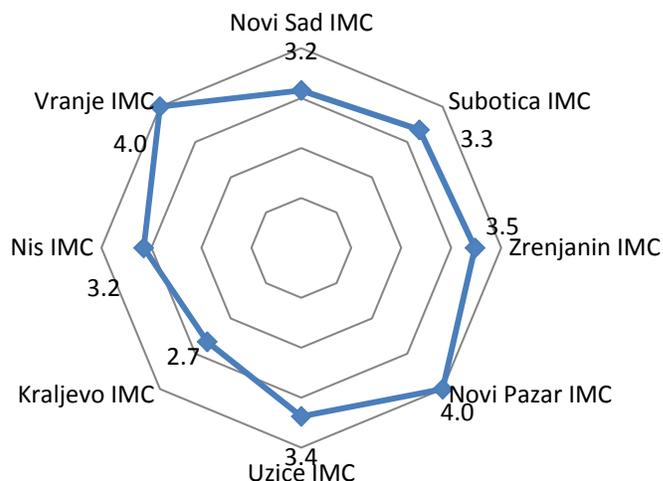
ANNEX 14: CROSS-CUTTING ISSUES

This section provides an overview of the extent to which some cross-cutting issues have been addressed by SLDP to date. It takes into account responses to the 1st evaluation questionnaire that was designed and administered during the field phase, as well the review of relevant project documentation.

To what extent has SLDP addressed the issue of gender inequality?

Conclusion. The issue of gender inequality has been addressed to some extent

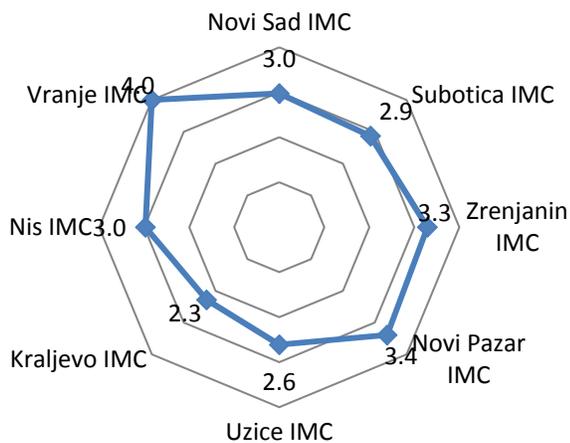
Supporting findings
 SLDP uses sex-disaggregated data in its reports on training and other project activities. The questionnaire shows the score of 3.3, which is above average. At the same time the proportion of respondents who do not know the answer to this question is rather high (27%).



To what extent has SLDP contributed to anti-corruption measures?

Conclusion. The issue of corruption has been addressed to some degree, but a large proportion of respondents is not aware of this project contribution.

Supporting findings
 The average score for this question is 2.9, which is slightly above average with higher scores in Vranje, Novi Pazar and Zrenjanin, and significantly lower (below average) scores in Kraljevo IMC. A striking proportion (45%) of respondents was not aware of any activities of SLDP related to anti-corruption measures.

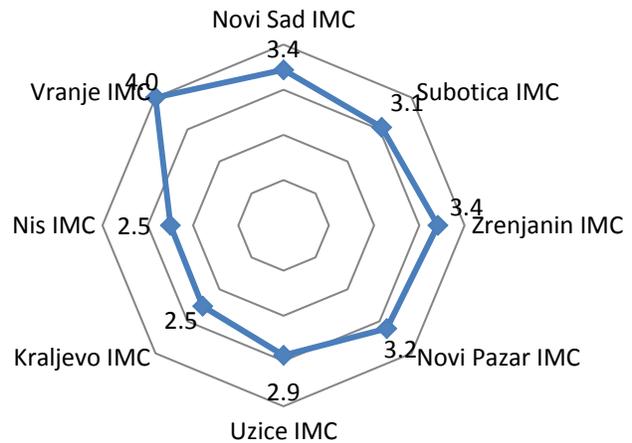


To what extent has SLDP contributed to reduction of regional imbalances?

Conclusion. The issue of regional imbalances has been addressed to some degree.

Supporting findings

The average score for this question is 3.1 which is slightly above average. Almost a quarter of respondents, however, could not provide an answer to this question (22%). Again, Vranje scored the highest on this issue.

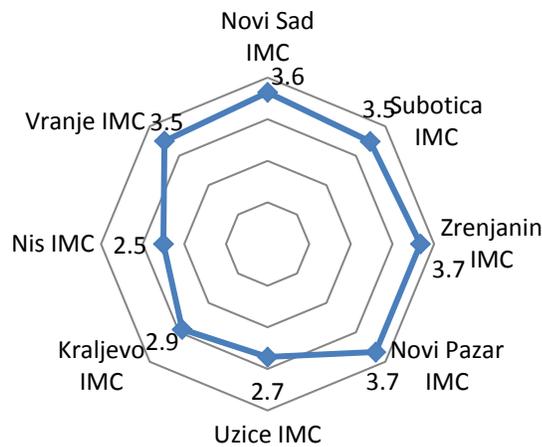


To what extent has SLDP facilitated development of public-private partnerships (PPP)?

Conclusion. SLDP facilitated development of PPPs to some degree.

Supporting findings

The average score for this question is 3.4, which is slightly above average. Almost a third of respondents, however, stated that they do not know anything about PPPs, although it is one of priorities of SLDP.

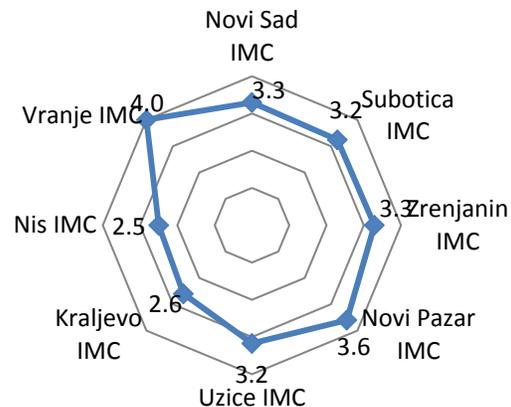


To what extent has SLDP facilitated development of cross-border co-operation?

Conclusion. SLDP has facilitated cross-border cooperation to some degree and in some IMC areas

Supporting findings

- The average score for this question is 3.2, which is slightly above average. 19% of respondents are not aware of SLDP efforts in this area. However, many interviewees involved in projects related to private sector development and cluster development, especially in Vojvodina, emphasized the importance of cross-border cooperation activities for economic development for the businesses in the IMC areas.



Success story

In February 2012, USAID organized a month-long training and provided hands-on expert assistance for the employees of RDA “Center for the Development of Jablanica and Pcinja Districts” to assist them to prepare project proposals according to EU application standards. The Center covers 13 municipalities in South Serbia, with over 450,000 citizens. Six months later, the Center was informed that their project proposal, whose development was supported by USAID, got approved under Bulgaria-Serbia CBC Program and will receive \$235,000 for improvement of business and educational cooperation between Bulgarian and Serbian Furniture clusters. Within the Project, called “TABLE,” partners from both sides of the border will organize business networking events, study tours, training, exchange of education curricula, produce joint promotional materials and catalogues, and establish an on-line furniture shop, with the goal to increase joint competitive advantages in the markets of CEFTA, EU and Russian Federation. The “TABLE” will directly benefit over 3,400 employees of 33 companies, members of furniture clusters in both countries.

ANNEX 15: SLDP STUDIES (UNDERTAKEN AND PLANNED)

The Project conducted a survey on citizen awareness of various aspects of IMC programming in 32 partner municipalities with a sample size of 6,400. The survey focused on citizens' awareness and understanding of (a) inter-municipal partnerships as a concept and (b) partnerships between the public, private and civil sectors in local governance and economic development. The survey also measured citizen satisfaction with local government services and perceptions related to youth development. This survey was commissioned through the GFK, and sub-contract of total value of 50,109 USD was utilized. However, there was no follow up on results of the survey

Other studies:

- Development of the Master plan for tourism development on Tisa river
- Value Chain Analysis and Marketing Plan development for Novi Pazar IMC Region
- Study on Biomass Utilization in Novi Pazar IMC Region
- Value Chain Analysis in Nis IMC
- Innovation in agricultural production - possibilities for introducing nontraditional crops that possess market potential in different regions
- Bridging the Gap between Business and Science Analysis Development- Concept paper on possibilities for application of applied science to support businesses in IMC regions (different regions)

Planned studies and analysis

IMC Novi Pazar

Market Expansion of the Footwear Sector - identifying and minimizing the constraints to the sector on expanding existing markets and penetrating new ones"

Market Expansion of the Denim Sector - identifying and minimizing the constraints to the sector on expanding existing markets and penetrating new ones

Market Expansion of the Furniture Sector - identifying and minimizing the constraints to the sector on expanding existing markets and penetrating new ones

Innovation in agricultural production - possibilities for introducing nontraditional crops that possess market potential in Sandžak region

IMC Kraljevo

Innovation in agricultural production - possibilities for introducing nontraditional crops that possess market potential in Raška and Vrnjačka Banja

SME/Innovation - developing ties between the science and business communities

"Bridging the Gap between Business and Science Analysis Development- Concept paper on possibilities for application of applied science to support businesses in IMC regions

IMC Uzice

Analytical Report: Development of a Demand Assessment on Establishment of Integrated University in Užice

Study/ research paper: Development of the tourism supply chain of the destinations of Tara, Zlatibor, and Zlatar by connecting the hotel industry and other tourism-related businesses with the different micro businesses in IMC Užice

IMC Nis

Analytical study- **Agricultural Demand Analysis** (with recommendations on developing potential buyers and buyer networks, and on the product and service improvements necessary to meet that demand)

Analytical study **Agricultural Supply Analysis**: an analysis on the supply-enhancing and growth

potentials for establishment of an inter-municipal agriculture logistic center using one part or the whole available area of the Green Zone in Leskovac.

SME/Innovation - developing ties between the science and business communities

"Bridging the Gap between Business and Science Analysis Development- Concept paper on possibilities for application of applied science to support businesses in IMC regions

IMC Vranje

"Market Expansion of the Footwear Sector - identifying and minimizing the constraints to the sector on expanding existing markets and penetrating new ones"

Market Expansion of the Furniture Sector - identifying and minimizing the constraints to the sector on expanding existing markets and penetrating new ones

Preparation of Technical documentation for Interior Traffic Road in the Industrial Zone

IMC Novi Sad

Preparation of the technical documentation for the new industrial zone in Beočin

Preparation of the technical documentation for the new industrial zone in Temerin

Preparation of the technical documentation for the new industrial zone in Novi Sad

SME/Innovation - developing ties between the science and business communities

"Bridging the Gap between Business and Science Analysis Development- Concept paper on possibilities for application of applied science to support businesses in IMC regions

IMC Subotica

Analytical study- **Agricultural Demand Analysis** (with recommendations on developing potential buyers and buyer networks, and on the product and service improvements necessary to meet that demand)

Analytical study **Agricultural Supply Analysis**: An analysis on the supply-enhancing and growth potentials for establishment of an inter-municipal agriculture logistic center using one part or the whole available area of the zone of clean industry Horgoš.

IMC Zrenjanin

Analytical study- **Agricultural Demand Analysis** (with recommendations on developing potential buyers and buyer networks, and on the product and service improvements necessary to meet that demand)

Trainings and capacity development activities to be implemented in all IMC regions:

- Asset Management Activity in all IMCs- national STTA
- Asset Appraisal and Management - knowledge transfer from countries with mature local asset management practices on various issues related to management of land and property – international STTA
- Increase capacities and skills of new local government officials in partner IMC cities and municipalities to effectively utilize local economic development mechanisms and tools- SCTM
- "Development of Career Guidance and Counseling Services through Inter-municipal Cooperation Mechanisms- Belgrade Open School

ANNEX 16: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS³¹

Evaluation Question 1.

How successful was the IMC clusters' work in increasing economic development as measured by increased jobs and investment?

Conclusions	Key supporting findings	Recommendations
I.1. The objectives of SLDP were and are still relevant but the causal logic (underlying development hypothesis) of the intervention was insufficiently coherent and focused	The causal model underlying the Project design, was insufficiently coherent and focused. There was no logical framework available for SLDP. The SOW and resulting PMP were excessively broad, the Project with 41 indicators, five Project components operating in eight IMC areas, was difficult to implement, coordinate and monitor.	Continue efforts to streamline the project activities, focusing on economic growth in the context of Inter-Municipal Cooperation, with a clear strategy of integrating youth (entrepreneurship, vocational training, student and graduate entrepreneurship, etc.) and civil society participation (“watchdog” and expert functions) in the economic growth and private sector competitiveness agenda.
I.2. Inefficiencies in Project implementation, combined with multiple changes of SLDP focus and volatility in project implementation, had an adverse effect on the Project performance.	There were considerable delays in project implementation due to ineffective management, delayed in reporting and changes in Project focus. The monitoring system does not ensure effective reporting on all PMP indicators.	Improve effectiveness and efficiency of SLDP implementation and reporting with clear deadlines, with an efficient and transparent monitoring system. Consider using MS Project or similar software for monitoring and reporting progress.
I.3. Progress of SLDP on key performance indicators related to investment and employment generation, was limited but has shown some improvement in 2013.	SLDP made progress against most of the indicators, especially, in the second half of 2012 and in 2013. SLDP has been particularly effective in meeting governance-related targets,	Improve definition of PMP indicators related to investment and employment generation. Make a particular effort to improve performance on investment-related Indicator 38 (Number of development projects based on input from

³¹ This table presents the summary of **all** findings, conclusions and recommendations of the evaluation. The **key** conclusions and recommendations are highlighted in yellow.

<p>Due to the problems with attribution of progress to SLDP activities on some indicators (particularly 1 and 2), the evaluation team cannot conclude that the targets on these indicators have been met as a result of SLDP intervention.</p>	<p>but not as successful in reaching targets related to economic development. The Evaluation Team could not find, and was not provided with, any verifiable data on progress that could be clearly attributed to SLDP, against indicators 1 (number of business-sector jobs created in participating municipalities) and 2 (dollar value of increase in inflowing domestic and foreign investment). Initially, SLDP calculated jobs and investments based on overall improvements within partner municipalities. This was done through reports of the Local Development Offices, which captured the overall progress in respective municipalities, including all employment and investment data. However, the SLDP team stated: "As the project did not directly work on increasing investment, it was not possible to measure or attribute any investment to SLDP activities". Performance on Indicator 38 (number of development projects based on input from businesses) has achieved only 23.5%. Performance on Indicator 36 (number of youth that get a job or start a business within six months of completing the educational programs) has achieved a striking 4.4%.</p>	<p>businesses) and job-related Indicator 36 (Number of youth that get a job or start a business within six months of completing the educational programs). Ensure that they are included in the proposed revised PMP. Ensure that progress on NCP activities related to Indicator 1 and 2 is reported and monitored in the way that is directly attributable to SLDP.</p>
<p>1.4 There were inefficiencies in</p>	<p>There have been unjustified delays in decision making on grant/subcontract</p>	<p>Increase efficiency and transparency of the Grant and Subcontract application process,</p>

<p>allocation of SLDP grant/subcontract funding. This is partially due to the weak grants tracking system and inefficiencies in decision-making process.</p>	<p>allocation. The grants tracking document does not include clear deadlines for the process of approval and funds allocation. Communication and consultation with stakeholders has been insufficient.</p>	<p>communicate more effectively with counterparts and grantees on the status of their application. Establish clear SLDP deadlines for decision-making on grant approval, as well as deadlines for disbursement of funds once the application is approved. The Project will need to speed up disbursement of funds if the targets are to be met.</p>
<p>I.5 Grants and subcontracts allocated by SLDP are relevant to the development needs of stakeholders and are consistent with the expected Project results (particularly attraction of investment and generation of employment). However, the amount of funds allocated through grants and subcontracts to date is disproportionately low.</p>	<p>The evaluation team analyzed the quality and potential impact of the grants and subcontracts funded by SLDP. Most of the grant funding was utilized for support of investment (37%) and employment (28%). Most of the funding for sub-contracts was also utilized to support investment (30%), citizens' participation and good governance (27%). The detailed analysis of grants and subcontracts is provided in Annex 8.</p>	<p>Accelerate allocation and disbursement of funds for grants/subcontracts. Ensure that grants are more focused on contributing to performance against the revised PMP on investment and jobs.</p>
<p>I.6. The numerous studies and capacity building activities undertaken by the Project are relevant , but follow-up activities have been insufficient for ensuring sustainability and converting inputs/outputs into outcomes/impact</p>	<p>SLDP has undertaken a number of studies, surveys (Annex 15) and training activities. These are an important part of SLDP activities and many of them have been instrumental in leveraging other funding. However, many interviewed stakeholders reported that the follow-up of some studies and capacity building activities has been limited. No tracer studies have been implemented, to ascertain the level of success of application of obtained knowledge (e.g., for achieving employment by youth).</p>	<p>Increase emphasis on the application of knowledge that has been generated by SLDP through training or studies/reports. This would be particularly important for Indicator 36 (Number of youth that get a job or start a business within six months of completing the educational programs) on which SLDP has been under-performing. It would be useful to undertake 'tracing studies' to gauge how the generated knowledge is applied by the stakeholders for accessing jobs or generating investment (i.e. outcome and impact level results) and to report more accurately on Indicator 36.</p>

<p>1.7. The level of communication, information sharing and visibility of SLDP has been insufficient. SLDP has missed some opportunities for collaboration and leveraging of resources with other donor-funded projects.</p>	<p>A number of stakeholders interviewed stated that they were not aware of SLDP activities or progress made to date. Insufficient information sharing with other donor-funded projects has been mentioned by those projects, particularly openness in exchange of documentation, updated information on grants/subcontracts and availability of project reports on the website. Communication and consultation with stakeholders has been also an issue in the first half of 2013, as highlighted by many interviewees, particularly with regard to the selection of New Criteria Projects.</p>	<p>Improve communication and information sharing with SLDP stakeholders, as well as with other donor-funded projects (particularly through the Project website and face-to-face contacts). Observing agreed deadlines for joint activities is of particular importance in cooperation with other donor-funded projects.</p>
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Evaluation Question 2.

How are the SLDP inter-municipal economic development projects identified and/or underway likely to contribute, when fully implemented, to economic growth through increased jobs and investment?

Conclusions	Key supporting findings	Recommendations
<p>This question relates to the emerging impact and sustainability of SLDP. The team analyzed the NCPs that will be the centerpiece of SLDP's implementation in the second half of the project (both already selected and those in the pipeline), including the New Project Criteria, the available Action Plans and STTA reports. The overall conclusion under Evaluation Question 2 is that the likely contribution of SLDP inter-municipal economic development</p>		

<p>projects to economic growth through increased jobs and investment is significant, provided that the planned NCPs and economic development initiatives are implemented efficiently and on time. Success of implementation of NCPs in the second half of the Project is also contingent on effective and coherent management of SLDP components, improved communication with stakeholders, expedient allocation and disbursement of grants and subcontracts, and a more efficient system for monitoring progress against clearly defined (revised) PMP indicators.</p> <p>2.1. IMC activities implemented by SLDP to date, have been effective and are likely to have a high impact on local economic development.</p>	<p>IMC provides a potentially sustainable and effective mechanism if applied flexibly (based on real cooperation needs), with a potentially considerable impact on local economic development. The interviewed stakeholders indicated that joint inter-municipal activities have been successful and created new partnerships, which are sustainable and are already used for new project opportunities.</p>	<p>Continue support for all participating IMCs. Revisit the possibility of support to some of the private sector initiatives that have been terminated in the latest phase of SLDP but are still part of MoUs (e.g., IMC tourism initiatives, energy efficiency, a Diaspora database, etc.).</p> <p>Increase emphasis on sustainability of SLDP results and supporting institutional changes in IMC clusters. It is important to make provisions for building capacity of local organizations that would be able to continue provision of support that is currently provided through STTA involvement by SLDP.</p>
<p>2.2 New Criteria Projects lay a sound foundation for SLDP's contribution to economic growth, are feasible and can achieve the expected results. The new criteria for selection of new projects are clear, but the concept of 'Inter-Municipal Cooperation, is vague and not defined in the same terms as initially intended in SLDP design.</p>	<p>NCP criteria have been developed and NCP projects selected, based on these criteria. The criteria for IMC definition is too broad, applying to any business opportunity that may benefit more than one municipality and does not necessarily imply actual cooperation between municipalities. The actual criteria are not clearly communicated to all relevant stakeholders, and interviewees reported confusion about the direction the Project is taking.</p>	<p>in the revised PMP, clarify the terminology applied to IMC to ensure that it implies the requirement for actual cooperation between municipalities on project implementation, rather than implementation of activities by a single municipality, with potential benefits for other municipalities.</p> <p>Improve clarity in communication of the new criteria for "New Criteria Projects" to the stakeholders. In addition to the visits to the Mayors, discussion with stakeholders, the economic forums, it would be helpful to have a full list of clear criteria available on the project</p>

		website and in the regular Project communication with stakeholders.
<p>2.3. The new (revised) PMP is relevant and appropriate to measure progress of SLDP in the second half of its lifetime. However, there are some unresolved issues with indicators in the revised PMP.</p>	<p>It is of great concern to the evaluation team that attribution can be made to SLDP on progress achieved on Indicator 1 and Indicator 3 in the new PMP (old Indicator 2) which are the most crucial for measuring Project performance related to job creation and investment. As these two indicators are included in the revised PMP, it is not clear why the measures proposed for data collection in the second half of the project have not been implemented to date. The targets for these two indicators were revised. All three indicators are associated with high risk in terms of achievement, although the targets are now lower than in the initial PMP for Indicator 1 (initial target 2,750 jobs; new target: 2,000 jobs) and much lower for Indicator 3 (current target \$120 M; the target for the previous corresponding PMP Indicator 2 was set of \$275M)</p> <p>Indicator 8 (Increased youth competitiveness in the job market), as it is defined, does not measure proven competitiveness – it is merely designed to count all youth entering programs aimed at increased employability and is based on the assumption of increased competitiveness.</p>	<p>Retain in the revised PMP indicators 36 (Number of youth that get a job or start a business within six months of completing the educational programs) and 38 (Number of development projects based on input from businesses) and ensure that implementation of NCPs helps to catch up and achieve targets for these two indicators. Do not include the new proposed Indicator 8 (Number of youth with increased competitiveness in the labor market) in the revised PMP, as it is extremely vague and does not help to measure real outcomes of training and internships. Instead, reinforce achievement efforts on Indicator 36 which measures proven youth competitiveness confirmed by the fact of employment and directly attributable to SLDP. Attribution of results to SLDP on new Indicator 2 (increased business revenues) should be better formulated as directly attributable to SLDP and objectively verifiable. Establish a clear data collection and reporting mechanism with a baseline (especially on Indicators 1, 2 and 3) in cooperation with IMC clusters.</p>

<p>2.4: Regional SLDP presence has been important for implementation and coordination of Project activities.</p>	<p>SLDP plans to terminate the regional coordinator’s positions after October 2013, without a clear phase-out strategy in place. There is a legitimate assumption that the local existing partners should become drivers for local action after the completion of SLDP and that LED offices, RDAs, Mayors’ offices would be the champions who will work with SLDP and interact with SLDP team in Belgrade to identify the needs and coordinate implementation of activities. However, based on the findings of the field visit, the evaluation team has its reservations about the viability of this approach due to the lack of evidence that at this stage, IMCs are ready to interact with SLDP effectively without the coordinators’ hands-on support.</p>	<p>Develop an effective ‘exit strategy’, gradually phasing out regional SLDP presence by putting mechanisms in place for effective face-to-face and online communication between SLDP and IMC stakeholders and project partners, identify and empower local ‘champions’ who could assume the coordination role.</p>
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Evaluation Question 3.

To what extent do members of IMC clusters see value in working together with other municipalities to advance regional economic development?

Conclusions	Key supporting findings	Recommendations
<p>3.1. The interviewed members of existing IMC clusters value working together with other municipalities and intend to continue this work in the future</p>	<p>Members of IMC clusters see high potential for synergies and economies of scale in inter-municipal collaboration, especially when it comes to development of agricultural and industrial projects where value chains span a few</p>	<p>The IMC concept should be applied in a flexible, fluid, ‘ad hoc’ manner to provide solutions to identified common problems and needs. It would be useful to trace progress on how IMC partners continue to collaborate beyond the scope of SLDP. Inter-municipal centers of excellence and innovation could provide a mechanism for</p>

	<p>municipalities/regions. Such readiness for collaboration was voiced also for collaboration between municipalities that do not have a common border but have a common objective or project idea.</p>	<p>collaboration on economic development initiatives (e.g. in ICT, denim apparel, tourism).</p> <p>In order to ensure sustainable and successful IMCs, it is recommended to adopt a holistic approach, based on well balanced combination of the following key elements: i) comprehensive capacity development that will include assessment of needs, training and on the job-training; ii) persuasion through promotion of success stories in IMC implementation; iii) targeted incentives, through the grants that are available within SLDP and iv) improvement of enabling environment through changes of the legal and policy framework particularly focused on different aspects of IMCs.</p>
<p>3.2. Horizontal cooperation among IMCs is a valuable learning opportunity but has been insufficiently utilized</p>	<p>SLDP has been modest in facilitating horizontal knowledge sharing; some of the recent experiences are cooperation of ICT clusters in Nis and Novi Sad in submitting joint proposal for setting up an ICT Academy that will be financed by SLDP grant; IMC Uzice is mentoring smaller municipalities in asset inventorying as required by the Law on Public Property. However, IMCs do not have any established communication mechanisms (to share experiences and lessons learned with other IMCs); they do not have access to SLDP documents and studies. During interviews and field visits, IMC members had limited information and knowledge from other regions, which they could have replicated.</p>	<p>Establish an effective and sustainable communication mechanisms for sharing knowledge and best practice between IMCs.</p>

<p>3.3. SLDP has been successful in strengthening the legal framework for IMCs</p>	<p>SLDP was successful in supporting reform of the legal framework for IMCs and this was accomplished through support to reform of some of the key laws including the Law on Local Self Government, the Law on Public Enterprises, and the Labor Law.</p> <p>Practical experience, best practices, and lessons learned from the establishment of IMCs enabled SLDP experts to provide inputs for the revision of the Law on local self-governments. SLDP experts were members of the national working group. This was one of the most important achievements of the SLDP, especially in light of sustainability of the IMCs.</p>	<p>SLDP should remain involved in the policy development and legal reform processes, ensuring that valuable experience and lessons learned are taken into account and identified issues addressed in the legal and regulatory practice.</p>
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Evaluation Question 4.

To what extent have project activities increased youth participation and employment through trainings and internships?

Conclusions	Key supporting findings	Recommendations
<p>4.1. While one can argue that youth participation has been increased by the mere participation of youth in capacity development and networking activities, no tangible results attest to the effectiveness or the likely impact of these activities.</p>	<p>The YO representatives interviewed mainly stressed their role providing career guidance to youth. None mentioned their participation in decision making processes nor in liaising with youth organizations. The youth organization networking has been facing many challenges and cannot be considered successful.</p>	<p>If there is any consideration of continuing the support to the youth CSOs, this support should be much more concerted and focused on a few selected organizations that will be carefully selected for their activism potential. Their capacities should be developed and they should be guided in taking a more active role in influencing local (and national) decision-making.</p>

	No concrete evidence of youth organizations impacting decision making can be drawn.	
<p>4.2. Youth employment has been promoted through several successful, yet small-scale initiatives that are likely to have a positive impact, but they are not reaching the unemployed youth with most need for employment support.</p>	<p>Although not targeting the most disadvantaged on the labor market, the measures have been well designed for the set target group. The intended reach of the programs was quite low, but according to the available data the employment outcome figures are quite favorable as there is a 40% retention rate of interns, although there was no legal obligation to employ from the part of the enterprise.</p> <p>Youth with low educational attainment were not eligible to apply to any of the offered programs. Although the original RFP clearly envisages cooperation with key central and local counterparts in designing vocational training programs, no such measures that could also be offered to lower-skilled unemployed youth on a larger scale have been offered.</p>	<p>The Project should devote attention not only to 'Local Champions' but also to the more labor market disadvantaged youth, those of low educational attainment, lacking the skills needed on the labor market. Particular attention should be devoted to vocational skills training programs, responding to the needs identified by the Labor Gap analysis or otherwise as needed on the labor market. These programs must be competency-based and certified so as to assure transferability and recognition of acquired competencies.</p> <p>Cooperation with Regional Training Centers established by the Ministry of Education and Science should be explored, not only in terms of training provision, but also in terms of competency based curricula development and assessment of gained competencies as they have recently undergone intense capacity development in these area.</p> <p>Supporting business start-ups should not be perceived as a universal measure to combat unemployment. Start-up grants should not be offered to a youth who is entering self-employment merely in response to long-term unemployment and lack of employment opportunities.</p>

	<p>It will only be possible to measure the impact of these measures and the actual employment outcomes in the coming year. Nevertheless, the 37% retention rate (27 out of 73 interns in the first two cycles which have been completed) of the interns of Smart Kolektiv's program and the 42% (10 out of 24 that have been monitored) retention rate of Group 484's interns are quite impressive results having in mind there was no contractual obligation of the enterprise to employ these interns past their internship. It is a 'cheap' ALMP, producing good effects, but it is human resource intensive as it relies entirely on building relations with enterprises and conducting good fieldwork.</p>	<p>Continue supporting the development of a legal framework for internships. The success of the internship programs implemented by the SLDP could be built on and replicated. These conclusions should be clearly communicated to the MoLESP and NES</p>
<p>4.3. The youth workforce development agenda is not sufficiently mainstreamed into core SLDP activities and lacks a participatory approach</p>	<p>Few specific activities aligning the youth workforce development initiative with the designed New Criteria Project are initiated. The youth workforce development component is still in a state of 'transition'. The project does not have working relations with the Employment Department of the MoLESP. Also the NES was not involved in the process of project or ALMP design. None of the five NES Directors interviewed (nor any of the other interviewees interviewed within the scope of the youth workforce development and participation</p>	<p>Invest additional efforts to mainstream youth workforce development, through building closer relations with the Employment Sector of the MoLESP and NES, both at the local and central level and involve them in the identification of workforce development needs and design of interventions.</p>

	component), were involved in the process of defining the IMC 'New Criteria' projects, nor were even informed about the decision made.	
4.4. Both the youth workforce development and participation component are relevant, but focusing on youth employment is justified. The IMC approach was rather artificially applied in most cases.	<p>Given the current economic crisis, all interviewed stakeholders involved in the youth participation promotion activities and oversight agreed that youth employment should be a priority. One of them even stated: "There was too much emphasis and expansion of the youth participation activities and not enough effort in promoting and supporting youth employment".</p> <p>The activities supported by the project in terms of youth participation, to a large extent simply supported ongoing MYS activities. The KOMS is working on creating regional networks among youth organizations independently of the SLDP support (these activities are supported by the MOS). Due to the interest of the SLDP, networking across the IMC areas has commenced, but there were clear indicators from the organizations involved that they would prefer creating ties with organizations within the same municipality as a first step.</p>	See recommendation under 4.1.
4.5. The Mobile Career Guidance Teams should be viewed as an innovative approach to providing services in a human and financial resource efficient way	<p>The major benefit of inter-municipal work in this field is that it increases impact with fewer resources. Professional counselors are few and through this type of program they can</p>	SLDP should support the investment in developing Mobile Career Guidance Teams, in lobbying for the inclusion of this mechanism in the upcoming 2014-2020 Career Guidance Strategy, hence securing its sustainability

	<p>provide their assistance also in remote areas that do not have this sort of HR capacity within their immediate community.</p> <p>The fact that these mobile teams are not only cross-municipal but also cross sector, including NES, Schools, YO and the private sector makes them effective and efficient.</p> <p>The MYS has clearly stated the value of the Mobile Career Guidance Teams has been recognized and that there is space for them in the 'system' as outreach is needed, under the condition they manage to demonstrate their effects and value.</p>	
	<p>A large problem in assuring sustainability and even functioning during project implementation is the lack of actual support of the Ministry of Education and frequent blocking of processes by them. In fact projects of this type are seen a way to overcome the lack of agility of this Ministry as many activities can be conducted with the schools directly.</p>	<p>Develop closer relations also with the Ministry of Education and Science and support the mainstreaming of vocational guidance and counseling to the formal education system. Lobby for the performance of such guidance already in elementary school</p>
<p>4.6. Efficiency of resource use in implementing youth workforce development and participation activities is multifaceted.</p>	<p>The partnering with Smart Kolektiv and Group 484 who have already established partnerships with commercial banks providing for financial start-up support decreased the cost per youth beneficiary from SLDP's perspective. But, on the other hand the cost of training and individual support per employed is quite high. A final assessment of the efficiency and</p>	<p>Even if the employment promotion programs implemented to date are discontinued in the second half of SLDP implementation, make sure to continue monitoring and assessing the impact of the delivered programs. This will provide valuable information that may inform future policy making and ALMP design.</p>

	cost-benefit would only be possible after an impact assessment of the employment outcomes of all youth benefiting from any type of support	
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August 8, 2013

Ms. Susan Kutor
Contracting Officer's Representative
USAID/Serbia

Subject: Responses to Mid-term Performance Evaluation of Chemonics International Inc. under
the
USAID Sustainable Local Development Project in Serbia

Reference: USAID Sustainable Local Development Project (SLDP) in Serbia
Contract No. AID-169-C-00-11-00102

Dear Ms. Kutor:

Chemonics International Inc. is grateful for the thorough and thoughtful Mid-term Performance Evaluation carried out regarding the USAID Sustainable Local Development Project (SLDP) in Serbia, which Chemonics implements. The Evaluation contains many helpful suggestions and recommendations, some of which the Project has already begun to implement. The Evaluation is a clear statement that the Project is on the right track to support real economic impact in its IMC areas.

The Evaluation also recognizes that the Project has gone through several phases to find the correct mixture of activities and principles for increasing territorial jobs and investments by means of inter-municipal effort. The road through these several phases has been rocky at times, and the Evaluation describes the travail the Project has experienced before locating a formula for success.

The Evaluation in addition recognizes in Conclusion 1.1 that "the causal logic (underlying development hypothesis) of the intervention was insufficiently coherent and focused." (see, page 4). The Evaluation briefly develops the stream of causation stemming from this fundamental design flaw by noting that challenges arose from the "outset".

The design flaw described in the Evaluation concerns the fact that the intervention was meant to be an economic one and a democratic one, couched within a concept of inter-municipal cooperation. The Evaluation's conclusion that "the causal model of the intervention was insufficiently coherent, combining broad economic growth and democratic governance objectives with an excessively cumbersome SOW and without a clear 'vision'", meant that the Project had to traverse very slippery terrain to gain its feet. Chemonics does not offer this point to excuse implementation issues outlined in other conclusions of the Evaluation; these conclusions will be treated one-by-one in the following paragraphs.

Below you will find specific responses to the individual conclusions provided in the evaluation.

Responses to individual conclusions:

Conclusion 1.2 of the Evaluation: Chemonics would like to comment on observations made on page 5 and other places in the Evaluation (e.g., pages 3, 14, 15, 23 and 24) that “communication and dialogue with stakeholders seems to continue to be a weakness of SLDP.” At other places, the Evaluation refers to “many stakeholders” unaware of the Project’s activities, of its follow-up on studies and of the New Criteria Projects (see, e.g. pages 14 and 15). We try very hard to promote communication with our counterparts, and in response to this comment in the Evaluation, we have instituted an automatic monthly procedure of informing the mayors of each municipality where we stand on grants and sub-contracts “in the pipeline,” and such letters were sent to the mayors in Beocin, Temerin, Vranje and Uzice most recently.

The point that causes greatest concern to the Project regarding the Evaluation’s criticism of our communication efforts is the fact that the Evaluators failed to interview any mayor or vice-mayor, who are the Project’s major partners in all of our current IMC and municipal activities. These are the people to whom we report, and with whom communication is key. We would not commence any activity without conferring with the mayors of the constituent cities. No mayor is confused about what the Project is doing regarding NCPs, and it is unclear who the Evaluators consider our “many stakeholders”, if they failed to talk to our major negotiating and reporting counterparts. The comment at page 15 that we never talked to the NES regional directors about the NCPs underlies the Evaluators’ confusion—those officials were never a municipal or IMC “stakeholder,” so it would not be expected that they have detailed knowledge of NCPs.

It should also be noted that some of the listed interviewees are not the individuals with whom the Project is directly cooperating. For example, regarding NARD, the Project is working and coordinating activities directly with Ana Zegarac, Assistant Director, Head of Directorate for Regional Development; with SEIO, the Project's point of contact is Ognjen Miric, Deputy Director, Coordinator for EU funds; and with the EU Delegation, the Project cooperates at an operational level with specific implementers of EU-funded projects, not at the bureaucratic or diplomatic level. The fact that the Evaluators interviewed some individuals from the organizations/institutions with which the Project is working, but not our direct contacts, casts doubt on the conclusions that the Project has poor communication with the “stakeholders”, however defined.

Another point that bears discussion is the import of the MOUs signed with counterpart mayors during earlier periods of the Project. These MOUs were illustrative only. By their distinct language, the MOUs were never considered as promises or obligations of the Project to perform any activity. It is perhaps the case that deficient communications with the lower level municipal and IMC personnel did not make that point sufficiently; however, it was clear to the mayors who signed the agreements. Regrettably, the Project did not sufficiently protect itself against a tendency for operational beneficiaries to assume that a mention of what might happen is construed as a promise to actually do it. We hope that the Evaluators recognize this fact, but we fear that they might have taken at their word the frustrations of those to who misunderstood the illustrative nature of the MOUs.

That said, there were clear instances where promises were made and had to be honored. We have done so conscientiously, such as the commitment to Doljevac to do a study for their water system, despite its

bearing no proximate relationship to job additions under the relevant NCP.

We agree that some illustrative areas of the MOUs have been abandoned by the Project, and those include Tourism and Energy Efficiency in the IMC areas. The Evaluators take exception to this (see, page 6 and page 14) and recommend their reinstatement. If this were a matter of breached promise, we would consider these points of view; however, it is apparent that these two issues are more the personal programmatic opinion of the Evaluators. For tourism, they cite a 2009 survey that is pre-crisis, and reference Mr. Kusturica's village, funded and supported by him, as good data for the feasibility of investing in tourism. Neither of these examples presents foundation for putting resources into tourism as a feasible economic venture. On energy efficiency, the Project understands its importance, but it is not an activity that proximately adds jobs under the criteria of the NCPs.

In contrast, the Evaluation's note about the possibilities of working with the Diaspora is something we are now examining. There is nothing to indicate that members of the Diaspora will become business investors in Serbia as the Evaluation intimates, but the Project is engaged in negotiating a demand study to see if US diaspora members would be interested in post-operative medical recovery in some of the spas of our IMC areas.

Conclusion 1.3: We appreciate the Evaluation's conclusion that we are on track through the NCPs to satisfy attribution concerns of our efforts to measure increased jobs and investment. In addition, a new PMP is being negotiated, though it must still be assessed in terms of the Mission's new overall strategy.

In light of this revamping of the PMP, some points in the Evaluation will likely become moot. The attribution issue, for instance, is likely to disappear. As inflowing investments have become a major effort of NCPs and IMC success, investment results will improve. In addition, a number of indicators in the original PMP will disappear, though the Project is gratified by the Evaluation's tables that show "improved performance of SLDP in 2013."

Conclusion 1.4: Chemonics appreciates the Evaluation's discussion of our grant process. It has often been challenging owing to the changing vision of the Project. We fully believe it is now on track and will continue to improve. One comment by the Evaluation on page 12 must be corrected, however. SLDP will not be issuing a Call for Grant Applications. The Open Call for grants is a mechanism not suited for a Project such as SLDP, which must achieve specific impact. In many ways, the Project was once a project that asked for the proposals and wish lists of its counterparts, leading to many activities with limited contribution to the Project's impact. Our activities will be purpose-driven moving forward; we will set the agenda together with our main partners, the leaders of cities and territories, and we will issue grant calls not in an open manner but on a grant-by-grant basis.

Conclusion 1.5: We would like to note, there seems to be some confusion by the Evaluator of the difference between Youth Office and Youth Organization. Perhaps it results from the use of the acronym YO. A Youth Office is an entity of the local governments. A Youth Organization is a group interested in the involvement of youth in public decision-making. The two have different functions, which is why Youth Office Coordinators have been trained and certified as government officials. Conclusion 4.1, page 22, also is an example of this confusion, with the pair of sentences that: "The YO representatives interviewed mainly stressed their role in providing career guidance to youth. None mentioned their participation in decision-making or in liaising with YO's."

Conclusion 1.6: The Evaluation's comments regarding the preliminary studies done by the Project and the apparent lack of follow-up is a good admonition to guide us in our future work. But the assumption that studies should inevitably lead to follow-up ("converting inputs/outputs into outcomes/impact") is not always accurate. For example, under the NCPs, no work will be undertaken without a demand study, and if the demand study shows no likely economic benefit from incurring project costs, nothing further will be done.

Still, it is true that some of the studies undertaken, such as the one mentioned regarding "citizen awareness" of IMC programming, will not be subjects of further work. It was a study undertaken to unearth new opportunities for Project activities, and a number of internal suggestions flowed from it. The Project's turn toward impact, however, truncated contemplated activities that would have dealt solely with institution strengthening and capacity building.

The Evaluation outlines the Project's abandoning work in Vojvodina on energy efficiency, and contains a recommendation to continue with an energy audit for the benefit of the Project's "stakeholders". In our view, audits are not proximately related to adding jobs in Vojvodina and are not part of the Project's recipe for creating positive economic impact.

The Evaluation's loose terminology about studies where "many recommendations" have not been pursued assumes too much. Recommendations are just that—either they are implemented or not, depending on Project priorities. However, it is true that the Project needs to *trace* the subsequent activities of its trainees more conscientiously, and this recommendation, which is also one that the current COR of the Project has emphasized, will be implemented.

Conclusion 1.7: Please see discussion on stakeholder communication under Conclusion 1.2.

Regarding other donor organizations, efforts are being made to more closely coordinate with EU PROGRES, and positive developments are in process. The large amount of donor activity in a small place inevitably increases the opportunity for tension. It is up to the leadership of donor projects to minimize those frictions, and that is happening between SLDP and EU PROGRES.

Conclusion 2.2: The major moment of Conclusion 2.2 is that the NCPs and other economic development initiatives "lay a sound foundation for SLDP's contribution to economic growth, are feasible, and can achieve the expected results." The Project has found the correct approach for moving forward, and is pleased that the Evaluation has reached that conclusion.

The Evaluation, however, questions the Project's continued commitment to the concept of IMCs and inter-municipal cooperation. It suggests that the Project has created a new definition of IMCs through one of the criteria for its NCP programs and activities. That is not the intent of the NCPs. The NCPs are *programs and activities* that will grow the economies of the territories of the IMCs. The NCPs do not constitute or define inter-municipal cooperative areas or what they should be. The Evaluation mixes apples and oranges, assuming that every activity, every program element must be based on active cooperation and resource-expenditure by every municipality. But NCPs are *activity programs* and IMC's are forms of *societal organization*. The Project fully intends to, and will, bolster the notion of organizing communities through IMCs; its NCP activities will contribute significantly to that effort.

This fundamental confusion of the Evaluators is understandable. In 2011, SLDP developed a comprehensive set of criteria for assessing and evaluating applications for forming IMC areas. In later stages in 2011 and early 2012, the main focus of the Project was on establishing and maintaining IMC mechanisms (35 technical working groups and 8 coordinating working groups). This work was done to create the IMC partnerships. However, that concept did not in and of itself create business-level solutions and benefits for local economies. For that, the Project relies on the NCPs and their activities to analyze the growth potentials of local economies, and to create jobs.

Conclusion 2.3: In its discussion of the proposed PMP, the Evaluation is favorably disposed to the Project's changes, with some reservations. These, of course, will be worked out with USAID, but the Project does feel that the issues are not presented with full accuracy in the Evaluation. Particularly, it is fair to say that SLDP introduced three economic impact indicators, not only two. The missing one is "Volume of business revenues in sectors supported by the Project (LOP target \$120 million)". The revised PMP clearly presents the change in targets, which are more difficult to achieve than originally planned. The original target of investment-related indicator was \$238 million (see revised SLDP SoW). It has been replaced with the following two indicators: \$120 million of investments, and \$120 million of business revenues.

It is also fair to say that the newly proposed PMP definitions target those economic impacts that will be attributable to SLDP interventions much more than it was originally defined in FY2011.

Regarding old PMP Indicator 36 (number of youth that get a job or start a business within six months of completing the educational programs), the Evaluation's statement is not relevant because the revised PMP indicator 1 has the following definition and includes youth employment:

"Indicator 1. Number of business-sector jobs created in participating municipalities as a result of Project's IMC activities.

Precise Definition: Business sector jobs created in partner cities/municipalities as a result of the Project's efforts to develop and implement business opportunities and to engage private and public sectors.

Over the life of the project (LOP), the Project plans to create a total of 2,000 new jobs, of which 450 will be jobs for youth, supported through Component 3 activities, while the additional 1,550 jobs are planned from the Project's inter-municipal economic activities.

The indicator will capture the following:

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

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."

With respect to the Evaluation's discussion of newly proposed Indicator 8 (number of youth with increased competitiveness in the labor market), it needs to be made clear that this is a classic example of output-level indicator, which is clearly stated in the proposed revised PMP. It does not show impact of the activities, but indicates how activities are progressing and gives an idea about the scope and coverage of several youth development activities. Therefore, the SLDP team suggests that the indicator stays in the revised PMP.

Finally, with respect to comments in the Evaluation related to recommendations for new PMP Indicator 2 (increased business revenues), SLDP acknowledges that increase of business revenues will be extremely difficult to measure. Therefore, taking into account the given nature of each NCP, SLDP will develop eight data collection, monitoring and reporting procedures.

Conclusion 2.4: The Evaluation validly points out that there is no “clear phase-out strategy” for terminating the regional coordinator position. The Project has carved no plans in stone in order to maintain the type of flexibility and fluid character noted approvingly in Conclusion 2.1 of the Evaluation. The Project has terminated its relationship with its subcontractor, Maxima Consulting Group and activities under that arrangement as of October 31st, 2013. This does not, however, inevitably portend the end of regional representation in all forms. At the end of September, the Project will assess its operational needs, and will propose adjustments, if any, to USAID.

In this regard, the Evaluation did not mention the addition onto Belgrade staff of technical experts, whose role will be to work with regional counterparts on implementing program activities. It is difficult to assess the significance of the views of “interviewed representatives of IMCs”, who are apprehensive about what life may be without regional coordinators. The Project agrees fully that the regional coordinators were fundamentally needed to advance the Project this far; however, the apprehensions of stakeholders about the future are, though understandable, speculative.

Conclusion 3.2: The Evaluation offers some excellent suggestions for ramping up “horizontal cooperation” among IMCs, and the Project is already engaged in such endeavors. The Project’s e-newsletter is called InfoBuzz (initiated in 2013) and it is distributed to all Project stakeholders (mailing list available upon request) every three months by email. The e-newsletter is also available for download on Project web site's Home page and discusses IMC issues, successes and events and plans of the Project. The Project’s web site, www.lokalnirazvoj.rs, regularly (on a weekly basis) informs stakeholders on key Project activities through the News section (Home Page), as well as quarterly on key Project achievements through the Project Stories page. All Project partners and other interested parties may find updated information on what the Project does in each IMC area (page: <http://lokalnirazvoj.rs/where-we-work.html> with interactive map of Project activities, updated on quarterly basis). In addition to updates and success stories, the web site offers a rich library of relevant documents, reports, studies and presentations created within the Project, as well as by other relevant parties. All these materials can be found on the Project’s e-IMC knowledge center. Not only does the Project cross-fertilize in this way, it also offers information to our many stakeholders.

SLDP has also issued a grant to New Economy Magazine, which every month includes topics meant to fertilize the notion of IMC activities among all of our partners. In addition, the Project’s FDI coaching activity, implemented in July 2013, hosts members of various IMCs, who jointly participate, team together, learn new techniques in investment attraction and share their own best practices. In October and

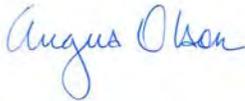
November, SLDP plans to organize an inter-IMC Area conference with panels for information sharing within relevant thematic categories (i.e. agribusiness, innovation, SME development and marketing). The Project would like to increase these types of inter-IMC activities, but believes that such activities should be carefully justified with local administrations so as not to suffer from laws of diminishing returns.

Conclusion 4.1: Please see discussion under Conclusion 1.5.

Conclusion 4.2: SLDP's activities are open to all youth. The comment in the Evaluation that we are not reaching the unemployed youth "with most need for employment support" is unsubstantiated. We disagree with the statement that vocational training of lower skilled work force is absent from the Project's. Work force training in Novi Pazar, Vranje and Zrenjanin is the subject of serious negotiation with prospective grantees, RDA's, IMC decision-makers, Ministries and industry in the context of the NCP projects.

Conclusion 4.3: The Evaluation's conclusion that workforce development is not mainstreamed into core SLDP activities and is insufficiently participatory ignores the entire effort of the last seven months to fold workforce development into NCP goals of increasing local jobs through expansion of the private sector. In this regard, the main partners of the Project are the private sector and decision-makers in communities, not government ministries. The Project's work is decentralized and demand-driven. The Project works closely with the Ministry of Youth and Sports and with the National Employment Service on youth employment, and will continue to use NCPs to add jobs to local economies to achieve our goal of creating jobs.

Sincerely,



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